

Third Quarter of Fiscal Year 2006

Quarterly Financial Review (consolidated)

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

Financial Review for the Third Quarter Ended December 31, 2006

	Three Months Ended December 31, 2006	Three Months Ended December 31, 2005	Millions of Yen Percent Change
Net Sales	820,147	731,718	% +12.1
Operating Income (Percentage vs. Sales)	49,283 (6.0%)	43,765 (6.0%)	+12.6
Income before Income Taxes and Minority Interests (Percentage vs. Sales)	44,589 (5.4%)	41,190 (5.6%)	+8.3
Net Income (Percentage vs. Sales)	28,505 (3.5%)	26,262 (3.6%)	+8.5
Net Income per Share (Yen)	26.13	24.07	_
Fully Diluted Net Income per Share (Yen)	24.37	_	_

	Nine Months Ended December 31, 2006	Nine Months Ended December 31, 2005	Millions of Yer Percent Change
Net Sales	2,285,840	2,067,265	% +10.6
Operating Income (Percentage vs. Sales)	139,450 (6.1%)	118,833 (5.7%)	+17.3
Income before Income Taxes and Minority Interests (Percentage vs. Sales)	119,907 (5.2%)	101,116 (4.9%)	+18.6
Net Income (Percentage vs. Sales)	75,045 (3.3%)	62,754 (3.0%)	+19.6
Net Income per Share (Yen)	68.80	57.52	-
Fully Diluted Net Income per Share (Yen)	67.18	_	-

Note: 1. Number of consolidated subsidiaries : 50 companies

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, 2006

(1) Results of Operation

	Net Sales	Percent Change	Operating Income	Percent Change
Nine Months Ended December 31, 2006	2,285,840	+10.6%	139,450	+17.3%
Nine Months Ended December 31, 2005	2,067,265	+8.4%	118,833	+4.2%
Year Ended March 31, 2006	2,797,109		163,710	

	Net Income (Millions of Yen)	Percent Change	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)
Nine Months Ended December 31, 2006	75,045	+19.6%	68.80	67.18
Nine Months Ended December 31, 2005	62,754	+4.2%	57.52	-
Year Ended March 31, 2006	88,671		80.85	-

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)	Fina	ncial	Pos	sition	
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(2) Financial Posit	ion			Millions of Yen
	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share (Yen)
As of December 31, 2006	2,891,223	1,164,467	40.0%	1,059.37
As of December 31, 2005	2,542,936	1,058,694	41.6%	970.43
As of March 31, 2006	2,560,299	1,098,910	42.9%	1,006.91

(3) Summary of Consolidated Cash Flows

	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, 2006	160,601	(213,101)	65,325	315,294
Nine Months Ended December 31, 2005	179,591	(197,960)	24,370	304,243
Year Ended March 31, 2006	263,753	(229,386)	(33,760)	299,466

(Forecast for the Year Ending March 31, 2007)

There are no revisions to the fiscal 2006 financial result forecast announced on October 25, 2006.

Millions of Yen

Millions of Yen

Operating Results and Financial Position

1. Review of the Nine Months Ended December 31, 2006

During the past nine-month period, the Japanese economy continued to recover, supported by an increase in export and corporate investment due to improved earning results. Overseas, economies continued to grow steadily in the U.S., led by strong domestic demand. The European and Asian economies as a whole showed solid expansion.

In such circumstances, the 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 mobile phones. As for devices, we focused efforts on the expansion of such proprietary devices as LCDs.

As a result, the nine months recorded net sales of 2,285.8 billion yen, up 10.6% over the same period last year, operating income of 139.4 billion yen, up 17.3% and net income of 75.0 billion yen, up 19.6%.

Regarding cash flow, net cash provided by operating activities was 160.6 billion yen, while net cash used in investing activities was 213.1 billion yen. Net cash provided by financing activities was 65.3 billion yen. As a result, cash and cash equivalents at the end of the period were 315.2 billion yen, increases of 15.8 billion yen compared to March 31, 2006.

Operating results by product group are as follows:

Consumer/Information Products

Sales of Audio-Visual and Communication Equipment were 990.2 billion yen, up 19.6% over the same period last year. Sales of LCD color TVs, mainly large-size models, and mobile phones expanded, leading to the overall sales increase.

Sales of Home Appliances were 179.1 billion yen, up 6.1%. Our uniquely-featured products contributed to the growth.

Sales of Information Equipment were 316.8 billion yen, up 2.3%. Sales of copier/printers, mainly digital full-color MFPs, increased, resulting in overall sales growth.

Electronic Components

Sales of LSIs were 104.3 billion yen, up 6.1% from the same period last year. Sales of CCD/CMOS imagers increased, contributing to the growth.

Sales of LCDs were 469.9 billion yen, up 4.3%. Strong sales of LCD panels to overseas led to the overall sales gains.

Sales of Other Electronic Components were 225.2 billion yen, up 6.4%. Sales increased for major devices, including those for Audio-Visual equipment.

2. Forecast for Fiscal 2006

There are no revisions to the fiscal 2006 financial result forecast announced on October 25, 2006.

Net sales	3,000.0 billion yen	+ 7.3 % over the previous fiscal year
Operating income	180.0 billion yen	+ 10.0 % over the previous fiscal year
Net income	100.0 billion yen	+ 12.8 % over the previous fiscal year

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 factors that may influence the figures for final reported business results include, but are not limited to:

- The economic situation in which the Sharp Group operates
- Sudden, rapid fluctuations in demand for products and services, as well as intense price competition
- · Changes in exchange rates (particularly between the yen and the U.S. dollar, the euro and other currencies)
- Sharp's ability to respond to rapid technological changes and changing consumer preferences with timely and cost-effective introductions of new products and services
- Regulations such as trade restrictions in other countries

SHARP CORPORATION

CONSOLIDATED SALES BY PRODUCT GROUP

For the Three Months Ended December 31, 2006

Three Months Ended Three Months Ended Percent Increase December 31, 2006 December 31, 2005 Change Decrease Amount Amount Ratio Ratio % % % Audio - Visual and 402,407 49.1 314,010 42.9 + 88,397 +28.2**Communication Equipment** Home Appliances 59,973 7.3 56,873 7.8 + 3,100+5.5Information Equipment 105,211 12.8 102,472 14.0 + 2,739+2.7Consumer/Information 69.2 567,591 473,355 64.7 + 94,236 +19.9Products LSIs 31,643 32,022 4.4 - 379 3.8 -1.2 LCDs 145,760 17.8 155,015 21.2 - 9,255 -6.0 75,153 9.2 71,326 9.7 +5.4Other Electronic Components + 3,827 **Electronic Components** 252,556 30.8 -2.2 258,363 35.3 - 5,807 Total 820,147 100.0 731,718 100.0 + 88,429 +12.1Domestic 405,367 49.4 353,541 48.3 + 51,826+14.7Overseas 414,780 50.6 378,177 51.7 + 36,603 +9.7

For the Nine Months Ended December 31, 2006

Nine Months Ended Nine Months Ended Increase Percent December 31, 2006 December 31, 2005 Change Decrease Amount Ratio Amount Ratio % % Audio - Visual and 990.212 43.3 828.027 40.0 + 162.185+19.6Communication Equipment Home Appliances 179,184 7.8 168,837 8.2 + 10,347+6.1316,831 13.9 309,749 + 7,082Information Equipment 15.0 +2.3Consumer/Information 1,486,227 65.0 1,306,613 63.2 + 179,614+13.7Products LSIs 104,364 98,329 4.8 + 6,035 4.6 +6.1**LCDs** 469,978 20.6 450,648 21.8 + 19,330+4.3Other Electronic Components 225,271 9.8 211,675 10.2 + 13,596 +6.4Electronic Components 799,613 35.0 760,652 36.8 + 38,961 +5.1Total 2,285,840 100.0 2,067,265 100.0 + 218,575+10.6Domestic 1,116,052 48.8 1,038,982 50.3 + 77,070 +7.4Overseas 49.7 1,169,788 51.2 1,028,283 + 141,505+13.8

Millions of Yen

Millions of Yen

SHARP CORPORATION CONSOLIDATED STATEMENTS OF INCOME

For the Three Months Ended December 31, 2006

for the Three Month's Ended December 51, 2000						fillions of Yen
	Three Months E December 31, 2		Three Months En December 31, 2		Increase Decrease	Percent Change
	Amount	Ratio	Amount	Ratio	Decrease	Change
		%		%		%
Net Sales	820,147	100.0	731,718	100.0	+ 88,429	+12.1
Cost of Sales	639,098	77.9	571,049	78.0	+ 68,049	+11.9
Gross profit	181,049	22.1	160,669	22.0	+ 20,380	+12.7
Selling, General and Administrative Expenses	131,766	16.1	116,904	16.0	+ 14,862	+12.7
Operating income	49,283	6.0	43,765	6.0	+ 5,518	+12.6
Other Income (Expenses), net	(4,694)	0.6	(2,575)	0.4	- 2,119	+82.3
Income before income taxes and minority interests	44,589	5.4	41,190	5.6	+ 3,399	+8.3
Income Taxes	15,833	1.9	14,727	2.0	+ 1,106	+7.5
Minority Interests in Income of Consolidated Subsidiaries	(251)	0.0	(201)	0.0	- 50	+24.9
Net income	28,505	3.5	26,262	3.6	+ 2,243	+8.5

For the Nine Months Ended December 31, 2006

For the Nine Months Ended Decen	nber (<u>31, 2006</u>				N	fillions of Yen
		Nine Months Er December 31, 2			Nine Months Ended December 31, 2005		Percent
		Amount	Ratio	Amount	Ratio	Decrease	Change
			%		%		%
Net Sales		2,285,840	100.0	2,067,265	100.0	+ 218,575	+10.6
Cost of Sales		1,769,833	77.4	1,607,556	77.8	+ 162,277	+10.1
Gross profit		516,007	22.6	459,709	22.2	+ 56,298	+12.2
Selling, General and Administrative Expenses		376,557	16.5	340,876	16.5	+ 35,681	+10.5
Operating income		139,450	6.1	118,833	5.7	+ 20,617	+17.3
Other Income (Expenses), net	(19,543)	0.9	(17,717)	0.8	- 1,826	+10.3
Income before income taxes and minority interests		119,907	5.2	101,116	4.9	+ 18,791	+18.6
Income Taxes		44,210	1.9	37,754	1.9	+ 6,456	+17.1
Minority Interests in Income of Consolidated Subsidiaries	(652)	0.0	(608)	0.0	- 44	+7.2
Net income		75,045	3.3	62,754	3.0	+ 12,291	+19.6

Note: Previously, a royalty and technical assistance fee were included in "Other income," and the cost of the royalty and technical assistance fee was calculated in "Other expenses." However, starting from this period, these are included in "Net sales" and "Cost of sales," respectively. With this change, for the three months ended December 31, 2006, net sales are up 3,637 million yen, cost of sales is up 1,061 million yen, and operating income is up 2,576 million yen. For the nine months ended December 31, 2006, net sales are up 11,882 million yen, cost of sales is up 3,312 million yen, and operating income is up 8,570 million yen. However, these have no impact on income before income taxes and minority interests.

Millions of Yen

SHARP CORPORATION CONSOLIDATED BALANCE SHEETS

	-			Millions of Yen
	As of December 31, 2006	As of September 30, 2006	Increase Decrease	As of March 31, 2006
ASSETS				
Current Assets:				
Cash, time deposits, and short-term investments	392,436	388,472	+ 3,964	376,298
Notes and accounts receivable, less-allowance for doubtful receivables	679,152	630,939	+ 48,213	578,699
Inventories	426,695	387,227	+ 39,468	336,344
Other current assets	116,390	103,477	+ 12,913	103,532
Total current assets	1,614,673	1,510,115	+ 104,558	1,394,873
Plant and Equipment,				
Less Accumulated Depreciation	1,008,937	986,173	+ 22,764	896,913
Investments and Other Assets	262,561	254,779	+ 7,782	268,513
Deferred Assets	5,052	-	+ 5,052	-
Total assets	2,891,223	2,751,067	+ 140,156	2,560,299

SHARP CORPORATION CONSOLIDATED BALANCE SHEETS

						Millions of Yen
	As of	December 31, 2006	As of	September 30, 2006	Increase Decrease	As of March 31, 2006
LIABILITIES						
Current Liabilities:						
Short-term borrowings, including						
current portion of long-term debt		254,251		354,175	- 99,924	280,995
Notes and accounts payable		837,404		813,856	+ 23,548	691,756
Other current liabilities		244,417		238,804	+ 5,613	222,303
Total current liabilities		1,336,072		1,406,835	- 70,763	1,195,054
Long-term Liabilities		390,684		201,641	+ 189,043	257,601
Total liabilities		1,726,756		1,608,476	+ 118,280	1,452,655
MINORITY INTERESTS		, ,		, ,	,	, ,
Minority Interests	1	-		-	-	8,734
SHAREHOLDERS' EQUITY						
Shareholders' Equity:						1
Common stock		-		-	-	204,676
Capital surplus		-		-	-	262,288
Retained earnings		-		-	-	668,687
Net unrealized holding gains on securities		-		-	-	27,992
Foreign currency translation adjustments		-		-	-	(38,352)
Less-Cost of treasury stock		-		-	-	(26,381)
Total shareholders' equity		-		-	-	1,098,910
Total liabilities, minority interests and shareholders' equity		-		-	-	2,560,299
NET ASSETS						
Owners' Equity:						
Common stock		204,676		204,676	0	-
Capital surplus		262,295		262,291	+ 4	-
Retained earnings		718,531		703,115	+ 15,416	-
Less-Cost of treasury stock	(26,709)	(26,584)	- 125	-
Total owners' equity		1,158,793		1,143,498	+ 15,295	-
Valuation and Translation Adjustments:						
Net unrealized holding gains on securities		23,881		25,531	- 1,650	-
Deferred losses on hedges	(613)	(389)	- 224	-
Foreign currency translation adjustments	(26,564)	(34,597)	+ 8,033	-
Total valuation and translation adjustments	(3,296)	(9,455)	+ 6,159	-
Minority Interests		8,970		8,548	+ 422	-
Total net assets		1,164,467		1,142,591	+ 21,876	
Total liabilities and net assets		2,891,223		2,751,067	+ 140,156	-

SHARP CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

					Millions of Ye	
		Months Ended mber 31, 2006		Months Ended mber 31, 2005	Increase Decrease	
Cash Flows from Operating Activities:						
Income before income taxes and minority interests Adjustments to reconcile income before income taxes and minority		119,907		101,116	+ 18,791	
interests to net cash provided by operating activities — Depreciation and amortization of properties and intangibles Increase in notes and accounts receivable	(150,041 53,140)	(136,026 53,852)	+ 14,015 + 712	
Increase in inventories Increase in payables	(78,778) 91,522	(3,521) 89,880	- 75,257 + 1,642	
Other, net Net cash provided by operating activities	(68,951) 160,601	(90,058) 179,591	+ 21,107 - 18,990	
Cash Flows from Investing Activities:				,	- ,	
Acquisitions of plant and equipment Other, net	(214,993) 1,892	(198,069) 109	- 16,924 + 1,783	
Net cash used in investing activities	(213,101)	(197,960)	- 15,141	
Cash Flows from Financing Activities:						
(Decrease) increase in short-term borrowings, net Proceeds from long-term debt Repayments of long-term debt Dividends paid Other, net	((((105,200) 216,836 20,849) 24,712) 750)	(17,538 104,726 77,271) 20,066) 557)	- 122,738 + 112,110 + 56,422 - 4,646 - 193	
Net cash provided by financing activities	(65,325	(24,370	+ 40,955	
Effect of Exchange Rate Changes on Cash and Cash Equivalents		411		2,776	- 2,365	
Net Increase in Cash and Cash Equivalents		13,236		8,777	+ 4,459	
Cash and Cash Equivalents at Beginning of Year		299,466		295,312	+ 4,154	
Cash and Cash Equivalents of Newly Consolidated Subsidiaries		2,583		0	+ 2,583	
Cash and Cash Equivalents Increased by Merger		9		154	- 145	
Cash and Cash Equivalents at End of the Period		315,294		304,243	+ 11,051	

SHARP CORPORATION <u>SEGMENT INFORMATION</u>

For the Three Months Ended December 31, 2006

Millions of Yen

	Three Months Ended December 31, 2006	Three Months Ended December 31, 2005
Net Sales		
Consumer/Information Products		
Customers	567,591	473,355
Intersegment	1,774	534
Total	569,365	473,889
Electronic Components		
Customers	252,556	258,363
Intersegment	113,577	66,125
Total	366,133	324,488
Elimination	(115,351)	(66,659)
Consolidated	820,147	731,718
Operating Income		
Consumer/Information Products	22,992	18,364
Electronic Components	26,247	25,107
Elimination	44	294
Consolidated	49,283	43,765

For the Nine Months Ended December 31, 2006

Millions of Yen

	Nine Mont	hs Ended December 31, 2006	Nine Mon	ths Ended December 31, 2005
Net Sales				
Consumer/Information Products				
Customers		1,486,227		1,306,613
Intersegment		7,212		4,635
Total		1,493,439		1,311,248
Electronic Components				
Customers		799,613		760,652
Intersegment		330,867		211,711
Total		1,130,480		972,363
Elimination	(338,079)	(216,346)
Consolidated		2,285,840		2,067,265
Operating Income				
Consumer/Information Products		60,157		47,995
Electronic Components		82,143		71,771
Elimination	(2,850)	(933)
Consolidated		139,450		118,833

Note: 1. Segmentation is based on commonality in manufacturing and marketing methods of products.

2. Previously, a royalty and technical assistance fee were included in "Other income," and the cost of the royalty and technical assistance fee was calculated in "Other expenses." However, starting from this period, these are included in "Net sales" and "Cost of sales," respectively. With this change, for the three months ended December 31, 2006, net sales of "Consumer/Information Products" are up 704 million yen, and operating income is up 88 million yen. Net sales of "Electronic Components" are up 2,933 million yen, and operating income is up 2,488 million yen. For the nine months ended December 31, 2006, net sales of "Consumer/Information Products" are up 2,931 million yen, and operating income is up 2,488 million yen. Net sales of "Lectronic Components" are up 2,931 million yen, are up 2,365 million yen, and operating income is up 2,488 million yen. Net sales of "Lectronic Components" are up 9,517 million yen, and operating income is up 8,322 million yen.

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, 2006

$\langle N$	Net Sales						Ν	fillions of Yen
		Three Months Ended December 31, 2006			Three Months Ended December 31, 2005			
			Amount	Ratio		Amount	Ratio	Change
	Audio-Visual and Communication Equipment		402,495	% 49.1		314,053	% 42.9	% +28.2
	Home Appliances		59,977	7.3		56,878	7.8	+5.4
	Information Equipment		106,893	13.0		102,958	14.1	+3.8
	Consumer/Information Products		569,365	69.4		473,889	64.8	+20.1
	LSIs *		42,965	5.2		41,686	5.7	+3.1
	LCDs		241,450	29.4		205,222	28.0	+17.7
	Other Electronic Components		81,718	10.0		77,580	10.6	+5.3
	Electronic Components		366,133	44.6		324,488	44.3	+12.8
	Sub Total		935,498	114.0		798,377	109.1	+17.2
	Elimination	(115,351)	-14.0	(66,659)	-9.1	-
	Total		820,147	100.0		731,718	100.0	+12.1

* The LSI group's sales do not include internal sales to the LCD/Other Electronic Component group (LSIs for LCDs, etc : 6,335 million yen for the three months ended December 31, 2006 and 8,361 million yen for the three months ended December 31, 2005).

Millions of Yen

 $\langle \text{Operating Income} \rangle$

peruting meetine,	Three Months EndedThree Months EndedDecember 31, 2006December 31, 2005				Percent Change
	Amount	Ratio	Amount	Amount Ratio	
Audio-Visual and		%		%	%
Communication Equipment	13,861	28.1	11,726	26.8	+18.2
Home Appliances	608	1.3	533	1.2	+14.1
Information Equipment	8,523	17.3	6,105	14.0	+39.6
Consumer/Information Products	22,992	46.7	18,364	42.0	+25.2
LSIs	1,299	2.6	1,751	4.0	-25.8
LCDs	19,146	38.9	17,013	38.9	+12.5
Other Electronic Components	5,802	11.8	6,343	14.5	-8.5
Electronic Components	26,247	53.3	25,107	57.4	+4.5
Sub Total	49,239	100.0	43,471	99.4	+13.3
Elimination	44	0.0	294	0.6	_
Total	49,283	100.0	43,765	100.0	+12.6

For the Nine Months Ended December 31, 2006

$\langle N$	let Sales \rangle				N	Iillions of Yei	
		Nine Months End December 31, 20		Nine Months End December 31, 20		Percent Change	
		Amount	Ratio	Amount	Ratio	Chunge	
	Audio-Visual and		%		%	%	
	Communication Equipment	990,467	43.3	828,338	40.0	+19.6	
	Home Appliances	179,211	7.8	168,859	8.2	+6.1	
	Information Equipment	323,761	14.2	314,051	15.2	+3.1	
	Consumer/Information Products	1,493,439	65.3	1,311,248	63.4	+13.9	
	LSIs *	139,315	6.1	137,226	6.6	+1.5	
	LCDs	747,672	32.7	608,471	29.4	+22.9	
	Other Electronic Components	243,493	10.7	226,666	11.0	+7.4	
	Electronic Components	1,130,480	49.5	972,363	47.0	+16.3	
	Sub Total	2,623,919	114.8	2,283,611	110.4	+14.9	
	Elimination	(338,079)	-14.8	(216,346)	-10.4	-	
	Total	2,285,840	100.0	2,067,265	100.0	+10.6	

* The LSI group's sales do not include internal sales to the LCD/Other Electronic Component group (LSIs for LCDs, etc : 20,777 million yen for the nine months ended December 31, 2006 and 27,352 million yen for the nine months ended December 31, 2005).

$\langle Operating Income \rangle$

$\langle 0$	Deprating Income						Ν	Aillions of Yen	
			Nine Months End December 31, 20		Nine Months Ended December 31, 2005			Percent Change	
			Amount	Ratio	Amount	Rati	С	Chunge	
	Audio-Visual and			%			%	%	
	Communication Equipment		34,013	24.4	27,971	2	3.5	+21.6	
	Home Appliances		1,755	1.2	1,786)	1.5	-1.7	
	Information Equipment		24,389	17.5	18,238	3 1	5.4	+33.7	
	Consumer/Information Products		60,157	43.1	47,995	6 4	0.4	+25.3	
	LSIs		4,694	3.4	6,013		5.1	-21.9	
	LCDs		56,135	40.2	48,063	6 4	0.4	+16.8	
	Other Electronic Components		21,314	15.3	17,695	5 1	4.9	+20.5	
	Electronic Components		82,143	58.9	71,771	6	0.4	+14.5	
	Sub Total		142,300	102.0	119,766	5 10	0.8	+18.8	
	Elimination	(2,850)	-2.0	(933	;) -	0.8	-	
	Total		139,450	100.0	118,833	5 10	0.0	+17.3	