

**SHARP**

**FINANCIAL RELEASE**

FINANCIAL RESULTS  
FOR THE YEAR ENDED  
MARCH 31, 2010

**SHARP CORPORATION**

# Consolidated Financial Results for the Year Ended March 31, 2010

April 27, 2010

## SHARP CORPORATION

Stock exchange listings: Tokyo, Osaka, Nagoya, Sapporo, Fukuoka  
 Code number: 6753  
 URL: <http://www.sharp.co.jp/>  
 Representative: Mikio Katayama, President  
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Scheduled date of the Ordinary  
 General Meeting of Shareholders: June 23, 2010  
 Scheduled dividend payment date: June 24, 2010

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

## 1. Results for the Year Ended March 31, 2010

### (1) Financial Results

(The percentage figures represent the percentage of increase or decrease against the previous year.)

Millions of Yen

	Net Sales	Percent Change	Operating Income (Loss)	Percent Change	Net Income (Loss)	Percent Change
Year Ended March 31, 2010	2,755,948	-3.2%	51,903	-	4,397	-
Year Ended March 31, 2009	2,847,227	-16.7%	( 55,481 )	-	( 125,815 )	-

	Net Income (Loss) per Share (Yen)	Fully Diluted Net Income per Share (Yen)	Net Income (Loss) to Equity	Operating Income (Loss) to Net Sales
Year Ended March 31, 2010	4.00	3.78	0.4%	1.9%
Year Ended March 31, 2009	( 114.33 )	-	-11.1%	-1.9%

[Reference] Equity in net income (loss) of non-consolidated subsidiaries and affiliates : March 31, 2010 ; 1,292 million yen  
 March 31, 2009 ; (218) million yen

### (2) Financial Position

Millions of Yen

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share (Yen)
As of March 31, 2010	2,836,255	1,065,860	36.8%	949.19
As of March 31, 2009	2,688,721	1,048,447	38.6%	944.24

[Reference] Equity : March 31, 2010 ; 1,044,507 million yen  
 March 31, 2009 ; 1,039,114 million yen

### (3) Cash Flows

Millions of Yen

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Year
Year Ended March 31, 2010	303,564	(253,805)	(35,441)	328,125
Year Ended March 31, 2009	25,435	(222,229)	186,229	317,358

## 2. Dividends

	Dividends per Share (Yen)					Total Dividend Payment (Millions of Yen)	Pay-out Ratio (Consolidated)	Dividend to Net Assets (Consolidated)
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Annual			
Year Ended March 31, 2009	-	14.00	-	7.00	21.00	23,110	-	2.0%
Year Ended March 31, 2010	-	7.00	-	10.00	17.00	18,707	425.0%	1.8%

Note: Forecast of dividends has yet to be determined.

## 3. Forecast of Financial Results for the Year Ending March 31, 2011

(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	Net Income	Percent Change	Net Income per Share (Yen)
Six Months Ending September 30, 2010	1,450,000	+12.5%	50,000	-	20,000	-	18.17
Year Ending March 31, 2011	3,100,000	+12.5%	120,000	+131.2%	50,000	-	45.44

## 4. Other Information

### (1) Changes in significant consolidated subsidiaries

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

None

### (2) Changes in accounting principles, procedures and presentation methods for consolidated financial results

1. Changes arising from revision of accounting standards: Yes
2. Changes arising from other factors: Yes

### (3) Number of shares outstanding (ordinary shares)

1. Number of shares outstanding (including treasury stock) as of March 31, 2010 ; 1,110,699,887 shares  
as of March 31, 2009 ; 1,110,699,887 shares
2. Number of shares of treasury stock as of March 31, 2010 ; 10,285,175 shares  
as of March 31, 2009 ; 10,219,774 shares

#### Notes:

1. For the assumptions and other related matters concerning financial results forecast, please refer to "(1) Analysis of financial results" of "1. Financial Results" on page 4.
2. Forecast of dividends for the year ending March 31, 2011 has yet to be determined, as we need further analysis on our future results and financial situation. We will make disclosure immediately after the forecast is determined.
3. Published figures for the year ended March 31, 2010 have not been subjected to an accounting audit by an auditing firm.
4. The accompanying consolidated financial statements are a translation of the consolidated financial statements of the Sharp Group, 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.

## [Qualitative Information and Financial Statements]

### 1. Financial Results

#### (1) Analysis of financial results

##### **i. Financial results for fiscal 2009**

During the year ended March 31, 2010, the Japanese economy has been picking up, supported by government stimulus packages. However, the economy as a whole remained in a severe situation, facing difficulties including an increased unemployment rate. Overseas, the Chinese economy has recovered due to growing domestic demand spurred by active economic measures, while economies in the U.S. and Europe saw a limited recovery, but with a severe employment situation.

Under these circumstances, the Sharp Group steadily implemented a recovery plan, which includes company-wide cost reductions and other measures. In addition, we took steps to expand business of LEDs and solar cells, with the aim of becoming an Eco-Positive Company\*<sup>1</sup> that contributes to realizing a low-carbon society, with environmentally-friendly plants, and energy-creating and energy-saving technology.

In the Consumer/Information Products business, we launched LED AQUOS, an LCD color TV with superior picture and environmental performance, amid the Japanese government's introduction of a subsidy program, which awards "eco-points" for the purchase of environmentally-friendly consumer electronics. We also made efforts to expand sales of distinctive mobile phones, mainly in Japan and China, centering on models equipped with solar panels and high-definition CCD cameras. Other efforts included expanding our product line-up of health and environmental equipment, including LED lamps and products featuring Plasmacluster Ion technology.

In the Electronic Components business, to cope with soaring demand for large-size LCD panels for TVs, we started operations at an LCD panel plant in GREEN FRONT SAKAI. Using the world's first 10<sup>th</sup> generation glass substrates, along with Sharp's proprietary UV<sup>2</sup>A photo-alignment technology, the new plant is capable of improving cost-competitiveness of LCD panels, while realizing higher image quality and lower power consumption. We also started operations at a thin-film solar cell plant in GREEN FRONT SAKAI in March this year, to meet the burgeoning worldwide demand for large-scale photovoltaic power generation plants.

At the same time, we promoted alliances with major companies in Japan and overseas, and worked to implement a new business model. Specifically, we have established a joint venture company with Sony Corporation to produce and sell large-size LCD panels and modules, and have signed an agreement to carry out a project for production of LCD panels using 6<sup>th</sup> generation glass substrates and construction of an LCD panel plant in Nanjing City, China. We also signed joint venture agreements for production of thin-film solar cells in Italy and for photovoltaic power generation.

Consolidated financial results for the current fiscal year recorded net sales of 2,755.9 billion yen, down 3.2% from the previous year. As for profits, we were able to return to profitability from a loss recorded in the previous year, with operating income of 51.9 billion yen and net income of 4.3 billion yen. This was due mainly to reduction in total costs, and active business operations.

Operating results by product group are as follows:

##### **Consumer/Information Products**

Sales of Audio-Visual and Communication Equipment were 1,332.1 billion yen, down 2.6% from the previous year. Though sales of Blu-ray Disc recorders and LCD TVs for the Japanese market were strong, sales of LCD TVs for overseas markets declined.

Sales of Health and Environmental Equipment were 244.0 billion yen, up 8.3%. Sales increased for Plasmacluster Ion generators and air purifiers featuring Plasmacluster Ion technology.

Sales of Information Equipment were 266.9 billion yen, down 12.8%. Sales of copier/printers decreased.

##### **Electronic Components**

Sales of LCDs were 508.6 billion yen, down 11.4% from the previous year. Sales were affected by significant price declines in large-size LCDs for TVs and a sluggish market for small- and medium-size LCDs.

Sales of Solar Cells were 208.7 billion yen, up 32.9%. Sales in Japan increased, supported by subsidies for installation of residential photovoltaic power generation systems and the start of a scheme for selling surplus solar-power electricity to utility companies.

Sales of Other Electronic Devices were 195.4 billion yen, down 10.1%. Sales of devices for digital appliances decreased due to price declines.

## ii. Forecast for fiscal 2010

Although fear of double dip recession is gradually fading away, we expect the business environment to remain unpredictable due to a harsh employment situation and soaring material prices.

Amid these circumstances, the Sharp Group will reform its business model by revamping the value chain. We will also expand business in growth fields, by putting emphasis on emerging countries and reinforcing our efforts in health and environmental areas, including LED lights, solar cells and products featuring Plasmacluster Ion technology.

In the Consumer/Information Products business, we will work to launch 3D LCD TVs that incorporate our proprietary LCD technology, including UV<sup>2</sup>A technology and four-primary-color technology, to enhance our competitiveness in the global market. For mobile phones, we aim to expand our market share and build our brand, with the introduction of handsets equipped with our proprietary devices, smartphones and other cutting-edge models. We will also promote localization of procurement, design and production around the world, in order to introduce cost-competitive models that meet local needs. One example is the expansion of design and development in China.

In the Electronic Components business, demand for our proprietary LCD panels, featuring high definition and brightness, is projected to increase, as expectations of 3D LCDs are growing in various applications. To cope with this surge in demand, we will boost production capacity at the LCD panel plant in Sakai and introduce our proprietary, high-value-added LCDs suitable for TVs and mobile devices, thereby improving the profitability of our LCD business. For solar cells, we will develop a production framework for thin-film solar cells, while introducing a new production process for crystalline solar cells. We plan to expand business using both thin-film and crystalline types, and to promptly realize “grid parity,” which means matching the price of current sources of electricity.

In addition to these efforts, we will clarify the responsibilities for execution and supervision of management under the Outside Director and Executive Officer System, thus strengthening our corporate governance. Lastly, we will continue to take initiatives proactively to enhance our CSR efforts, which include contributing to environmental preservation and complying with laws and statutes in conducting business, and will work to enhance corporate value.

The following is the current forecast for fiscal 2010\*2.

Net sales	3,100.0 billion yen	+ 12.5 % over the previous fiscal year
Operating income	120.0 billion yen	+ 131.2 % over the previous fiscal year
Net income	50.0 billion yen	+ 1,037.1 % over the previous fiscal year

The above figures are based on an exchange rate of ¥90=US\$1.00 for fiscal 2010.

Notes: 1. A company that supplies energy-creating and energy-saving products whose usage reduces significantly more greenhouse gas emissions than its worldwide business activities produce. “Eco-Positive” does not mean that a company has no negative impact on the environment. Rather, “Eco-Positive Company” is a phrase Sharp uses to indicate the ideal state of a company in terms of environmentalism; it is the state Sharp aims to achieve.

2. The above estimates of financial results are based on certain assumptions that the Sharp Group 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)
- The Sharp Group’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
- Litigation and other legal proceedings against the Sharp Group, etc.

## **(2) Analysis of financial position**

Total assets as of March 31, 2010 were 2,836.2 billion yen, up 147.5 billion yen from March 31, 2009. This was due mainly to an increase in notes and accounts receivable. Total liabilities were 1,770.3 billion yen, up 130.1 billion yen. This was due mainly to an increase in notes and accounts payable. Total net assets were 1,065.8 billion yen, up 17.4 billion yen. This was due mainly to an increase in valuation and translation adjustments, while retained earnings decreased.

Regarding cash flows, net cash provided by operating activities was 303.5 billion yen, while net cash used in investing activities was 253.8 billion yen. Net cash used in financing activities was 35.4 billion yen. As a result, cash and cash equivalents at the end of the year were 328.1 billion yen, an increase of 10.7 billion yen from March 31, 2009.

## **(3) Basic policy on distribution of earnings and dividends for fiscal 2009/2010**

Sharp considers distributing profits to shareholders to be one of management's top priorities. While maintaining consistently stable dividend pay-outs, and while carefully considering our consolidated business performance, financial situation and future business development in a comprehensive manner, we implement a set of measures to return profits to our shareholders. For fiscal 2009, we intend to distribute a year-end dividend of 10 yen per share, an increase of 3 yen compared to an interim-dividend of 7 yen, due to improved business performance mentioned above. The total annual dividend will be 17 yen per share.

The forecast of an annual dividend for fiscal 2010 has not been determined yet, and we will make decisions considering future results and financial situation in a comprehensive manner.

## **2. 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**

Since its founding, the Sharp Group has consistently worked to make productive contributions to society at large through the development of unique, one-of-a-kind products that are ahead of their time. Going forward, we are aiming for further business expansion and stable growth, as a "valued one-of-a-kind company" that provides new lifestyle ideas and satisfaction to our customers by developing proprietary electronic devices and creating uniquely-featured products that make full use of leading-edge electronics technologies.

Currently, the world faces a major paradigm shift, such as transition to a low-carbon society reflecting global environmental issues, and a change in the global decision-making structure. With the rise of emerging countries, the G20 is replacing the G7, the main economic council of industrialized nations.

Under these circumstances, we have established two visions for the 2012 centennial anniversary of our foundation, which is "Contribute to the world with environment and health conscious business, focusing on energy-saving and energy-creating products" and "Contribute to ubiquitous society with one-of-a-kind Liquid Crystal Display." We have also set a corporate vision of becoming an Eco-Positive Company, to contribute to environmental protection while pursuing our business activity of creating electronics products.

Meanwhile, in the electronics industry, severer global competition, as well as changes in communication, networking and other forms of infrastructure, make it difficult to ensure profitability and maintain sales growth, by sticking with a conventional business model.

Rising to the challenge, we are reinforcing overseas development through the establishment of business groups in geographical areas of strategic importance. We will also change our conventional business model, in which we have been concentrating our efforts on the developed country markets and seeking to enhance the value of each product. In developed countries, we will move away from our dependence on selling stand-alone products, and focus on B-to-B and total solutions business. In emerging countries, we will establish a business model which meets market needs. This is to be achieved by actively promoting local personnel, as well as innovating cost structure by pushing ahead with local procurement, product design and production.

Up until now, we have focused our management resources on production activities, but going forward, we intend to strengthen our efforts both up and down the value chain, including upstream areas such as R&D and downstream areas such as marketing. Through these efforts, we will enhance investment efficiency and profitability. Specifically, we are promoting an alliance on solar cells with Enel SpA in Italy and working on an LCD panel production project in China as a move toward implementing a new business model. We are also pursuing a B-to-B solution business project, and will step up these activities with the aim of establishing a new business portfolio.

We will make efforts to enhance corporate value, by accelerating implementation of these measures and actively operating our business. Meanwhile, we will work to improve ROI (return on investment) and free cash flows as the main management indicators, through efficient capital investment and a reduction in total costs.

SHARP CORPORATION  
CONSOLIDATED BALANCE SHEETS

Millions of Yen

	As of March 31, 2009	As of March 31, 2010
<b>ASSETS</b>		
Current Assets:		
Cash, time deposits, and short-term investments	336,937	348,414
Notes and accounts receivable, less allowance for doubtful receivables	430,064	536,718
Inventories	399,985	411,263
Other current assets	134,976	121,140
Total current assets	1,301,962	1,417,535
Plant and Equipment, Less Accumulated Depreciation	1,032,075	1,027,604
Investments and Other Assets	351,160	386,763
Deferred Assets	3,524	4,353
Total assets	2,688,721	2,836,255
<b>LIABILITIES</b>		
Current Liabilities:		
Short-term borrowings, including current portion of long-term debt	405,773	302,184
Notes and accounts payable	552,485	653,153
Other current liabilities	231,711	268,569
Total current liabilities	1,189,969	1,223,906
Long-term Liabilities	450,305	546,489
Total liabilities	1,640,274	1,770,395
<b>NET ASSETS</b>		
Owners' Equity:		
Common stock	204,676	204,676
Capital surplus	268,538	268,534
Retained earnings	664,924	649,795
Less cost of treasury stock	( 13,740 )	( 13,805 )
Total owners' equity	1,124,398	1,109,200
Valuation and Translation Adjustments:		
Net unrealized holding gains (losses) on securities	( 1,946 )	7,372
Deferred gains (losses) on hedges	( 9,142 )	218
Foreign currency translation adjustments	( 74,196 )	( 72,283 )
Total valuation and translation adjustments	( 85,284 )	( 64,693 )
Minority Interests	9,333	21,353
Total net assets	1,048,447	1,065,860
Total liabilities and net assets	2,688,721	2,836,255



SHARP CORPORATION  
CONSOLIDATED STATEMENTS OF INCOME

Millions of Yen

	Year Ended March 31, 2009	Year Ended March 31, 2010
Net Sales	2,847,227	2,755,948
Cost of Sales	2,392,397	2,229,510
Gross profit	454,830	526,438
Selling, General and Administrative Expenses	510,311	474,535
Operating income (loss)	( 55,481 )	51,903
Other Income (Expenses)		
Interest income	5,328	2,238
Rent income on noncurrent assets	12,745	12,328
Gain on sales of noncurrent assets	218	152
Gain on sales of stocks of subsidiaries and affiliates	18,521	0
Interest expense	( 7,015 )	( 7,190 )
Interest on commercial papers	( 2,132 )	( 604 )
Rent expense on noncurrent assets	( 10,480 )	( 9,455 )
Loss on sales and retirement of noncurrent assets	( 10,576 )	( 4,930 )
Loss on sales of investment securities	( 1,914 )	0
Loss on impairment of investment securities	( 49,875 )	0
Loss on valuation of inventories	( 7,639 )	0
Restructuring charges	( 58,439 )	( 20,078 )
Loss on violation of the antitrust law	( 12,004 )	0
Other, net	( 25,396 )	( 18,225 )
Income (loss) before income taxes and minority interests	( 148,658 )	( 45,764 )
Income Taxes	( 204,139 )	6,139
Current	4,274	15,092
Deferred	( 83,177 )	( 15,090 )
Minority Interests in Income of Consolidated Subsidiaries	( 579 )	( 1,740 )
Net income (loss)	( 125,815 )	4,397

SHARP CORPORATION  
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSET

Year Ended March 31, 2009

Millions of Yen

	Owners' Equity				
	Common stock	Capital surplus	Retained earnings	Less cost of treasury stock	Total owners' equity
Balance at March 31, 2008	204,676	268,582	816,387	( 13,711 )	1,275,934
Changes of items during the period					
Dividends from surplus			( 30,814 )		( 30,814 )
Net income (loss)			( 125,815 )		( 125,815 )
Increase (decrease) resulting from change in accounting standards of foreign subsidiaries			5,101		5,101
Increase (decrease) due to unfunded retirement benefit obligation of foreign subsidiaries			65		65
Purchase of treasury stock				( 176 )	( 176 )
Disposal of treasury stock		( 44 )		147	103
Net changes of items other than owners' equity					
Total changes of items during the period	-	( 44 )	( 151,463 )	( 29 )	( 151,536 )
Balance at March 31, 2009	204,676	268,538	664,924	( 13,740 )	1,124,398

	Valuation and Translation Adjustments				Minority Interests	Total Net Assets
	Net unrealized holding gains (losses) on securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance at March 31, 2008	1,662	145	( 46,155 )	( 44,348 )	10,282	1,241,868
Changes of items during the period						
Dividends from surplus						( 30,814 )
Net income (loss)						( 125,815 )
Increase (decrease) resulting from change in accounting standards of foreign subsidiaries						5,101
Increase (decrease) due to unfunded retirement benefit obligation of foreign subsidiaries						65
Purchase of treasury stock						( 176 )
Disposal of treasury stock						103
Net changes of items other than owners' equity	( 3,608 )	( 9,287 )	( 28,041 )	( 40,936 )	( 949 )	( 41,885 )
Total changes of items during the period	( 3,608 )	( 9,287 )	( 28,041 )	( 40,936 )	( 949 )	( 193,421 )
Balance at March 31, 2009	( 1,946 )	( 9,142 )	( 74,196 )	( 85,284 )	9,333	1,048,447

SHARP CORPORATION  
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSET

Year Ended March 31, 2010

Millions of Yen

	Owners' Equity				
	Common stock	Capital surplus	Retained earnings	Less cost of treasury stock	Total owners' equity
Balance at March 31, 2009	204,676	268,538	664,924	( 13,740 )	1,124,398
Changes of items during the period					
Dividends from surplus			( 15,406 )		( 15,406 )
Net income (loss)			4,397		4,397
Change of scope of consolidation			( 1,090 )		( 1,090 )
Change of scope of equity method			( 26 )		( 26 )
Increase (decrease) resulting from change of accounting period of subsidiaries			( 1,956 )		( 1,956 )
Increase (decrease) due to unfunded retirement benefit obligation of foreign subsidiaries			( 1,048 )		( 1,048 )
Purchase of treasury stock				( 80 )	( 80 )
Disposal of treasury stock		( 4 )		15	11
Net changes of items other than owners' equity					
Total changes of items during the period	-	( 4 )	( 15,129 )	( 65 )	( 15,198 )
Balance at March 31, 2010	204,676	268,534	649,795	( 13,805 )	1,109,200

	Valuation and Translation Adjustments				Minority Interests	Total Net Assets
	Net unrealized holding gains (losses) on securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance at March 31, 2009	( 1,946 )	( 9,142 )	( 74,196 )	( 85,284 )	9,333	1,048,447
Changes of items during the period						
Dividends from surplus						( 15,406 )
Net income (loss)						4,397
Change of scope of consolidation						( 1,090 )
Change of scope of equity method						( 26 )
Increase (decrease) resulting from change of accounting period of subsidiaries						( 1,956 )
Increase (decrease) due to unfunded retirement benefit obligation of foreign subsidiaries						( 1,048 )
Purchase of treasury stock						( 80 )
Disposal of treasury stock						11
Net changes of items other than owners' equity	9,318	9,360	1,913	20,591	12,020	32,611
Total changes of items during the period	9,318	9,360	1,913	20,591	12,020	17,413
Balance at March 31, 2010	7,372	218	( 72,283 )	( 64,693 )	21,353	1,065,860

SHARP CORPORATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS

Millions of Yen

	Year Ended March 31, 2009	Year Ended March 31, 2010
<b><u>Cash Flows from Operating Activities:</u></b>		
Income (loss) before income taxes and minority interests	( 204,139 )	6,139
Adjustments to reconcile income (loss) before income taxes and minority interests to net cash provided by operating activities—		
Depreciation and amortization of properties and intangibles	305,115	264,429
Interest and dividend income	( 7,009 )	( 3,547 )
Interest expenses and interest on commercial papers	9,147	7,794
Foreign exchange losses	2,217	3,609
Loss on sales and retirement of noncurrent assets	10,576	4,930
Gain on sales of stocks of subsidiaries and affiliates	( 18,521 )	0
Loss on impairment of investment securities	49,875	442
Loss on violation of the antitrust law	12,004	0
(Increase) decrease in notes and accounts receivable	102,119	( 87,301 )
(Increase) decrease in inventories	27,180	( 22,250 )
Increase (decrease) in payables	( 175,734 )	131,698
Other, net	( 53,539 )	( 7,425 )
Total	59,291	298,518
Interest and dividends received	8,735	4,041
Interest paid	( 9,179 )	( 7,551 )
Income taxes (paid) refund	( 33,412 )	8,556
<b>Net cash provided by operating activities</b>	<b>25,435</b>	<b>303,564</b>
<b><u>Cash Flows from Investing Activities:</u></b>		
Purchase of time deposits	( 74,089 )	( 39,764 )
Proceeds from redemption of time deposits	104,027	39,138
Proceeds from sales of short-term investment securities	2,500	0
Proceeds from sales of investments in subsidiaries and affiliates resulting in change of scope of consolidation	28,278	0
Acquisitions of plant and equipment	( 237,801 )	( 222,772 )
Proceeds from sales of plant and equipment	893	1,910
Purchase of investment securities	( 5,504 )	( 4,101 )
Proceeds from sales of investment securities	3,843	1,207
Loans made	( 304,267 )	( 226,114 )
Proceeds from collection of loans	306,520	226,281
Other, net	( 46,629 )	( 29,590 )
<b>Net cash used in investing activities</b>	<b>( 222,229 )</b>	<b>( 253,805 )</b>
<b><u>Cash Flows from Financing Activities:</u></b>		
(Decrease) increase in short-term borrowings, net	163,494	( 171,315 )
Proceeds from long-term debt	88,912	157,174
Repayments of long-term debt	( 35,031 )	( 15,634 )
Proceeds from stock issuance to minority shareholders	-	10,000
Purchase of treasury stock	( 176 )	( 80 )
Dividends paid	( 30,804 )	( 15,411 )
Other, net	( 166 )	( 175 )
<b>Net cash (used in) provided by financing activities</b>	<b>186,229</b>	<b>( 35,441 )</b>
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>( 12,001 )</b>	<b>( 4,187 )</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>( 22,566 )</b>	<b>10,131</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>339,266</b>	<b>317,358</b>
<b>Cash and Cash Equivalents of Newly Consolidated Subsidiaries</b>	<b>550</b>	<b>228</b>
<b>Cash and Cash Equivalents Increased by Merger</b>	<b>108</b>	<b>69</b>
<b>Increase in Cash and Cash Equivalents Resulting from Change of Accounting Period of Subsidiaries</b>	<b>-</b>	<b>339</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>317,358</b>	<b>328,125</b>

## **Important Matters on Presenting 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 fiscal year (valuation differences are disposed using the direct net asset 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

Inventories held by Sharp (“the Company”) and its domestic consolidated subsidiaries are primarily stated at moving average cost (for the book value of inventories on the balance sheets, by writing inventories down based on their decrease in profitability of assets).

For overseas consolidated subsidiaries, inventories are stated at the lower of moving average cost or market.

#### 3) Method of Depreciation for Property, Plant and Equipment (Except for Lease Assets)

For the Company and its domestic consolidated subsidiaries, depreciation is based on the declining-balance method, except for machinery and equipment at LCD plants in Mie, Kameyama and Sakai, and buildings (excluding attached structure) acquired on and after April 1, 1998, which are depreciated on the straight-line method.

Overseas consolidated subsidiaries use the straight-line method.

#### 4) Method of Amortization for Intangible Assets (Except for Lease Assets)

Amortization is based on the straight-line method.

Software used by the Company is amortized by the straight-line method over an estimated useful life of principally five years, however, software embedded in products is amortized over the forecasted sales quantity.

#### 5) Method of Depreciation for Lease Assets

##### Finance leases that do not transfer ownership

Depreciation is based on the straight-line method that takes the lease period as the depreciable life and the residual value as zero.

Regarding finance leases of the Company and its domestic consolidated subsidiaries that do not transfer ownership, for which the starting date for the lease transaction is prior to March 31, 2008, lease payments are recognized as expenses.

#### 6) Method of Amortization for Deferred Assets

Bond issue cost is amortized under the straight-line method over the redemption period.

#### 7) Method of Appropriation for Allowance for Doubtful Receivables

The estimated amounts of allowance for general receivables are primarily determined based on the past loss experience. For particular receivables, including those from debtors at risk of bankruptcy, the allowance is provided for individually estimated unrecoverable amounts.

#### 8) Method of 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.

#### 9) Method of Appropriation for Warranty Reserve

Estimated amounts of warranty are accrued based on the past experience.

10) Method of 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.

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

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

11) Accounting for Consumption Taxes, etc.

The tax exclusion method is applied.

12) Adoption of Consolidated Tax Return System

The consolidated tax return system is adopted.

## **Changes in Important Matters on Presenting Consolidated Financial Statements**

### **Changes in Matters Concerning Fiscal Year of Consolidated Subsidiaries**

The fiscal year of Sharp Office Equipments (Changshu) Co., Ltd. and seven other consolidated subsidiaries ends on December 31 of each year. Previously, the Company's consolidated financial statements included the accounts of these subsidiaries closed as of the end of their fiscal year (December 31), while appropriate adjustments were made for material transactions that occurred by the end of the consolidated fiscal year (March 31). Starting from the year ended March 31, 2010, however, the Company's consolidated financial statements include provisional accounts of these subsidiaries closed as of March 31, in order to achieve more appropriate disclosure of consolidated financial results.

The gains or losses of these subsidiaries from January 1, 2009 to March 31, 2009 have been recorded directly as retained earnings.

### **Changes in Accounting Standards**

#### **(Changes in standard for recognizing revenues and costs of construction contracts)**

Previously, revenues and costs of construction contracts had been recognized under the completed-contract method. Starting from the year ended March 31, 2010, however, the Company and its domestic consolidated subsidiaries have applied the "Accounting Standard for Construction Contracts" (Accounting Standards Board of Japan (ASBJ) Statement No. 15, issued by the ASBJ on December 27, 2007) and the "Guidance on Accounting Standard for Construction Contracts" (ASBJ Guidance No. 18, issued by the ASBJ on December 27, 2007). Accordingly, with regard to construction contracts commenced on and after April 1, 2009, the percentage-of-completion method has been applied if the outcome of the construction activity is deemed certain on March 31, 2010, otherwise the complete-contract method has been applied. Under the percentage-of-completion method, the percentage of completion is estimated based on the percentage of the cost incurred to the estimated total cost.

This change had an immaterial impact on financial statements.

#### **(Changes in accounting standard for pension benefits)**

Starting from the year ended March 31, 2010, the Company and its domestic consolidated subsidiaries have applied the "Partial Amendments to Accounting Standard for Retirement Benefits (Part3)" (ASBJ Statement No. 19, issued by the ASBJ on July 31, 2008).

This change had no impact on financial statements.

## **Going Concern Assumption**

None

## **Omission of Disclosure**

Notes regarding lease transactions, securities, derivative transactions, severance and pension benefits, tax effect accounting, transactions with related parties, financial instruments and leased properties are omitted, as there is no significant necessity of disclosure in the financial release.

SHARP CORPORATION  
SEGMENT INFORMATION

Information by business segment

Millions of Yen

	Year Ended March 31, 2009	Year Ended March 31, 2010
Net Sales		
Consumer/Information Products		
Customers	1,898,967	1,843,139
Intersegment	7,622	15,069
Total	1,906,589	1,858,208
Electronic Components		
Customers	948,260	912,809
Intersegment	571,902	472,726
Total	1,520,162	1,385,535
Elimination	( 579,524 )	( 487,795 )
Consolidated	2,847,227	2,755,948
Operating Income (Loss)		
Consumer/Information Products	( 33,769 )	33,983
Electronic Components	( 23,975 )	20,134
Elimination	2,263	( 2,214 )
Consolidated	( 55,481 )	51,903

Note: Segmentation is based on commonality in manufacturing and marketing methods of products.

SHARP CORPORATION  
SEGMENT INFORMATION

Information by geographic segment

Millions of Yen

	Year Ended March 31, 2009	Year Ended March 31, 2010
Net Sales		
Japan		
Customers	1,637,056	1,730,280
Intersegment	784,649	594,623
Total	2,421,705	2,324,903
The Americas		
Customers	439,695	311,814
Intersegment	6,580	10,343
Total	446,275	322,157
Europe		
Customers	427,521	373,372
Intersegment	3,051	2,526
Total	430,572	375,898
China		
Customers	210,961	199,336
Intersegment	431,755	328,621
Total	642,716	527,957
Other		
Customers	131,994	141,146
Intersegment	183,736	178,938
Total	315,730	320,084
Elimination	( 1,409,771 )	( 1,115,051 )
Consolidated	2,847,227	2,755,948
Operating Income (Loss)		
Japan	( 74,552 )	10,785
The Americas	( 1,057 )	818
Europe	7,395	6,890
China	9,988	12,105
Other	5,158	7,908
Elimination	( 2,413 )	13,397
Consolidated	( 55,481 )	51,903

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

- (1) The Americas: U.S.A., Canada
- (2) Europe: Germany, Italy, U.K., France, Sweden
- (3) Other: Asia, Oceania, Middle East



SHARP CORPORATION  
SEGMENT INFORMATION

Overseas sales

Millions of Yen

	Year Ended March 31, 2009	Year Ended March 31, 2010
The Americas	488,428	342,923
Europe	451,090	393,212
China	407,777	365,440
Other	197,671	225,316
Total	1,544,966	1,326,891

Notes:

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) Europe: Germany, Italy, U.K., France, Sweden
  - (3) Other: Asia, Middle East, Oceania, Africa

SHARP CORPORATION  
PER SHARE INFORMATION

Yen

	Year Ended March 31, 2009	Year Ended March 31, 2010
Net assets per share	944.24	949.19
Net income (loss) per share	( 114.33 )	4.00
Fully diluted net income per share	-	3.78
	Fully diluted net income per share is not presented, because although residual securities exist, the Sharp Group posted net loss.	

Note: Net income (loss) per share and fully diluted net income per share were calculated on the following basis.

	Year Ended March 31, 2009	Year Ended March 31, 2010
Net income (loss) per share		
Net income (loss) (millions of yen)	( 125,815 )	4,397
Amounts not allocated to ordinary shares (millions of yen)	-	-
Net income (loss) allocated to ordinary shares (millions of yen)	( 125,815 )	4,397
Average number of ordinary shares outstanding during each year (thousands of shares)	1,100,495	1,100,444
Fully diluted net income per share		
Adjustment to net income (millions of yen)	-	62
Amortization of bond issue cost, etc. (after deduction of tax credit, millions of yen)	-	62
Increase in number of ordinary shares (thousands of shares)	-	79,018
Bonds with subscription rights to shares (thousands of shares)	-	79,018
Residual securities which do not dilute net income per share	-	-

SHARP CORPORATION  
CONSOLIDATED SALES BY PRODUCT GROUP

Millions of Yen

	Year Ended March 31, 2009		Year Ended March 31, 2010		Increase Decrease	Percent Change
	Amount	Ratio	Amount	Ratio		
		%		%		%
Audio - Visual and Communication Equipment	1,367,600	48.0	1,332,129	48.3	- 35,471	-2.6
Health and Environmental Equipment	225,290	7.9	244,090	8.9	+ 18,800	+8.3
Information Equipment	306,077	10.8	266,920	9.7	- 39,157	-12.8
Consumer/Information Products	1,898,967	66.7	1,843,139	66.9	- 55,828	-2.9
LCDs	573,854	20.2	508,630	18.5	- 65,224	-11.4
Solar Cells	157,095	5.5	208,732	7.6	+ 51,637	+32.9
Other Electronic Devices	217,311	7.6	195,447	7.0	- 21,864	-10.1
Electronic Components	948,260	33.3	912,809	33.1	- 35,451	-3.7
Total	2,847,227	100.0	2,755,948	100.0	- 91,279	-3.2
Domestic	1,302,261	45.7	1,429,057	51.9	+ 126,796	+9.7
Overseas	1,544,966	54.3	1,326,891	48.1	- 218,075	-14.1

Notes:

1. The above figures indicate sales to outside customers.
2. Starting from the year ended March 31, 2010, some items previously included in Information Equipment have been reclassified and are included in Audio-Visual and Communication Equipment. Accordingly, results for the year ended March 31, 2009 have been restated to conform with the current product groupings.