

First Quarter of Fiscal Year 2004

Quarterly Financial Review (consolidated)

SHARP CORPORATION
22-22 Nagaike-cho, Abeno-ku
Osaka, Japan

Financial review for the first quarter ended June 30, 2004

Millions of Yen

	Three Months Ended June 30, 2004	Three Months Ended June 30, 2003	Percent Change
Net Sales	601,247	511,740	% +17.5
Operating Income (Percentage vs. Sales)	35,378 (5.9%)	28,978 (5.7%)	+22.1
Income before Income Taxes and Minority Interests (Percentage vs. Sales)	32,919 (5.5%)	25,586 (5.0%)	+28.7
Net Income (Percentage vs. Sales)	19,566 (3.3%)	14,046 (2.7%)	+39.3
Net Income per Share (Yen)	17.94	12.89	-
Fully Diluted Net Income per Share (Yen)	17.72	12.74	-

Note: 1. Number of consolidated subsidiaries : 48 companies

(3 companies increased in comparison to March 31, 2004)

Number of nonconsolidated subsidiaries and affiliates 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

For the first quarter ended June 30, 2004

Results for the three months ended June 30, 2004

(1) Results of Operation

Millions of Yen

	Net Sales	Percent Change	Operating Income	Percent Change
Three Months Ended June 30, 2004	601,247	+17.5%	35,378	+22.1%
Three Months Ended June 30, 2003	511,740	+7.2%	28,978	+12.1%
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)
Three Months Ended June 30, 2004	19,566	+39.3%	17.94	17.72
Three Months Ended June 30, 2003	14,046	+13.5%	12.89	12.74
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 June 30, 2004	2,234,557	954,513	42.7%	875.16
As of June 30, 2003	2,015,849	909,742	45.1%	834.75
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
Three Months Ended June 30, 2004	31,242	(26,782)	1,022	283,749
Three Months Ended June 30, 2003	(6,434)	1,823	(22,434)	244,678
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 April 27, 2004.

Operating Results and Financial Position

1. Review of the three months ended June 30, 2004

During the past three months, the Japanese economy continued to pick up, supported by increases in corporate investment, exports and production as well as an improvement in employment. Overseas, the US economy continued a steady expansion. Economies in Europe and Asia have been growing strongly.

Under these circumstances, Sharp took assertive initiatives to further improve our competitiveness. In the product business, we strove to enhance such unique products as LCD color TVs and camera-equipped mobile phones. In the device business, we increased sales of proprietary devices that include our original LCDs, notably System LCDs, CCD and CMOS imagers and solar cells.

As a result, consolidated financial results for the three months showed net sales of 601.2 billion yen, up 17.5 % from the same period last year, operating income of 35.3 billion yen, up 22.1 % and net income of 19.5 billion yen, up 39.3 %.

Regarding cash flow, net cash provided by operating activities was 31.2 billion yen, while net cash used in investing activities was 26.7 billion yen. Net cash provided by financing activities was 1.0 billion yen. As a result, cash and cash equivalents at the end of the period were 283.7 billion yen, increases of 6.1 billion yen from March 31, 2004.

Operating results by product group are as follows:

Audio-Visual and Communication Equipment

Led by increases in sales of large-size wide-screen models, sales of LCD color TVs continued to grow. Sales of camera-equipped mobile phones also increased, resulting in net sales of 215.5 billion yen, up 13.9 % over the same period last year.

Home Appliances

Due to the negative impacts, such as the continuous decline in the market prices, net sales were 54.3 billion yen, down 5.8 % from the same period last year.

Information Equipment

Sales of LCD color monitors and digital copier/printers increased, resulting in net sales of 100.0 billion yen, up 8.0 % over the same period last year.

ICs

Sales of CCD and CMOS imagers especially for mobile phones increased, resulting in net sales of 39.9 billion yen, up 5.3 % over the same period last year.

LCDs

Sales of such high-value-added LCDs as System LCDs increased, resulting in net sales of 131.4 billion yen, up 53.2 % over the same period last year.

Other Electronic Components

Sales of solar cells increased, resulting in net sales of 59.9 billion yen, up 23.7 % over the same period last year.

2. Forecast for Fiscal 2004

There are no revisions to the fiscal 2004 financial result forecast announced on April 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 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 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 first quarter ended June 30, 2004

Millions of Yen

	Three Months Ended June 30, 2004		Three Months Ended June 30, 2003		Increase Decrease	Percent Change
	Amount	Ratio	Amount	Ratio		
		%		%		%
Audio - Visual and Communication Equipment	215,504	35.9	189,250	37.0	+26,254	+13.9
Home Appliances	54,342	9.0	57,668	11.2	-3,326	-5.8
Information Equipment	100,018	16.6	92,580	18.1	+7,438	+8.0
Consumer/Information Products	369,864	61.5	339,498	66.3	+30,366	+8.9
ICs	39,999	6.6	37,984	7.4	+2,015	+5.3
LCDs	131,483	21.9	85,849	16.8	+45,634	+53.2
Other Electronic Components	59,901	10.0	48,409	9.5	+11,492	+23.7
Electronic Components	231,383	38.5	172,242	33.7	+59,141	+34.3
Total	601,247	100.0	511,740	100.0	+89,507	+17.5
Domestic	311,340	51.8	263,987	51.6	+47,353	+17.9
Overseas	289,907	48.2	247,753	48.4	+42,154	+17.0

SHARP CORPORATION
CONSOLIDATED STATEMENTS OF INCOME

For the first quarter ended June 30, 2004

Millions of Yen

	Three Months Ended June 30, 2004		Three Months Ended June 30, 2003		Increase Decrease	Percent Change
	Amount	Ratio	Amount	Ratio		
Net Sales	601,247	100.0	511,740	100.0	+89,507	+17.5
Cost of Sales	463,334	77.0	387,872	75.8	+75,462	+19.5
Selling, General and Administrative Expenses	102,535	17.1	94,890	18.5	+7,645	+8.1
Operating income	35,378	5.9	28,978	5.7	+6,400	+22.1
Other Income (Expenses), net	(2,459)	0.4	(3,392)	0.7	+933	-27.5
Income before income taxes and minority interests	32,919	5.5	25,586	5.0	+7,333	+28.7
Income Taxes	13,148	2.2	11,430	2.3	+1,718	+15.0
Minority Interests in Income of Consolidated Subsidiaries	(205)	0.0	(110)	0.0	-95	+86.4
Net income	19,566	3.3	14,046	2.7	+5,520	+39.3

SHARP CORPORATION
CONSOLIDATED BALANCE SHEETS

As of June 30, 2004

Millions of Yen

	June 30, 2004	March 31, 2004	Increase Decrease
ASSETS			
Current Assets:			
Cash, Time deposits, and Short-term investments	331,646	369,924	-38,278
Notes and accounts receivable, less Allowance for doubtful receivables	456,756	424,229	+32,527
Inventories	308,563	273,668	+34,895
Other current assets	92,796	80,314	+12,482
Total current assets	1,189,761	1,148,135	+41,626
Plant and Equipment, less Accumulated depreciation	798,361	760,797	+37,564
Investments and Other Assets	246,435	241,318	+5,117
Total assets	2,234,557	2,150,250	+84,307
LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY			
Current Liabilities:			
Short-term borrowings, including current portion of long-term debt	265,417	215,577	+49,840
Notes and accounts payable	634,360	558,119	+76,241
Other current liabilities	158,046	176,319	-18,273
Total current liabilities	1,057,823	950,015	+107,808
Long-term Liabilities	214,293	248,798	-34,505
Total liabilities	1,272,116	1,198,813	+73,303
Minority Interests	7,928	7,905	+23
Shareholders' Equity:			
Common stock	204,676	204,676	0
Capital surplus	262,150	262,140	+10
Retained earnings	559,073	550,894	+8,179
Net unrealized holding gains on securities	14,231	14,176	+55
Foreign currency translation adjustments	(59,078)	(61,828)	+2,750
Less-Cost of treasury stock	(26,539)	(26,526)	-13
Total shareholders' equity	954,513	943,532	+10,981
Total liabilities, minority interests and shareholders' equity	2,234,557	2,150,250	+84,307

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

SHARP CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the first quarter ended June 30, 2004

Millions of Yen

	Three Months Ended June 30, 2004	Three Months Ended June 30, 2003	Increase Decrease
<u>Cash Flows from Operating Activities:</u>			
Income before income taxes and minority interests	32,919	25,586	+7,333
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities—			
Depreciation and amortization of properties and intangibles	37,160	33,329	+3,831
Increase in notes and accounts receivable	(10,985)	(7,520)	-3,465
Increase in inventories	(32,707)	(5,575)	-27,132
Increase in payable	68,247	11,666	+56,581
Other, net	(63,392)	(63,920)	+528
Net cash provided by (used in) operating activities	31,242	(6,434)	+37,676
<u>Cash Flows from Investing Activities:</u>			
Acquisitions of plant and equipment	(66,858)	(34,288)	-32,570
Other, net	40,076	36,111	+3,965
Net cash (used in) provided by investing activities	(26,782)	1,823	-28,605
<u>Cash Flows from Financing Activities:</u>			
Increase (Decrease) in short-term borrowings, net	4,006	(15,028)	+19,034
Proceeds from long-term debt	7,525	7,460	+65
Repayments of long-term debt	(960)	(7,359)	+6,399
Dividends paid	(9,327)	(7,342)	-1,985
Other, net	(222)	(165)	-57
Net cash provided by (used in) financing activities	1,022	(22,434)	+23,456
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(326)	11	-337
Net Increase (Decrease) in Cash and Cash Equivalents	5,156	(27,034)	+32,190
Cash and Cash Equivalents at Beginning of Year	277,623	271,712	+5,911
Cash and Cash Equivalents of Newly Consolidated Subsidiaries	970	0	+970
Cash and Cash Equivalents at End of Period	283,749	244,678	+39,071

SHARP CORPORATION
SEGMENT INFORMATION
For the first quarter ended June 30, 2004

Millions of Yen

	Three Months Ended June 30, 2004	Three Months Ended June 30, 2003
Net Sales		
Consumer/Information Products		
Customers	369,864	339,498
Intersegment	2,992	3,187
Total	372,856	342,685
Electronic Components		
Customers	231,383	172,242
Intersegment	57,337	36,810
Total	288,720	209,052
Elimination	(60,329)	(39,997)
Consolidated	601,247	511,740
Operating Income		
Consumer/Information Products	13,402	12,662
Electronic Components	21,770	16,125
Elimination	206	191
Consolidated	35,378	28,978

Note: Segmentation of business areas 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).]

〈Net Sales〉

Millions of Yen

	Three Months Ended June 30, 2004		Three Months Ended June 30, 2003		Percent Change
	Amount	Ratio	Amount	Ratio	
Audio-Visual and Communication Equipment	215,666	35.9	189,443	37.0	+13.8
Home Appliances	54,382	9.0	57,679	11.2	-5.7
Information Equipment	102,808	17.1	95,563	18.7	+7.6
Consumer/Information Products	372,856	62.0	342,685	66.9	+8.8
ICs *	57,451	9.5	52,545	10.3	+9.3
LCDs	168,066	28.0	103,866	20.3	+61.8
Other Electronic Components	63,203	10.5	52,641	10.3	+20.1
Electronic Components	288,720	48.0	209,052	40.9	+38.1
Sub Total	661,576	110.0	551,737	107.8	+19.9
Elimination	(60,329)	-10.0	(39,997)	-7.8	-
Total	601,247	100.0	511,740	100.0	+17.5

* The IC group's sales do not include internal sales to the LCD/Other Electronic Components group (LSIs for LCD, etc : 10,726 million yen for the three months ended June 30, 2004 and 8,068 million yen for the three months ended June 30, 2003).

〈Operating Income〉

Millions of Yen

	Three Months Ended June 30, 2004		Three Months Ended June 30, 2003		Percent Change
	Amount	Ratio	Amount	Ratio	
Audio-Visual and Communication Equipment	7,361	20.8	7,060	24.4	+4.3
Home Appliances	1,080	3.1	1,043	3.6	+3.5
Information Equipment	4,961	14.0	4,559	15.7	+8.8
Consumer/Information Products	13,402	37.9	12,662	43.7	+5.8
ICs	4,473	12.6	4,141	14.3	+8.0
LCDs	12,124	34.3	7,866	27.1	+54.1
Other Electronic Components	5,173	14.6	4,118	14.2	+25.6
Electronic Components	21,770	61.5	16,125	55.6	+35.0
Sub Total	35,172	99.4	28,787	99.3	+22.2
Elimination	206	0.6	191	0.7	-
Total	35,378	100.0	28,978	100.0	+22.1