

SHARP CORPORATION  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Millions of Yen

	Six Months Ended September 30, 2006	Six Months Ended September 30, 2007	Increase Decrease	Year Ended March 31, 2007
<b><u>Cash Flows from Operating Activities:</u></b>				
Income before income taxes and minority interests	75,318	69,828	- 5,490	158,295
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities –				
Depreciation and amortization of properties and intangibles	95,107	119,173	+ 24,066	208,632
Interest and dividend income	( 3,697 )	( 4,021 )	- 324	( 6,913 )
Interest expense	3,394	4,529	+ 1,135	7,668
Foreign exchange loss	1,313	1,610	+ 297	2,760
Loss on sales and disposal of plant and equipment	2,300	2,987	+ 687	7,356
Decrease (increase) in notes and accounts receivable	( 26,103 )	47,540	+ 73,643	( 73,726 )
Increase in inventories	( 45,529 )	( 43,046 )	+ 2,483	( 86,946 )
(Decrease) increase in payables	50,143	( 15,900 )	- 66,043	143,425
Other, net	( 9,819 )	( 22,905 )	- 13,086	7,756
Total	142,427	159,795	+ 17,368	368,307
Interest and dividends received	6,017	4,822	- 1,195	9,432
Interest paid	( 3,627 )	( 4,652 )	- 1,025	( 8,182 )
Income taxes paid	( 24,047 )	( 25,347 )	- 1,300	( 55,205 )
<b>Net cash provided by operating activities</b>	<b>120,770</b>	<b>134,618</b>	<b>+ 13,848</b>	<b>314,352</b>
<b><u>Cash Flows from Investing Activities:</u></b>				
Purchase of time deposits	( 35,109 )	( 20,001 )	+ 15,108	( 120,063 )
Proceeds from redemption of time deposits	45,070	55,066	+ 9,996	95,072
Proceeds from sales of short-term investments	3,878	4,671	+ 793	6,480
Acquisitions of plant and equipment	( 114,790 )	( 194,399 )	- 79,609	( 294,548 )
Proceeds from sales of plant and equipment	1,035	507	- 528	1,407
Purchase of investments in securities and investments in nonconsolidated subsidiaries and affiliates	( 2,177 )	( 6,385 )	- 4,208	( 4,121 )
Proceeds from sales of investments in securities and investments in nonconsolidated subsidiaries and affiliates	62	10,618	+ 10,556	1,944
Loans made	( 821 )	( 359 )	+ 462	( 1,063 )
Proceeds from collection of loans	533	172	- 361	683
Other, net	( 17,989 )	( 27,767 )	- 9,778	( 14,580 )
<b>Net cash used in investing activities</b>	<b>( 120,308 )</b>	<b>( 177,877 )</b>	<b>- 57,569</b>	<b>( 328,789 )</b>
<b><u>Cash Flows from Financing Activities:</u></b>				
Increase (decrease) in short-term borrowings, net	20,440	73,974	+ 53,534	( 121,568 )
Proceeds from long-term debt	8,139	26,652	+ 18,513	218,370
Repayments of long-term debt	( 15,503 )	( 64,776 )	- 49,273	( 28,461 )
Purchase of treasury stock	( 212 )	( 245 )	- 33	( 480 )
Dividends paid	( 13,089 )	( 15,270 )	- 2,181	( 26,181 )
Other, net	( 312 )	( 585 )	- 273	( 510 )
<b>Net cash provided by (used in) financing activities</b>	<b>( 537 )</b>	<b>19,750</b>	<b>+ 20,287</b>	<b>41,170</b>
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>( 649 )</b>	<b>( 272 )</b>	<b>+ 377</b>	<b>463</b>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	<b>( 724 )</b>	<b>( 23,781 )</b>	<b>- 23,057</b>	<b>27,196</b>
<b>Cash and Cash equivalents at Beginning of Year</b>	<b>299,466</b>	<b>329,286</b>	<b>+ 29,820</b>	<b>299,466</b>
<b>Cash and Cash Equivalents of Newly Consolidated Subsidiaries</b>	<b>2,583</b>	<b>1,439</b>	<b>- 1,144</b>	<b>2,583</b>
<b>Cash and Cash Equivalents Increased by Merger</b>	<b>9</b>	<b>144</b>	<b>+ 135</b>	<b>41</b>
<b>Cash and Cash Equivalents at End of the Period</b>	<b>301,334</b>	<b>307,088</b>	<b>+ 5,754</b>	<b>329,286</b>