Important Matters on Presenting Consolidated Financial Statements

Matters Related to Accounting Procedure Standards

1) Valuation Standards and Methods for Securities

Other Securities

- Securities with available fair market values:
  Primarily, stated at fair market value based on average of market price during the last month of the fiscal year (valuation differences are disposed using the direct net asset adjustment method and the cost of securities sold is calculated using the average cost method).
- Securities with no available fair market value:
  Primarily, stated at average cost.

2) Valuation Standards and Methods for Inventories

- Finished products:
  For Sharp Corporation and domestic consolidated subsidiaries, primarily, stated at the lower of moving average cost or market.
  For overseas consolidated subsidiaries, primarily, stated at the lower of first-in, first-out cost or market.
- Work in process and raw materials:
  Primarily, stated at the current production and purchase costs.

3) Depreciation Methods Used for Tangible Fixed Assets

For Sharp Corporation and domestic consolidated subsidiaries, depreciation is based primarily on the declining-balance method (Except for machinery and equipment in the Mie and Kameyama Plants, which are depreciated on the straight line method).

Note that overseas consolidated subsidiaries primarily use the straight line method.

4) Method for Amortization for Deferred Assets

Bond issue cost is amortized under the straight line method over the redemption period.

5) Method for Appropriation for Accrued Bonuses

The reserve for payment of employee bonuses is set aside based on estimated amounts to be paid in the subsequent period.

6) Method for Appropriation for Severance and Pension Benefits

To provide for employees' severance and pension benefits, reserves are set aside based on the estimated amounts of projected benefit obligation and the fair value of plan assets at the end of the current consolidated fiscal year.

Further, net transition obligation is being amortized in equal amounts over 7 years.

Prior service costs are amortized over the average of the estimated remaining service lives (16 years).

Actuarial losses are recognized primarily in expenses over the average of estimated remaining services lives (16 years) commencing with the following period.

7) Accounting for Consumption Taxes, etc.

The tax exclusion method is applied.

8) Adoption of Consolidated Tax Return System

The consolidated tax return system is adopted.

Changes in Accounting Methods

Accounting Method for Reserve for Director and Corporate Auditor Retirement Benefits

Previously, director and corporate auditor retirement benefits had been expensed at the time of payment. Starting from this period, however, the amended "Auditing Treatment relating to Reserve defined under the Special Tax Measurement Law, Reserve defined under the Special Law and Reserve for Director and Corporate Auditor Retirement Benefits" (The Japanese Institute of Certified Public Accountants ("JICPA") Auditing and Assurance Practice Committee Report No.42, April 13, 2007) has been applied. As a result, for the six months ended September 30, 2007, operating income and income before income taxes and minority interests were down 66 million yen and 829 million yen, respectively, compared to the previous method.

Depreciation Methods Used for Amortization for Tangible Fixed Assets

Starting from this period, pursuant to an amendment to the Corporate Tax Law, Sharp Corporation and its domestic consolidated subsidiaries have depreciated tangible fixed assets acquired on and after April 1, 2007 in accordance with the method stipulated in the amended Corporation Tax Law. As a result, for the six months ended September 30, 2007, operating income and income before income taxes and minority interests were down 1,933 million yen each, compared to the previous method. For the impact that these changes had on segment information, please refer to "Segment Information."

Additional Information

Pursuant to an amendment to the Corporate Tax Law, after having fully depreciated tangible fixed assets acquired on and before March 31, 2007 up to 5% of the acquisition cost, based on the prior Corporate Tax Law, Sharp Corporation and its domestic subsidiaries have depreciated the difference between 5% of the acquisition cost and the memorandum price, using a straight line method over 5 years and expensed as "Depreciation and amortization." The straight line depreciation starts from the next year, when the book value of tangible assets acquired on and before March 31, 2007 reaches 5% of the acquisition cost. As a result, for the six months ended September 30, 2007, operating income and income before income taxes and minority interests were down 3,995 million yen each, compared to the previous method.

(Omission of disclosure)

Notes regarding lease transactions, securities and derivative transactions are omitted, as there is no significant necessity of disclosure in the interim financial release.