

Third Quarter Fiscal Year 2004 <b>Quarterly Financial Review (consolidated)</b>
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SHARP CORPORATION  
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## Financial Review for the Third Quarter Ended December 31, 2004

	Three Months Ended December 31, 2004	Three Months Ended December 31, 2003	Percent Change %
Net Sales	650,611	580,460	+12.1
Operating Income (Percentage vs. Sales)	36,461 ( 5.6%)	32,727 ( 5.6%)	+11.4
Income before Income Taxes and Minority Interests (Percentage vs. Sales)	34,697 ( 5.3%)	30,049 ( 5.2%)	+15.5
Net Income (Percentage vs. Sales)	20,880 ( 3.2%)	17,763 ( 3.1%)	+17.5
Net Income per Share (Yen)	19.14	16.29	-
Fully Diluted Net Income per Share (Yen)	-	16.09	-

Millions of Yen

	Nine Months Ended December 31, 2004	Nine Months Ended December 31, 2003	Percent Change %
Net Sales	1,907,709	1,674,332	+13.9
Operating Income (Percentage vs. Sales)	114,037 ( 6.0%)	91,304 ( 5.5%)	+24.9
Income before Income Taxes and Minority Interests (Percentage vs. Sales)	101,386 ( 5.3%)	79,478 ( 4.7%)	+27.6
Net Income (Percentage vs. Sales)	60,197 ( 3.2%)	45,711 ( 2.7%)	+31.7
Net Income per Share (Yen)	55.18	41.94	-
Fully Diluted Net Income per Share (Yen)	54.72	41.45	-

Millions of Yen

Note: 1. Number of consolidated subsidiaries : 47 companies

In comparison to March 31, 2004 : 3 companies increased  
 1 company decreased

Number of nonconsolidated subsidiaries and affiliates accounted for on the equity method : 11 companies

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

3. Monetary amounts are rounded to the nearest million yen.

SHARP CORPORATION  
CONSOLIDATED FINANCIAL RESULTS

**Results for the Nine Months Ended December 31, 2004**

**(1) Results of Operation**

Millions of Yen

	Net Sales	Percent Change	Operating Income	Percent Change
Nine Months Ended December 31, 2004	1,907,709	+13.9%	114,037	+24.9%
Nine Months Ended December 31, 2003	1,674,332	+11.8%	91,304	+16.9%
Year Ended March 31, 2004	2,257,273		121,670	

	Net Income	Percent Change	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)
Nine Months Ended December 31, 2004	60,197	+31.7%	55.18	54.72
Nine Months Ended December 31, 2003	45,711	+24.0%	41.94	41.45
Year Ended March 31, 2004	60,715		55.37	54.73

Note: The percentage figures for net sales, operating income and net income represent the percentage of increase or decrease against the same period of the previous year

**(2) Financial Position**

Millions of Yen

	Total Assets	Shareholders' Equity	Shareholders' Equity to Total Assets	Shareholders' Equity per Share (Yen)
As of December 31, 2004	2,372,053	982,755	41.4%	900.68
As of December 31, 2003	2,142,831	926,283	43.2%	848.89
As of March 31, 2004	2,150,250	943,532	43.9%	864.77

**(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
Nine Months Ended December 31, 2004	118,496	(189,889)	83,245	288,614
Nine Months Ended December 31, 2003	154,315	(114,858)	(24,308)	282,071
Year Ended March 31, 2004	249,618	(169,446)	(68,961)	277,623

(Forecast for the Year Ending March 31, 2005)

There are no revisions to the fiscal 2004 financial result forecast announced on October 27, 2004.

## **Operating Results and Financial Position**

### **1. Review of the Nine Months Ended December 31, 2004**

In Japan, the past nine-month period started with a number of positive factors with regard to the economy. Increased exports as well as demand for digital products and related components brought moderate improvement to the economy. However, towards the end of the period, a slow down in the economy began to be evident, with weakening exports and production adjustments.

Overseas economies continued to expand steadily in the United States and Asia. Economies in Europe showed solid recovery.

In such circumstances, Sharp group took assertive initiatives to further improve our competitiveness. In the product business, we worked to enhance our unique products, such as LCD color TVs and camera-equipped mobile phones. As for devices, we focused efforts on the expansion of such proprietary device businesses as System LCDs and photovoltaic power systems.

As a result, the nine months recorded net sales of 1,907.7 billion yen, up 13.9% from the same period last year, operating income of 114.0 billion yen, up 24.9% and net income of 60.1 billion yen, up 31.7%.

Regarding cash flow, net cash provided by operating activities was 118.4 billion yen, while net cash used in investing activities was 189.8 billion yen. Net cash provided by financing activities was 83.2 billion yen. As a result, cash and cash equivalents at the end of the period were 288.6 billion yen, increases of 10.9 billion yen compared to March 31, 2004.

Operating results by product group are as follows:

#### **Audio-Visual and Communication Equipment**

Sales of LCD color TVs, centering on large-size models, and camera-equipped mobile phones increased, resulting in net sales of 737.0 billion yen, up 18.0% from the same period last year.

#### **Home Appliances**

Negative factors, such as intensified competition and continuing price declines were more than offset by sales increases of original Sharp products with our proprietary technologies, resulting in net sales of 160.6 billion yen, up 0.9% from the same period last year.

#### **Information Equipment**

Sales of digital copier/printers increased, resulting in net sales of 308.0 billion yen, up 6.9% from the same period last year.

#### **ICs**

Sales of flash memory decreased due to price declines, resulting in net sales of 109.4 billion yen, down 14.5% from the same period last year.

#### **LCDs**

Sales of high-value-added LCDs especially for TVs and mobile phones increased, resulting in net sales of 405.4 billion yen, up 32.2% over the same period last year.

#### **Other Electronic Components**

Sales of solar cells for photovoltaic power systems, the business pillar of the group, increased, resulting in net sales of 187.0 billion yen, up 11.7% from the same period last year.

## **2. Forecast for Fiscal 2004**

There are no revisions to the fiscal 2004 financial result forecast announced on October 27, 2004.

Net sales	2,530.0 billion yen	+ 12.1 % over the previous fiscal year
Operating income	150.0 billion yen	+ 23.3 % over the previous fiscal year
Net income	75.0 billion yen	+ 23.5 % 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 operating results may differ significantly from these estimates. The following factors may influence the figures for final reported business 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 yen/US dollar and euro markets)
- Significant fluctuations in valuation in capital markets
- Sudden, rapid changes in technology, etc.

SHARP CORPORATION  
CONSOLIDATED SALES BY PRODUCT GROUP

**For the Three Months Ended December 31, 2004**

Millions of Yen

	Three Months Ended December 31, 2004		Three Months Ended December 31, 2003		Increase Decrease	Percent Change
	Amount	Ratio	Amount	Ratio		
		%		%		%
Audio - Visual and Communication Equipment	275,851	42.4	224,922	38.8	+ 50,929	+22.6
Home Appliances	50,861	7.8	48,876	8.4	+ 1,985	+4.1
Information Equipment	101,783	15.7	93,548	16.1	+ 8,235	+8.8
Consumer/Information Products	428,495	65.9	367,346	63.3	+ 61,149	+16.6
IC s	30,917	4.7	42,180	7.3	- 11,263	-26.7
LCDs	131,428	20.2	112,584	19.4	+ 18,844	+16.7
Other Electronic Components	59,771	9.2	58,350	10.0	+ 1,421	+2.4
Electronic Components	222,116	34.1	213,114	36.7	+ 9,002	+4.2
<b>Total</b>	<b>650,611</b>	<b>100.0</b>	<b>580,460</b>	<b>100.0</b>	<b>+ 70,151</b>	<b>+12.1</b>
Domestic	340,514	52.3	296,165	51.0	+ 44,349	+15.0
Overseas	310,097	47.7	284,295	49.0	+ 25,802	+9.1

**For the Nine Months Ended December 31, 2004**

Millions of Yen

	Nine Months Ended December 31, 2004		Nine Months Ended December 31, 2003		Increase Decrease	Percent Change
	Amount	Ratio	Amount	Ratio		
		%		%		%
Audio - Visual and Communication Equipment	737,045	38.6	624,698	37.3	+ 112,347	+18.0
Home Appliances	160,642	8.4	159,286	9.5	+ 1,356	+0.9
Information Equipment	308,009	16.2	288,072	17.2	+ 19,937	+6.9
Consumer/Information Products	1,205,696	63.2	1,072,056	64.0	+ 133,640	+12.5
IC s	109,494	5.7	128,013	7.7	- 18,519	-14.5
LCDs	405,494	21.3	306,769	18.3	+ 98,725	+32.2
Other Electronic Components	187,025	9.8	167,494	10.0	+ 19,531	+11.7
Electronic Components	702,013	36.8	602,276	36.0	+ 99,737	+16.6
<b>Total</b>	<b>1,907,709</b>	<b>100.0</b>	<b>1,674,332</b>	<b>100.0</b>	<b>+ 233,377</b>	<b>+13.9</b>
Domestic	996,520	52.2	846,375	50.6	+ 150,145	+17.7
Overseas	911,189	47.8	827,957	49.4	+ 83,232	+10.1

**SHARP CORPORATION**  
**CONSOLIDATED STATEMENTS OF INCOME**

**For the Three Months Ended December 31, 2004**

Millions of Yen

	Three Months Ended December 31, 2004		Three Months Ended December 31, 2003		Increase Decrease	Percent Change
	Amount	Ratio	Amount	Ratio		
Net Sales	650,611	100.0	580,460	100.0	+ 70,151	+12.1
Cost of Sales	508,297	78.1	443,805	76.5	+ 64,492	+14.5
Selling, General and Administrative Expenses	105,853	16.3	103,928	17.9	+ 1,925	+1.9
Operating income	36,461	5.6	32,727	5.6	+ 3,734	+11.4
Other Income (Expenses), net	( 1,764 )	0.3	( 2,678 )	0.4	+ 914	-34.1
Income before income taxes and minority interests	34,697	5.3	30,049	5.2	+ 4,648	+15.5
Income Taxes	13,554	2.1	12,211	2.1	+ 1,343	+11.0
Minority Interests in Income of Consolidated Subsidiaries	( 263 )	0.0	( 75 )	0.0	- 188	+250.7
Net income	20,880	3.2	17,763	3.1	+ 3,117	+17.5

**For the Nine Months Ended December 31, 2004**

Millions of Yen

	Nine Months Ended December 31, 2004		Nine Months Ended December 31, 2003		Increase Decrease	Percent Change
	Amount	Ratio	Amount	Ratio		
Net Sales	1,907,709	100.0	1,674,332	100.0	+ 233,377	+13.9
Cost of Sales	1,477,564	77.4	1,273,071	76.0	+ 204,493	+16.1
Selling, General and Administrative Expenses	316,108	16.6	309,957	18.5	+ 6,151	+2.0
Operating income	114,037	6.0	91,304	5.5	+ 22,733	+24.9
Other Income (Expenses), net	( 12,651 )	0.7	( 11,826 )	0.8	- 825	+7.0
Income before income taxes and minority interests	101,386	5.3	79,478	4.7	+ 21,908	+27.6
Income Taxes	40,387	2.1	33,424	2.0	+ 6,963	+20.8
Minority Interests in Income of Consolidated Subsidiaries	( 802 )	0.0	( 343 )	0.0	- 459	+133.8
Net income	60,197	3.2	45,711	2.7	+ 14,486	+31.7

SHARP CORPORATION  
CONSOLIDATED BALANCE SHEETS

Millions of Yen

	December 31, 2004	September 30, 2004	Increase Decrease	Year Ended March 31, 2004
<b>ASSETS</b>				
Current Assets:				
Cash, Time deposits, and Short-term investments	365,959	370,164	- 4,205	369,924
Notes and accounts receivable, less-Allowance for doubtful receivables	521,484	487,407	+ 34,077	424,229
Inventories	328,592	332,290	- 3,698	273,668
Other current assets	103,347	90,646	+ 12,701	80,314
Total current assets	1,319,382	1,280,507	+ 38,875	1,148,135
Plant and Equipment, less Accumulated depreciation	818,783	807,896	+ 10,887	760,797
Investments and Other Assets	233,888	245,677	- 11,789	241,318
Total assets	2,372,053	2,334,080	+ 37,973	2,150,250
<b>LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY</b>				
Current Liabilities:				
Short-term borrowings, including current portion of long-term debt	372,553	287,826	+ 84,727	215,577
Notes and accounts payable	636,653	659,822	- 23,169	558,119
Other current liabilities	166,516	182,859	- 16,343	176,319
Total current liabilities	1,175,722	1,130,507	+ 45,215	950,015
Long-term Liabilities	204,867	216,487	- 11,620	248,798
Total liabilities	1,380,589	1,346,994	+ 33,595	1,198,813
Minority Interests	8,709	8,399	+ 310	7,905
Shareholders' Equity:				
Common stock	204,676	204,676	0	204,676
Capital surplus	262,282	262,278	+ 4	262,140
Retained earnings	588,792	578,824	+ 9,968	550,894
Net unrealized holding gains on securities	11,449	11,415	+ 34	14,176
Foreign currency translation adjustments	( 58,461 )	( 52,649 )	- 5,812	( 61,828 )
Less-Cost of treasury stock	( 25,983 )	( 25,857 )	- 126	( 26,526 )
Total shareholders' equity	982,755	978,687	+ 4,068	943,532
Total liabilities, minority interests and shareholders' equity	2,372,053	2,334,080	+ 37,973	2,150,250

Note: The value of Investments in Securities included in Investments and Other Assets as of December 31, 2004 is based on the market value as of September 30, 2004.

SHARP CORPORATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS

Millions of Yen

	Nine Months Ended December 31, 2004	Nine Months Ended December 31, 2003	Increase Decrease
<b><u>Cash Flows from Operating Activities:</u></b>			
Income before income taxes and minority interests	101,386	79,478	+ 21,908
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities—			
Depreciation and amortization of properties and intangibles	123,773	108,950	+ 14,823
Increase in notes and accounts receivable	( 65,924 )	( 77,630 )	+ 11,706
(Increase) decrease in inventories	( 50,662 )	30,092	- 80,754
Increase in payable	103,361	80,262	+ 23,099
Other, net	( 93,438 )	( 66,837 )	- 26,601
<b>Net cash provided by operating activities</b>	<b>118,496</b>	<b>154,315</b>	<b>- 35,819</b>
<b><u>Cash Flows from Investing Activities:</u></b>			
Acquisitions of plant and equipment	( 209,341 )	( 139,567 )	- 69,774
Other, net	19,452	24,709	- 5,257
<b>Net cash used in investing activities</b>	<b>( 189,889 )</b>	<b>( 114,858 )</b>	<b>- 75,031</b>
<b><u>Cash Flows from Financing Activities:</u></b>			
Increase (decrease) in short-term borrowings, net	114,643	( 3,233 )	+ 117,876
Proceeds from long-term debt	22,224	15,379	+ 6,845
Repayments of long-term debt	( 33,143 )	( 21,570 )	- 11,573
Dividends paid	( 19,913 )	( 16,349 )	- 3,564
Other, net	( 566 )	1,465	- 2,031
<b>Net cash provided by (used in) financing activities</b>	<b>83,245</b>	<b>( 24,308 )</b>	<b>+ 107,553</b>
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>( 1,834 )</b>	<b>( 4,790 )</b>	<b>+ 2,956</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>10,018</b>	<b>10,359</b>	<b>- 341</b>
<b>Cash and Cash equivalents at Beginning of Year</b>	<b>277,623</b>	<b>271,712</b>	<b>+ 5,911</b>
<b>Cash and Cash Equivalents of Newly Consolidated Subsidiaries</b>	<b>970</b>	<b>0</b>	<b>+ 970</b>
<b>Cash and Cash Equivalents Increased by Merger</b>	<b>3</b>	<b>0</b>	<b>+ 3</b>
<b>Cash and Cash Equivalents at End of the Period</b>	<b>288,614</b>	<b>282,071</b>	<b>+ 6,543</b>



SHARP CORPORATION  
SEGMENT INFORMATION

**For the Three Months Ended December 31, 2004**

Millions of Yen

	Three Months Ended December 31, 2004	Three Months Ended December 31, 2003
Net Sales		
Consumer/Information Products		
Customers	428,495	367,346
Intersegment	2,147	2,974
Total	430,642	370,320
Electronic Components		
Customers	222,116	213,114
Intersegment	48,094	48,146
Total	270,210	261,260
Elimination	( 50,241 )	( 51,120 )
Consolidated	650,611	580,460
Operating Income		
Consumer/Information Products	16,083	14,527
Electronic Components	20,235	18,114
Elimination	143	86
Consolidated	36,461	32,727

**For the Nine Months Ended December 31, 2004**

Millions of Yen

	Nine Months Ended December 31, 2004	Nine Months Ended December 31, 2003
Net Sales		
Consumer/Information Products		
Customers	1,205,696	1,072,056
Intersegment	7,886	7,375
Total	1,213,582	1,079,431
Electronic Components		
Customers	702,013	602,276
Intersegment	179,143	128,805
Total	881,156	731,081
Elimination	( 187,029 )	( 136,180 )
Consolidated	1,907,709	1,674,332
Operating Income		
Consumer/Information Products	43,766	36,703
Electronic Components	71,538	54,261
Elimination	( 1,267 )	340
Consolidated	114,037	91,304

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

## SUPPLEMENTARY DATA

### Information by Product Group

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

#### For the Three Months Ended December 31, 2004

〈Net Sales〉

Millions of Yen

	Three Months Ended December 31, 2004		Three Months Ended December 31, 2003		Percent Change
	Amount	Ratio	Amount	Ratio	
Audio-Visual and Communication Equipment	276,072	42.4	225,165	38.8	+22.6
Home Appliances	50,879	7.8	48,885	8.4	+4.1
Information Equipment	103,691	16.0	96,270	16.6	+7.7
Consumer/Information Products	430,642	66.2	370,320	63.8	+16.3
ICs *	45,050	6.9	57,203	9.8	-21.2
LCDs	162,182	24.9	141,997	24.5	+14.2
Other Electronic Components	62,978	9.7	62,060	10.7	+1.5
Electronic Components	270,210	41.5	261,260	45.0	+3.4
Sub Total	700,852	107.7	631,580	108.8	+11.0
Elimination	( 50,241 )	-7.7	( 51,120 )	-8.8	-
Total	650,611	100.0	580,460	100.0	+12.1

\* The IC group's sales do not include internal sales to the LCD/Other Electronic Components group

(LSIs for LCD, etc : 12,271 million yen for the three months ended December 31, 2004 and 11,720 million yen for the three months ended December 31, 2003).

〈Operating Income〉

Millions of Yen

	Three Months Ended December 31, 2004		Three Months Ended December 31, 2003		Percent Change
	Amount	Ratio	Amount	Ratio	
Audio-Visual and Communication Equipment	10,182	27.9	9,990	30.5	+1.9
Home Appliances	382	1.1	32	0.1	+1,093.8
Information Equipment	5,519	15.1	4,505	13.8	+22.5
Consumer/Information Products	16,083	44.1	14,527	44.4	+10.7
ICs	2,422	6.6	4,163	12.7	-41.8
LCDs	12,198	33.5	8,310	25.4	+46.8
Other Electronic Components	5,615	15.4	5,641	17.2	-0.5
Electronic Components	20,235	55.5	18,114	55.3	+11.7
Sub Total	36,318	99.6	32,641	99.7	+11.3
Elimination	143	0.4	86	0.3	-
Total	36,461	100.0	32,727	100.0	+11.4

**For the Nine Months Ended December 31, 2004**

〈Net Sales〉

Millions of Yen

	Nine Months Ended December 31, 2004		Nine Months Ended December 31, 2003		Percent Change
	Amount	Ratio	Amount	Ratio	
Audio-Visual and Communication Equipment	737,570	38.7	625,466	37.4	+17.9
Home Appliances	160,777	8.4	159,317	9.5	+0.9
Information Equipment	315,235	16.5	294,648	17.6	+7.0
Consumer/Information Products	1,213,582	63.6	1,079,431	64.5	+12.4
IC s *	159,928	8.4	173,195	10.4	-7.7
LCDs	522,211	27.4	378,397	22.6	+38.0
Other Electronic Components	199,017	10.4	179,489	10.7	+10.9
Electronic Components	881,156	46.2	731,081	43.7	+20.5
Sub Total	2,094,738	109.8	1,810,512	108.2	+15.7
Elimination	( 187,029 )	-9.8	( 136,180 )	-8.2	-
Total	1,907,709	100.0	1,674,332	100.0	+13.9

\* The IC group's sales do not include internal sales to the LCD/Other Electronic Components group

(LSIs for LCD, etc : 38,041 million yen for the nine months ended December 31, 2004 and 29,822 million yen for the nine months ended December 31, 2003).

〈Operating Income〉

Millions of Yen

	Nine Months Ended December 31, 2004		Nine Months Ended December 31, 2003		Percent Change
	Amount	Ratio	Amount	Ratio	
Audio-Visual and Communication Equipment	25,414	22.3	22,543	24.7	+12.7
Home Appliances	1,680	1.5	440	0.5	+281.8
Information Equipment	16,672	14.6	13,720	15.0	+21.5
Consumer/Information Products	43,766	38.4	36,703	40.2	+19.2
IC s	11,106	9.7	11,688	12.8	-5.0
LCDs	42,089	36.9	27,023	29.6	+55.8
Other Electronic Components	18,343	16.1	15,550	17.0	+18.0
Electronic Components	71,538	62.7	54,261	59.4	+31.8
Sub Total	115,304	101.1	90,964	99.6	+26.8
Elimination	( 1,267 )	-1.1	340	0.4	-
Total	114,037	100.0	91,304	100.0	+24.9