

**SHARP**

FINANCIAL RELEASE

FINANCIAL RESULTS  
FOR THE SIX MONTHS ENDED  
SEPTEMBER 30, 2004

SHARP CORPORATION

# CONSOLIDATED FINANCIAL RESULTS

SHARP CORPORATION

Head Office : 22-22 Nagaike-cho, Abeno-ku  
Osaka, Japan

## **1. Results for the Six Months Ended September 30, 2004**

### **(1) Results of Operation**

Millions of Yen

	Net Sales	Percent Change	Operating Income	Percent Change
Six Months Ended September 30, 2004	1,257,098	+14.9%	77,576	+32.4%
Six Months Ended September 30, 2003	1,093,872	+12.6%	58,577	+19.8%
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)
Six Months Ended September 30, 2004	39,317	+40.7%	36.05	35.60
Six Months Ended September 30, 2003	27,948	+22.1%	25.64	25.36
Year Ended March 31, 2004	60,715		55.37	54.73

Note: (1) Equity in net income of non-consolidated subsidiaries and affiliates:

September 30, 2004; 456 million yen, September 30, 2003; 409 million yen, March 31, 2004; 988 million yen

(2) Average number of shares outstanding for the six months ended September 30, 2004; 1,090,761,712 shares, for the six months ended September 30, 2003; 1,089,824,141 shares, for the year ended March 31, 2004; 1,090,143,643 shares

(3) Accounting changes: None

(4) 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 September 30, 2004	2,334,080	978,687	41.9%	896.89
As of September 30, 2003	2,073,627	919,022	44.3%	843.30
As of March 31, 2004	2,150,250	943,532	43.9%	864.77

Note: Number of shares outstanding as of September 30, 2004; 1,091,198,739 shares, as of September 30, 2003; 1,089,787,307 shares, as of March 31, 2004; 1,090,672,007 shares

### **(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
Six Months Ended September 30, 2004	115,399	(132,019)	19,244	281,678
Six Months Ended September 30, 2003	102,225	(50,706)	(46,136)	273,957
Year Ended March 31, 2004	249,618	(169,446)	(68,961)	277,623

### **(4) Consolidated Subsidiaries and Companies Accounted for on the Equity Method**

Number of consolidated subsidiaries: 48 companies (Major subsidiaries: Sharp Electronics Marketing corp., Sharp Electronics Corporation<USA>, etc.)

Number of nonconsolidated subsidiaries accounted for on the equity method: 1 company (Kalyani Sharp India Ltd.<India>)

Number of affiliates accounted for on the equity method: 10 companies (Major affiliate: Sharp- Roxy (Hong Kong) Ltd., etc.)

### **(5) Changes in Scope of Consolidation and Application of the Equity Method**

Consolidation (Addition): 3 companies (Sharp Electronics (Shanghai) Co.,Ltd., Sharp Technical Components (Wuxi) Co.,Ltd.

Sharp Microelectronics Technology (Malaysia) Sdn. Bhd.)

Application of the equity method: No change

## **2. Forecast for the Year Ending March 31, 2005**

Millions of Yen

	Net Sales	Operating Income	Net Income
Year Ending March 31, 2005	2,530,000	150,000	75,000

Note: Forecast for net income per share; 68.73 yen

# **Management Policy**

## **1. Basic Management Policy**

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 and satisfaction of people everywhere, and thereby 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, Sharp 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. In the midst of major changes in the economic environment, we have set a goal to be a "valued, one-of-a-kind enterprise" 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. With a focus on this goal, we have committed ourselves to the following strategy:

### **(1) Enhance Our Spiral Strategy**

Our "Spiral Strategy" is how we create highly distinctive products through the use of our original devices. Throughout the years, Sharp has achieved solid growth under this strategy. We will keep pursuing this vertical integration model to accelerate the development of "one-of-a-kind" products, such as high-quality large-size LCD color TVs, cutting-edge communications terminals, and innovative health- and eco-conscious home appliances.

### **(2) Strengthen Brand Value and Establish a Corporate Image as a "Valuable One-of-a-Kind Company"**

Sharp is committed to bring out the full potential of LCDs, which remain one of our core competences. It is our unique, cutting-edge LCDs that enable us to create proprietary products, such as LCD color TVs and mobile equipment. Through these efforts, we will boost our market presence as the leading LCD manufacturer in the world. We also aim to be an "environmentally advanced company," through the development of environmentally-oriented technologies and products, notably energy-saving LCDs and energy-generating solar cells. We are confident such activities will enhance our brand value.

### **(3) Corporate Social Responsibility**

Over the years, Sharp has been contributing to the well-being of society through the creation of unique products and services. We pride ourselves on having practiced environmentally friendly business activities and also on having been engaged in various social activities. In recent times, amid increasing awareness of social responsibility for corporate activities and higher expectations from the general public, Sharp is aiming to be a company that earns an even greater level of trust by its stakeholders across the globe, through a variety of CSR endeavors.

### **(4) Establish Human Resources Management to Motivate our Employees and Increase Corporate Competitiveness**

We always strive to further the development of our employees, training the potential leaders of tomorrow and encouraging them to raise their skill level and improve their versatility. We will also thoroughly implement a results-oriented personnel evaluation system. It is our belief that raising the competencies and drive of our employees will make our company even more competitive.

By deploying such a business strategy, we are aiming to improve ROE (return on equity), and free cash flow as the main management indicators in terms of profitability and efficiency of capital utilization. We also continue to focus on controlling our return on investment in all our business divisions based on “profit after capital cost” (PCC), which is calculated by subtracting the cost of invested capital from NOPAT (net operating profit after income taxes).

### **3. Basic Policy on Distribution of Earnings**

Sharp considers distributing profits to shareholders to be one of the most important management issues we face. While maintaining consistently stable dividend pay-outs, and while carefully considering our business performance and financial situation in a comprehensive manner, we implement a set of policies to return profits to our investors, such as increasing the amount of periodic dividends. As an effort to improve shareholder value, we consider buying back outstanding shares when the situation allows and holding the shares as treasury stock. Internal reserve funds are being provided for investment in plant and equipment in areas of future growth, for the development of uniquely featured products and proprietary electronic devices. They are also being provided for overseas business expansion and environmental protection measures. We will continue to promote business practices that emphasize solid cash flows.

### **4. Basic Philosophy of Corporate Governance, and Policies for its Implementation**

#### **(1) Basic Philosophy of Corporate Governance**

Sharp has always been a manufacturing and technology oriented company. In today’s harsh competitive environment, making speedy decisions is indispensable for such a company. We strongly believe that the current Board of Directors/Corporate Auditors System meets this purpose, and we plan to further strengthen this system to expand our business and enhance corporate governance.

As a framework to enable corporate governance to function effectively, we have adopted the “Sharp Charter of Conduct” as a concrete policy statement of action in conformity with our corporate code of ethics. We commit ourselves to further enhancing the awareness of all executives and employees regarding compliance with the laws and statutes of Japan and foreign countries in which we do business.

We are increasing management transparency by broadening the scope of the information disclosed so that all shareholders and investors are able to have access to corporate information promptly.

#### **(2) Status of Policy Implementation Related to Corporate Governance**

1) Management organization related to decision-making, execution and supervision, and other corporate governance systems of the company:

- To improve management maneuverability and flexibility, and to clearly articulate the responsibilities of company management during each accounting period, the term of office for members of the Board of Directors is set to one year.
- In addition to the regular monthly meetings of our Board of Directors, extraordinary meetings of the Board are convened as necessary. During these meetings, the Board makes decisions related to matters stipulated by law and to management-related matters of importance, thereby exercising its on-going oversight responsibility over the business and affairs of the corporation. In addition to our Board of Directors, the company has established the Executive Management Committee, where matters of importance related to corporate management and operational control are discussed and reported. Through this system, executive decisions are made promptly.
- The company has appointed no outside corporate directors to our Board of Directors. However, we continue to work to improve and strengthen our Corporate Auditors System, and three of our four statutory auditors are outside auditors.
- The company receives timely advice in cases involving legal decisions from its corporate attorneys. Through audits, we receive proposals for continuous improvement in our administrative operations from Azsa & Co., our Accounting Auditors, who conducts periodic accounting audits.

2) Summary of personal, capital, and business relationships, and other interests of outside corporate directors and outside auditors existing between the companies involved:

- No outside directors are appointed to our Board of Directors. There are no relevant matters relating to our outside auditors.

3) Implementation of measures intended to improve and enhance corporate governance of the company in the past year:

- The Board of Directors held 6 meetings in the interim for fiscal 2004 (16 times in fiscal 2003). In addition to deciding matters stipulated by law and matters of importance related to management, the Board carried out its oversight responsibility over the business and affairs of the corporation.
- The Board of Corporate Auditors held 8 meetings in the interim for fiscal 2004 (14 times in fiscal 2003). The Board formulated its annual audit policy and passed judgment on the validity of the Accounting Auditor's auditing operations and performance. The Board also conducted hearings on the company's activities and performance from management, and exchanged information and opinions on such matters as auditing (on-site auditing) results and the progress of deliberations of important meetings.

## **Operating Results and Financial Position**

### **1. Review of the Six Months Ended September 30, 2004**

During the past interim period, the Japanese economy continued to pick up at a solid pace, supported by an increase in exports and industrial production, as well as corporate investment due to improved earnings results. Overseas, the US and Asian economies continued a steady expansion. In Europe, the economy showed signs of recovery.

Sharp Group took assertive initiatives through the introduction of one-of-a-kind products and through the development of proprietary devices that are applied to these one-of-a-kind products. We consistently focused on making highly distinctive products and devices and thus realized higher profitability. The following are examples of our efforts made during the interim period:

In the product business, we worked to further expand our LCD color TV sales through the introduction of new models, such as a 45V-inch digital high-definition TV, enhancing our product line-up centering on large-size models. We also continued to create unique products, such as 3G compatible mobile phones equipped with System LCDs and high-resolution CCD camera modules. In the device business, we stepped up efforts in our proprietary devices. These efforts included the introduction of the second production phase at the Kameyama Plant enabling it to have unmatched production capacity for panels for large-size LCD color TVs. Other examples of our efforts included expanded production capacity for solar cells in response to the growing worldwide demand.

As a result, the interim period recorded domestic net sales of 656.0 billion yen, up 19.2 % from the same period last year, and overseas net sales of 601.0 billion yen, up 10.6 %, for a total of 1,257.0 billion yen, up 14.9 %. Operating income was 77.5 billion yen, up 32.4 % from the same period last year. Net income was 39.3 billion yen, up 40.7 %.

Regarding cash flow, net cash provided by operating activities was 115.3 billion yen, while net cash used in investing activities was 132.0 billion yen. Net cash provided by financing activities was 19.2 billion yen. As a result, cash and cash equivalents at the end of the period were 281.6 billion yen, increases of 4.0 billion yen compared to March 31, 2004.

We decided on an interim dividend of 10 yen per share, an increase of 2 yen per share over the same period last year.

Operating results by product group are as follows:

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

Sales of LCD color TVs, notably large-size models and camera-equipped mobile phones increased, resulting in net sales of 461.1 billion yen, up 15.4 % over the same period last year.

#### **Home Appliances**

Although we worked to enhance our uniquely featured products, due to the declining market prices, net sales resulted in 109.7 billion yen, down 0.6%.

#### **Information Equipment**

Sales of digital color copier/printers increased, resulting in net sales of 206.2 billion yen, up 6.0 %.

#### **ICs**

While Sales of CCD and CMOS imagers mainly for camera equipped mobile phones increased, sales of flash memory declined, resulting in net sales of 78.5 billion yen, down 8.5 %.

#### **LCDs**

Sales of high-value-added LCDs such as System LCDs increased, resulting in net sales of 274.0 billion yen, up 41.1 % over the same period last year.

#### **Other Electronic Components**

Sales of photovoltaic power systems increased, resulting in net sales of 127.2 billion yen, up 16.6 %.

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

Looking ahead, although we expect the economy to maintain its positive trend, attention needs to be paid to such negative effects on the world economy as increased crude oil prices.

In an effort to achieve further growth, Sharp Group is strengthening its one-of-a-kind strategy, as we work to improve profitability and get the maximum value out of the company.

In the product business, we will work to enhance our one-of-a-kind products. We will work to further improve the competitiveness of LCD color TVs. This is to be accomplished through slashing costs and introducing innovative manufacturing technologies, as well as by intensifying our sales activities in the global market. As for mobile phones, we will introduce 3G mobile phones with more advanced features that our original devices will make possible. In the device business, we will engage in expanding our business through the following measures. To meet burgeoning demand for LCD TV panels, we will expand production of large-size LCD panels by introducing the third production phase at the Kameyama Plant. Other measures include an effort to upgrade System LCDs, which will enable the evolution of mobile terminals. We will strengthen our sales activities to the manufacturers of assembled products, both domestic and overseas. As for solar cells, we will distinguish ourselves in the market with high conversion efficiency and cost competitiveness. We also plan to expand production of CCD and CMOS imagers.

In addition to these efforts, we will continuously seek innovation in production technologies and promote value engineering in order to achieve further growth. Lastly, we will continue to take initiatives proactively to fulfill our commitment to society, which include conducting business in an environmentally responsible manner, complying with laws and statues and ensuring product safety and quality.

The following are the forecasts for fiscal 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

The above forecasts are based on an exchange rate of ¥108 =US\$1.00 for the second half of fiscal 2004.

The company also plans to declare an annual dividend for fiscal 2004 of 20 yen per share (interim and year-end dividend of 10 yen each), an increase of 2 yen per share.

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 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.

\*\*The accompanying consolidated financial statements are a translation of the consolidated financial statements of Sharp, 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.

SHARP CORPORATION  
CONSOLIDATED SALES BY PRODUCT GROUP

Millions of Yen

	Six Months Ended September 30, 2004		Six Months Ended September 30, 2003		Increase Decrease	Percent Change	Year Ended March 31, 2004	
	Amount	Ratio	Amount	Ratio			Amount	Ratio
Audio - Visual and Communication Equipment	461,194	36.7	399,776	36.5	+ 61,418	+ 15.4	837,390	37.1
Home Appliances	109,781	8.7	110,410	10.1	- 629	- 0.6	208,473	9.2
Information Equipment	206,226	16.4	194,524	17.8	+ 11,702	+ 6.0	392,833	17.4
Consumer/Information Products	777,201	61.8	704,710	64.4	+ 72,491	+ 10.3	1,438,696	63.7
IC s	78,577	6.3	85,833	7.8	- 7,256	- 8.5	169,754	7.5
LCDs	274,066	21.8	194,185	17.8	+ 79,881	+ 41.1	421,741	18.7
Other Electronic Components	127,254	10.1	109,144	10.0	+ 18,110	+ 16.6	227,082	10.1
Electronic Components	479,897	38.2	389,162	35.6	+ 90,735	+ 23.3	818,577	36.3
Total	1,257,098	100.0	1,093,872	100.0	+ 163,226	+ 14.9	2,257,273	100.0
Domestic	656,006	52.2	550,210	50.3	+ 105,796	+ 19.2	1,143,548	50.7
Overseas	601,092	47.8	543,662	49.7	+ 57,430	+ 10.6	1,113,725	49.3



SHARP CORPORATION  
CONSOLIDATED STATEMENTS OF INCOME

Millions of Yen

	Six Months Ended September 30, 2004		Six Months Ended September 30, 2003		Increase Decrease	Year Ended March 31, 2004	
	Amount	Ratio	Amount	Ratio		Amount	Ratio
Net Sales	1,257,098	100.0	1,093,872	100.0	+ 163,226	2,257,273	100.0
Cost of Sales	969,267	77.1	829,266	75.8	+ 140,001	1,713,118	75.9
Selling, General and Administrative Expenses	210,255	16.7	206,029	18.8	+ 4,226	422,485	18.7
Operating income	77,576	6.2	58,577	5.4	+ 18,999	121,670	5.4
Other Income (Expenses)							
Interest and dividends income	3,105	0.2	2,672	0.2	+ 433	5,294	0.2
Interest expense	( 2,769 )	0.2	( 3,059 )	0.3	+ 290	( 5,844 )	0.3
Other, net	( 11,223 )	0.9	( 8,761 )	0.8	- 2,462	( 18,400 )	0.7
Income before income taxes and minority interests	( 10,887 )	0.9	( 9,148 )	0.9	- 1,739	( 18,950 )	0.8
	66,689	5.3	49,429	4.5	+ 17,260	102,720	4.6
Income Taxes	26,833	2.1	21,213	1.9	+ 5,620	41,714	1.9
Minority Interests in Income of Consolidated Subsidiaries	( 539 )	0.1	( 268 )	0.0	- 271	( 291 )	0.0
Net Income	39,317	3.1	27,948	2.6	+ 11,369	60,715	2.7

[ Reference ]

	〔 Six Months Ended September 30, 2004 〕	〔 Six Months Ended September 30, 2003 〕	〔 Year Ended March 31, 2004 〕
Depreciation and Amortization	82,152	73,899	159,831
R&D expenditures	89,478	81,973	162,991

SHARP CORPORATION  
CONSOLIDATED BALANCE SHEETS

Millions of Yen

	September 30, 2004	March 31, 2004	Increase Decrease	September 30, 2003
<b>ASSETS</b>				
Current Assets:				
Cash, Time deposits and Short-term investments	370,164	369,924	+ 240	364,237
Notes and accounts receivable, less-Allowance for doubtful receivables	487,407	424,229	+ 63,178	403,155
Inventories	332,290	273,668	+ 58,622	264,594
Other current assets	90,646	80,314	+ 10,332	77,195
Total current assets	1,280,507	1,148,135	+ 132,372	1,109,181
Plant and Equipment, less Accumulated depreciation	807,896	760,797	+ 47,099	727,107
Investments and Other Assets	245,677	241,318	+ 4,359	237,339
Total assets	2,334,080	2,150,250	+ 183,830	2,073,627
<b>LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY</b>				
Current Liabilities:				
Short-term borrowings, including current portion of long-term debt	287,826	215,577	+ 72,249	223,077
Notes and accounts payable	659,822	558,119	+ 101,703	505,284
Other current liabilities	182,859	176,319	+ 6,540	159,898
Total current liabilities	1,130,507	950,015	+ 180,492	888,259
Long-term Liabilities	216,487	248,798	- 32,311	257,812
Total liabilities	1,346,994	1,198,813	+ 148,181	1,146,071
Minority Interests	8,399	7,905	+ 494	8,534
Shareholders' Equity				
Common stock	204,676	204,676	0	204,676
Capital surplus	262,278	262,140	+ 138	261,420
Retained earnings	578,824	550,894	+ 27,930	526,845
Net unrealized holding gains on securities	11,415	14,176	- 2,761	8,360
Foreign currency translation adjustments	( 52,649 )	( 61,828 )	+ 9,179	( 55,439 )
Less-Cost of treasury stock	( 25,857 )	( 26,526 )	+ 669	( 26,840 )
Total shareholders' equity	978,687	943,532	+ 35,155	919,022
Total liabilities, minority interests and shareholders' equity	2,334,080	2,150,250	+ 183,830	2,073,627

[ Reference ]

	( September 30, 2004 )	( March 31, 2004 )	( September 30, 2003 )
Capital Investment	108,229	225,001	113,555
Interest-Bearing Debt	477,440	441,223	459,652

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
<b><u>Cash Flows from Operating Activities:</u></b>				
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 )
<b>Net cash provided by operating activities</b>	<b>115,399</b>	<b>102,225</b>	<b>+ 13,174</b>	<b>249,618</b>
<b><u>Cash Flows from Investing Activities:</u></b>				
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 )
<b>Net cash used in investing activities</b>	<b>( 132,019 )</b>	<b>( 50,706 )</b>	<b>- 81,313</b>	<b>( 169,446 )</b>
<b><u>Cash Flows from Financing Activities:</u></b>				
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
<b>Net cash provided by (used in) financing activities</b>	<b>19,244</b>	<b>( 46,136 )</b>	<b>+ 65,380</b>	<b>( 68,961 )</b>
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>458</b>	<b>( 3,138 )</b>	<b>+ 3,596</b>	<b>( 5,300 )</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>3,082</b>	<b>2,245</b>	<b>+ 837</b>	<b>5,911</b>
<b>Cash and Cash equivalents at Beginning of Year</b>	<b>277,623</b>	<b>271,712</b>	<b>+ 5,911</b>	<b>271,712</b>
<b>Cash and Cash Equivalents of Newly Consolidated Subsidiaries</b>	<b>970</b>	<b>0</b>	<b>+ 970</b>	<b>0</b>
<b>Cash and Cash Equivalents Increased by Merger</b>	<b>3</b>	<b>0</b>	<b>+ 3</b>	<b>0</b>
<b>Cash and Cash Equivalents at End of the Period</b>	<b>281,678</b>	<b>273,957</b>	<b>+ 7,721</b>	<b>277,623</b>

SHARP CORPORATION  
SEGMENT INFORMATION

Millions of Yen

	Six Months Ended September 30, 2004	Six Months Ended September 30, 2003	Year Ended March 31, 2004
<u>Information by business segment</u>			
Net Sales			
Consumer/Information Products			
Customers	777,201	704,710	1,438,696
Intersegment	5,739	4,401	8,726
Total	782,940	709,111	1,447,422
Electronic Components			
Customers	479,897	389,162	818,577
Intersegment	131,049	80,659	185,920
Total	610,946	469,821	1,004,497
Elimination	( 136,788 )	( 85,060 )	( 194,646 )
Consolidated	1,257,098	1,093,872	2,257,273
Operating Income			
Consumer/Information Products			
Customers	27,683	22,176	47,434
Intersegment	51,303	36,147	73,971
Elimination	( 1,410 )	254	265
Consolidated	77,576	58,577	121,670
<u>Information by geographic segment*</u>			
Net Sales			
Japan			
Customers	813,247	704,161	1,458,875
Intersegment	324,566	253,901	513,287
Total	1,137,813	958,062	1,972,162
The Americas			
Customers	170,385	143,110	289,789
Intersegment	4,216	3,567	7,421
Total	174,601	146,677	297,210
Asia			
Customers	57,118	74,436	140,777
Intersegment	84,555	59,728	133,545
Total	141,673	134,164	274,322
Other			
Customers	216,348	172,165	367,832
Intersegment	76,977	53,090	108,505
Total	293,325	225,255	476,337
Elimination	( 490,314 )	( 370,286 )	( 762,758 )
Consolidated	1,257,098	1,093,872	2,257,273
Operating Income			
Japan			
Customers	72,688	51,529	107,283
The Americas	1,278	1,083	1,335
Asia	1,314	1,549	3,185
Other	4,167	3,694	8,241
Elimination	( 1,871 )	722	1,626
Consolidated	77,576	58,577	121,670

\*Major countries or regions in each geographic segment are as follows.

- (1) The Americas: U.S.A., Canada
- (2) Asia: Malaysia, Taiwan, Thailand, Singapore, Indonesia
- (3) Other: Europe, China, Oceania, Middle East

SHARP CORPORATION

SEGMENT INFORMATION

Millions of Yen

	Six Months Ended September 30, 2004	Six Months Ended September 30, 2003	Year Ended March 31, 2004
<u>Overseas sales*</u>			
The Americas	186,502	152,305	308,807
Asia	113,011	143,271	279,161
Europe	195,414	149,980	330,772
Other	106,165	98,106	194,985
Total	601,092	543,662	1,113,725

\*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) Asia: South Korea, Taiwan, Singapore, Phillipines, Malaysia
- (3) Europe: Germany, U.K., Italy, France, Finland
- (4) Other: China, Oceania, Middle East, Africa

**SHARP**

**SUPPLEMENTARY DATA**

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2004

**【CONSOLIDATED】**

**SHARP CORPORATION**

**SUPPLEMENTARY DATA**  
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2004  
【CONSOLIDATED】

1. Financial Highlights

(Millions of Yen)

	1st Half FY2003			FY2003			1st Half FY2004			Forecast for FY2004		
	Amount	Ratio	Change	Amount	Ratio	Change	Amount	Ratio	Change	Amount	Ratio	Change
		%	%		%	%		%	%		%	%
Net Sales	1,093,872	100.0	+12.6	2,257,273	100.0	+12.7	1,257,098	100.0	+14.9	2,530,000	100.0	+12.1
(Domestic)	550,210	50.3	+4.4	1,143,548	50.7	+8.1	656,006	52.2	+19.2	1,300,000	51.4	+13.7
(Overseas)	543,662	49.7	+22.2	1,113,725	49.3	+17.8	601,092	47.8	+10.6	1,230,000	48.6	+10.4
Operating Income	58,577	5.4	+19.8	121,670	5.4	+22.3	77,576	6.2	+32.4	150,000	5.9	+23.3
Net Income	27,948	2.6	+22.1	60,715	2.7	+86.3	39,317	3.1	+40.7	75,000	3.0	+23.5
Net Income per Share (Yen)	25.64			55.37			36.05			68.73		

2. Sales by Product Group

(Millions of Yen)

		1st Half FY2003			FY2003			1st Half FY2004			Forecast for FY2004		
		Amount	Ratio	Change	Amount	Ratio	Change	Amount	Ratio	Change	Amount	Ratio	Change
			%	%		%	%		%	%		%	%
Audio-Visual and Communication Equipment	Domestic	219,904	20.1	+8.0	474,521	21.0	+16.9	286,034	22.7	+30.1	569,000	22.5	+19.9
	Overseas	179,872	16.4	+20.3	362,869	16.1	+6.5	175,160	14.0	-2.6	363,000	14.3	0.0
	Total	399,776	36.5	+13.2	837,390	37.1	+12.2	461,194	36.7	+15.4	932,000	36.8	+11.3
Home Appliances	Domestic	61,994	5.7	-5.4	114,708	5.1	-8.5	61,962	4.9	-0.1	122,000	4.8	+6.4
	Overseas	48,416	4.4	-5.3	93,765	4.1	-4.8	47,819	3.8	-1.2	87,000	3.5	-7.2
	Total	110,410	10.1	-5.3	208,473	9.2	-6.9	109,781	8.7	-0.6	209,000	8.3	+0.3
Information Equipment	Domestic	104,308	9.5	+8.1	211,394	9.4	+6.3	102,670	8.2	-1.6	212,000	8.4	+0.3
	Overseas	90,216	8.3	+0.2	181,439	8.0	+2.4	103,556	8.2	+14.8	197,000	7.8	+8.6
	Total	194,524	17.8	+4.3	392,833	17.4	+4.4	206,226	16.4	+6.0	409,000	16.2	+4.1
Consumer/Information Products	Domestic	386,206	35.3	+5.6	800,623	35.5	+9.7	450,666	35.8	+16.7	903,000	35.7	+12.8
	Overseas	318,504	29.1	+9.6	638,073	28.2	+3.5	326,535	26.0	+2.5	647,000	25.6	+1.4
	Total	704,710	64.4	+7.4	1,438,696	63.7	+6.9	777,201	61.8	+10.3	1,550,000	61.3	+7.7
I C s	Domestic	34,749	3.2	+43.7	65,579	2.9	+27.5	30,753	2.5	-11.5	66,000	2.6	+0.6
	Overseas	51,084	4.6	+61.8	104,175	4.6	+42.1	47,824	3.8	-6.4	108,000	4.3	+3.7
	Total	85,833	7.8	+53.9	169,754	7.5	+36.1	78,577	6.3	-8.5	174,000	6.9	+2.5
LCDs	Domestic	68,914	6.3	-15.1	151,718	6.7	-4.9	114,018	9.1	+65.4	205,000	8.1	+35.1
	Overseas	125,271	11.5	+36.3	270,023	12.0	+44.3	160,048	12.7	+27.8	345,000	13.6	+27.8
	Total	194,185	17.8	+12.2	421,741	18.7	+21.7	274,066	21.8	+41.1	550,000	21.7	+30.4
Other Electronic Components	Domestic	60,341	5.5	+7.9	125,628	5.6	+7.9	60,569	4.8	+0.4	126,000	5.0	+0.3
	Overseas	48,803	4.5	+58.7	101,454	4.5	+47.0	66,685	5.3	+36.6	130,000	5.1	+28.1
	Total	109,144	10.0	+26.0	227,082	10.1	+22.5	127,254	10.1	+16.6	256,000	10.1	+12.7
Electronic Components	Domestic	164,004	15.0	+1.7	342,925	15.2	+4.8	205,340	16.4	+25.2	397,000	15.7	+15.8
	Overseas	225,158	20.6	+46.0	475,652	21.1	+44.4	274,557	21.8	+21.9	583,000	23.0	+22.6
	Total	389,162	35.6	+23.3	818,577	36.3	+24.6	479,897	38.2	+23.3	980,000	38.7	+19.7
Total	Domestic	550,210	50.3	+4.4	1,143,548	50.7	+8.1	656,006	52.2	+19.2	1,300,000	51.4	+13.7
	Overseas	543,662	49.7	+22.2	1,113,725	49.3	+17.8	601,092	47.8	+10.6	1,230,000	48.6	+10.4
	Total	1,093,872	100.0	+12.6	2,257,273	100.0	+12.7	1,257,098	100.0	+14.9	2,530,000	100.0	+12.1

## 3. Overseas Sales by Region

(Millions of Yen)

	1st Half FY2003			FY2003			1st Half FY2004			Forecast for FY2004		
	Amount	Ratio	Change	Amount	Ratio	Change	Amount	Ratio	Change	Amount	Ratio	Change
		%	%		%	%		%	%		%	%
The Americas	152,305	28.0	-10.9	308,807	27.7	-8.3	186,502	31.0	+22.5	357,000	29.0	+15.6
Europe	149,980	27.6	+68.8	330,772	29.7	+40.7	195,414	32.5	+30.3	420,000	34.1	+27.0
Asia	143,271	26.4	+6.0	279,161	25.1	+3.2	113,011	18.8	-21.1	237,000	19.3	-15.1
Other	98,106	18.0	+96.6	194,985	17.5	+88.9	106,165	17.7	+8.2	216,000	17.6	+10.8
Total	543,662	100.0	+22.2	1,113,725	100.0	+17.8	601,092	100.0	+10.6	1,230,000	100.0	+10.4

## 4. Information by Product Group

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

〈Net Sales〉

(Millions of Yen)

	1st Half FY2003			FY2003			1st Half FY2004			Forecast for FY2004		
	Amount	Ratio	Change	Amount	Ratio	Change	Amount	Ratio	Change	Amount	Ratio	Change
		%	%		%	%		%	%		%	%
Audio-Visual and Communication Equipment	400,301	36.6	+13.2	838,335	37.1	+12.2	461,498	36.7	+15.3	932,500	36.9	+11.2
Home Appliances	110,432	10.1	-5.3	208,512	9.2	-6.9	109,898	8.8	-0.5	209,500	8.3	+0.5
Information Equipment	198,378	18.1	+4.4	400,575	17.8	+5.0	211,544	16.8	+6.6	418,000	16.5	+4.3
Consumer/Information Products	709,111	64.8	+7.4	1,447,422	64.1	+7.0	782,940	62.3	+10.4	1,560,000	61.7	+7.8
ICs*	115,992	10.6	+52.9	231,995	10.3	+39.5	114,878	9.1	-1.0	246,000	9.7	+6.0
LCDs	236,400	21.6	+14.2	528,815	23.4	+24.3	360,029	28.7	+52.3	730,000	28.9	+38.0
Other Electronic Components	117,429	10.8	+22.7	243,687	10.8	+20.6	136,039	10.8	+15.8	272,000	10.7	+11.6
Electronic Components	469,821	43.0	+24.1	1,004,497	44.5	+26.6	610,946	48.6	+30.0	1,248,000	49.3	+24.2
Sub Total	1,178,932	107.8	+13.5	2,451,919	108.6	+14.3	1,393,886	110.9	+18.2	2,808,000	111.0	+14.5
Elimination	(85,060)	-7.8	—	(194,646)	-8.6	—	(136,788)	-10.9	—	(278,000)	-11.0	—
Total	1,093,872	100.0	+12.6	2,257,273	100.0	+12.7	1,257,098	100.0	+14.9	2,530,000	100.0	+12.1

\* The IC group's sales do not include internal sales to the LCDs/Other Electronic Components group (LSIs for LCD, etc : 18,102 million yen for 1st Half FY2003 / 40,477 million yen for FY2003, 25,770 million yen for 1st Half FY2004 / 50,700 million yen for forecast for FY2004).

〈Operating Income〉

(Millions of Yen)

	1st Half FY2003			FY2003			1st Half FY2004			Forecast for FY2004		
	Amount	Ratio	Change	Amount	Ratio	Change	Amount	Ratio	Change	Amount	Ratio	Change
		%	%		%	%		%	%		%	%
Audio-Visual and Communication Equipment	12,553	21.4	+25.7	27,830	22.9	+16.2	15,232	19.6	+21.3	31,000	20.7	+11.4
Home Appliances	408	0.7	-71.0	504	0.4	-77.1	1,298	1.7	+218.1	2,000	1.3	+296.8
Information Equipment	9,215	15.8	+4.5	19,100	15.7	+9.1	11,153	14.4	+21.0	21,000	14.0	+9.9
Consumer/Information Products	22,176	37.9	+9.7	47,434	39.0	+8.7	27,683	35.7	+24.8	54,000	36.0	+13.8
ICs	7,525	12.9	+114.9	14,690	12.1	+51.4	8,684	11.2	+15.4	17,000	11.3	+15.7
LCDs	18,713	31.9	+5.7	38,190	31.4	+25.9	29,891	38.5	+59.7	56,000	37.3	+46.6
Other Electronic Components	9,909	16.9	+30.7	21,091	17.3	+29.6	12,728	16.4	+28.4	24,500	16.4	+16.2
Electronic Components	36,147	61.7	+25.5	73,971	60.8	+31.4	51,303	66.1	+41.9	97,500	65.0	+31.8
Sub Total	58,323	99.6	+19.0	121,405	99.8	+21.5	78,986	101.8	+35.4	151,500	101.0	+24.8
Elimination	254	0.4	—	265	0.2	—	(1,410)	-1.8	—	(1,500)	-1.0	—
Total	58,577	100.0	+19.8	121,670	100.0	+22.3	77,576	100.0	+32.4	150,000	100.0	+23.3

## 5. Overseas Production

(Millions of Yen)

	1st Half FY2003			FY2003			1st Half FY2004			Forecast for FY2004		
	Amount	Ratio to Net Sales	Change	Amount	Ratio to Net Sales	Change	Amount	Ratio to Net Sales	Change	Amount	Ratio to Net Sales	Change
		%	%		%	%		%	%		%	%
Overseas Production	347,222	31.7	+3.6	734,627	32.5	+11.6	467,516	37.2	+34.6	1,067,000	42.2	+45.2



## 6.Capital Investment

(Millions of Yen)

	1st Half FY2003		FY2003		1st Half FY2004		Forecast for FY2004	
	Amount	Change	Amount	Change	Amount	Change	Amount	Change
		%		%		%		%
Capital Investment	113,555	+27.7	225,001	+53.8	108,229	-4.7	220,000	-2.2

## 7.Depreciation and Amortization

(Millions of Yen)

	1st Half FY2003			FY2003			1st Half FY2004			Forecast for FY2004		
	Amount	Ratio to Net Sales	Change	Amount	Ratio to Net Sales	Change	Amount	Ratio to Net Sales	Change	Amount	Ratio to Net Sales	Change
		%	%		%	%		%	%		%	%
Depreciation and Amortization	73,899	6.8	+9.5	159,831	7.1	+9.6	82,152	6.5	+11.2	174,000	6.9	+8.9

## 8.R&amp;D Expenditures

(Millions of Yen)

	1st Half FY2003			FY2003			1st Half FY2004			Forecast for FY2004		
	Amount	Ratio to Net Sales	Change	Amount	Ratio to Net Sales	Change	Amount	Ratio to Net Sales	Change	Amount	Ratio to Net Sales	Change
		%	%		%	%		%	%		%	%
R&D Expenditures	81,973	7.5	+6.9	162,991	7.2	+7.1	89,478	7.1	+9.2	177,000	7.0	+8.6

## 9.Number of Employees

	As of Sept.30, 2003	As of March.31, 2004	As of Sept.30, 2004
Number of Employees	46,776	46,164	47,117
(Domestic)	29,708	29,372	29,750
(Overseas)	17,068	16,792	17,367

\*Sharp Corporation and Consolidated Subsidiaries

## 10.Exchange Rate

(Yen)

	1st Half FY2003	FY2003	1st Half FY2004	Forecast for 2nd Half FY2004
US\$	117.05	112.08	108.86	108.00
EURO	131.96	131.11	131.82	130.00

## 11.Sales of Main Products

(Billions of Yen)

	1st Half FY2003		FY2003		1st Half FY2004		Forecast for FY2004	
	Amount	Change	Amount	Change	Amount	Change	Amount	Change
		%		%		%		%
LCD Color TV (Over 10 inches)	68.0	+101.6	173.7	+95.5	131.7	+93.6	300.0	+72.6
Projectors	12.6	-12.6	27.3	-9.7	13.8	+9.2	30.0	+9.8
Color TV	54.3	-24.7	109.2	-23.4	45.4	-16.4	73.0	-33.2
MD	8.2	-16.7	19.6	-17.2	7.0	-15.4	18.0	-8.5
Mobile Phones / PHS	165.1	+41.8	333.4	+37.2	202.4	+22.6	370.0	+11.0
Facsimiles	24.4	-11.4	46.1	-12.5	19.9	-18.5	40.0	-13.2
Refrigerators	23.6	-3.6	43.4	+2.8	25.2	+6.6	41.0	-5.7
Air Conditioners	30.9	-0.4	48.6	-2.7	32.7	+5.8	49.0	+0.8
Microwave Ovens	25.9	-9.6	52.0	-11.9	23.3	-10.0	52.0	0.0
Personal Computers	25.9	-13.3	47.6	-22.1	21.0	-19.0	47.0	-1.4
LCD Color Monitors	13.6	+17.9	25.3	+23.7	12.3	-9.8	25.0	-1.4
Copiers / Printers	55.5	+1.8	108.9	+4.5	58.9	+6.1	110.0	+1.0

## 12.Sales of Main Electronic Components

(Billions of Yen)

	1st Half FY2003		FY2003		1st Half FY2004		Forecast for FY2004	
	Amount	Change	Amount	Change	Amount	Change	Amount	Change
		%		%		%		%
LCDs	236.4	+14.2	528.8	+24.3	360.0	+52.3	730.0	+38.0
Flash Memory	53.8	+47.4	97.0	+12.3	38.5	-28.5	85.0	-12.4
CCD/CMOS Imagers	29.1	+139.6	70.2	+130.7	40.7	+39.9	100.0	+42.4
Solar Cells	34.0	+81.6	73.2	+62.3	52.7	+55.0	110.0	+50.3
Laser Diodes	19.0	-5.8	35.9	-3.9	11.9	-37.5	30.0	-16.5