

# **OPERATING RESULTS**

## **1. Review of the Three Months Ended June 30, 2003**

During the past three months, Japanese economy has not shown any signs of improvement, due to prolonged deflation that has negatively affected the employment and incomes. That has resulted in reduced personal spending. Overseas, both US and European economies have failed to pick up. In Asia the economy has been hit by SARS.

Despite these harsh conditions, Sharp strove to enhance its product business through sales of our unique, "one-of-a-kind" products, such as LCD color TVs, camera-equipped mobile phones and home appliances incorporating Plasmacluster Ion technology. Regarding our device business, we increased sales of proprietary devices, such as LCDs, CCD and CMOS imagers and solar cells. In addition to these sales efforts, we took other initiatives, including the commencement of operations at the Mie No. 3 plant for increased production capacity of innovative next-generation System LCDs.

As a result, consolidated financial results for the three months showed net sales of 511.7 billion yen, up 7.2 % from the same period last year, operating income of 28.9 billion yen, up 12.1 % and net income of 14.0 billion yen, up 13.5 %.

Operating results by product group are as follows:

### **Audio-Visual and Communications Equipment**

Although sales of conventional audio-visual products stagnated, sales of LCD color TVs and camera-equipped mobile phones increased, resulting in net sales of 189.2 billion yen, up 3.9 % over the same period last year.

### **Home Appliances**

We expanded our line-up of unique products, such as air conditioners and air purifiers incorporating Plasmacluster Ion technology. However, due to slow sales of conventional products, net sales came to 57.6 billion yen, down 2.0 % from the same period last year.

### **Information Equipment**

Sales of PCs declined, resulting in net sales of 92.5 billion yen, down 1.1 % from the same period last year.

### **ICs**

CCD and CMOS imagers and flash memory posted healthy growth, resulting in net sales of 37.9 billion yen, up 70.9 % from the same period last year.

### **LCDs**

Sales of small- and medium-size LCDs increased, resulting in net sales of 85.8 billion yen, up 8.8 % from the same period last year.

### **Other Electronic Components**

Solar cells posted healthy growth, resulting in net sales of 48.4 billion yen, up 16.4 % from the same period last year.

## **2. Forecast for Fiscal 2003**

There are no revisions to the financial result estimates for the current fiscal year announced when the financial results for the previous year were released on April 25, 2003.

Net sales	2,150 billion yen	+ 7.3% over the previous fiscal year
Operating income	110 billion yen	+ 10.6% over the previous fiscal year
Net income	50 billion yen	+ 53.4% over the previous fiscal year

Note : The above estimates of financial results are based on certain assumptions that Sharp Corporation deemed reasonable at the time they were prepared, and actual financial results may differ significantly from these estimates. The following factors may influence the figures for final reported financial results.

- Significant changes in the political and economic situation in major markets (Europe, North America, Asia and Japan).
- Sudden, rapid fluctuations in product supply or demand in major markets.
- Large swings in foreign exchange markets (particularly in the dollar/euro markets)
- Significant fluctuations in valuation in capital markets
- Sudden, rapid changes in technology, etc.