

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.