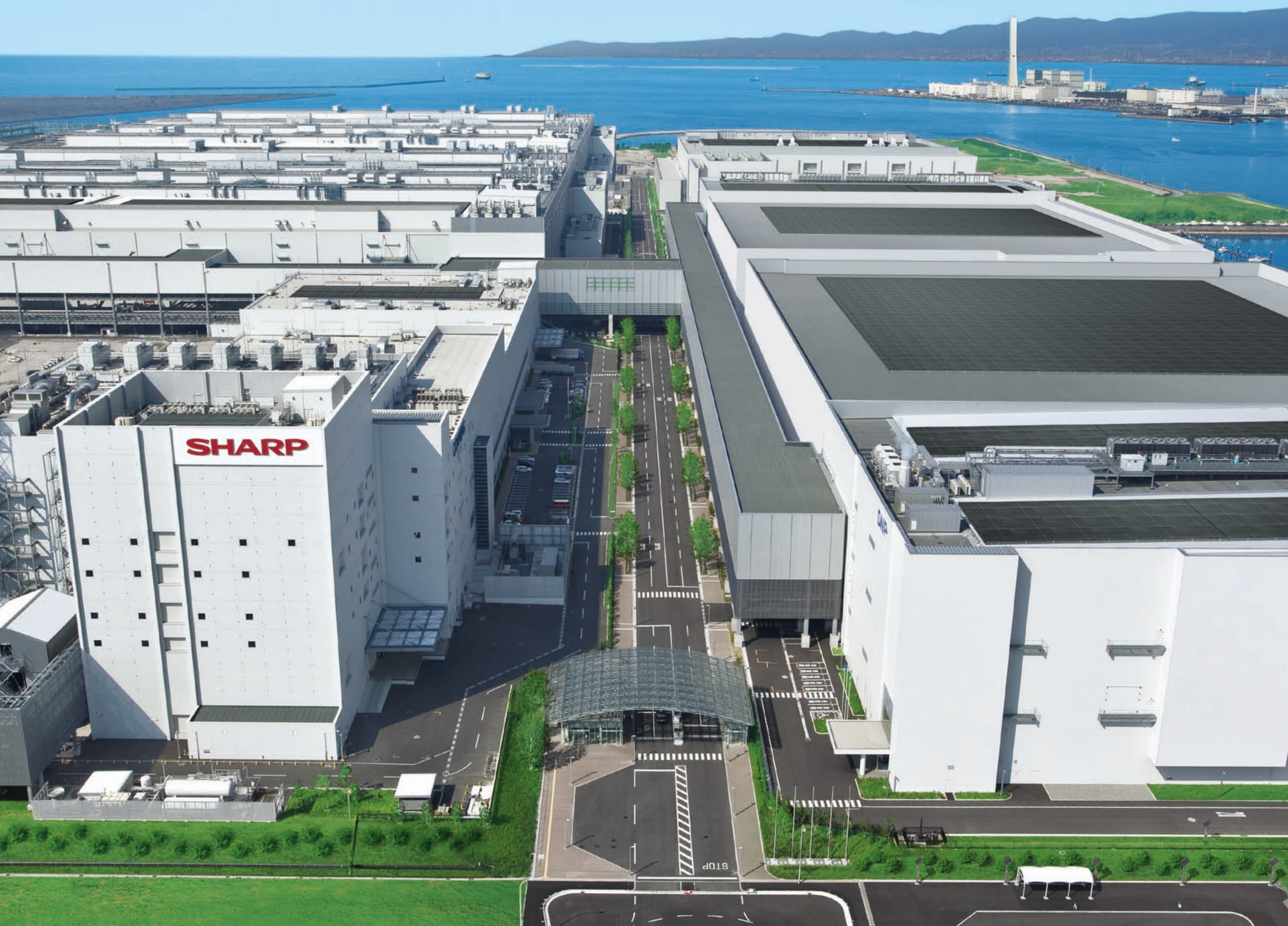
SHARP

Annual Report 2010

For the year ended March 31, 2010

Our Edge Lies in the Future



Profile

Since its foundation in 1912, Sharp has devised a string of Japan-first and world-first products, based on the spirit of "make products that others want to imitate."

Sharp formulated two business visions for its 2012 centennial anniversary: "Contribute to the world with environment and health conscious business, focusing on energy-saving and energy-creating products" and "Contribute to ubiquitous society with one-of-a-kind LCDs."

To contribute even more actively to the creation of a green society, Sharp has built and started operation of the environmentally advanced manufacturing complex GREEN FRONT SAKAI to produce energy-saving LCD panels and energy-creating solar cells, and will continue to create innovative products such as solar products and LED lights. In this way, Sharp is working to both contribute to protecting the environment and to realize a new society built around electronics, guided by its corporate vision of being an Eco-Positive Company.*

*A company that aims to create solutions, in cooperation with all stakeholders, that have significantly more positive impact on the environment than negative impact caused by the company's operations.

Cover: GREEN FRONT SAKAI
(An artist's impression of the completed complex)

Contents

Financial Highlights

Sharp Corporation and Consolidated Subsidiaries
Years Ended March 31

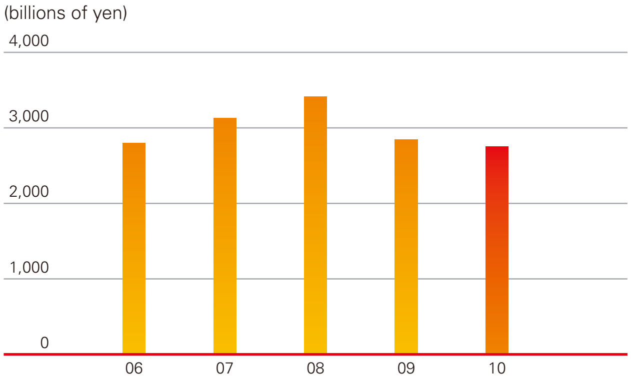
	Yen (millions)					U.S. Dollars (thousands)
	2006	2007	2008	2009	**2010**	**2010**
Net Sales	¥2,797,109	¥3,127,771	¥3,417,736	¥2,847,227	**¥2,755,948**	**$29,955,957**
Domestic sales	1,397,081	1,526,938	1,590,747	1,302,261	**1,429,057**	**15,533,228**
Overseas sales	1,400,028	1,600,833	1,826,989	1,544,966	**1,326,891**	**14,422,729**
Operating Income (Loss)	163,710	186,531	183,692	(55,481)	**51,903**	**564,163**
Income (Loss) Before Income Taxes and Minority Interests	140,018	158,295	162,240	(204,139)	**6,139**	**66,728**
Net Income (Loss)	88,671	101,717	101,922	(125,815)	**4,397**	**47,793**
Net Assets	1,098,910	1,192,205	1,241,868	1,048,447	**1,065,860**	**11,585,435**
Total Assets	2,560,299	2,968,810	3,073,207	2,688,721	**2,836,255**	**30,828,859**
Capital Investment	238,839	314,301	344,262	260,337	**215,781**	**2,345,446**
R&D Expenditures	154,362	189,852	196,186	195,525	**166,507**	**1,809,859**
Per Share of Common Stock (yen and U.S. dollars)						
Net income (loss)	80.85	93.25	93.17	(114.33)	**4.00**	**0.04**
Cash dividends	22.00	26.00	28.00	21.00	**17.00**	**0.18**
Net assets	1,006.91	1,084.76	1,119.09	944.24	**949.19**	**10.32**
Return on Equity (ROE)	8.4%	8.9%	8.4%	(11.1%)	**0.4%**	**–**
Number of Shares Outstanding (thousands of shares)	1,090,901	1,090,678	1,100,525	1,100,480	**1,100,414**	**–**
Number of Employees	46,872	48,927	53,708	54,144	**53,999**	**–**

(Notes) 1. The translation into U.S. dollar figures is based on ¥92=U.S.$1.00, the approximate exchange rate prevailing on March 31, 2010. All dollar figures hereinafter refer to U.S. currency.
2. Effective for the year ended March 31, 2007, net assets are presented based on the new accounting standard, "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board Statement No. 5) and the "Implementation Guidance for the Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Financial Standards Implementation Guidance No. 8). Prior year figure has not been restated.
3. The amount of leased properties is included in capital investment.
4. The computation of net income (loss) per share is based on the weighted average number of shares of common stock outstanding during each fiscal year.
5. The number of shares outstanding is net of treasury stock.

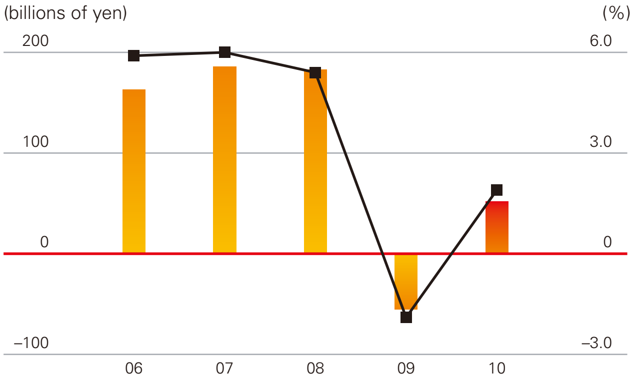
Forward-Looking Statements
This annual report contains certain statements describing the future plans, strategies and performance of Sharp Corporation and its consolidated subsidiaries (hereinafter "Sharp"). These statements are not based on historical or present fact, but rather assumptions and estimates based on information currently available. These future plans, strategies and performance are subject to known and unknown risks, uncertainties and other factors. Sharp's actual performance, business activities and financial position may differ materially from the assumptions and estimates provided on account of such risks, uncertainties and other factors. Sharp is under no obligation to update these forward-looking statements in light of new information, future events or any other factors. The risks, uncertainties and other factors that could affect actual results include, but are not limited to:

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

Net Sales

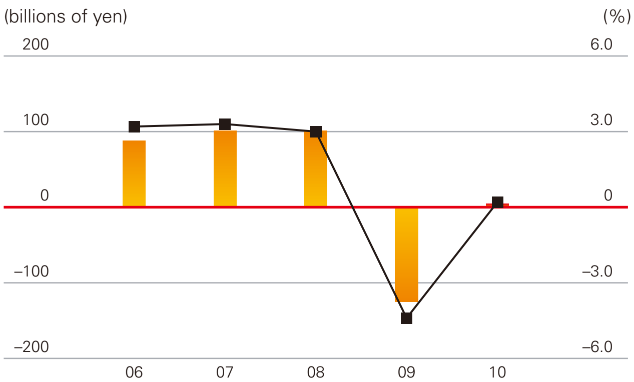


Operating Income (Loss)



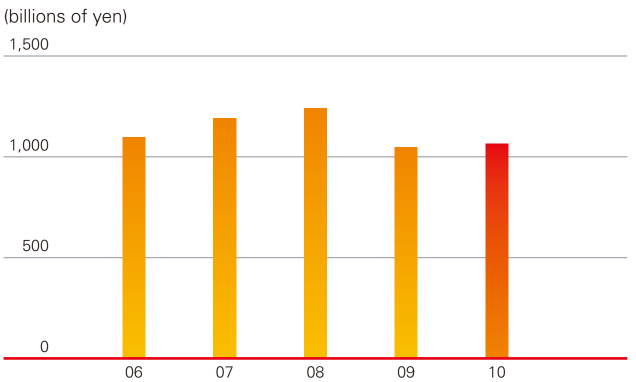
■ Ratio to net sales

Net Income (Loss)



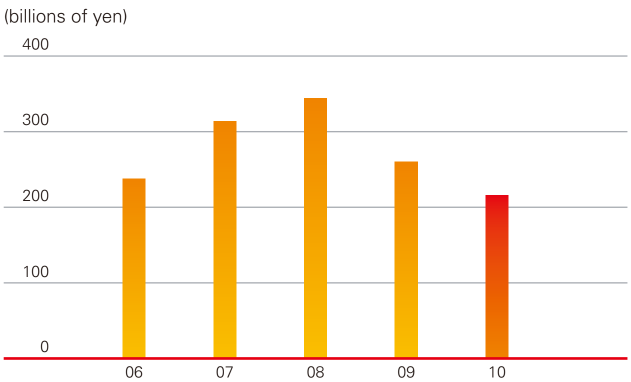
■ Ratio to net sales

Net Assets*

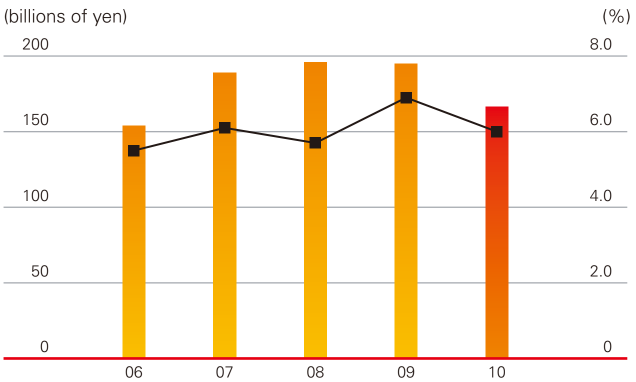


*Refer to footnote (Note 2) on page 2

Capital Investment



R&D Expenditures



■ Ratio to net sales

Message to Our Shareholders

Katsuhiko Machida
Chairman

Mikio Katayama
President

The business climate in fiscal 2009 (ended March 31, 2010) was marked by recovery in China and continuing difficulty in Japan, Europe and the United States. In Japan, signs of economic recovery emerged as a raft of measures including the Eco-Point Program took effect, but persistent high unemployment and other factors meant that conditions remained tough. Outside of Japan, China's economy recovered thanks to aggressive economic stimulus measures focused on internal demand; but Europe and the United States saw a limited recovery affected by continuing difficulty in the employment situation.

Amid these conditions, Sharp made steady progress with its recovery plan. This included activities to cut total expenses company-wide, with the goal of building a framework capable of securing profits even in a harsh business environment. We also introduced a new business model to innovate the way we do business. Specifically, we worked to strengthen cooperation with prominent local companies that are involved with LCD panels and solar cells in our effort to promote local production for local consumption.

Turning to our core businesses, in LCDs, we started production of LCD panels incorporating our proprietary UV^2A photo-alignment technology at our LCD panel plant at GREEN FRONT SAKAI, which uses 10th generation glass substrates, the largest in the world. In LCD TVs, we launched our LED AQUOS product featuring high image quality with low power consumption. In mobile phones, we worked to expand sales of our unique products that have built-in solar cells and high-definition CCD cameras. In health and environmental products, we expanded our lineups for new products incorporating Plasmacluster Ion technology and LED lights. In solar cells, we started operation of our solar cell plant at GREEN FRONT SAKAI in March 2010 to meet increasing worldwide demand, mainly for use in large-scale photovoltaic power generation.

Sharp formulated two business visions for its 2012 centennial anniversary: "Contribute to the world with environment and health conscious business, focusing on energy-saving and energy-creating products," and "Contribute to ubiquitous society with one-of-a-kind LCDs." At the same time, Sharp aims to realize its corporate vision of becoming an Eco-Positive Company, and is working to contribute to the environment as well as to pursue economic activity through electronics.

The business conditions in fiscal 2010 will probably remain harsh with economic instability in Europe and high prices for resources. We will work to improve investment efficiency and profitability not only by expanding sales in our main businesses, but also by further promoting local production for local consumption, establishing a value chain in each region and efficiently allocating our management resources, thereby minimizing business risks, including those associated with exchange rate fluctuations. At the same time, we will work to raise our corporate value by taking steps to expand our CSR activities group-wide, including enhancing and strengthening our corporate governance, helping to preserve the global environment and enforcing compliance in business management. We ask all our shareholders for even greater support and encouragement going forward.

July 2010

K. Machida
Chairman

M. Katayama
President

Interview with the President

Fiscal 2009 Results of Operations

Q Sharp returned to profitability in fiscal 2009 with operating income of ¥51.9 billion and net income of ¥4.3 billion. What is your evaluation of Sharp's performance?

A **I view fiscal 2009 as a year of many significant accomplishments. We ended our losses by implementing a recovery plan. We switched to a business model based on local production for local consumption. And we started operations at our new manufacturing complex, GREEN FRONT SAKAI.**

In fiscal 2008, Sharp suffered its first net loss since becoming a listed company on the Tokyo Stock Exchange due to the global recession and financial crisis. We responded to this downturn by establishing two goals for fiscal 2009: returning to profitability and putting a new business model in place. We made steady progress in reorganizing LCD plants and a variety of other measures in our recovery plan. Most significantly, our total cost reduction campaign surpassed our goal of eliminating ¥200.0 billion from our annual expenses.

There were two significant events in our transition to a new business model. In China, we signed an agreement to carry out a project for production of LCD panels. In Italy, we signed joint venture agreements for production of solar cells and for photovoltaic power generation. These actions were an important first step toward a local production for local consumption business model with value chains established where products are consumed.

One more significant event is the start of operations at GREEN FRONT SAKAI (please refer to Special Feature on pages 12-17), which will play a central role in Sharp's growth from now on. These events explain why I believe fiscal 2009 was a period of many noteworthy accomplishments.

Sharp's Strengths and Priority Issues

Q Having ended last year's losses, Sharp appears to be preparing a business base to start growing again. What strengths will support Sharp's growth and what are the issues you need to tackle to achieve this growth?

A **Outstanding technical expertise backed by many years of experience is our greatest strength. But I am strongly aware that our success will require resolving two major issues: making our brand more powerful worldwide and balancing our business portfolio.**

Sharp will have its 100th anniversary in 2012. The two business visions that we established for this anniversary year represent Sharp's core strengths. First is to "Contribute to the world with environment and health conscious business, focusing on energy-saving and energy-creating products." Second is to "Contribute to ubiquitous society with one-of-a-kind LCDs." For example, in energy-saving technologies, in addition to our many technologies centering on LCDs, we also possess LED technologies. We have been researching laser diodes, which are technically very close to LEDs, for 40 years now. Knowledge gained from this research is now part of our LED operations, too. In the field of energy creation technologies, we began mass production of solar cells 47 years ago. Today, no other company has manufactured more solar cells than Sharp. We established this leading position by preserving a clear competitive edge in many applications and regions of the world. These kinds of technological capabilities allow us to create a vertically integrated business model centered on developing devices with innovative features. This model has underpinned our ability to create a consistent stream of revolutionary products—another major strength of ours. One more valuable strength is a corporate culture and workforce that can continue to create new technologies year after year.

On the other hand, increasing our brand power and balancing our business portfolio are our most pressing issues.

In terms of brand power, in Japan, we have the largest share in the LCD TV and mobile phone markets. Overseas, we are well known in China for our LCD TVs and in the ASEAN countries for our health and environmental equipment businesses. The Sharp brand is very well established in these regions. Despite these strengths, in the global LCD TV sector, Korean companies have a very high market share, while in mobile phones we account for only about 1% of global handset sales. We must therefore continue to raise the profile of our brand.

In our profit structure, two key issues are that our business portfolio has become heavily weighted toward LCD related businesses and that our device production is based mostly in Japan. The LCD business requires a large amount of capital investments. Therefore, we must deal with the substantial effect that large up-front LCD investments have on our cash flows. Also, manufacturing most devices in Japan makes us vulnerable to movements in foreign exchange rates. This is a problem in LCDs as well as solar cells, which we plan to develop into a core business. One of our highest priorities will be to determine how to shield our profits from these kinds of risks.

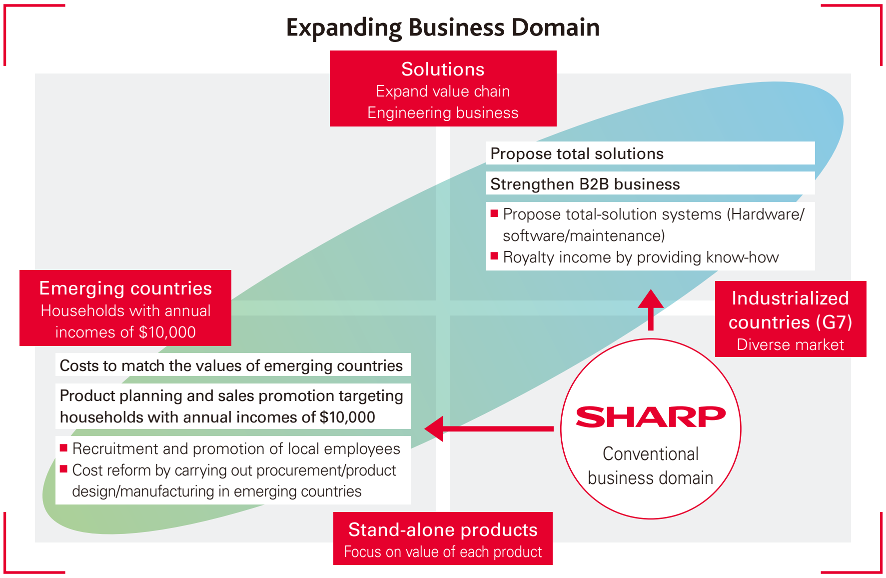
Goals for Business Operations

Q Please explain your outlook for the business climate and Sharp's goals for business operations. In particular, how do you plan to utilize the core strengths you have explained for us, and resolve the two most pressing issues?

A **We will target opportunities created by shifts in the global economic frameworks and the values of consumers. Our goal is to increase profitability by promoting the local production for local consumption business model and optimizing allocation of management resources.**

Major structural changes are occurring in the global economy. The world is moving closer to creating a low-carbon society. The framework for global decision making is shifting from the G7, which consists mostly of industrialized countries, to the G20, which includes emerging countries, too. We are seeing a dramatic worldwide shift in consumers' values. Two capabilities will be vital to success in this environment. One is developing technologies for saving and creating energy that can support economic growth while cutting CO_2 emissions. The other is becoming more cost competitive in relation to prices in emerging countries. These capabilities are combined in our corporate vision of making Sharp an Eco-Positive Company. To achieve this vision, we are changing to a business structure centered on products for saving and creating energy that take advantage of the core strengths I explained earlier. In this respect, I believe that building environmentally-friendly plants like those in GREEN FRONT SAKAI will be vital to our success in the future.

No company in the electronics industry can hope to grow and remain profitable by relying on an existing business model. Survival demands that we succeed in powerful competition with foreign companies, adapting to rapid changes in business infrastructures, such as communications and networks, and responding to other challenges. This is why Sharp must broaden its business domain. In our conventional business domain, we focused on industrialized countries and selling stand-alone products, with an emphasis on the value of each product. We need to expand this into a wider domain that includes a solutions business and emerging countries. In industrialized countries, Sharp must extend beyond the business model centering on stand-alone products to include other fields. We must become a source of total solutions and continue strengthening our B2B businesses. In emerging countries, the number of households with annual incomes of more than $10,000 is climbing rapidly. We will recruit and promote employees within these countries and step up local procurement, product design and manufacturing operations. These are necessary steps to establish a new cost structure that matches the values of emerging countries.

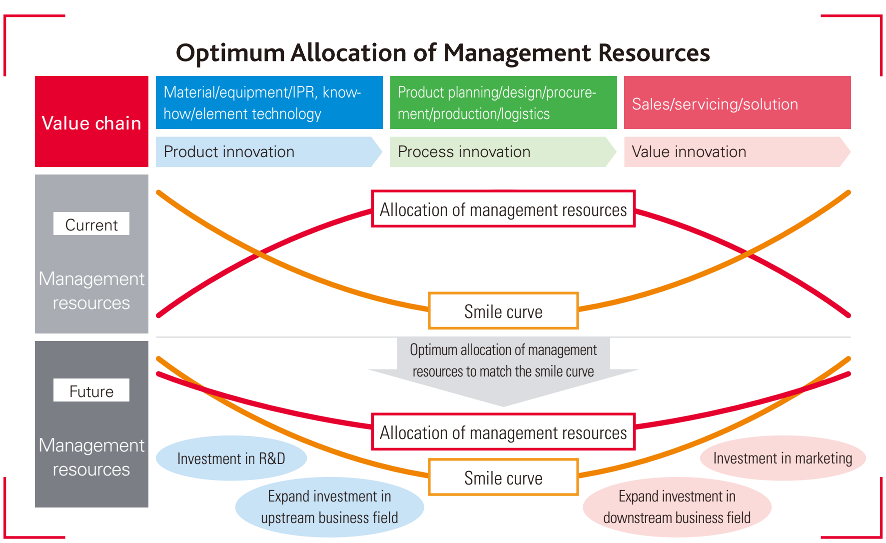


Q Please give us more details about optimizing the allocation of management resources.

A **Specifically, we will shift the weight of resources focused on manufacturing upstream to R&D operations and downstream into marketing. This will create a "smile curve" distribution that will improve investment efficiency and profitability.**

In the electronics industry, it has become extremely difficult to improve investment efficiency and profitability in the production activities segment of the value chain, as illustrated by the smile curve. This difficulty partly reflects increasing digitization, intensifying global competition and other developments. Sharp began to address this challenge by continuing its ongoing introduction of a new business model through alliances with major companies. By leveraging alliances, we will reduce the burden of investment in production, while optimally allocating management resources to materials development upstream and marketing downstream. We believe that aligning our investment distribution with the smile curve will increase investment efficiency and profitability.

We are focusing on marketing in particular in our investment of resources, with the goal of rebuilding the Sharp brand and capturing a larger share of the market. Also, because every region presents a different set of needs and market environment, in April 2010 we revamped the organizational structure of our global business to provide a framework that encourages greater regional autonomy and faster execution of business processes. Our next step is to pick up on the unique needs in each region and produce merchandise that is tailored to each market. I believe this is the way forward for expanding our business.



Sharp's Strategies for Growth

Q **Please explain your views of market conditions for Sharp's core businesses and your strategies for achieving growth.**

A **LCD/LCD TV Business**

In the large-size LCD and LCD TV category, we plan to rebuild the Sharp brand around our proprietary LCD technology. For small- and medium-size LCDs, we plan to improve profitability by utilizing continuous grain silicon (CG-Silicon) technology.

Large-size LCDs/LCD TVs

With demand in emerging countries growing faster than expected, supplies of LCD panels for TVs are projected to remain tight until fiscal 2011. The increasing popularity of LED TVs and 3D TVs is another key dynamic in this market. Only a few manufacturers in the world can supply panels with high definition and brightness required by these new technologies.

In order to meet the strong demand for high-performance panels, we increased input capacity at the LCD panel plant in GREEN FRONT SAKAI to 72,000 glass substrates per month. This plant produces highly competitive LCD panels that feature Sharp's proprietary technologies like UV²A technology and four-primary-color technology.

In the LCD TV business, we plan to increase sales by focusing on our AQUOS Quattron models, which combine our UV²A technology and four-primary-color technology, and launching an AQUOS Quattron 3D TV. We plan to have AQUOS Quattron TVs in stores worldwide by the end of fiscal 2010. I am confident this will add impetus to our brand restructuring. Concurrently, we will convert all of our TVs to LED-backlit models. However, the supply of LED chips is limited. As eliminating procurement risk is a key factor in our business expansion, we have established cross-licensing agreements with major LED manufacturers and started making these chips ourselves. This will give us a well-balanced framework for procuring LED chips. We started making blue LED chips early in 2010 at our Mihara Plant and will begin mass production at the Fukuyama Plant by the end of fiscal 2010. I am confident that these initiatives will allow us to keep up with rapid growth in demand for LED TVs.

Small- and Medium-size LCDs

The market for small- and medium-size LCDs remained difficult in fiscal 2009 and the oversupply of these panels is likely to continue. But there is good news, too. Display functionality and definition are expected to improve as new applications like smartphones and e-books emerge. The 3D touch panel is a prime example of this trend. As demand climbs, I expect to see a supply shortage of high value-added LCDs.

Amid these trends, in April 2010, we unveiled a 3D touchscreen LCD that incorporates an advanced version of our CG-Silicon technology, which is a key strength of ours in the LCD field. We want to improve profitability in our small- and medium-size LCD business by increasing sales of high value-added displays, a market sector where we are very competitive.

A

Mobile Phone Business

We will work to grow in China and other overseas markets while expanding our smartphone business and creating new mobile devices.

In Japan, where most mobile phone demand is for either high-end or affordable products, our goal is to retain our number one position for the sixth consecutive year. For the high end, we will introduce new smartphones and other devices. At the same time, we will work to expand our product lineup of affordable handsets.

In China, we are extending our sales network from major cities to smaller regional cities. Concurrently, we will use technologies from Japan to introduce cost-competitive products that match the needs of local markets.

In Europe and the United States, our goals are to restart full-fledged operations in these regions, including the introduction of smartphones and other high-performance devices. At the same time, we will work to reinforce the Sharp brand.

A

Health and Environmental Equipment Business

We will promote our LED lights globally and expand our range of products with our proprietary Plasmacluster Ion technology.

LED Lighting

Demand for LED lighting products is expected to grow rapidly because of recent energy conservation programs in many countries around the world. Sharp started its industrial LED lighting business in fiscal 2008 and began selling household LED lamps in fiscal 2009. We are enlarging our product range and plan to continue expanding this business by increasing B2B sales and sales outside Japan.

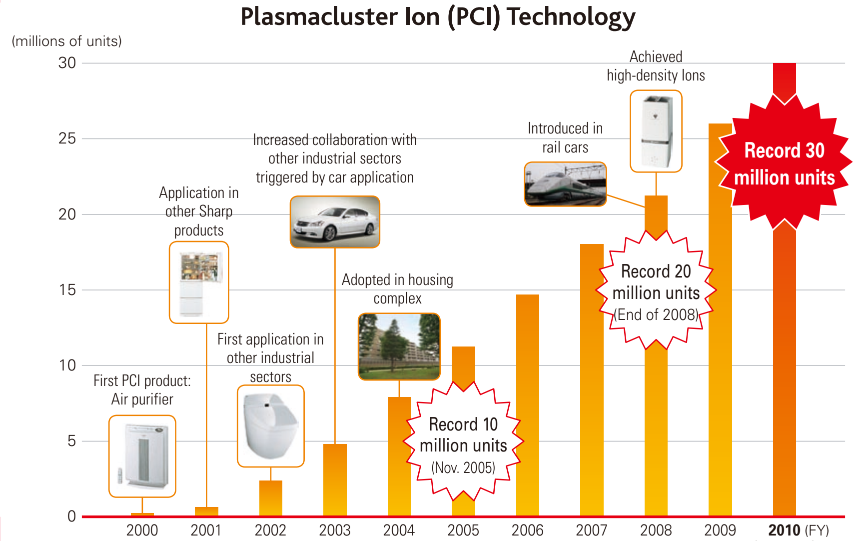
Sharp has both an LED device business and products business including LED lights and LED TVs that can use LEDs for backlights. These two businesses harbor synergies that enable us to reduce costs through mass production and quickly develop products that allow adjustment of color and brightness.

Plasmacluster Ion Technology

Sales of products featuring our Plasmacluster Ion technology have been strong. We use this technology in our own home appliances, including air purifiers, and other products. In addition, 24 companies in other industries are applying our Plasmacluster Ion technology for automobiles, high-speed rail cars and many other applications. We plan to further increase B2B sales of Plasmacluster Ion products and grow our overseas business, mainly in China and the ASEAN region.

During fiscal 2010, we expect cumulative worldwide sales of products incorporating the Plasmacluster Ion technology to surpass 30 million units.

Cumulative Worldwide Sales of Products Featuring Plasmacluster Ion (PCI) Technology



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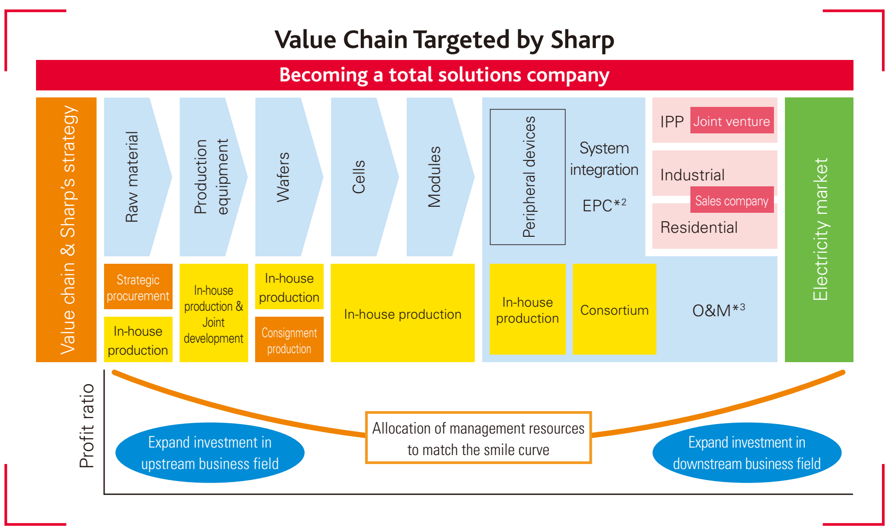
Solar Cell Business

Sharp will work to meet strong demand with both crystalline and thin-film solar cells.

Strong growth in demand for solar cells is anticipated worldwide, aided by government environmental programs in various countries. Japan has enhanced subsidies to assist with installation costs for residential households. The United States is expected to implement full scale "Green New Deal" policies. China as well is expected to establish policies that encourage more people to use photovoltaic power generation systems.

To supply solar cells that meet various customers' needs, Sharp produces two types of cells. Crystalline solar cells are ideal for locations like houses where installation space is limited. Thin-film solar cells are the best choice for large-scale power generation systems in hot climates. For crystalline solar cells, we are working on lowering manufacturing costs while boosting conversion efficiency. This involves innovation of technologies and strategic silicon procurement based on cooperation with major silicon makers. Meanwhile, thin-film solar cells, which have a small loss of conversion efficiency even under high temperatures and are suited to installation over large areas, are expected to see an increase in demand for use in flat-space installations, such as mega solar power generation facilities. To keep up with this rapid upturn in demand we started operations in March 2010 at our solar cell plant at GREEN FRONT SAKAI.

Sharp wants to become a total solutions company in the solar cell market. Offering these solutions will require covering every step of the value chain, including the production of materials, system integration services and even Independent Power Producer (IPP) businesses.*1 With this goal in mind, we are increasing activities in this market and aiming for higher profitability. Our collaboration with Enel Green Power and STMicroelectronics in Italy is one example. We intend to use our technological skills gained over many years in the solar cell business to establish a local production for local consumption business model in other areas of the world, too.



*1 A business that builds and operates its own power generation facilities, and sells the electric power it generates to power companies.
*2 Engineering, Procurement, Construction
*3 Operation & Management

Corporate Value

Q

What is Sharp doing to increase its corporate value?

A

As we pursue our two business visions, we are committed to achieving our corporate vision of becoming an Eco-Positive Company. We believe this will contribute to growth in our corporate value.

There are many opinions concerning the best way to increase corporate value. From the standpoint of increasing shareholder value, as I have explained earlier, I believe that we need to improve our investment efficiency and our profitability. This is important because it will give us a sounder financial position and support the growth of our business operations. As a company, meanwhile, Sharp places priority on acting as a responsible global citizen by helping to protect the environment. Dramatic changes have occurred in the global economy and the values of consumers in the wake of the financial crisis. Sharp has many technologies that are at the center of the ongoing global transition to a low-carbon society. As a result, I believe that today's operating environment presents us with enormous opportunities to begin a period of renewed growth. Sharp will retain a commitment to the two business visions I outlined earlier. While pursuing these visions, we will create "green" added value from technologies that save and create energy through our business operations. By adhering to these principles, I am convinced that fulfilling our corporate vision of becoming an Eco-Positive Company will make a direct contribution to further growth in our corporate value.

Special Feature

GREEN FRONT SAKAI

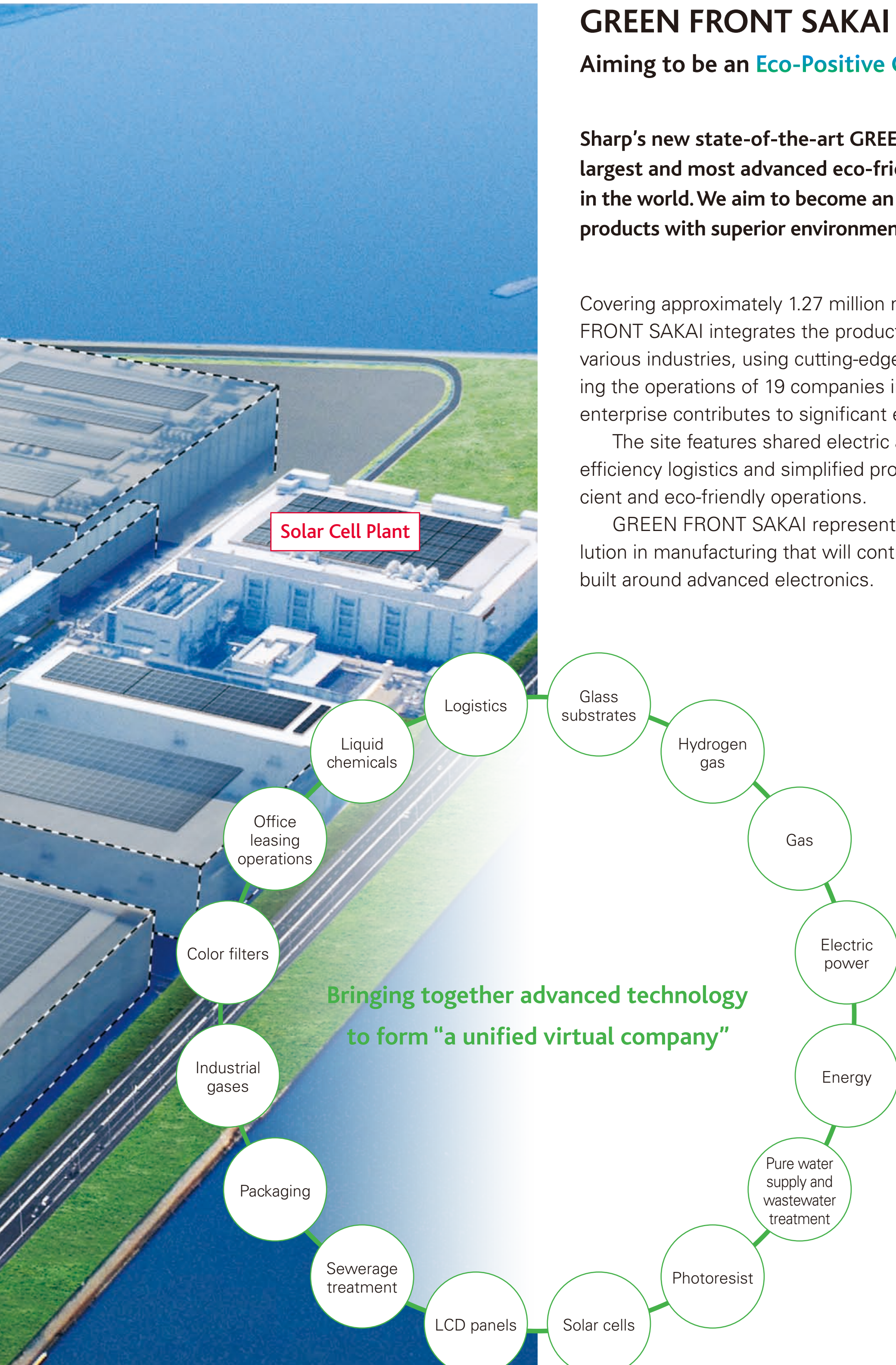
Aiming to be an Eco-Positive Company

Sharp's new state-of-the-art GREEN FRONT SAKAI is one of the largest and most advanced eco-friendly manufacturing complexes in the world. We aim to become an Eco-Positive Company by making products with superior environmental performance in green factories.

Covering approximately 1.27 million m^2, the huge production site GREEN FRONT SAKAI integrates the production operations of companies from various industries, using cutting-edge technology and processes. Managing the operations of 19 companies including Sharp as if they were one enterprise contributes to significant efficiency gains for all.

The site features shared electric and gas utilities infrastructure, high-efficiency logistics and simplified production steps to realize highly efficient and eco-friendly operations.

GREEN FRONT SAKAI represents the start of an environmental revolution in manufacturing that will contribute to a new, eco-friendly society built around advanced electronics.



Sections shown in dashed lines and rooftop solar panels are an artist's impression of the completed complex.
Areas outside the GREEN FRONT SAKAI site do not portray real areas.

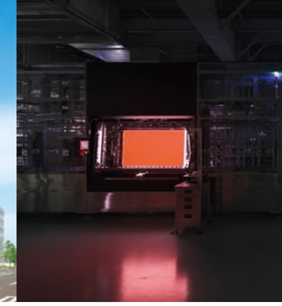
GREEN FRONT

List of 19 companies on site

- Asahi Glass Co., Ltd.
- Corning Japan K.K.
- Daido Air Products Electronics, Inc.
- Dai Nippon Printing Co., Ltd.
- Daiwa House Industry Co., Ltd.
- Iwatani Corporation
- Kanden Energy Solution Co., Inc.
- Kobelco Eco-Solutions Co., Ltd.
- Koike Sangyo K.K.
- Kurita Water Industries Ltd.
- Nagase & Co., Ltd.
- Nippon Express Co., Ltd.
- Osaka Gas Co., Ltd.
- Sekisui Plastics Co., Ltd.
- Sharp Corporation
- Sharp Display Products Corporation
- Taiyo Nippon Sanso Corporation
- The Kansai Electric Power Co., Inc.
- Toppan Printing Co., Ltd.

(Listed in alphabetical order)



Saving Energy

LCD Panel Plant

An LCD Panel Plant—a Mother Plant for a New Business Model

The factory uses the latest technology to realize super-efficient production of high-performance LCD panels to supply the growing world market for LED TVs and 3D TVs. This plant is the mother plant for a new business model that will focus on the establishment of local value chains in regions where products are consumed to promote local production for local consumption.

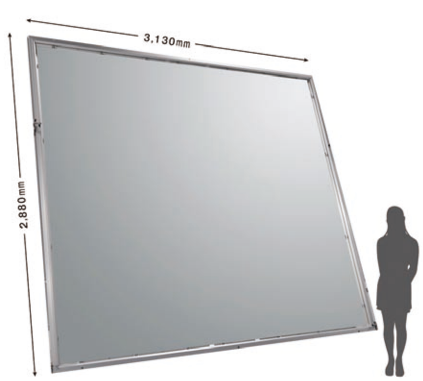
The LCD TV industry is witnessing a surge in consumer expectations for TVs with new technology such as LED TVs and 3D TVs that enable outstanding energy-saving performance and new ways to enjoy viewing. This has created great demand for LCD panels that offer even higher levels of definition and brightness, while using less electricity.

In response, we have combined Sharp's proprietary UV^{2}A technology and four-primary-color technology to develop a revolutionary LCD technology that delivers LCD panels with super-high image quality that also consume minimal power.

Sharp Display Products Corporation (SDP)*1 makes these LCD panels at a state-of-the-art plant in GREEN FRONT SAKAI. The initial input capacity of the plant when operations began in October 2009 was 36,000 glass substrates per month, but we doubled this to 72,000 units per month in July 2010 to meet the booming demand for high-performance LCD panels.

The plant is the first in the world to employ 10th generation glass substrates. In addition to LCD TVs, we aim to develop the market for super-size LCD products larger than 60 inches, such as digital signage displays.

The World's First Introduction of 10th Generation Glass Substrates



Covering an area of about 9m^2, each 10th generation glass substrate can be cut to make energy-efficient, high-contrast LCD panels of either the 40-inch or 60-inch class. We will supply these cutting-edge LCD panels to the global market.

Expanding the Market for Super-size LCDs

A multi-screen display system with a system frame width of 6.5mm,*2 the thinnest in the world,*3 uses super-size LCDs to create completely new and innovative spaces.

*1 A joint venture between Sharp and Sony Corporation, and a subsidiary of Sharp.
*2 The width of the frames between the LCD monitors that make up a multi-screen display system.
*3 For LCDs of 46 inches and larger, as of June 7, 2010.



State-of-the-art LCD Panel Technology by Sharp

UV²A technology allows highly efficient use of backlighting and saves energy, while four-primary-color technology produces vivid, natural images. Sharp fuses these advances to create a one-of-a-kind LCD panel technology at its plant in GREEN FRONT SAKAI.

UV²A* Technology

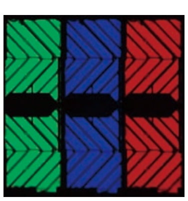
The plant uses UV²A technology, a completely new photo-alignment technology that exposes ultraviolet (UV) light onto an alignment film as part of the LCD panel manufacturing process. This next-generation "pico-technology" for LCDs can control the tilt angle of liquid crystal molecules only 2 nanometers (a nanometer equals 10^{-9}m) long, controlling them evenly and with precision measured in picometers (a picometer equals 10^{-12}m). Conventional technology required structural ribs and slits to stably control the alignment of liquid crystal molecules in each individual cell. These structures allowed light to leak through when making the screen dark, and reduced transmissivity when making the screen bright, compromising contrast and preventing efficient use of the backlight. By eliminating ribs and slits UV²A technology enables far more efficient use of light and greatly reduces power consumption. The result is a high-perfomance display able to produce a wide range from extremely deep blacks to brilliant whites that also consumes significantly less power.

Four-Primary-Color Technology

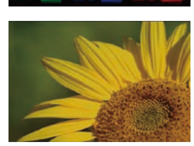
Sharp has overturned the conventional color reproduction approach in TVs based on three primary colors (red/green/blue) by adding yellow as a fourth color. We have started production of LCD panels featuring this newly developed four-primary-color technology. The conventional three-primary-color method makes accurate color reproduction difficult for many intermediate hues. Adding yellow makes it possible to reproduce colors such as gold, sunflower yellow and cyan blue in a more vivid and realistic way than ever before. By integrating this four-primary-color approach with Sharp's image processing circuit technology, we have realized higher definition and a wider color gamut.

Innovation of LCD Panel Technology

Conventional Technology

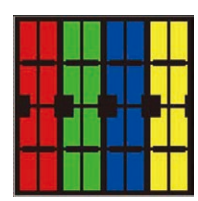
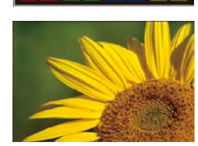


UV²A Technology

- Bright image
- Fast response
- High contrast

Four-Primary-Color Technology

- Bright image
- Fast response
- High contrast
- Wider color gamut
- High definition

* An abbreviation of Ultraviolet-induced multi-domain Vertical Alignment.

Creating Energy

Solar Cell Plant

A Solar Cell Plant at the Cutting-edge of the Industry

Solar cells are set to become a vital part of global power generation infrastructure as we move toward a low-carbon society. Building on almost half a century of technical expertise, cost efficiency and operational reliability, the new solar cell plant at GREEN FRONT SAKAI will realize world-class productivity and conversion efficiency while supplying a rapidly expanding global market.

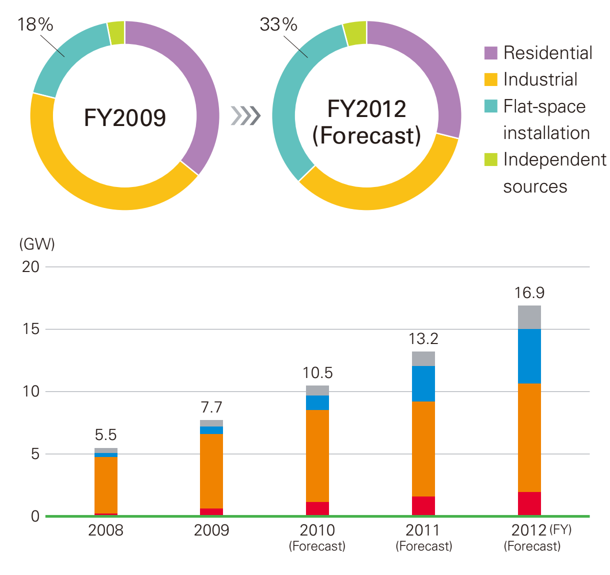
Markets for solar cells are expected to expand across many regions of the world. In addition to Europe, where strong sales are projected to continue, subsidies for residential households have been enhanced in Japan. Furthermore, the United States is expected to implement full-scale "Green New Deal" policies, and the Chinese government is also expected to begin encouraging market adoption of photovoltaic power generation systems.

Against this backdrop, demand for thin-film solar cells is predicted to increase due to demand from mega solar power generation plants. Thin-film solar cells are ideal for use in such projects, since they are suited for flat-space installation. There are many business deals under negotiation for our thin-film solar cells with plans to use them in mega solar power generation plants and other industrial applications. The new plant at GREEN FRONT SAKAI is positioned to supply the surging demand.

The new plant began producing thin-film solar cells using large-size (1,000 × 1,400 mm) glass substrates in March 2010. Integration with the LCD panel plant helps to boost productivity through efficiency gains because thin-film solar cells share materials and infrastructure with LCD panels. In the first phase, the plant has started operating with an annual production capacity of 160MW. This will be expanded in line with global demand growth.

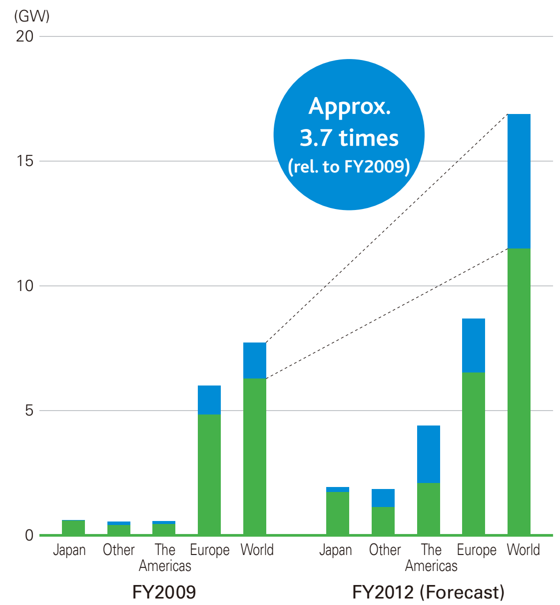
In a bid to realize grid parity* at an early stage, Sharp will also leverage manufacturing equipment based on our proprietary production technology to boost conversion efficiency, while dramatically lowering material costs and improving productivity.

Global Solar Cell Demand Trends and Market Size



(Source: Sharp)

Solar Cell Demand (Crystalline/Thin-film)



(Source: Sharp)

*Generation of electricity at a cost on par with the price of that supplied by power stations through the electricity grid.




GREEN FRONT SAKAI Showcases High-efficiency Operations Combined with Eco-friendliness

GREEN FRONT SAKAI is a showcase for creation of energy-saving LCD panels and energy-creating solar cells. The office facilities on site also incorporate the latest in environmental technology, further reducing the overall environmental burden generated by business activities.

Environmental Performance (1): Eco-friendly, High-efficiency Manufacturing

Major energy savings realized by integrated energy management center

Conventionally, utilities such as electricity, gas and water are managed separately at each plant. At GREEN FRONT SAKAI, an integrated energy management center controls energy use across the entire complex, realizing significant savings in energy and resources. The systems at this facility allow controllers to visualize energy use across the complex in real time, allowing them to optimize energy control to prevent waste and safety problems.

Inter-building transport system for super-efficient production

Previously, the glass substrates and color filters used to make LCD panels were delivered to the LCD panel plant each day by trucks from their respective factories. At GREEN FRONT SAKAI however, the factories are all in close proximity and are connected by an inter-building transport system, allowing smooth delivery of materials as though they were being transported within a single plant. This cuts lead times and reduces CO_2 emissions from transportation, helping to realize super-efficient operations.

State-of-the-art IT system for convergence of supply chain management

IT systems are used at GREEN FRONT SAKAI to realize highly efficient production. These technologies make the entire supply chain flow visible—from production planning to process management and shipment. They also improve efficiency by allowing information about manufacturing at each plant to be shared.

Environmental Performance (2): Eco-friendly Design for the Entire Plant

Large-scale on-site photovoltaic power generation set-up

GREEN FRONT SAKAI features a large-scale photovoltaic power generation system on rooftops and other spaces. This system will be used to generate a portion of the power used for production.

100,000 energy-efficient LED lights installed

Long-life, energy-efficient LED lighting has been installed throughout GREEN FRONT SAKAI. The site also includes LED lights fitted with Sharp's Plasmacluster Ion generating units, as well as solar-powered LED lights for use outdoors.

Walkways constructed from recycled LCD panel waste glass

The walkways at GREEN FRONT SAKAI are made from proprietary porous blocks that incorporate recycled waste glass from LCD panel production. The material in the blocks allows rainwater to pass through and is expected to help keep the walkways from becoming hot.

On-site fleet of low-emission vehicles (LEVs)

To reduce CO_2 emissions further, we will systematically introduce a fleet of low-emission vehicles for on-site travel. These will include LEVs powered by electricity and natural gas.

Segment Outline

Sharp Corporation and Consolidated Subsidiaries
Years Ended March 31

Consumer/Information Products

Audio-Visual and Communication Equipment

Main Products
LCD color televisions, color televisions, projectors, DVD recorders, Blu-ray Disc recorders, Blu-ray Disc players, mobile phones, PHS (personal handy-phone system) terminals, mobile communications handsets, personal computers, electronic dictionaries, calculators, facsimiles, telephones

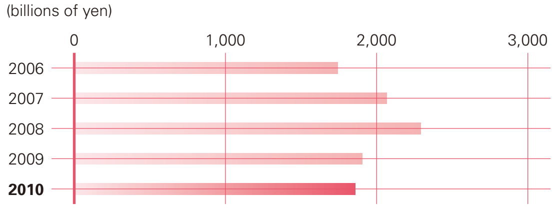
Health and Environmental Equipment

Main Products
Refrigerators, superheated steam ovens, microwave ovens, air conditioners, washing machines, vacuum cleaners, air purifiers, dehumidifiers, humidifiers, electric heaters, small cooking appliances, Plasmacluster Ion generators, LED lights, solar-powered LED lights

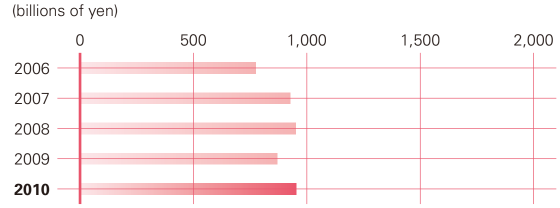
Information Equipment

Main Products
POS systems, handy data terminals, electronic cash registers, LCD color monitors, information displays, digital MFPs (multi-function printers), options and consumables, software, FA equipment, ultrasonic cleaners

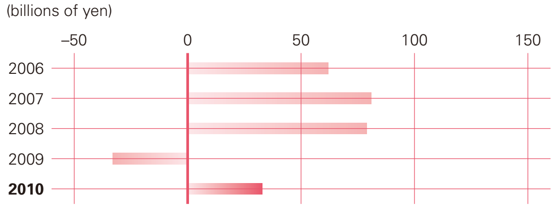
Sales
(billions of yen)



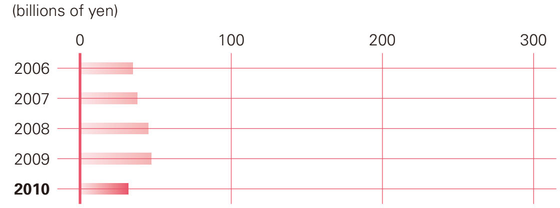
Total Assets
(billions of yen)



Operating Income (Loss)
(billions of yen)



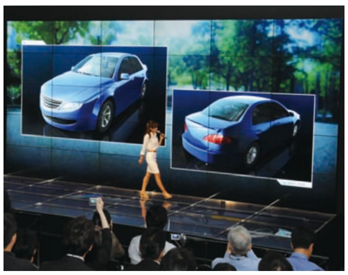
Capital Investment
(billions of yen)



· Sales shown on pages 18-19 include internal sales between segments (Consumer/Information Products and Electronic Components).
· Operating income (loss) shown on pages 18-19 is the amount before elimination of intersegment trading.
· Total assets shown on pages 18-19 show the amounts before elimination of intersegment trading, and do not include corporate assets.
· Capital investment shown on pages 18-19 includes the amount of leased properties.

Electronic Components

LCDs



Main Products
TFT LCD modules, Duty LCD modules, System LCD modules

Solar Cells

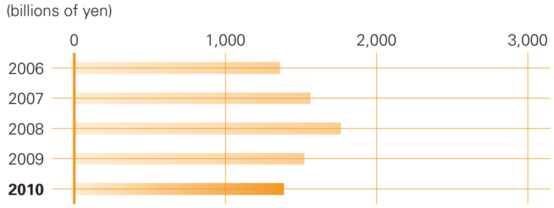
Main Products
Crystalline solar cells, thin-film solar cells

Other Electronic Devices

Main Products
CCD/CMOS imagers, LSIs for LCDs, microprocessors, flash memory, analog ICs, components for satellite broadcasting, terrestrial digital tuners, RF modules, network components, laser diodes, LEDs, optical pickups, optical sensors, components for optical communications, regulators, switching power supplies

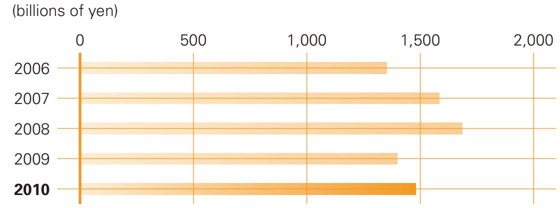
Sales

(billions of yen)



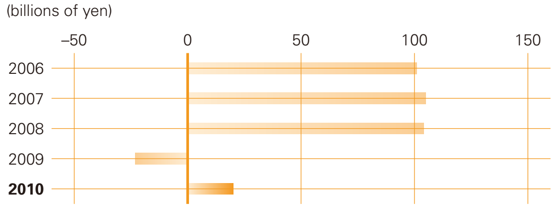
Total Assets

(billions of yen)



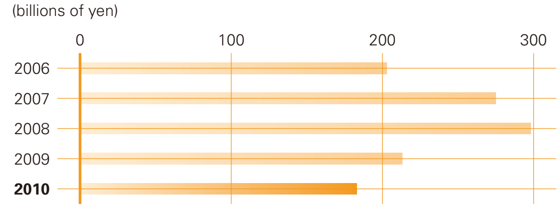
Operating Income (Loss)

(billions of yen)



Capital Investment

(billions of yen)

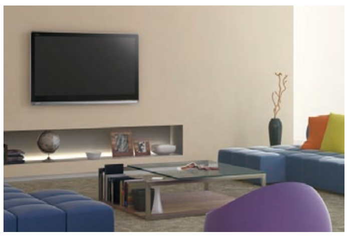


Fiscal 2009 Review by Product Group

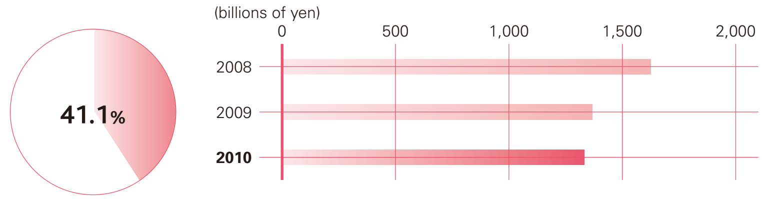
Sharp Corporation and Consolidated Subsidiaries
Years Ended March 31

Consumer/Information Products

Audio-Visual and Communication Equipment



Sales of Audio-Visual and Communication Equipment



This product group posted lower sales and higher profits. Brisk sales of LCD TVs and Blu-ray Disc recorders in Japan were overshadowed by a decline in sales of LCD TVs overseas. Nevertheless, improved profitability in LCD TVs and mobile phones resulted in increased profits.

LCD TVs

The market for LCD TVs expanded, primarily in China and Japan, the latter benefitting from the Eco-Point Program. In the United States and Europe, there was an increase in demand for LED models. Sharp's new high-image-quality, low-power-consumption LED AQUOS was well received by the market. Going forward, by using proprietary technologies, such as the UV²A technology and four-primary-color technology, to differentiate itself from its competitors, Sharp will work to expand sales of LED models and 3D models, for which demand is expected to grow. Through these efforts, Sharp will aim to grow the LCD TV business and strengthen the brand.

LED AQUOS

Blu-ray Disc Recorders/Players

In Japan, there has been growth in the market for Blu-ray Disc recorders capable of recording long-play digital broadcasting in high-definition. In response, Sharp has introduced and increased sales of products featuring the AQUOS Familink, which allows use of a single remote control to operate LCD TVs and linked surround sound systems, as well as Sharp's proprietary technology that allows extended recording. Sharp will continue to develop products that meet the needs of the market, such as 3D models, and aim to grow sales.

AQUOS Blu-ray Disc recorder

Mobile Phones

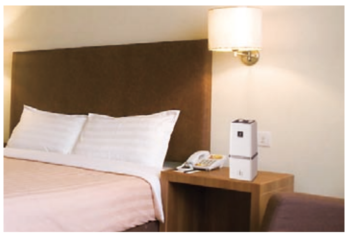
Despite the downturn in the domestic market, Sharp continued to expand its product lineup, including unique handsets featuring high-definition CCD cameras and solar cells, and as a result retained the top share* in the Japanese market for the fifth consecutive year. Meanwhile, in markets outside of Japan, Sharp has enhanced its product lineup and increased sales in China, where the mobile phone market continues to expand. Going forward, Sharp will continue to expand the business by pouring energy into the smartphone market, which is expected to see an increase in demand, and otherwise develop products that meet the needs of both the domestic market and markets overseas.

*Research from MM Research Institute, Ltd.

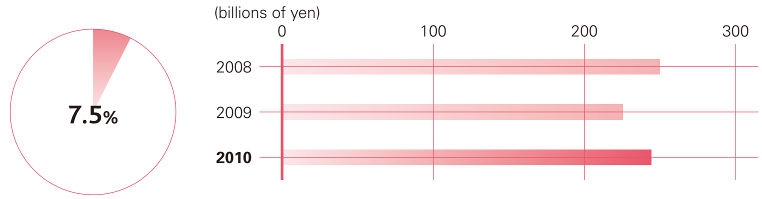
Mobile phones
Left: for Japanese market
Right: for Chinese market

· Sales shown on pages 20-23 include internal sales between segments (Consumer/Information Products and Electronic Components). The percentage of sales in pie charts is calculated accordingly. The Other Electronic Device group's sales do not include internal sales to the LCD/Solar Cell groups.
· Effective for the year ended March 31, 2009, product groupings had been recategorized. In this connection, results for 2008 have been restated to conform with the 2009 presentation. Also, effective for the year ended March 31, 2010, some items previously included in Information Equipment had been reclassified and were included in Audio-Visual and Communication Equipment. In this connection, results for 2009 have been restated to conform with the 2010 presentation.

Health and Environmental Equipment



Sales of Health and Environmental Equipment



This product group saw sales and profits increase mainly due to increased sales of air purifiers equipped with Plasmacluster Ion technology and Plasmacluster Ion generators.

Health and Environmental Products

Amid rising awareness of health among consumers, there has been heightened interest in products featuring Sharp's unique Plasmacluster Ion technology that controls airborne viruses,* mold and other impurities, and eliminates odors. Sharp has increased sales of products featuring this technology by introducing portable products and has otherwise enhanced the lineup of Plasmacluster Ion generators, along with thorough efforts to promote the benefits and efficacy of this technology. Sharp has also responded to the growth in the LED lighting market by launching sales of LED lamps in Japan and steadily expanding the product lineup. Going forward, we will strive to expand the LED lighting business overseas, starting with the North American market.

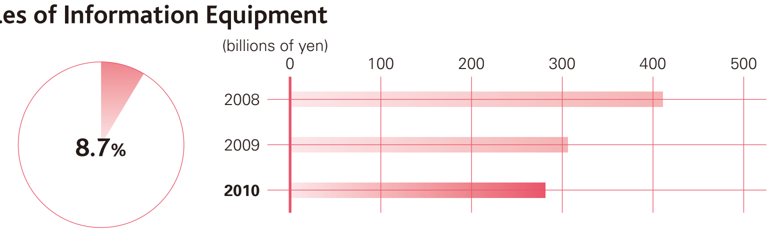
*This result was from a 10-minute experiment inside a 1m^3 sealed container. It is not the result of a trial in actual use.

Plasmacluster Ion generators
Left: for use in lounges
Right: for use in vehicles

LED lamp

Information Equipment

Sales of Information Equipment



Both sales and profits in this product group fell amid a continued harsh environment for B2B business mainly due to reduced capital expenditure by companies.

Digital MFPs

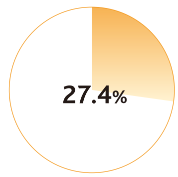
Demand for digital MFPs declined in conjunction with the global economic downturn, particularly in industrialized countries, but signs of a recovery emerged in the second half of the fiscal year. Sharp introduced a monochrome digital MFP that consumes significantly less electric power, and otherwise enhanced the product lineup. We also actively proposed document solutions linked with business applications. Going forward, as companies grow increasingly conscious of the environment and the need to reduce costs, we will respond by further increasing our lineup and enhancing the environmental performance of our products. We will also work to promote total office solutions by proposing solutions to help customers improve the efficiency of their business activities, and offering ideas for comfortable and environmentally friendly office spaces.

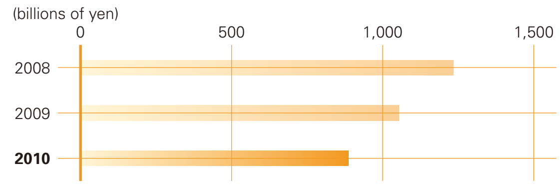
Digital MFP

Electronic Components

LCDs

Sales of LCDs





This product group saw a decline in sales, as there was a decline in prices mainly of LCDs for use in mobile devices. Meanwhile, profits for this product group increased, even taking into account the start-up costs of an LCD panel plant at GREEN FRONT SAKAI.

Large-size LCDs

The demand for large-size LCDs was firm following the growth in the LCD TV market. In October 2009, Sharp brought online a plant at GREEN FRONT SAKAI to produce cutting-edge LCD panels using the world's first 10th generation glass substrates. This plant employs Sharp's proprietary technologies, including the UV^{2}A technology, which realizes high optical efficiency for energy-saving and produces high-contrast levels, as well as four-primary-color technology, which newly adds yellow to the primary colors of red, green and blue to enhance color reproduction. These technologies allow us to produce optimal, high value-added LCDs for LED TVs and 3D TVs, which are expected to see an increase in demand going forward. To meet the robust demand for high-performance panels, in July 2010 we doubled the input capacity of glass substrates to 72,000 per month, from the 36,000 per month at the start of operations.

LCD panel plant at GREEN FRONT SAKAI

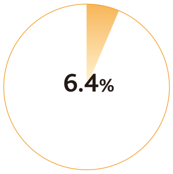
Small- and Medium-size LCDs

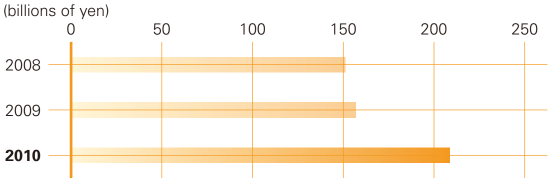
The business environment remained challenging, particularly due to the decline in market prices of LCDs for mobile phones and portable game devices. In addition to efforts to overhaul the cost structures of existing businesses, Sharp worked to cultivate new markets and develop new technologies with the aim of shifting to high value-added businesses. We are promoting design-in activities for high value-added LCDs, such as 3D LCDs and touchscreen LCDs, which have evolved from our strong-point CG-Silicon technology. We will actively incorporate these LCDs in mobile phones, portable game devices and digital cameras, as well as smartphones and e-books, for which market growth is anticipated.

3D touchscreen LCD

Solar Cells

Sales of Solar Cells





Sales and profits both increased for this product group. Sales increased mainly in Japan, supported by subsidies to assist with installation costs for residential photovoltaic power generation systems, and a scheme to require utility companies to buy back surplus power generated.

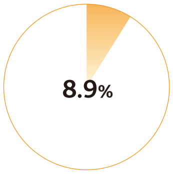
Solar Cells

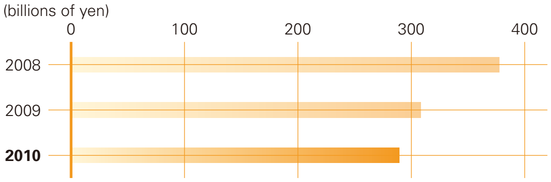
The mainstay European market was temporarily impacted by revisions to feed-in tariffs and the financial crisis, but the market was relatively solid in the second half of the fiscal year. In the Japanese market, demand increased, particularly for residential applications, due to the strengthening of government policies to promote greater uptake. In crystalline solar cells, we worked to reduce material costs through strategic procurement of silicon materials, and to expand the sales network. We also commenced production of thin-film solar cells at the new plant in GREEN FRONT SAKAI. With governments around the world bolstering their environmental policies and programs, demand for solar cells is expected to grow worldwide. We will therefore expand our production frameworks for both crystalline solar cells and thin-film solar cells, and boost our cost performance by improving conversion efficiencies and productivity.

Solar cell plant at GREEN FRONT SAKAI

Other Electronic Devices

Sales of Other Electronic Devices

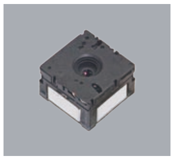




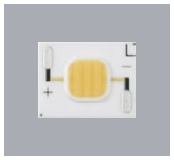
This product group saw sales decline as sales prices of devices mainly for digital products fell, despite growth in sales of mainstay CCD/CMOS imagers. Profits increased, however, despite the decline in sales.

Electronic Devices

The electronic devices market showed signs of recovery after a downturn due to the global economic slowdown. However, although sales volumes increased, prices fell significantly. Sharp responded by leveraging its strengths in a wide range of devices, from semiconductors to electronic components, and working to merge technologies to create distinctive devices. We developed high value-added devices such as 12 megapixel CCD camera modules and solar modules for mobile devices. Other developments include LED backlight modules for LCD TVs and LED modules for lighting, which have expanded our business fields. Next we will strengthen our LED business by vertically integrating it from LED chips through to products equipped with LEDs.



12 megapixel CCD camera module



LED device for lighting

R&D and Intellectual Property

R&D Strategy

Based on the fundamental policy of "selection and concentration," Sharp conducts R&D activities with the goal of developing the technologies needed to constantly create one-of-a-kind products from the perspective of users. The final objective is to ensure that customers are satisfied with Sharp products. To accomplish this objective, we focus on three approaches to R&D. First is creating unique products through the vertical integration of our core technologies. Second is leveraging commodity technologies shared in and outside of the company. Third is using "open innovation" and cooperation with partners to gain expertise in fields of technology that are new to Sharp. Using all three approaches allows us to perform R&D that is distinctive, speedy and efficient.

UV²A technology and four-primary-color technology

Sharp has created UV²A technology*1 and four-primary-color technology,*2 which greatly improve LCD picture quality while lowering power consumption. UV²A technology uses an alignment film made of an innovative material that responds to UV light to control the alignment of liquid crystal molecules with extremely high precision in accordance with the direction of the UV radiation. This UV²A technology enables LCDs to use light much more efficiently and achieve higher contrast and a faster response time. Four-primary-color technology adds yellow to the conventional primary colors of red, green and blue. This technology realizes more efficient use of light and generates a wider color gamut to allow outstanding color reproduction. Combining these two technologies with FRED technology*3 and side-mount scanning LED backlight technology,*4 has enabled the high brightness, high contrast and low crosstalk (undesirable double-contour "ghost" images) that are vital to producing realistic 3D pictures.

*1 Please refer to "UV²A Technology" on page 15.
*2 Please refer to "Four-Primary-Color Technology" on page 15.
*3 An abbreviation of Frame Rate Enhanced Driving. It is a signal processing technology that allows high brightness with a single source array.
*4 A technology that reduces crosstalk by dividing the LED backlight into separate areas and switching the backlight on and off at high speed.

Personal protein chip

Sharp has developed a system able to detect specific proteins in the body that are associated with diseases with high accuracy. We plan to use this system in medical care and other health-related businesses. The system detects multiple proteins at the same time, enabling healthcare workers not only to detect the presence of proteins, but also to measure their composition pattern. We are working with medical institutions to create a method to employ this technology for determining an individual's sensitivity to drugs used to fight cancer. The technology is expected to contribute to progress in personalized health care that will help physicians to detect diseases early and select the best treatment method for each individual.

Personal protein chip detection system

LC font technology for Chinese

For some time, Sharp has been involved in research concerning LC font generating technology, which improves the quality of text on LCDs. One recent development is an LC font for Chinese that incorporates designs based on China's rich culture of lettering. The font conforms with GB18030-2000, the Chinese national character set standard that encompasses about 28,000 characters. Sharp has begun using the font in AQUOS LCD TVs for the Chinese market. Sharp uses a compact, high-speed-processing display engine for the fonts that employs a unique center-line stroke writing method to display character-based information in a way that is easy to read.

AQUOS LCD TV embedded with a Chinese LC font

Mobile communications technology

Sharp is working to develop a wireless communication technology that transmits large volumes of data efficiently using only limited frequencies. This research is a joint effort with overseas research institutes and universities in Japan and other countries. We have been announcing the results of our research at international standardization meetings. Some of our technologies have already been adopted as a core component of Long Term Evolution (LTE), the next-generation mobile communication standard. We will continue these activities with the aim of contributing to further progress in mobile communications.

Multijunction compound solar cells

Sharp has much experience in the development of multijunction compound solar cells, which stack layers to absorb differing wavelengths of light and generate electricity. This allows efficient generation of electricity from solar energy, which is made up of a broad spectrum of wavelengths. Our triple-junction solar cell, which has layers made of three different materials, is used to power satellites. Sharp's compound solar cells achieving a conversion efficiency of more than 30% propelled a Tokai University solar car to victory in October 2009 in Australia at one of the world's largest solar car races. This accomplishment demonstrates the outstanding performance of our solar cells. Going one more step, Sharp has achieved the world's highest conversion efficiency* of 35.8% at the research level. We set this record by using a composition of materials that maximizes the efficient use of solar energy and employing our exclusive technology for forming layers. We will continue to create more innovative technologies that can further improve the performance of solar cells.

*As of May 2010, for non-concentrator solar cells at the research level (based on a Sharp survey).

The Tokai University team with the solar car "Tokai Challenger," the winning entry in Global Green Challenge, one of the world's largest solar car races

Topic: IEEE Milestone* recognition

President Katayama accepting the commemorative plaque

Sharp's achievements in the commercialization and industrialization of solar cells from 1959 to 1983 have been recognized as an IEEE Milestone by the IEEE (Institute of Electrical and Electronics Engineers), the world's largest academic society for electrical, electronics, information, and telecommunications engineering. Following the 1963 start of mass production of solar cells, Sharp continued to conduct steady R&D activities to produce solar cells for demanding applications like lighthouses and satellites, where cells need to be resistant to salt water and wind, or the extreme temperature changes of space. These R&D activities played a major role in the subsequent expansion of the markets for residential and industrial solar cells. The IEEE milestone award paid tribute to these achievements.

*The IEEE established the IEEE Milestone program in 1983 to honor significant historic achievements in electricity, electronics, and other related fields, that have contributed to the betterment of society.

Intellectual Property Strategy

Sharp views its intellectual property strategy as one of its key management measures, promoting it in a coherent manner with business and R&D strategies. In order to secure a competitive edge with one-of-a-kind products and one-of-a-kind devices for stronger business foundations, Sharp is aggressively promoting patent right obtainment.

Sharp has clearly delineated the fields that are central to each business group and has assigned engineers well versed in patent matters to each of these core business areas to conduct strategic patent development close to the frontline. Sharp also obtains useful patents arising from alliance activities from collaboration with other companies or universities. As of March 31, 2010, Sharp had approximately 17,500 patents in Japan and 22,500 overseas.

Sharp utilizes these patents to strengthen its strategic businesses. In addition, we take actions to protect our patents, such as by examining the products of competitors. We exercise care concerning the intellectual property of other companies, however, our policy is to have other companies respect our intellectual property in return. If we discover an infringement on any of our patents, we issue a warning. In certain cases, more aggressive action is taken, including filing lawsuits. Sharp is also promoting obtainment of design and trademark registrations based on its brand strategy and aiming to increase the number of applications and registrations globally.

Corporate Social Responsibility (CSR)

CSR Concept

"Make products that others want to imitate." This message of Sharp's founder Tokuji Hayakawa encapsulates management's stance of contributing to society by quickly grasping and responding to the needs of the next era as a manufacturer. Management over the years may have used different words to express this concept, but all have managed Sharp with the aim of continuing to be a trusted company that contributes to society through manufacturing.

In 1973, Sharp codified the unchanging spirit of its founder in the Company's business philosophy and business creed. The business philosophy, which states Sharp's vision, includes statements such as "Contribute to the culture, benefits and welfare of people throughout the world." This forms the foundation of CSR at Sharp today, aimed at achieving co-existence and mutual prosperity with society and stakeholders. The business creed calls for "Sincerity and Creativity" and all employees must adhere to and follow it in order to fully realize this business philosophy.

Sharp aims to realize the business philosophy through its business activities as well as social contribution activities that leverage the Sharp Group's strengths and distinctiveness. Moving forward, Sharp will create new products found nowhere else in the world, harnessing the creativity that has flowed through its corporate DNA since its founding. And by also fulfilling its corporate social responsibilities with sincerity, Sharp will remain a company trusted by society.

Business Philosophy

We do not seek merely to expand our business volume. Rather, we are dedicated to the use of our unique, innovative technology to contribute to the culture, benefits and welfare of people throughout the world.

It is the intention of our corporation to grow hand-in-hand with our employees, encouraging and aiding them to reach their full potential and improve their standard of living.

Our future prosperity is directly linked to the prosperity of our customers, dealers and shareholders …indeed, the entire Sharp family.

Business Creed

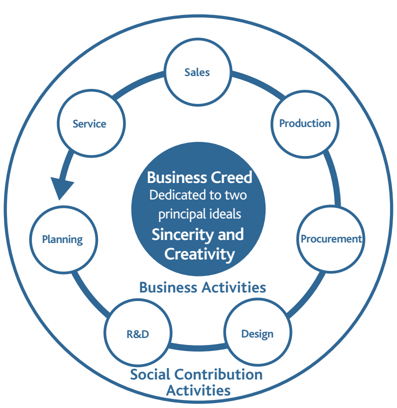
Sharp Corporation is dedicated to two principal ideals:

"Sincerity and Creativity"

By committing ourselves to these ideals, we can derive genuine satisfaction from our work, while making a meaningful contribution to society.

Sincerity is a virtue fundamental to humanity … always be sincere.
Harmony brings strength … trust each other and work together.
Politeness is a merit … always be courteous and respectful.
Creativity promotes progress … remain constantly aware of the need to innovate and improve.
Courage is the basis of a rewarding life … accept every challenge with a positive attitude.

Achieve the Tenets of the Business Philosophy by Promoting "Sincerity and Creativity" in All Business Practices



Realization of Business Philosophy

- Perspective of social contribution through business activities "Contribute to the culture, benefits, and welfare of people throughout the world"
- Perspective concerning employees "It is the intention of our corporation to grow hand-in-hand with our employees"
- Perspective concerning stakeholders "Prosperity is directly linked to the prosperity of the entire Sharp family"

- The business creed is the central axis of all business activities.
- "Sincerity" means a working attitude mindful of what will offer genuinely useful solutions and happiness to everyone.
- "Creativity" means a working attitude not content with the way things are. An attitude which always seeks to add value, and to make efforts to innovate and improve.

Participation in the United Nations Global Compact

Sharp has been a participant in the United Nations Global Compact since June 2009. The Global Compact contains 10 principles in the areas of human rights, labor, the environment, and anti-corruption. Sharp has set targets for specific activities in each of these areas and is promoting efforts across the group.

THE GLOBAL COMPACT
WE SUPPORT

Socially Responsible Investment (SRI) Recognition

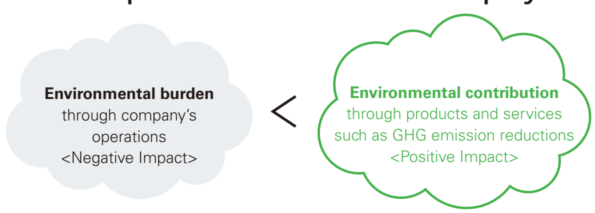
Sharp has received recognition in Japan and overseas for its strong commitment to corporate citizenship. As of the end of June 2010, Sharp was recognized by major SRI evaluating bodies and either selected for SRI indices or awarded CSR certification as noted below.

- FTSE4Good Global Index (U.K.)
- FTSE KLD Global Climate 100 Index (U.S.A.)
- Dow Jones Sustainability Asia Pacific Index (U.S.A., Switzerland)
- Ethibel Sustainability Index (Belgium)
- Morningstar Socially Responsible Investment Index (Japan)
- Corporate Responsibility Prime Status by oekom research AG (Germany)

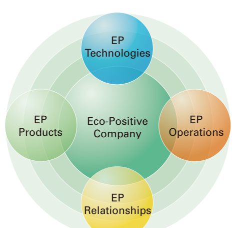
Environmental Activities

In fiscal 2010 Sharp announced its corporate vision of becoming an Eco-Positive Company. By working with stakeholders, Sharp aims to become a company whose positive impact through contributions to the environment greatly outweighs any negative impact of environmental load resulting from its business activities. Sharp has developed an Eco-Positive Strategy for achieving this aim, which comprises four channels for action: Technologies, Products, Operations, and Relationships. Sharp is implementing this strategy throughout its entire value chain.

Corporate Vision: Eco-Positive Company



4 domains of Eco-Positive Strategy



- **Eco-Positive Technologies**
  Generate new business through one-of-a-kind environmental technologies.
- **Eco-Positive Products**
  Expand contribution to protecting the environment through creating energy-saving/-creating products and services.
- **Eco-Positive Operations**
  Reduce environmental impacts in product engineering and manufacturing as much as possible.
- **Eco-Positive Relationships**
  Enhance corporate value through involvement with the community.

EP: Eco-Positive

Examples of Initiatives

Photovoltaic power generation

Sharp started its research on solar cells in 1959 and now has more than 50 years of experience in R&D and promotion of this technology. We have accumulated a broad base of technologies and consumer trust. In March 2010 we began operations at our solar cell plant in GREEN FRONT SAKAI. Then in April 2010 Sharp's achievements in the commercialization and industrialization of solar cells from 1959 to 1983 were recognized as an IEEE Milestone* by the IEEE, the world's largest academic society for electrical, electronics, information, and telecommunications engineering. Going forward, Sharp will continue to develop the solar cell business around the two products of crystalline solar cells and thin-film solar cells, and to promote greater use of photovoltaic power generation.

*Please refer to "Topic" on page 25.

Products and devices with high environmental performance

Sharp's LED AQUOS LCD TV achieves energy savings of over 30%* compared with previous models—the result of combining LCD panels employing UV^2A technology that enhances optical efficiency with a high-efficiency LED backlight system. Furthermore, the LED AQUOS has a thoroughly environmentally-friendly design featuring halogen-free resin cabinets, back cabinets that can be repeatedly recycled, and a halogen-free power cord and internal wiring.

Our LED lights also have excellent environmental performance, as they consume low amounts of electric power, have long operating lives, and contain no mercury. We offer a large lineup of LED lights for residential and office use, which contribute to reduced power consumption in homes and offices.

*Comparison of annual power consumption of LC-52SE1🄹/ 46SE1🄹/ 40SE1🄹(sales began in February 2010) with that of LC-52DS6🄹/ 46DS6🄹/ 40DS6🄹(sales began in June 2009). Annual power consumption amount calculated based on the Energy Conservation Law in Japan.

LED AQUOS featuring high environmental performance

Environmental friendliness at plants

Sharp has an environmental certification system based on its own assessment standards. Plants that are environmentally friendly are designated as Green Factories (GF) and those with superior environmental performance receive the Super Green Factory (SGF) designation. All plants in Japan and overseas have been certified as GF, while 24 plants among these, including 10 Sharp Corporation plants, have been certified as SGF. After being certified as an SGF, a plant pursues the SGF II level of certification by achieving even higher environmental performance. GREEN FRONT SAKAI, which began operation in fiscal 2009, features an environmental conservation system befitting its status as one of the world's most environmentally advanced manufacturing complexes.

Unique environmental technologies

Sharp developed a closed-loop material recycling technology that has been in use since fiscal 2001. This recycling technique repeatedly recovers plastic from used electronics products and reuses it in parts of new consumer electronics. Since then, we have developed and implemented new technologies to increase the amount of plastic that can be recycled and expand the use of these plastics. In fiscal 2009, the cumulative amount of recycled plastic used thanks to this technology reached the 5,050 ton mark. In fiscal 2009, Sharp also developed a high-performance paint from the glass material discarded from LCD panel plants. We plan to use the paint in LED security lights.

Social Contribution Activities

Sharp carries out social contribution activities to uphold the trust placed in it as a corporate citizen. In particular, we focus on the three important fields of the environment, education and social welfare. We undertake voluntary activities in these areas on an ongoing basis.

Three Important Fields of Social Contribution Activities

Examples of Initiatives

Educational support activities

To help raise awareness among elementary school students of global warming and eco-friendly lifestyles, Sharp has run a program of environmental education classes at elementary schools throughout Japan since October 2006. By January 2010 a total of 100,000 students had taken part in the program. We also run the program outside of Japan, mainly in the United States and China. Here, the environmental education classes feature locally relevant information. From January 2009 we have also run a program of craftsmanship education classes at elementary schools throughout Japan, with the aim of interesting children in science and helping them to develop their views on careers and work. We will continue our efforts to contribute to the future of society through educational support activities with the goal of raising environmental awareness and promoting understanding about craftsmanship among children.

Environmental education class
for elementary school students

Sharp Forests

Sharp Green Club* oversees Sharp Forests at 11 locations throughout Japan, most of which are near to Sharp business sites or sales bases. These forest development activities include tree planting and cultivation in wasted forests and other natural areas. These activities contribute to preservation of nature and ecological systems and help to develop environmental awareness among Sharp employees. In another activity, we used the Sharp Forest at Konoyama in Osaka Prefecture to run outdoor environmental education classes for elementary school children, allowing them to learn about the importance of restoring natural areas through field work. Sharp will maintain its commitment to protecting the global environment and biodiversity through social contribution activities.

*A joint organization of labor and management for planning and running various volunteer events centered on the environment, such as tree planting, restoration of natural areas and cleanup activities. Founded in June 2003.

Tree planting at Konoyama

Activities to support people with disabilities

Sharp is playing its part to expand employment opportunities for people with disabilities. In October 2009 these efforts were recognized by the non-profit organization Osaka Prefectural Association of Employment Development, which presented Sharp Tokusen Industry Co., a subsidiary of Sharp Corporation, with an award for merit as a company which contributed to the employment of persons with disabilities. The same NPO also recognized the efforts of an employee of Sharp Tokusen with an award for a long-time employee with disabilities. In other activities to support people with disabilities, Sharp ran environmental education classes at schools for people with hearing impairments, and sold products (bread, confectionary, etc.) from vocational aid centers at its business sites. Sharp will continue these various support activities, including promotion of employment for people with disabilities.

Awards presented by the Osaka Prefectural Association of Employment Development

Corporate Governance

Basic Concept Concerning Corporate Governance

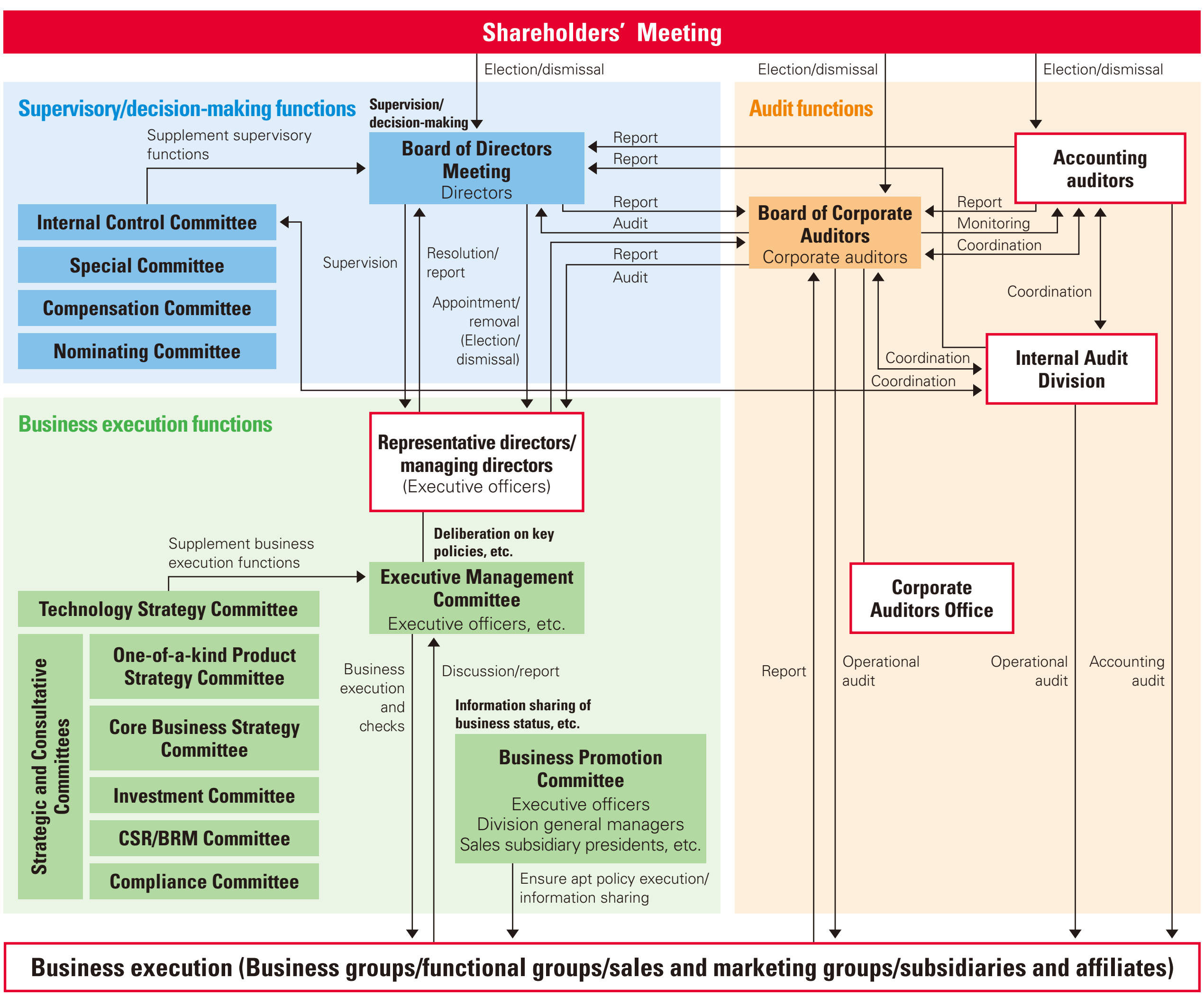
Sharp has always been a manufacturing- and technology-oriented company. In an effort to further strengthen manufacturing competency, Sharp is committed to improving the speed and quality of managerial decisions. Our business activities are limited to the development, production and sale of products and devices, which have a strong interrelation and require high expertise. This enables our directors, who are highly adept at our business, to make swift and accurate management decisions through the mutual exchange of ideas. It also serves to clarify reciprocal managerial responsibilities and promote mutual supervisory functions.

We are also striving to preserve transparency, objectivity and soundness in management together with realizing appropriate management. From the viewpoint of increasing our consideration of shareholders and corporate social responsibility, we have appointed an outside director with an international and multi-faceted perspective, including regarding compliance, on wide-ranging issues such as the social and economic environment, and the future direction of Sharp. In doing so we have strengthened the decision-making functions within the Board of Directors and the functions for supervising directors' execution of duties.

We have also introduced the Executive Officer System, thereby creating a structure that steadily facilitates nimble, efficient business execution.

Sharp has taken these measures to further strengthen the current Director/Corporate Auditor System, which allows management and manufacturing divisions to work together very closely, enabling the business to expand. Sharp works to enhance its corporate governance through this system.

Corporate Governance System (As of June 23, 2010)



Sharp strives to achieve timely and accurate disclosure of information to all stakeholders such as shareholders and investors, and is increasing the transparency of management by widely publicizing information.

Status of Corporate Governance System

The Board of Directors Meetings of Sharp Corporation are held on a monthly basis in principle to make decisions on matters stipulated by law and management-related matters of importance, and to supervise the state of business execution. To improve management agility and flexibility, and to clarify the responsibilities of the company management during each accounting period, the term of office for members of the Board of Directors is set at one year. As advisory bodies to the Board of Directors, the Company has established an Internal Control Committee, a Nominating Committee and a Compensation Committee.

To strengthen the decision-making functions within the Board of Directors and the functions for supervising directors' execution of duties, the Company appointed an outside director. The outside director serves as a member of the Nominating Committee and the Compensation Committee, as well as the Special Committee that forms part of the takeover defense plan. The Company also introduced the Executive Officer System to carry out swift and efficient business execution, and to maximize the functions of the Board of Directors by optimizing the number of members.

In addition to the Board of Directors, the Company has an Executive Management Committee, where matters of importance related to corporate management and business operation are discussed and reported twice a month in principle. This committee facilitates prompt executive decision-making.

The Board of Corporate Auditors is composed of four corporate auditors, three of whom are outside corporate auditors with a high degree of independence. Each corporate auditor meets regularly with the representative directors, the directors, the accounting auditors, the head of the Internal Audit Division and others to exchange opinions and work to ensure that business is executed legally and appropriately.

Ongoing Development of the Internal Control System

In May 2006, the Board of Directors passed a resolution to adopt a basic policy related to the development of systems necessary to ensure the properness of business (Basic Policy for Internal Control), which was partially amended at the Board of Directors Meeting in August 2009. This amended policy forms the basis for Sharp's ongoing development and implementation of its internal control system. Sharp has set up the Internal Control Committee as an advisory body to the Board of Directors. The committee deliberates on basic policies regarding internal controls and internal audits, and the state of development and implementation of initiatives related to the internal control system, then reports on and discusses important matters with the Board of Directors. The Internal Control Promotion Department within the CSR Promotion Group is responsible for internal control of all business execution departments company-wide. Meanwhile the Internal Audit Division makes concrete proposals on how to improve business operations and reinforces internal controls by checking the validity of business execution as well as the appropriateness and efficiency of management.

To enhance compliance throughout the group, Sharp introduced the Sharp Group Charter of Corporate Behavior, a set of principles to guide corporate behavior, and the Sharp Code of Conduct, which clarifies the conduct expected of every employee, director, auditor and executive officer of Sharp. The Sharp Group Charter of Corporate Behavior and the Sharp Code of Conduct were revised in April 2010 in line with changes in the business environment. Sharp ensures that these guidelines are thoroughly observed by posting them on the Web and carrying out position-specific training programs. Sharp has also set up a Compliance Committee and is developing a company-wide compliance promotion system. Meanwhile, Sharp is implementing thorough measures to prevent compliance breaches by distributing a Sharp Group Compliance Guidebook to all employees and implementing training based on the guidebook.

In order to comprehensively and systematically deal with diverse business risk, Sharp formulated the Business Risk Management Guideline to achieve prevention of and swift responses to risk.

Plan Regarding Large-Scale Purchases of Sharp Corporation Shares (Takeover Defense Plan)

In order to protect and enhance the corporate value and common interests of shareholders of a manufacturing firm such as Sharp, a company must develop in-house and make good use of advanced technology and manufacturing technology from a medium- to long-term perspective. Furthermore, Sharp believes it is essential to build good cooperative relationships with stakeholders such as customers, business partners and employees.

The Board of Directors of Sharp believes that determining whether to accept purchases aimed at a takeover and conducted without obtaining the approval of the Board of Directors of Sharp should be ultimately entrusted to the shareholders. However, the Board of Directors of Sharp also believes that it is not appropriate for any party that conducts an inappropriate purchase, such as one that clearly harms the corporate value and common interests of shareholders and/or puts undue pressure on shareholders to sell their shares, to take control over Sharp's policy decisions on finance and business operations, and that it is necessary to take reasonable countermeasures if such an inappropriate purchase is actually conducted.

In order to prevent such purchasing activity, Sharp has adopted the prior warning type of defense measures called the Plan Regarding Large-Scale Purchases of Sharp Corporation Shares (Takeover Defense Plan)* (hereinafter referred to as the "Plan").

The Plan provides rules for enabling shareholders to reach a proper decision, by requiring large-scale purchasers of the Company's shares who intend to obtain 20% or more of the voting rights of the Company to provide sufficient information and give an adequate assessment period. If a large-scale purchaser does not follow the rules, or although the large-scale purchaser complies with these rules, the large-scale purchase is deemed to be harmful to corporate value and common interests of shareholders, Sharp may take countermeasures in order to protect its corporate value and the common interests of shareholders. The Board of Directors of Sharp will make the final decision concerning the implementation of countermeasures after fully taking into consideration the advice and recommendations of a Special Committee consisting of three or more persons who are independent of Sharp's management.

A majority of shareholders present at the 116th Ordinary General Meeting of Shareholders on June 23, 2010 approved the continuation of the Plan. The effective term of the Plan is up to the conclusion of the 117th Ordinary General Meeting of Shareholders, which will be held by June 30, 2011.

The decision whether or not to continue the Plan will be put to shareholders at the Ordinary General Meeting of Shareholders held in June every year.

* For details of the Plan and profiles of the Special Committee members, please visit Sharp's website:
http://sharp-world.com/corporate/ir/topics/pdf/100427a.pdf

Message from the Outside Director

Outside Director
Kunio Ito

The fundamental principle of corporate management is to maximize corporate value. This is a difficult thing to accomplish and brings numerous strategic options and challenges. Today management has become far more complex and sophisticated than in the past, involving manifold variables. Naturally, one important aspect is the executive capability needed to view each variable in light of the business environment and implement the best course of action. At the same time, an aspect that has become even more important is the management capability needed to carry out optimal overall management taking the balance of all of these variables.

In his recent book, "The Future of Management," influential management theorist Gary Hamel points out that while improving business operations is important, the real power to win out against one's competitors lies in the ability to also bring innovation to management.

A key point in management systems of the future will be how to achieve both the piece-wise strengthening of each business and the overall optimization of the entire company or group. I believe that a bold strategy to achieve both of these will further strengthen the appeal of the Sharp brand. By continuing and indeed escalating its pursuit of its "One-of-a-Kind" identity, Sharp will raise the value of its brand.

I hope that in my role as an outside director here at Sharp, I will be able to contribute to making this kind of management innovation a reality.

Career overview

April 1992	Professor, Faculty of Commerce and Management, Hitotsubashi University
August 2002	Dean, Graduate School of Commerce and Management, Hitotsubashi University
December 2004	Vice President and Executive Staff of Hitotsubashi University
December 2006	Professor, Graduate School of Commerce and Management, Hitotsubashi University (current position)
June 2009	Director, Sharp Corporation (current position)

Risk Factors

Listed below are the principal business risks of Sharp that may have a significant influence on investors' decisions. Note that in addition to these, there exist certain other risks that are difficult to foresee. Each of these risks has the potential to impact the operations, business results and financial position of Sharp. All references to possible future developments in the following text were made by Sharp as of March 31, 2010.

(1) Global Market Trends

Sharp manufactures and sells products and services in different regions around the world. Business results and financial position are thus subject to economic and consumer trends (especially trends in private consumption and corporate capital investment), competition with other companies, product demand, raw material supply and price fluctuations in each region. The political and economic situation in respective areas may also exert an influence on business results and financial position.

(2) Exchange Rate Fluctuations

The proportion of consolidated net sales accounted for by overseas sales stood at 53.5% in fiscal 2007, 54.3% in fiscal 2008 and 48.1% in fiscal 2009. Although Sharp hedges the risk of exchange rate fluctuations by employing forward exchange contracts and expanding and strengthening overseas production, such fluctuations may affect Sharp's business results.

(3) Strategic Alliances and Collaborations

Sharp implements strategic alliances and collaborations with other companies in respective business fields to bolster the development of new technologies and products, and to enhance competitiveness. If, however, any strategic or other business issues arise, or objectives change, it may become difficult to maintain such alliances and collaborative ties with these companies, or to generate adequate results. In such cases, Sharp's business results and financial position may be impacted.

(4) Business Partners

Sharp procures materials and receives services from a large number of business partners, and transactions are made only once a detailed credit check of the company has been completed. However, there is a risk that business partners may suffer deterioration in performance due to slumping demand or severe price erosion, or face an unexpected M&A, or be impacted by natural disasters or accidents, or procure materials of insufficient quality, or become involved in a corporate scandal including a breach of the law–any of which may affect Sharp's business results and financial position.

(5) Technological Innovation

New technologies are emerging rapidly in the markets where Sharp operates. Resultant changes in social infrastructure, intensified market competition, changes in technology standards, or the appearance of substitute technologies may impact Sharp's business results and financial position.

(6) Intellectual Property Rights

Sharp strives to protect its proprietary technologies by acquiring patents, trademarks, and other intellectual property rights in Japan and in other countries, and by concluding contracts with other companies. However, there is a risk that rights may not be granted, or a third party may demand invalidation of an application, such that Sharp may be unable to obtain sufficient legal protection of its proprietary technologies. In addition, intellectual property that Sharp holds may not result in a superior competitive advantage, or Sharp may not be able to make effective use of such intellectual property, such as when a third party infringes on the intellectual property rights of Sharp. There may also be instances where a third party launches litigation against Sharp, claiming infringement of intellectual property rights. Resolution of such cases may place a significant financial burden on Sharp. Furthermore, if such a third-party claim against Sharp is recognized, Sharp may have to pay a large amount of compensation, and may incur further damage by having to cease using the technology in question. Also, as a result of an M&A, a third party previously unlicensed to use Sharp's intellectual property may acquire such license, with the result that Sharp's intellectual property may lose its superiority. Alternatively, an M&A with a third party could result in Sharp's business becoming subject to new restrictions to which it had not previously been subject, the resolution of which may require Sharp to pay additional compensation. Furthermore, although compensation is given to employees for innovations that they make in the course of their work pursuant to a patent reward system governed by internal regulations, an employee may consider such payment inadequate and initiate legal action. If any of the above problems related to intellectual property were to occur, it could impact Sharp's business results and financial position.

(7) Product Liability

Sharp manufactures products in accordance with strict quality control standards to ensure the utmost in quality. In order to fulfill its responsibility as a manufacturer in case product defects do arise, Sharp has taken out insurance to cover compensations based on product liability. Nonetheless, there is still a risk of a large-scale product recall or litigation caused by unforeseen events, which may adversely affect brand image or influence Sharp's business results and financial position.

(8) Laws and Regulations

The business activities of Sharp are subject to various regulations in countries where it operates, including business and investment approval, export regulations, tariffs, accounting standards and taxation. Sharp must also adhere to various laws and regulations concerning trading, antitrust practices, product liability, consumer protection, intellectual property rights, product safety, the environment and recycling, and internal control. Changes in such laws and regulations, and additional expenses to comply with the amendments may affect Sharp's business results and financial position. Further, in a case where an accident occurs related to one of Sharp's products, report of said incident, based on the Consumer Product Safety Law and related regulations in Japan, and disclosure of the accident information based on a system for public announcements could diminish Sharp's brand image.

(9) Litigation and Other Legal Proceedings

Sharp conducts business activities around the world, and as such, there is a risk that Sharp could become involved with litigation and other legal proceedings in each country. If Sharp becomes involved in litigation or other legal proceedings, with the different legal and judicial systems in each country, depending on the case, Sharp may be ordered to pay a significant amount in damages or fines. Sharp is subject to investigations conducted by the Directorate-General for Competition of the European Commission, etc., with respect to its TFT LCD business. In addition, civil lawsuits seeking monetary damages resulting from alleged anticompetitive behavior have been filed in North America and Europe against Sharp. Sharp also received a cease and desist order and a surcharge payment order from the Japan Fair Trade Commission. However, Sharp has submitted a complaint to the Commission and the complaint is pending. It is difficult to predict the result of these proceedings and litigation at this stage. An adverse result could affect Sharp's business results and financial position.

(10) Leakage of Personal Data and Other Information

Sharp retains personal data and other confidential information concerning its customers, business partners and employees. Extreme care is taken to protect this information. A company-wide management system promotes employee education, internal auditing, and other measures aimed at ensuring compliance with management regulations. If information is leaked, however, it may reduce confidence in Sharp or result in substantial costs (associated with leakage prevention measures or indemnification for damages, for instance), which may affect Sharp's business results and financial position.

(11) Other Key Variable Factors

In addition to the aforementioned risks, Sharp's business results may be significantly affected by accidents and natural calamities such as earthquakes or typhoons; human calamities such as conflicts, insurrections or terrorism; the spread of a new strain of influenza or other infectious disease; or major fluctuations in the stock and bond markets.

Directors, Corporate Auditors and Executive Officers

(As of June 23, 2010)

Directors

Representative Director, Chairman
Katsuhiko Machida

Representative Director, President
Mikio Katayama

Representative Director
Masafumi Matsumoto

Representative Director
Toshio Adachi

Representative Director
Toshishige Hamano

Representative Director
Yoshiaki Ibuchi

Director
Kenji Ohta

Director
Nobuyuki Taniguchi

Director
Katsuaki Nomura

Director
Kunio Ito*1

Corporate Auditors

Full-time Corporate Auditors
Junzo Ueda
Shinji Hirayama*2

Corporate Auditors
Hiroshi Chumon*2
Yoichiro Natsuzumi*2

Executive Officers

Chairman
Katsuhiko Machida

President
Mikio Katayama

Executive Vice Presidents
Masafumi Matsumoto
Toshio Adachi
Toshishige Hamano
Yoshiaki Ibuchi

Senior Executive Managing Officer
Kenji Ohta

Executive Managing Officers
Shigeaki Mizushima
Nobuyuki Sugano
Takashi Nukii
Toshihiko Hirobe
Yoshisuke Hasegawa
Tetsuo Onishi
Moriyuki Okada
Kozo Takahashi

Executive Officers
Yoshiki Sano
Takashi Okuda
Toshihiko Fujimoto
Masami Ohbatake
Toru Chiba
Masatsugu Teragawa
Nobuyuki Taniguchi
Tetsuroh Muramatsu
Kazutaka Ihori
Fujikazu Nakayama
Tsuneo Nakamura
Motohiko Hayashi
Hiroshi Morimoto
Miyoshi Yamauchi
Katsuaki Nomura
Yukihiro Gentsu
Taimi Oketani
Noboru Fujimoto
Kazutoshi Goto

*1 Outside Director
*2 Outside Corporate Auditors

Financial Section

Five-Year Financial Summary

Sharp Corporation and Consolidated Subsidiaries
Years Ended March 31

	Yen (millions)					U.S. Dollars (thousands)
	2006	2007	2008	2009	**2010**	**2010**
Net Sales	¥2,797,109	¥3,127,771	¥3,417,736	¥2,847,227	**¥2,755,948**	**$29,955,957**
Domestic sales	1,397,081	1,526,938	1,590,747	1,302,261	**1,429,057**	**15,533,228**
Overseas sales	1,400,028	1,600,833	1,826,989	1,544,966	**1,326,891**	**14,422,729**
Operating Income (Loss)	163,710	186,531	183,692	(55,481)	**51,903**	**564,163**
Income (Loss) Before Income Taxes and Minority Interests	140,018	158,295	162,240	(204,139)	**6,139**	**66,728**
Net Income (Loss)	88,671	101,717	101,922	(125,815)	**4,397**	**47,793**
Net Assets*1	1,098,910	1,192,205	1,241,868	1,048,447	**1,065,860**	**11,585,435**
Total Assets	2,560,299	2,968,810	3,073,207	2,688,721	**2,836,255**	**30,828,859**
Capital Investment*2	238,839	314,301	344,262	260,337	**215,781**	**2,345,446**
Depreciation and Amortization*3	193,114	217,715	276,567	315,799	**277,257**	**3,013,663**
R&D Expenditures	154,362	189,852	196,186	195,525	**166,507**	**1,809,859**
Per Share of Common Stock	Yen					U.S. Dollars
Net income (loss)	¥ 80.85	¥ 93.25	¥ 93.17	¥ (114.33)	**¥ 4.00**	**$ 0.04**
Diluted net income	–	90.00	86.91	–	**3.78**	**0.04**
Cash dividends	22.00	26.00	28.00	21.00	**17.00**	**0.18**
Net assets	1,006.91	1,084.76	1,119.09	944.24	**949.19**	**10.32**
Other Financial Data						
Return on equity (ROE)	8.4%	8.9%	8.4%	(11.1%)	**0.4%**	–
Return on assets (ROA)	3.6%	3.7%	3.4%	(4.4%)	**0.2%**	–
Equity ratio	42.9%	39.9%	40.1%	38.6%	**36.8%**	–

*1 Effective for the year ended March 31, 2007, the Company adopted the new accounting standards, "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board Statement No. 5) and the "Implementation Guidance for the Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Financial Standards Implementation Guidance No. 8). Prior year figure has not been restated.

*2 The amount of leased properties is included in capital investment.

*3 Effective for the year ended March 31, 2008, pursuant to an amendment to the Corporate Tax Law, the Company 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 Corporate Tax Law.

	Yen (millions)					U.S. Dollars (thousands)
	2006	2007	2008	2009	**2010**	**2010**
Net Sales	¥2,797,109	¥3,127,771	¥3,417,736	¥2,847,227	**¥2,755,948**	**$29,955,957**
Sales by Product Group*4 (Sales to Outside Customers)						
Audio-Visual and Communication Equipment	1,090,905	1,381,105	1,598,199	–	**–**	**–**
Home Appliances	224,650	239,081	249,843	–	**–**	**–**
Information Equipment	421,208	437,923	437,299	–	**–**	**–**
Consumer/Information Products	1,736,763	2,058,109	2,285,341	–	**–**	**–**
LSIs	135,754	146,556	163,504	–	**–**	**–**
LCDs	633,493	628,821	683,310	–	**–**	**–**
Other Electronic Components	291,099	294,285	285,581	–	**–**	**–**
Electronic Components	1,060,346	1,069,662	1,132,395	–	**–**	**–**
Total	2,797,109	3,127,771	3,417,736	–	**–**	**–**
Audio-Visual and Communication Equipment	–	–	1,624,713	1,367,600	**1,332,129**	**14,479,663**
Health and Environmental Equipment	–	–	249,843	225,290	**244,090**	**2,653,152**
Information Equipment	–	–	410,785	306,077	**266,920**	**2,901,305**
Consumer/Information Products	–	–	2,285,341	1,898,967	**1,843,139**	**20,034,120**
LCDs	–	–	683,310	573,854	**508,630**	**5,528,587**
Solar Cells	–	–	151,011	157,095	**208,732**	**2,268,826**
Other Electronic Devices	–	–	298,074	217,311	**195,447**	**2,124,424**
Electronic Components	–	–	1,132,395	948,260	**912,809**	**9,921,837**
Total	–	–	3,417,736	2,847,227	**2,755,948**	**29,955,957**
Sales by Region*5						
Japan	1,397,081	1,526,938	1,590,747	1,302,261	**1,429,057**	**15,533,228**
The Americas	450,307	582,588	625,841	488,428	**342,923**	**3,727,424**
Europe	488,945	523,301	584,252	451,090	**393,212**	**4,274,044**
China	195,333	305,895	412,470	407,777	**365,440**	**3,972,174**
Other	265,443	189,049	204,426	197,671	**225,316**	**2,449,087**
Total	2,797,109	3,127,771	3,417,736	2,847,227	**2,755,948**	**29,955,957**

*4 Effective for the year ended March 31, 2008, some items previously included in Other Electronic Components had been reclassified and were included in LSIs. In this connection, "Sales by Product Group" of 2007 has been restated to conform with the 2008 presentation.

Effective for the year ended March 31, 2009, the Company adopted the segment classification presented above in "Sales by Product Group" in place of the former classification: Audio-Visual and Communication Equipment, Home Appliances, Information Equipment, LSIs, LCDs, and Other Electronic Components. In addition, some items previously included in Audio-Visual and Communication Equipment had been reclassified and were included in Information Equipment, and some items previously included in Information Equipment had been reclassified and were included in Audio-Visual and Communication Equipment. In this connection, "Sales by Product Group" of 2008 has been restated to conform with the 2009 presentation.

Effective for the year ended March 31, 2010, some items previously included in Information Equipment have been reclassified and are included in Audio-Visual and Communication Equipment. In this connection, "Sales by Product Group" of 2009 has been restated to conform with the 2010 presentation.

*5 For the year ended March 31, 2007, the Company recategorized its segmentation for "Sales by Region" information. Consequently, "China," which had been previously included in "Other," is indicated as one of the geographic segments and "Asia," which had been indicated as one of the geographic segments, has been reclassified into "Other." In this connection, "Sales by Region" of 2006 has been restated to conform with the 2007 presentation.

Financial Review

Sharp Corporation and Consolidated Subsidiaries

Operations

Consolidated net sales for the year ended March 31, 2010 were ¥2,755,948 million, down 3.2% from the prior year.

Sales by Product Group (Including Intersegment Sales)

The following sales by product group include internal sales between segments (Consumer/Information Products and Electronic Components).

Consumer/Information Products

Audio-Visual and Communication Equipment

Sales in this group were ¥1,332,980 million, down 2.5% from the prior year. Though sales of Blu-ray Disc recorders and LCD TVs for the Japanese market were strong, sales of LCD TVs in overseas markets declined.

Health and Environmental Equipment

Sales in this group were ¥244,137 million, up 7.9%. Sales increased for Plasmacluster Ion generators and air purifiers featuring Plasmacluster Ion technology.

Information Equipment

Sales in this group were ¥281,091 million, down 10.1%, due to a decrease in sales of digital MFPs.

Electronic Components

LCDs

Sales in this group were ¥887,255 million, down 15.9%, due to a decrease in sales of LCD panels for mobile devices.

Solar Cells

Sales in this group were ¥208,763 million, up 32.8%, reflecting sales growth in Japan, which is supported by government's subsidies for the installation of residential photovoltaic power generation systems and the start of a scheme to require utility companies to buy back surplus power generated.

Other Electronic Devices

Sales in this group were ¥289,517 million, down 6.1%, due to a decrease in sales of devices for digital products.

Financial Results

Cost of sales declined ¥162,887 million over the prior year to ¥2,229,510 million, and the cost of sales ratio decreased from 84.0% recorded in the prior year to 80.9%.

Selling, general and administrative (SG&A) expenses declined ¥35,776 million to ¥474,535 million. The ratio of SG&A expenses against net sales decreased from 17.9%

Sales by Product Group*1 (Including Intersegment Sales)

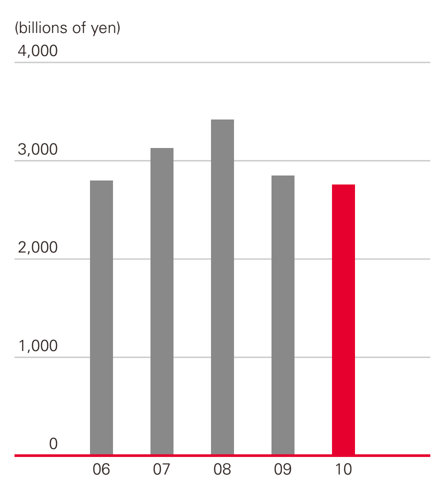
Sales by product group below include internal sales between segments (Consumer/Information Products and Electronic Components).

	Yen (millions)		U.S. Dollars (thousands)
	2009	**2010**	**2010**
Audio-Visual and Communication Equipment	¥1,367,847	**¥1,332,980**	**$14,488,913**
Health and Environmental Equipment	226,186	**244,137**	**2,653,663**
Information Equipment	312,556	**281,091**	**3,055,337**
Consumer/Information Products	1,906,589	**1,858,208**	**20,197,913**
LCDs	1,054,559	**887,255**	**9,644,076**
Solar Cells	157,145	**208,763**	**2,269,163**
Other Electronic Devices*2	308,458	**289,517**	**3,146,924**
Electronic Components	1,520,162	**1,385,535**	**15,060,163**
Elimination	(579,524)	**(487,795)**	**(5,302,119)**
Total	2,847,227	**2,755,948**	**29,955,957**

*1 Effective for the year ended March 31, 2010, some items previously included in Information Equipment have been reclassified and are included in Audio-Visual and Communication Equipment. In this connection, "Sales by Product Group" of 2009 has been restated to conform with the 2010 presentation.

*2 Other Electronic Device group's sales do not include internal sales to the LCD/Solar Cell groups.

Net Sales



to 17.2%. SG&A expenses include advertising expenses of ¥50,246 million, and employees' salaries and other benefits expenses of ¥113,517 million.

As a result, operating income amounted to ¥51,903 million compared to an operating loss of ¥55,481 million in the prior year.

Other expenses, net of other income, were in a net loss position and amounted to ¥45,764 million.

Income before income taxes and minority interests amounted to ¥6,139 million compared to a loss before income taxes and minority interests of ¥204,139 million in the prior year. Net income for the year was ¥4,397 million compared to a net loss of ¥125,815 million in the prior year. Net income per share of common stock was ¥4.00.

Segment Information

By Business Segment

Sales in the Consumer/Information Products segment decreased by 2.5% over the prior year to ¥1,858,208 million. Operating income amounted to ¥33,983 million compared to an operating loss of ¥33,769 million in the prior year.

Sales in the Electronic Components segment decreased by 8.9% to ¥1,385,535 million, while operating income amounted to ¥20,134 million compared to an operating loss of ¥23,975 million in the prior year.

By Geographic Segment

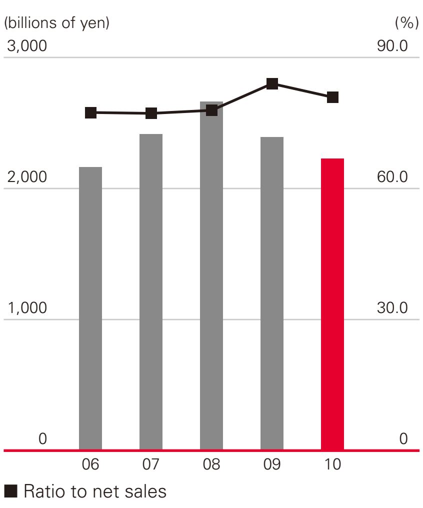
In Japan, sales decreased by 4.0% over the prior year to ¥2,324,903 million and operating income amounted to ¥10,785 million compared to an operating loss of ¥74,552 million in the prior year. Sales increased for LCD TVs, solar cells, Plasmacluster Ion generators and air purifiers featuring Plasmacluster Ion technology. Sales of LCD panels for mobile devices significantly declined. Profitability improved for LCD TVs, mobile phones and health and environmental products.

In the Americas, sales decreased by 27.8% to ¥322,157 million and operating income amounted to ¥818 million compared to an operating loss of ¥1,057 million in the prior year. Sales of LCD TVs and LCD panels for mobile devices declined. Profitability improved for LCD TVs and health and environmental products.

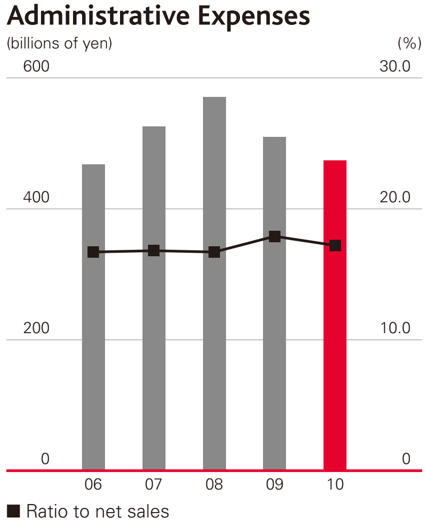
In Europe, sales decreased by 12.7% to ¥375,898 million and operating income amounted to ¥6,890 million compared to operating income of ¥7,395 million in the prior year. Although sales of solar cells increased, sales of LCD TVs and LCD panels for mobile devices declined.

In China, sales decreased by 17.9% to ¥527,957 million and operating income amounted to ¥12,105 million compared to operating income of ¥9,988 million in the prior year. Although sales of mobile phones increased, sales of LCD panels for mobile devices significantly declined.

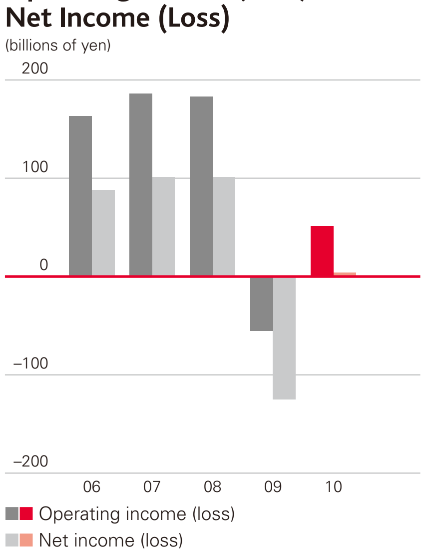
Cost of Sales



Selling, General and Administrative Expenses



Operating Income (Loss)/ Net Income (Loss)



Financial Section

In Other, sales increased by 1.4% to ¥320,084 million and operating income amounted to ¥7,908 million compared to operating income of ¥5,158 million in the prior year. Although sales of facsimiles declined, sales of Blu-ray Disc recorders increased.

Capital Investment* and Depreciation

Capital investment for the fiscal year was ¥215,781 million, down 17.1% from the prior year. The majority of this was investment for the construction of a new LCD panel plant at GREEN FRONT SAKAI, and for the commencement of its operations, which are aimed at enhancing competitiveness and improving profitability of large-size LCD panels. Additionally, a portion of this investment also relates to the construction of a new solar cell plant at GREEN FRONT SAKAI.

By business segment, capital investment for Consumer/Information Products was ¥32,648 million, and for Electronic Components was ¥183,133 million.

Depreciation and amortization decreased by 12.2% to ¥277,257 million.

*The amount of leased properties is included in capital investment.

Assets, Liabilities and Net Assets

Total assets increased by ¥147,534 million over the prior year to ¥2,836,255 million.

Assets

Current assets amounted to ¥1,417,535 million, an increase of ¥115,573 million from the prior year. This was mainly due to an increase of ¥106,654 million in notes and accounts receivable to ¥536,718 million. Inventories increased by ¥11,278 million to ¥411,263 million. Included in inventories, finished products decreased by ¥14,959 million to ¥164,670 million, work in process increased by ¥21,609 million to ¥170,091 million, and raw materials increased by ¥4,628 million to ¥76, 502 million.

Plant and equipment decreased by ¥4,471 million to ¥1,027,604 million.

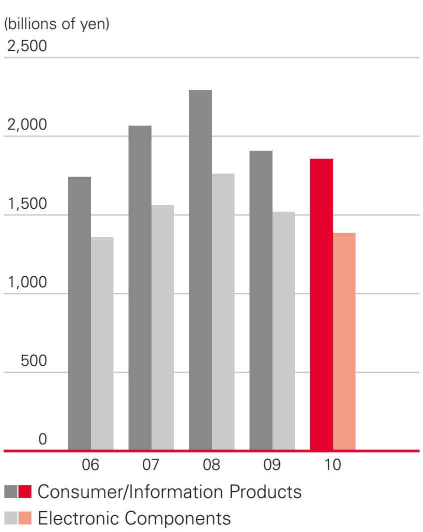
Investments and other assets amounted to ¥391,116 million, an increase of ¥36,432 million mainly due to increases in investments in securities and other assets.

Liabilities

Current liabilities increased by ¥33,937 million from the prior year to ¥1,223,906 million. Short-term borrowings decreased by ¥103,589 million to ¥302,184 million. Included in short-term borrowings, bank loans increased by ¥9,107 million to ¥70,452 million, commercial paper

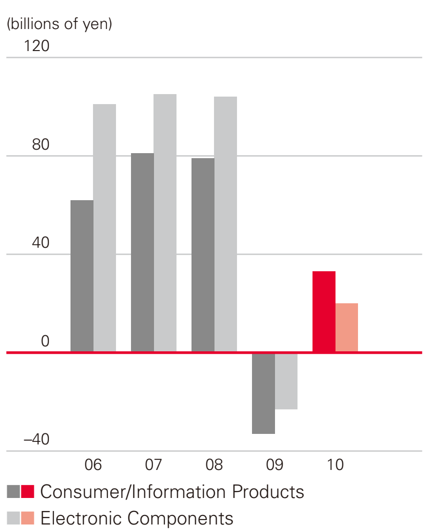
Information by Business Segment

Sales*1



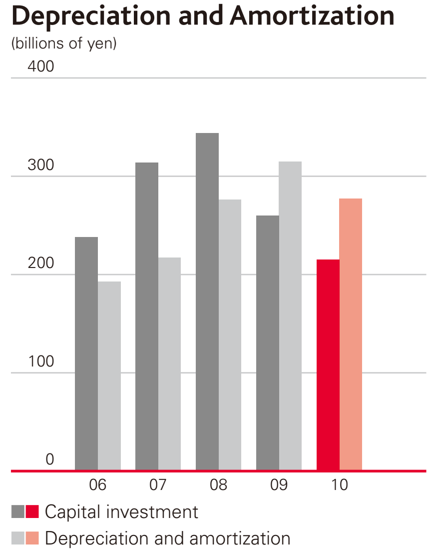
*1 Including intersegment sales

Operating Income (Loss)*2



*2 Before elimination of intersegment trading

Capital Investment/ Depreciation and Amortization



Financial Section

decreased by ¥169,671 million to ¥165,755 million, and current portion of long-term debt increased by ¥57,138 million to ¥65,977 million. Notes and accounts payable were ¥653,153 million, a decrease of ¥100,668 million.

Long-term liabilities increased by ¥96,184 million to ¥546,489 million. This was mainly due to an increase of ¥93,810 million in long-term debt.

Interest-bearing debt was ¥820,135 million, a decrease of ¥9,616 million.

Net Assets

Net assets amounted to ¥1,065,860 million, an increase of ¥17,413 million compared to the prior year. This was due to an increase of ¥12,020 million in minority interests to ¥21,353 million and other increases, which was slightly offset by a decrease of ¥15,129 million in retained earnings to ¥649,795 million. The equity ratio was 36.8%.

Cash Flows

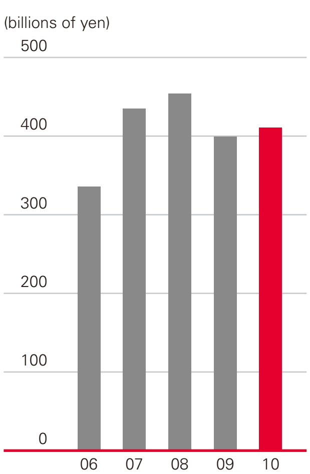
Cash and cash equivalents at end of year were ¥328,125 million, an increase of ¥10,767 million over the prior year, as proceeds from operating activities exceeded payments in investing activities, associated with capital investments and payments for financing activities.

Net cash provided by operating activities increased by ¥278,129 million to ¥303,564 million. This was mainly due to ¥6,139 million of income before income taxes and minority interests, a recovery from the previous year when a ¥204,139 million loss before income taxes and minority interests was recognized. Additionally, there was an increase in payables of ¥131,698 million compared to a decrease in payables of ¥175,734 million recorded in the prior year. These changes were slightly offset by an increase of ¥87,301 million in notes and accounts receivable compared to a decrease of ¥102,119 million in the prior year.

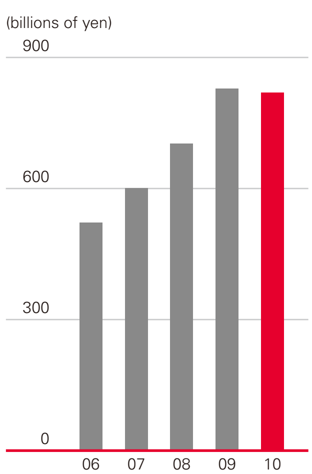
Net cash used in investing activities amounted to ¥253,805 million, an increase of ¥31,576 million. This was mainly due to a decrease of ¥64,889 million in proceeds from withdrawal of time deposits, which was slightly offset by a decrease of ¥34,325 million in payments into time deposits.

Net cash used in financing activities amounted to ¥35,441 million, a difference of ¥221,670 million from the net cash provided by financing activities in the prior year. This was mainly due to a decrease of ¥171,315 million in short-term borrowings, net, compared to an increase of ¥163,494 million in the prior year, which was slightly offset by an increase of ¥68,262 million in proceeds from long-term debt.

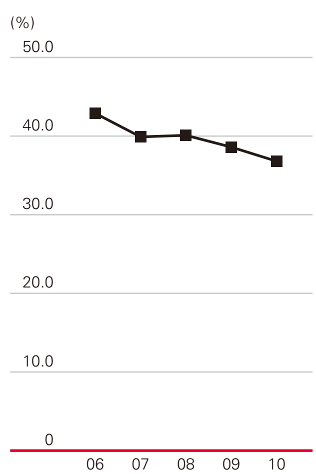
Inventories



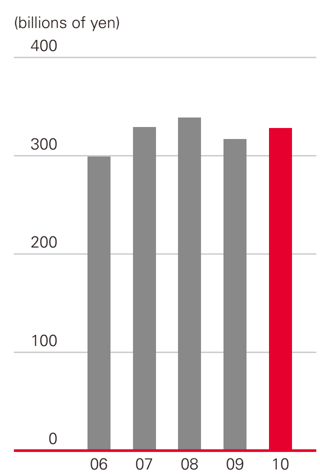
Interest-Bearing Debt



Equity Ratio



Cash and Cash Equivalents



Consolidated Balance Sheets

Sharp Corporation and Consolidated Subsidiaries as of March 31, 2009 and 2010

	Yen (millions)		U.S. Dollars (thousands)
	2009	**2010**	**2010**
ASSETS			
Current Assets:			
Cash and cash equivalents (Note 7)	¥ 317,358	**¥ 328,125**	**$ 3,566,576**
Time deposits (Note 7)	19,579	**20,289**	**220,533**
Notes and accounts receivable (Note 7)—			
Trade	417,483	**526,422**	**5,721,978**
Nonconsolidated subsidiaries and affiliates	17,756	**15,293**	**166,228**
Allowance for doubtful receivables	(5,175)	**(4,997)**	**(54,315)**
Inventories (Note 3)	399,985	**411,263**	**4,470,250**
Deferred tax assets (Note 4)	60,538	**64,347**	**699,424**
Other current assets	74,438	**56,793**	**617,315**
Total current assets	1,301,962	**1,417,535**	**15,407,989**
Plant and Equipment, at Cost (Note 6):			
Land	97,653	**101,573**	**1,104,054**
Buildings and structures	692,894	**795,380**	**8,645,435**
Machinery and equipment	2,006,779	**2,030,447**	**22,070,076**
Construction in progress	110,390	**36,138**	**392,804**
	2,907,716	**2,963,538**	**32,212,369**
Less accumulated depreciation	(1,875,641)	**(1,935,934)**	**(21,042,760)**
	1,032,075	**1,027,604**	**11,169,609**
Investments and Other Assets:			
Investments in securities (Notes 2 and 7)	44,606	**59,669**	**648,576**
Investments in nonconsolidated subsidiaries and affiliates	28,287	**32,543**	**353,728**
Bond issue cost	3,524	**3,173**	**34,489**
Deferred tax assets (Note 4)	113,314	**115,667**	**1,257,250**
Other assets	164,953	**180,064**	**1,957,218**
	354,684	**391,116**	**4,251,261**
	¥ 2,688,721	**¥ 2,836,255**	**$ 30,828,859**

The accompanying notes to the consolidated financial statements are an integral part of these statements.

	Yen (millions)		U.S. Dollars (thousands)
	2009	**2010**	**2010**
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Short-term borrowings, including current portion of long-term debt (Notes 5 and 7)	¥ 405,773	**¥ 302,184**	**$ 3,284,609**
Notes and accounts payable (Note 7)—			
Trade	441,939	**548,988**	**5,967,261**
Construction and other	107,126	**100,418**	**1,091,500**
Nonconsolidated subsidiaries and affiliates	3,420	**3,747**	**40,728**
Accrued expenses	188,299	**198,274**	**2,155,152**
Income taxes (Note 4)	5,461	**14,149**	**153,793**
Other current liabilities (Note 4)	37,951	**56,146**	**610,283**
Total current liabilities	1,189,969	**1,223,906**	**13,303,326**
Long-term Liabilities:			
Long-term debt (Notes 5 and 7)	424,141	**517,951**	**5,629,902**
Allowance for severance and pension benefits (Note 11)	5,719	**5,462**	**59,370**
Other long-term liabilities (Note 4)	20,445	**23,076**	**250,826**
	450,305	**546,489**	**5,940,098**
Contingent Liabilities (Note 10)			
Net Assets (Note 9)**:**			
Common stock:			
Authorized —2,500,000 thousand shares			
Issued —1,110,699 thousand shares	204,676	**204,676**	**2,224,739**
Capital surplus	268,538	**268,534**	**2,918,848**
Retained earnings	664,924	**649,795**	**7,062,989**
Less cost of treasury stock:			
10,219 thousand shares in 2009 and 10,285 thousand shares in 2010	(13,740)	**(13,805)**	**(150,054)**
Net unrealized holding gains (losses) on securities	(1,946)	**7,372**	**80,130**
Deferred gains (losses) on hedges	(9,142)	**218**	**2,370**
Foreign currency translation adjustments	(74,196)	**(72,283)**	**(785,685)**
Minority interests	9,333	**21,353**	**232,098**
Total net assets	1,048,447	**1,065,860**	**11,585,435**
	¥2,688,721	**¥2,836,255**	**$30,828,859**

Consolidated Statements of Operations

Sharp Corporation and Consolidated Subsidiaries for the Years Ended March 31, 2009 and 2010

	Yen (millions)		U.S. Dollars (thousands)
	2009	**2010**	**2010**
Net Sales	¥2,847,227	**¥2,755,948**	**$29,955,957**
Cost of Sales	2,392,397	**2,229,510**	**24,233,805**
Gross profit	454,830	**526,438**	**5,722,152**
Selling, General and Administrative Expenses	510,311	**474,535**	**5,157,989**
Operating income (loss)	(55,481)	**51,903**	**564,163**
Other Income (Expenses):			
Interest and dividends income	7,009	**3,547**	**38,554**
Interest expenses	(9,147)	**(7,794)**	**(84,717)**
Foreign exchange gains (losses), net	(6,137)	**(4,256)**	**(46,261)**
Gain on sales of subsidiaries and affiliates' stocks	18,521	**–**	**–**
Loss on sales of investment securities	(1,914)	**–**	**–**
Loss on valuation of investment securities	(49,875)	**–**	**–**
Loss on valuation of inventories	(7,639)	**–**	**–**
Restructuring charges (Note 13)	(58,439)	**(20,078)**	**(218,239)**
Loss on violation of the antitrust law	(12,004)	**–**	**–**
Other, net	(29,033)	**(17,183)**	**(186,772)**
	(148,658)	**(45,764)**	**(497,435)**
Income (loss) before income taxes and minority interests	(204,139)	**6,139**	**66,728**
Income Taxes (Note 4)**:**			
Current	4,274	**15,092**	**164,043**
Deferred	(83,177)	**(15,090)**	**(164,022)**
	(78,903)	**2**	**21**
Income (loss) before minority interests	(125,236)	**6,137**	**66,707**
Minority Interests in Income of Consolidated Subsidiaries	(579)	**(1,740)**	**(18,914)**
Net income (loss)	¥ (125,815)	**¥ 4,397**	**$ 47,793**

	Yen		U.S. Dollars
	2009	**2010**	**2010**
Per Share of Common Stock (Note 9)**:**			
Net income (loss)	¥ (114.33)	**¥ 4.00**	**$ 0.04**
Diluted net income	–	**3.78**	**0.04**
Cash dividends	21.00	**17.00**	**0.18**

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

Sharp Corporation and Consolidated Subsidiaries for the Years Ended March 31, 2009 and 2010

	(thousands)	Yen (millions)								
	Number of shares	Common stock (Note 9)	Capital surplus (Note 9)	Retained earnings (Note 9)	Treasury stock	Net unrealized holding gains (losses) on securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Minority interests	Total
Balance at March 31, 2008	1,110,699	¥204,676	¥268,582	¥ 816,387	¥(13,711)	¥ 1,662	¥ 145	¥(46,155)	¥10,282	¥1,241,868
Net loss				(125,815)						(125,815)
Dividends from surplus				(30,814)						(30,814)
Effect of changes in accounting policies applied to foreign subsidiaries				5,101						5,101
Effect of unfunded retirement benefit obligation of foreign subsidiaries				65						65
Purchase of treasury stock					(176)					(176)
Disposal of treasury stock			(44)		147					103
Net changes of items other than shareholders' equity						(3,608)	(9,287)	(28,041)	(949)	(41,885)
Balance at March 31, 2009	**1,110,699**	**¥204,676**	**¥268,538**	**¥ 664,924**	**¥(13,740)**	**¥(1,946)**	**¥(9,142)**	**¥(74,196)**	**¥ 9,333**	**¥1,048,447**
Net income				**4,397**						**4,397**
Dividends from surplus				**(15,406)**						**(15,406)**
Change of scope of consolidation				**(1,090)**						**(1,090)**
Change of scope of equity method				**(26)**						**(26)**
Effect resulting from change of accounting period of consolidated subsidiaries				**(1,956)**						**(1,956)**
Effect of unfunded retirement benefit obligation of foreign subsidiaries				**(1,048)**						**(1,048)**
Purchase of treasury stock					**(80)**					**(80)**
Disposal of treasury stock			**(4)**		**15**					**11**
Net changes of items other than shareholders' equity						**9,318**	**9,360**	**1,913**	**12,020**	**32,611**
Balance at March 31, 2010	**1,110,699**	**¥204,676**	**¥268,534**	**¥ 649,795**	**¥(13,805)**	**¥ 7,372**	**¥ 218**	**¥(72,283)**	**¥21,353**	**¥1,065,860**

	(thousands)	U.S. Dollars (thousands)								
	Number of shares	Common stock (Note 9)	Capital surplus (Note 9)	Retained earnings (Note 9)	Treasury stock	Net unrealized holding gains (losses) on securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Minority interests	Total
Balance at March 31, 2009	**1,110,699**	**$2,224,739**	**$2,918,891**	**$7,227,435**	**$(149,348)**	**$(21,152)**	**$(99,370)**	**$(806,478)**	**$101,446**	**$11,396,163**
Net income				**47,793**						**47,793**
Dividends from surplus				**(167,456)**						**(167,456)**
Change of scope of consolidation				**(11,848)**						**(11,848)**
Change of scope of equity method				**(283)**						**(283)**
Effect resulting from change of accounting period of consolidated subsidiaries				**(21,261)**						**(21,261)**
Effect of unfunded retirement benefit obligation of foreign subsidiaries				**(11,391)**						**(11,391)**
Purchase of treasury stock					**(870)**					**(870)**
Disposal of treasury stock			**(43)**		**164**					**121**
Net changes of items other than shareholders' equity						**101,282**	**101,740**	**20,793**	**130,652**	**354,467**
Balance at March 31, 2010	**1,110,699**	**$2,224,739**	**$2,918,848**	**$7,062,989**	**$(150,054)**	**$ 80,130**	**$ 2,370**	**$(785,685)**	**$232,098**	**$11,585,435**

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statements of Cash Flows

Sharp Corporation and Consolidated Subsidiaries for the Years Ended March 31, 2009 and 2010

	Yen (millions)		U.S. Dollars (thousands)
	2009	**2010**	**2010**
Cash Flows from Operating Activities:			
Income (loss) before income taxes and minority interests	¥(204,139)	**¥ 6,139**	**$ 66,728**
Adjustments to reconcile income (loss) before income taxes and minority interests to net cash provided by operating activities—			
Depreciation and amortization of properties and intangibles	305,115	**264,429**	**2,874,228**
Interest and dividends income	(7,009)	**(3,547)**	**(38,554)**
Interest expenses	9,147	**7,794**	**84,717**
Foreign exchange losses	2,217	**3,609**	**39,229**
Loss on sales and retirement of noncurrent assets	10,576	**4,930**	**53,587**
Gain on sales of subsidiaries and affiliate's stocks	(18,521)	**–**	**–**
Loss on valuation of investment securities	49,875	**442**	**4,804**
Loss on violation of the antitrust law	12,004	**–**	**–**
(Increase) decrease in notes and accounts receivable	102,119	**(87,301)**	**(948,924)**
(Increase) decrease in inventories	27,180	**(22,250)**	**(241,848)**
Increase (decrease) in payables	(175,734)	**131,698**	**1,431,500**
Other, net	(53,539)	**(7,425)**	**(80,706)**
Total	59,291	**298,518**	**3,244,761**
Interest and dividends income received	8,735	**4,041**	**43,924**
Interest expenses paid	(9,179)	**(7,551)**	**(82,076)**
Income taxes (paid) refund	(33,412)	**8,556**	**93,000**
Net cash provided by operating activities	25,435	**303,564**	**3,299,609**
Cash Flows from Investing Activities:			
Payments into time deposits	(74,089)	**(39,764)**	**(432,217)**
Proceeds from withdrawal of time deposits	104,027	**39,138**	**425,413**
Proceeds from sales of short-term investment securities	2,500	**–**	**–**
Proceeds from sales of stocks of subsidiaries and affiliates resulting in change in scope of consolidation	28,278	**–**	**–**
Purchase of property, plant and equipment	(237,801)	**(222,772)**	**(2,421,435)**
Proceeds from sales of property, plant and equipment	893	**1,910**	**20,761**
Purchase of investment securities and investments in nonconsolidated subsidiaries and affiliates	(5,504)	**(4,101)**	**(44,576)**
Proceeds from sales of investment securities and investments in nonconsolidated subsidiaries and affiliates	3,843	**1,207**	**13,120**
Payments of loans receivable	(304,267)	**(226,114)**	**(2,457,761)**
Collection of loans receivable	306,520	**226,281**	**2,459,576**
Other, net	(46,629)	**(29,590)**	**(321,631)**
Net cash used in investing activities	(222,229)	**(253,805)**	**(2,758,750)**
Cash Flows from Financing Activities:			
Net (decrease) increase in short-term borrowings	163,494	**(171,315)**	**(1,862,119)**
Proceeds from long-term debt	88,912	**157,174**	**1,708,413**
Repayments of long-term debt	(35,031)	**(15,634)**	**(169,935)**
Proceeds from stock issuance to minority shareholders	–	**10,000**	**108,696**
Purchase of treasury stock	(176)	**(80)**	**(870)**
Cash dividends paid	(30,804)	**(15,411)**	**(167,511)**
Other, net	(166)	**(175)**	**(1,902)**
Net cash (used in) provided by financing activities	186,229	**(35,441)**	**(385,228)**
Effect of Exchange Rate Change on Cash and Cash Equivalents	(12,001)	**(4,187)**	**(45,511)**
Net Increase (Decrease) in Cash and Cash Equivalents	(22,566)	**10,131**	**110,120**
Cash and Cash Equivalents at Beginning of Year	339,266	**317,358**	**3,449,543**
Increase in Cash and Cash Equivalents from Newly Consolidated Subsidiary	550	**228**	**2,478**
Increase in Cash and Cash Equivalents resulting from Merger	108	**69**	**750**
Increase in Cash and Cash Equivalents resulting from Change of Accounting Period of Consolidated Subsidiaries	–	**339**	**3,685**
Cash and Cash Equivalents at End of Year	¥ 317,358	**¥ 328,125**	**$ 3,566,576**

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Notes to Consolidated Financial Statements

Sharp Corporation and Consolidated Subsidiaries

1. Summary of Significant Accounting and Reporting Policies

(a) Basis of presenting consolidated financial statements

The accompanying consolidated financial statements of Sharp Corporation ("the Company") and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards ("IFRS").

The financial statements of the Company's overseas consolidated subsidiaries for consolidation purposes have been prepared in conformity with IFRS or generally accepted accounting principles in the United States of America ("US GAAP"), and partially reflect the adjustments which are necessary to conform with Japanese GAAP.

The accompanying consolidated financial statements have been restructured and translated into English (with certain expanded disclosures) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Japanese Financial Instruments and Exchange Law. Certain supplementary information included in the Japanese language statutory consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2010, which was ¥92 to U.S. $1.00. The translations should not be construed as a representation that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

(b) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and significant companies over which the Company has power of control through majority voting right or existence of certain conditions evidencing control by the Company. Investments in nonconsolidated subsidiaries and affiliates over which the Company has the ability to exercise significant influence over operating and financial policies are accounted for using the equity method.

In the elimination of investments in consolidated subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are evaluated using the fair value at the time the Company acquired control of the respective subsidiary.

Material intercompany balances, transactions and unrealized profits have been eliminated in consolidation.

Sharp Office Equipments (Changshu) Co., Ltd. and 7 other consolidated subsidiaries have fiscal year end of December 31. Previously, the Company's consolidated financial statements included the accounts of these subsidiaries as of December 31, with appropriate adjustments for significant transactions which have occurred from December 31 through to the consolidated fiscal year end of March 31. Effective for the year ended March 31, 2010, the Company's consolidated financial statements include the accounts of these subsidiaries as of March 31, to provide more appropriate and timely disclosure. The gains and losses of these subsidiaries, incurred from January 1, 2009 to March 31, 2009, have been included as a change in retained earnings.

(c) Translation of foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at current rates at each balance sheet date, and the resulting translation gains or losses are charged to income.

Assets and liabilities are translated at current rates at each balance sheet date, net assets accounts are translated at historical rates, and revenues and expenses are translated at average rates prevailing during the year. The resulting foreign currency translation adjustments are shown as a separate component in net assets.

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits on demand placed with banks and highly liquid investments with insignificant risk of changes in value which have maturities of three months or less when purchased.

(e) Investments in securities

Investments in securities consist principally of marketable and nonmarketable equity securities.

The Company and its domestic consolidated subsidiaries categorize those securities as "other securities," which, in principle, include all securities other than trading securities and held-to-maturity securities.

Other securities with available fair market values are stated at fair market value, which is calculated as the average of market prices during the last month of the fiscal year. Unrealized holding gains and losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. Realized gains and losses on the sale of such securities are principally computed using average cost.

Other securities with no available fair market values are stated at average cost.

If the fair market value of other securities declines significantly, such securities are stated at fair market value and the difference between the fair market value and the carrying amount is recognized as loss in the period of decline. If the net asset value of other securities with no available fair market values declines significantly, the securities are written down to the net asset value and charged to income. In these cases, the fair market value or the net asset value is carried forward to the next year.

(f) Inventories

Inventories held by the Company and its domestic consolidated subsidiaries are primarily stated at moving average cost (for balance sheet valuation, in the event that an impairment is determined inventories impairment is computed using net realizable value). For overseas consolidated subsidiaries, inventories are stated at the lower of moving average cost or market.

(g) Depreciation and amortization

For the Company and its domestic consolidated subsidiaries, depreciation of plant and equipment, other than lease assets is computed using the declining-balance method, except for machinery and equipment at the LCD plants in Mie, Kameyama and Sakai, as well as buildings (excluding attached structures) acquired by the Company and its domestic consolidated subsidiaries on and after April 1, 1998; All of which are depreciated using the straight-line method over the estimated useful life of the asset. Properties at overseas consolidated subsidiaries are depreciated using the straight-line method.

Maintenance and repairs, including minor renewals and betterments, are charged to income as incurred.

Amortization of intangible assets except for lease assets is computed using the straight-line method.

Depreciation of lease assets under finance leases that do not transfer ownership is computed using the straight-line method, using the lease period as the depreciable life and the residual value as zero. Finance leases of the Company and its domestic consolidated subsidiaries that do not transfer ownership, for which the starting date of the lease transaction is on and before March 31, 2008, lease payments are recognized as expenses.

(h) Accrued bonuses

The Company and its domestic consolidated subsidiaries accrue estimated amounts of employees' bonuses based on the estimated amounts to be paid in the subsequent period.

(i) Income taxes

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

(j) Severance and pension benefits

The Company and its domestic consolidated subsidiaries have primarily a trustee noncontributory defined benefit pension plan for their employees to supplement a governmental welfare pension plan.

Certain overseas consolidated subsidiaries primarily have defined contribution pension plans and lump-sum retirement benefit plans.

The Company and its domestic consolidated subsidiaries provide an allowance for severance and pension benefits based on the estimated amounts of projected benefit obligation and the fair value of plan assets at the balance sheet date. Projected benefit obligation and expenses for severance and pension benefits are determined based on the amounts actuarially calculated using certain assumptions.

Prior service costs are amortized using the straight-line method over the average of the estimated remaining service years (16 years) commencing with the current period. Actuarial gains and losses are primarily amortized using the straight-line method over the average of the estimated remaining service years (16 years) commencing with the following period.

(k) Research and development expenses and software costs

Research and development expenses are charged to income as incurred. The research and development expenses are charged to income amounted to ¥195,525 million and ¥166,507 million ($1,809,859 thousand) for the years ended March 31, 2009 and 2010, respectively.

Software costs are recorded principally in other assets. Software used by the Company is amortized using the straight-line method over the estimated useful life of principally 5 years, and software embedded in products is amortized over the forecasted sales quantity.

(l) Derivative financial instruments

The Company and some of its consolidated subsidiaries use derivative financial instruments, including foreign exchange forward contracts and interest rate swap agreements, in order to hedge the risk of fluctuations in foreign currency exchange rates and interest rates associated with assets and liabilities denominated in foreign currencies and debt obligations.

All derivative financial instruments are stated at fair value and recorded on the balance sheets. The deferred method is used for recognizing gains or losses on hedging instruments and the hedged items. When foreign exchange forward contracts meet certain conditions, the hedged items are stated by the forward exchange contract rates.

If certain hedging criteria are met, interest rate swaps are not recognized at their fair values as an alternative method under Japanese accounting standards. The net amounts received or paid for such interest rate swap arrangements are charged or credited to income as incurred.

Derivative financial instruments are used based on internal policies and procedures on risk control.

The risks of fluctuations in foreign currency exchange rates and interest rates have been assumed to be completely hedged over the period of hedging contracts as the major conditions of the hedging instruments and the hedged items are consistent. Accordingly, an evaluation of the effectiveness of the hedging contracts is not required.

The credit risk of such derivatives is assessed as being low because the counter-parties of these transactions have good credit ratings with financial institutions.

(m) Changes in accounting methods

(1) Standard and Method for Measurement of Inventories

Effective for the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries have applied the "Accounting Standard for Measurement of Inventories" (Accounting Standards Board of Japan (ASBJ) Statement No. 9, issued by the ASBJ on July 5, 2006). As a result, for the year ended March 31, 2009, operating loss and loss before income taxes and minority interests increase by ¥5,274 million and ¥12,919 million, respectively, compared to amounts calculated under the previous method.

Also, valuation methods for raw materials and work in process had previously been based on the last invoice method. However, effective for the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries have adopted the moving average method in order to properly reflect the impact of fluctuations in raw material prices on financial statements, and to achieve more appropriate periodic accounting of profit and loss. This change has an immaterial impact on the financial statements for the year ended March 31, 2009.

The effect of these changes on segmented information is stated in Note 12. Segment Information.

(2) Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

Effective for the year ended March 31, 2009, the Company has applied the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18, issued by the ASBJ on May 17, 2006) and made revisions required for consolidated accounting. As a result, for the year ended March 31, 2009, operating loss and loss before income taxes and minority interests increase by ¥1,804 million and ¥1,922 million, respectively, compared to amounts calculated under the previous method. The effect of this change on segmented information is stated in Note 12. Segment Information.

(3) Accounting Standard for Lease Transactions

Previously, lease payments under finance leases that do not transfer ownership of the leased property to the lessee had been recognized as expenses. However, effective for the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries have applied the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, revised on March 30, 2007 (originally issued by the 1st committee of the Business Accounting Council on June 17, 1993)) and the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16, revised on March 30, 2007 (originally issued by the Auditing Standards Committee of JICPA on January 18, 1994)) and are accounting for such transactions as capital lease transactions. Finance leases that do not transfer ownership for which the starting date of the lease transaction is on and before March 31, 2008, lease payments are recognized as expenses. This change has an immaterial impact on the financial statements for the year ended March 31, 2009. The effect of this change on segmented information is stated in Note 12. Segment Information.

(4) Accounting Standard for Recognizing Revenues and Costs of Construction Contracts

Previously, revenues and costs of construction contracts had been recognized using the completed-contract method. Effective for the year ended March 31, 2010, the Company and its domestic consolidated subsidiaries have applied the following accounting standards; "Accounting Standard for Construction Contracts" (ASBJ Statement No. 15, issued by the ASBJ on December 27, 2007) and the "Guidance on Accounting Standard for Construction Contracts" (ASBJ Guidance No. 18, issued by the ASBJ on December 27, 2007). Accordingly, for construction contracts which commenced on and after April 1, 2009, and for which the outcome of the construction activity is deemed certain as of March 31, 2010, the percentage-of-completion method has been applied, otherwise the complete-contract method has been applied. Under the percentage-of-completion method, revenue is recognized, based on the percentage of the actual costs incurred of the estimated total cost. This change has an immaterial impact on the financial statements for the year ended March 31, 2010. The effect of this change on segmented information is stated in Note 12. Segment Information.

(5) Accounting Standard for Pension Benefits
Effective for the year ended March 31, 2010, the Company and its domestic consolidated subsidiaries have applied the "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (ASBJ Statement No. 19, issued by the ASBJ on July 31, 2008). This change has no impact on the financial statements for the year ended March 31, 2010.

2. Investments in Securities

The following is a summary of other securities with available fair market values as of March 31, 2009 and 2010:

	Yen (millions)			
				2010
	Acquisition cost	Unrealized gains	Unrealized losses	Fair market value
Equity securities	**¥38,955**	**¥17,423**	**¥(4,661)**	**¥51,717**
	¥38,955	**¥17,423**	**¥(4,661)**	**¥51,717**

	U.S. Dollars (thousands)			
				2010
	Acquisition cost	Unrealized gains	Unrealized losses	Fair market value
Equity securities	**$423,424**	**$189,380**	**$(50,663)**	**$562,141**
	$423,424	**$189,380**	**$(50,663)**	**$562,141**

	Yen (millions)			
				2009
	Acquisition cost	Unrealized gains	Unrealized losses	Fair market value
Equity securities	¥40,142	¥4,003	¥(7,142)	¥37,003
	¥40,142	¥4,003	¥(7,142)	¥37,003

The proceeds from sales of other securities were ¥1,715 million and ¥1,207 million ($13,120 thousand) for the years ended March 31, 2009 and 2010, respectively. The gross realized gains on those sales were ¥224 million and ¥187 million ($2,033 thousand), respectively. The gross realized losses on those sales were ¥1,915 million and ¥0 million ($0 thousand), respectively.

3. Inventories

Inventories as of March 31, 2009 and 2010 were as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2009	**2010**	**2010**
Finished products	¥179,629	**¥164,670**	**$1,789,891**
Work in process	148,482	**170,091**	**1,848,815**
Raw materials	71,874	**76,502**	**831,544**
	¥399,985	**¥411,263**	**$4,470,250**

4. Income Taxes

The Company is subject to a number of different income taxes which, in the aggregate, indicate a normal tax rate in Japan of approximately 40.6% for the years ended March 31, 2009 and 2010.

The Company and its wholly owned domestic subsidiaries have adopted the consolidated tax return system of Japan.

The following table summarizes the significant differences between the normal tax rate and the effective tax rate for financial statements purposes for the year ended March 31, 2010:

	2010
Normal tax rate	**40.6%**
Differences in normal tax rates of overseas subsidiaries	**(69.8)**
Tax credit	**(13.7)**
Tax effect on equity in earnings of affiliates, net	**(8.5)**
Dividends income	**24.2**
Expenses not deductible for tax purposes	**23.8**
Other	**3.4**
Effective tax rate	**0.0%**

The difference between the normal tax rate and the effective tax rate for financial statements purposes for the year ended March 31, 2009 is omitted because loss before income taxes and minority interests is recorded.

Significant components of deferred tax assets and deferred tax liabilities as of March 31, 2009 and 2010 were as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2009	2010	2010
Deferred tax assets:			
Inventories	¥ 24,460	**¥ 21,098**	**$ 229,326**
Allowance for doubtful receivables	1,907	**1,641**	**17,837**
Accrued bonuses	9,691	**10,702**	**116,326**
Warranty reserve	2,764	**3,174**	**34,500**
Software	25,644	**20,825**	**226,359**
Long-term prepaid expenses	16,928	**16,600**	**180,435**
Loss carried forward	86,403	**130,647**	**1,420,076**
Other	42,919	**47,498**	**516,282**
Gross deferred tax assets	210,716	**252,185**	**2,741,141**
Valuation allowance	(3,915)	**(4,409)**	**(47,924)**
Total deferred tax assets	206,801	**247,776**	**2,693,217**
Deferred tax liabilities:			
Retained earnings appropriated for tax allowable reserves	(19,858)	**(57,209)**	**(621,837)**
Undistributed earnings of overseas subsidiaries	(3,838)	**–**	**–**
Other	(11,869)	**(16,359)**	**(177,815)**
Total deferred tax liabilities	(35,565)	**(73,568)**	**(799,652)**
Net deferred tax assets	¥171,236	**¥174,208**	**$1,893,565**

Net deferred tax assets as of March 31, 2009 and 2010 were included in the consolidated balance sheets as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2009	2010	2010
Deferred tax assets (Current Assets)	¥ 60,538	**¥ 64,347**	**$ 699,424**
Deferred tax assets (Investments and Other Assets)	113,314	**115,667**	**1,257,250**
Other current liabilities	(1)	**(23)**	**(250)**
Other long-term liabilities	(2,615)	**(5,783)**	**(62,859)**
Net deferred tax assets	¥171,236	**¥174,208**	**$1,893,565**

5. Short-term Borrowings and Long-term Debt

The weighted average interest rates of short-term borrowings as of March 31, 2009 and 2010 were 0.8% and 0.4%, respectively. The Company and its consolidated subsidiaries have had no difficulty in renewing such loans when loans have come due or management has determined such renewal advisable.

Short-term borrowings including current portion of long-term debt as of March 31, 2009 and 2010 consisted of the following:

	Yen (millions)		U.S. Dollars (thousands)
	2009	**2010**	**2010**
Bank loans	¥ 61,345	**¥ 70,452**	**$ 765,783**
Bankers' acceptances payable	163	**–**	**–**
Commercial paper	335,426	**165,755**	**1,801,685**
Current portion of long-term debt	8,839	**65,977**	**717,141**
	¥405,773	**¥302,184**	**$3,284,609**

Long-term debt as of March 31, 2009 and 2010 consisted of the following:

	Yen (millions)		U.S. Dollars (thousands)
	2009	**2010**	**2010**
0.0%–5.2% unsecured loans principally from banks, due 2009 to 2024	¥100,178	**¥ 99,994**	**$1,086,891**
0.620% unsecured straight bonds, due 2010	30,000	**30,000**	**326,087**
0.970% unsecured straight bonds, due 2012	20,000	**20,000**	**217,391**
1.165% unsecured straight bonds, due 2012	10,000	**10,000**	**108,696**
1.423% unsecured straight bonds, due 2014	30,000	**30,000**	**326,087**
2.068% unsecured straight bonds, due 2019	10,000	**10,000**	**108,696**
0.846% unsecured straight bonds, due 2014	–	**100,000**	**1,086,957**
1.141% unsecured straight bonds, due 2016	–	**20,000**	**217,391**
1.604% unsecured straight bonds, due 2019	–	**30,000**	**326,087**
0.000% unsecured convertible bonds with subscription rights to shares, due 2013	203,211	**202,497**	**2,201,054**
0.950%–1.177% unsecured Euroyen notes issued by a consolidated subsidiary, due 2009 to 2013	5,818	**5,057**	**54,967**
0.400%–0.700% unsecured Pound discount notes issued by a consolidated subsidiary, due 2009 to 2010	502	**698**	**7,587**
lease obligations	23,271	**25,682**	**279,152**
	432,980	**583,928**	**6,347,043**
Less – Current portion included in short-term borrowings	(8,839)	**(65,977)**	**(717,141)**
	¥424,141	**¥517,951**	**$5,629,902**

The following is a summary of the terms for conversion and redemption of the convertible bonds with subscription rights to shares:

	Yen
	Conversion price
0.000% unsecured convertible bonds with subscription rights to shares, due 2013	¥2,531.00

The conversion price is subject to adjustment for certain subsequent events such as the issue of common stock at less than market value and stock splits.

If all convertible bonds with subscription rights to shares were converted as of March 31, 2009 and March 31, 2010, 79,018 thousand shares of common stock would have been issuable, in both years.

As is customary in Japan, substantially all of the bank borrowings are subject to general agreements with each bank which provide, among other things, that security and guarantees for present and future indebtedness will be given upon request of the bank, and that any collateral so furnished will be applicable to all indebtedness to that bank. In addition, the agreements provide that the bank has the right to offset cash deposited against any short-term or long-term debt that becomes due, and in case of default and certain other specified events, against all other debts payable to the bank.

The aggregate annual maturities of long-term debt as of March 31, 2010 were as follows:

Years ending March 31	Yen (millions)	U.S. Dollars (thousands)
2012	**¥ 34,681**	**$ 376,967**
2013	**37,968**	**412,696**
2014	**241,863**	**2,628,946**
2015	**101,636**	**1,104,739**
2016 and thereafter	**101,803**	**1,106,554**
	¥517,951	**$5,629,902**

6. Leases

Finance leases

Finance leases that do not transfer ownership for which the starting date of the lease transaction is on and before March 31, 2008, lease payments are recognized as expenses.

Information relating to finance leases that do not transfer ownership for which the starting date of the lease transaction is on and before March 31, 2008, as of, and for the years ended March 31, 2009 and 2010, is as follows:

As lessee

(1) Future minimum lease payments and accumulated impairment loss on leased assets

	Yen (millions)		U.S. Dollars (thousands)
	2009	**2010**	**2010**
Future minimum lease payments:			
Due within one year	¥18,973	**¥14,324**	**$155,696**
Due after one year	32,770	**18,161**	**197,402**
	¥51,743	**¥32,485**	**$353,098**
Accumulated impairment loss on leased assets	¥ 987	**¥ 749**	**$ 8,141**

(2) Lease payments, reversal of allowance for impairment loss on leased assets and impairment loss

	Yen (millions)		U.S. Dollars (thousands)
	2009	**2010**	**2010**
Lease payments	¥23,383	**¥18,515**	**$201,250**
Reversal of allowance for impairment loss on leased assets	–	**238**	**2,587**
Impairment loss	987	**–**	**–**

Operating leases

(a) As lessee

Future minimum lease payments for only non-cancelable contracts as of March 31, 2009 and 2010 were as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2009	**2010**	**2010**
Due within one year	¥2,844	**¥23,676**	**$257,348**
Due after one year	6,536	**41,456**	**450,609**
	¥9,380	**¥65,132**	**$707,957**

(b) As lessor

Future minimum lease receipts for only non-cancelable contracts as of March 31, 2009 and 2010 were as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2009	**2010**	**2010**
Due within one year	¥ 699	**¥ 831**	**$ 9,033**
Due after one year	1,341	**1,641**	**17,837**
	¥2,040	**¥2,472**	**$26,870**

7. Financial Instruments

(a) Qualitative information on financial instruments

The Company and its consolidated subsidiaries obtain necessary funds, mainly through bank loans and issuing bonds, according to its capital investment plan, for its main business of manufacturing and distributing electronics equipment, electronic components and other products.

Any surplus funds are invested in high quality financial instruments, deem to be low risk. Short-term operating funds are obtained through issuing commercial paper and bank loans.

Long-term borrowings and bonds are used to obtain funds principally necessary for capital investment. Interest-rate swaps are used to hedge exposure to interest rate risks on a part of these funds.

Transactions involving such financial instruments are with creditworthy financial institutions.

For accounts receivables and long-term loan receivables, the Company periodically reviews the status of its key customers, monitoring their respective payment deadlines and remaining outstanding balances.

The Company strives to recognize and reduce irrecoverable risks, due to deteriorating financial conditions or other factors, at an early stage. The Company's consolidated subsidiaries also follow the same monitoring and administration process.

(b) Fair values of financial instruments

The consolidated balance sheet amounts, fair values and differences between the two, as of March 31, 2010 are as follows:

	Yen (millions)		
			2010
	Consolidated Balance Sheet Amount	Fair Value	Difference
(1) Cash and cash equivalents, and Time deposits	**¥ 348,414**	**¥ 348,414**	**¥ 0**
(2) Notes and accounts receivable (excluding other accounts receivable)	**439,877**	**438,912**	**(965)**
(3) Investments in securities			
1) Debt securities held to maturity	**–**	**–**	**–**
2) Other securities	**51,717**	**51,717**	**0**
Total Assets	**840,008**	**839,043**	**(965)**
(4) Notes and accounts payable (excluding other accounts payable)	**554,368**	**554,368**	**0**
(5) Bank loans and Current portion of long-term borrowings (included in short-term borrowings)	**97,886**	**97,886**	**0**
(6) Commercial paper (included in short-term borrowings)	**165,755**	**165,755**	**0**
(7) Straight bonds (included in short-term borrowings and long-term debt)	**255,755**	**258,094**	**2,339**
(8) Bonds with subscription rights to shares (included in long-term debt)	**202,497**	**193,997**	**(8,500)**
(9) Long-term borrowings (included in long-term debt)	**72,560**	**73,965**	**1,405**
Total of Liabilities	**1,348,821**	**1,344,065**	**(4,756)**
(10) Derivative transactions*	**(179)**	**104**	**283**

	U.S. Dollars (thousands)		
			2010
	Consolidated Balance Sheet Amount	Fair Value	Difference
(1) Cash and cash equivalents, and Time deposits	**$ 3,787,109**	**$ 3,787,109**	**$ 0**
(2) Notes and accounts receivable (excluding other accounts receivable)	**4,781,272**	**4,770,783**	**(10,489)**
(3) Investments in securities			
1) Debt securities held to maturity	**–**	**–**	**–**
2) Other securities	**562,141**	**562,141**	**0**
Total Assets	**9,130,522**	**9,120,033**	**(10,489)**
(4) Notes and accounts payable (excluding other accounts payable)	**6,025,739**	**6,025,739**	**0**
(5) Bank loans and Current portion of long-term borrowings (included in short-term borrowings)	**1,063,978**	**1,063,978**	**0**
(6) Commercial paper (included in short-term borrowings)	**1,801,685**	**1,801,685**	**0**
(7) Straight bonds (included in short-term borrowings and long-term debt)	**2,779,946**	**2,805,370**	**25,424**
(8) Bonds with subscription rights to shares (included in long-term debt)	**2,201,054**	**2,108,663**	**(92,391)**
(9) Long-term borrowings (included in long-term debt)	**788,696**	**803,967**	**15,271**
Total Liabilities	**14,661,098**	**14,609,402**	**(51,696)**
(10) Derivative transactions*	**(1,946)**	**1,130**	**3,076**

* Net receivables and payables arising from derivative transactions. Net payables are indicated by "( )."

(Note 1) Methods of Calculating the Fair Value of Financial Instruments and Matters Related to Securities and Derivative Transactions

(1) Cash and cash equivalents, and Time deposits
Are stated at book value, as the fair value of time deposits approximates their book value, due to their short maturity periods.

(2) Notes and accounts receivable (excluding other accounts receivable)
Are stated at book value, as the fair value of notes and accounts receivable (excluding other accounts receivable), approximates their book value, due to their short maturity periods. For the fair value of accounts receivable (excluding other accounts receivable) with long maturity periods, the amount of each accounts receivable (excluding other accounts receivable) is classified based on certain terms and are discounted using a rate which reflects both the period until maturity and credit risk.

(3) Investments in securities
The fair value of investments in securities is based on average observable prices on the relevant exchanges during the last month of the fiscal year.

(4) Notes and accounts payable (excluding other accounts payable)
Are stated at book value, as the fair value of notes and accounts payable (excluding other accounts payable) approximates their book value, due to their short maturity periods.

(5) Bank loans and current portion of long-term borrowings (included in short-term borrowings)
Are stated at book value, as the fair value of bank loans and current portion of long-term borrowings approximates their book value, due to their short maturity periods.

(6) Commercial paper (included in short-term borrowings)
Are stated at book value, as the fair value of commercial paper approximates their book value, due to their short maturity periods.

(7) Straight bonds (included in short-term borrowings and long-term debt)
Marketable straight bonds are stated at the observable price on the relevant exchange. Non-marketable straight bonds are stated based on quoted prices from financial institutions.

(8) Bonds with subscription rights to shares (included in long-term debt)
Marketable bonds with subscription rights to shares, are stated at the observable prices on the relevant exchange.
Non-marketable bonds with subscription rights to shares are stated based on quoted prices from financial institutions.

(9) Long-term borrowings (included in long-term debt)
To estimate the fair value of long-term borrowings, the total amount of the principal and interest is discounted using the rate which would apply if similar borrowings were newly made.

(10) Derivative transactions
As interest-rate swaps are recorded under the preferential accounting method, they are accounted for as a single item with the underlying bank loans and current portion of long-term borrowings; which are hedged transactions. Therefore their fair values are included in bank loans and current portion of long-term borrowings. (Please see (5) above.)

(Note 2) As unlisted stocks ¥ 39,487 million ($429,207 thousand) and investments in capital ¥371 million ($4,033 thousand) have no observable market price and as it is not possible to accurately estimate future cash flows, it is very difficult to determine their fair value accurately. Therefore, they are not included in "(3) Investments in securities; 2) Other securities."

(Additional Information)
Effective for the year ended March 31, 2010, the Company and its consolidated subsidiaries have applied the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, issued by the ASBJ on March 10, 2008) and the "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, issued by the ASBJ on March 10, 2008).

8. Business Combinations

Transaction under Common Control

(a) Principal Business Targeted for Transaction Under Common Control, Legal Method of Business Combination, Corporate Name after Business Combination and, Outline and Purpose of the Transaction

(1) Principal Business Targeted for Transaction Under Common Control
Production and sales of LCD panels and LCD modules

(2) Legal Method of Business Combination
Legal method of business combination is called, a simplified absorption-type corporate split defined under Japanese Corporate Law ("kani-kyushu-bunkatsu"), in which the business is split from the Company. Following this split, Sharp Display Products Corporation, which is a consolidated subsidiary of the Company, absorbs the split business.

(3) Corporate Name after the Business Combination
Sharp Display Products Corporation

(4) Outline and Purpose of the Transaction
The Company's consolidated subsidiary, Sharp Display Products Corporation, has succeeded the business, in the production and sales business, of large-sized LCD panels and LCD modules, through an absorption-type corporate split. This transaction allows the production of large-sized LCD panels and modules, which deliver the industry's highest levels of quality, cost and performance, maximizing the advantages gained by using the world's first 10th generation glass substrates.

(b) Outline of Account Processing
The Company and its domestic consolidated subsidiaries have applied the "Accounting Standard for Business Combinations" (Business Accounting Council (BAC) Accounting Standard, issued by the BAC on October 31, 2003) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, issued by the ASBJ on November 15, 2007) as a commonly-controlled business combination.

9. Net Assets and Per Share Data

Under the Japanese Corporate Law ("the Law"), the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, in cases where a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of legal earnings reserve and additional paid-in capital must be set aside as legal earnings reserve or additional paid-in capital. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

As of March 31, 2010, the total amount of legal earnings reserve and additional paid-in capital exceeded 25% of the common stock, therefore, no additional provision is required.

Legal earnings reserve and additional paid-in capital may not be distributed as dividends. By the resolution of shareholders' meeting, legal earnings reserve and additional paid-in capital may be transferred to other retained earnings and capital surplus, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the nonconsolidated financial statements of the Company in accordance with the Law.

Year end cash dividends are approved by the shareholders after the end of each fiscal year, and semiannual interim cash dividends are declared by the Board of Directors after the end of each interim six-month period. Such dividends are payable to shareholders of record at the end of each fiscal year or interim six-month period. In accordance with the Law, final cash dividends and the related appropriations of retained earnings have not been reflected in the financial statements at the end of such fiscal year. However, cash dividends per share shown in the accompanying consolidated statements of operations reflect dividends applicable to the respective period.

On June 23, 2010, the shareholders approved the declaration of year end cash dividends totaling ¥11,004 million ($119,609 thousand) to shareholders of record as of March 31, 2010, covering the year then ended.

10. Contingent Liabilities

As of March 31, 2010, the Company and its consolidated subsidiaries had contingent liabilities as follows:

	Yen (millions)	U.S. Dollars (thousands)
	2010	**2010**
Loans guaranteed	**¥29,281**	**$318,272**
	¥29,281	**$318,272**

The Company and some of its subsidiaries are subject to the investigations being conducted by the Directorate-General for Competition of the European Commission etc., with respect to TFT LCD business. In addition, civil lawsuits seeking monetary damages resulting from the alleged anticompetitive behavior have been filed in North America and Europe against the Company and some of its subsidiaries. The Company also received a cease and desist order and a surcharge payment order from the Japan Fair Trade Commission. However, the Company has submitted a complaint to the Japan Fair Trade Commission, which is currently pending.

11. Employees' Severance and Pension Benefits

Allowance for severance and pension benefits of the Company and its domestic consolidated subsidiaries as of March 31, 2009 and 2010 consisted of the following:

	Yen (millions)		U.S. Dollars (thousands)
	2009	**2010**	**2010**
Projected benefit obligation	¥ 355,538	**¥ 355,894**	**$ 3,868,413**
Less – fair value of plan assets	(247,412)	**(290,914)**	**(3,162,108)**
Less – unrecognized actuarial differences	(166,278)	**(118,781)**	**(1,291,098)**
Unrecognized prior service costs	32,060	**29,048**	**315,739**
Prepaid pension cost	27,571	**26,456**	**287,565**
Allowance for severance and pension benefits	¥ 1,479	**¥ 1,703**	**$ 18,511**

In addition, allowances for severance and pension benefits of ¥4,240 million as of March 31, 2009 and ¥3,759 million ($40,859 thousand) as of March 31, 2010 were provided by certain overseas consolidated subsidiaries.

Expenses for severance and pension benefits of the Company and its domestic consolidated subsidiaries for the years ended March 31, 2009 and 2010 consisted of the following:

	Yen (millions)		U.S. Dollars (thousands)
	2009	**2010**	**2010**
Service costs	¥ 12,841	**¥ 12,841**	**$ 139,576**
Interest costs on projected benefit obligation	8,870	**8,894**	**96,674**
Expected return on plan assets	(14,439)	**(11,137)**	**(121,054)**
Recognized actuarial loss	7,598	**12,971**	**140,989**
Amortization of prior service costs	(3,011)	**(3,011)**	**(32,728)**
Expenses for severance and pension benefits	¥ 11,859	**¥ 20,558**	**$ 223,457**

The discount rate used by the Company and its domestic consolidated subsidiaries was 2.5% for the years ended March 31, 2009 and 2010. The rate of expected return on plan assets used by the Company and its domestic consolidated subsidiaries for the years ended March 31, 2009 and 2010 was 4.5%.

The estimated amount of all retirement benefits to be paid at future retirement dates is allocated to each service year mainly based on points.

12. Segment Information

The Company and its consolidated subsidiaries operate in Consumer/Information Products business and Electronic Components business. The Consumer/Information Products business segment includes audio-visual and communication equipment, health and environmental equipment and information equipment. The Electronic Components business segment includes LCDs, solar cells and other electronic devices.

Information by business segment for the years ended March 31, 2009 and 2010 is as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2009	**2010**	**2010**
Net Sales:			
Consumer/Information Products:			
Customers	¥1,898,967	**¥1,843,139**	**$20,034,120**
Intersegment	7,622	**15,069**	**163,793**
Total	1,906,589	**1,858,208**	**20,197,913**
Electronic Components:			
Customers	948,260	**912,809**	**9,921,837**
Intersegment	571,902	**472,726**	**5,138,326**
Total	1,520,162	**1,385,535**	**15,060,163**
Elimination	(579,524)	**(487,795)**	**(5,302,119)**
Consolidated	¥2,847,227	**¥2,755,948**	**$29,955,957**
Operating Income (Loss):			
Consumer/Information Products	¥ (33,769)	**¥ 33,983**	**$ 369,380**
Electronic Components	(23,975)	**20,134**	**218,848**
Elimination	2,263	**(2,214)**	**(24,065)**
Consolidated	¥ (55,481)	**¥ 51,903**	**$ 564,163**
Total Assets:			
Consumer/Information Products	¥ 869,392	**¥ 953,316**	**$10,362,130**
Electronic Components	1,398,773	**1,481,109**	**16,099,011**
Elimination and Corporate Assets	420,556	**401,830**	**4,367,718**
Consolidated	¥2,688,721	**¥2,836,255**	**$30,828,859**
Depreciation and Amortization:			
Consumer/Information Products	¥ 115,798	**¥ 93,643**	**$ 1,017,859**
Electronic Components	200,920	**184,519**	**2,005,641**
Elimination	(919)	**(905)**	**(9,837)**
Consolidated	¥ 315,799	**¥ 277,257**	**$ 3,013,663**
Impairment Loss:			
Consumer/Information Products	¥ 3,506	**¥ –**	**$ –**
Electronic Components	5,962	**–**	**–**
Elimination	–	**–**	**–**
Consolidated	¥ 9,468	**¥ –**	**$ –**
Capital Expenditures:			
Consumer/Information Products	¥ 106,855	**¥ 74,024**	**$ 804,609**
Electronic Components	221,386	**212,683**	**2,311,772**
Elimination	(407)	**(584)**	**(6,348)**
Consolidated	¥ 327,834	**¥ 286,123**	**$ 3,110,033**

Corporate assets as of March 31, 2009 and 2010 were ¥442,849 million and ¥421,303 million ($4,579,380 thousand), respectively, and were mainly comprised of the Company's cash and cash equivalents, investments in securities and deferred tax assets.

Effective for the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries have applied the "Accounting Standard for Measurement of Inventories" (Accounting Standards Board of Japan (ASBJ) Statement No. 9, issued by the ASBJ on July 5, 2006). As a result, for the year ended March 31, 2009, operating loss for Consumer/Information Products increases by ¥1,347 million and operating loss for Electronic Components increases by ¥3,927 million, compared to amounts calculated under the previous method. Also, valuation methods for raw materials and work in process had previously been based on the last invoice method. However, effective for the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries have adopted the moving average method in order to properly reflect the impact of fluctuations in raw material prices on financial statements, and to achieve more appropriate periodic accounting of profit and loss. This change has an immaterial impact on segmented information for the year ended March 31, 2009.

Effective for the year ended March 31, 2009, the Company has applied the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18, issued by the ASBJ on May 17, 2006) and made revisions required for consolidated accounting. As a result, for the year ended March 31, 2009, operating loss for Consumer/Information Products increases by ¥1,765 million and operating loss for Electronic Components increases by ¥39 million, compared to amounts calculated under the previous method.

Previously, lease payments under finance leases that do not transfer ownership of the leased property to the lessee had been recognized as expenses. However, effective for the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries have applied the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, revised on March 30, 2007 (originally issued by the 1st committee of the Business Accounting Council on June 17, 1993)) and the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16, revised on March 30, 2007 (originally issued by the Auditing Standards Committee of JICPA on January 18, 1994)) and are accounting for such transactions as capital lease transactions. Finance leases that do not transfer ownership for which the starting date of the lease transaction is on and before March 31, 2008, lease payments are recognized as expenses. This change has an immaterial impact on segmented information for the year ended March 31, 2009.

Previously, revenues and costs of construction contracts had been recognized using the completed-contract method. Effective for the year ended March 31, 2010, the Company and its domestic consolidated subsidiaries have applied the following accounting standards; "Accounting Standard for Construction Contracts" (ASBJ Statement No. 15, issued by the ASBJ on December 27, 2007) and the "Guidance on Accounting Standard for Construction Contracts" (ASBJ Guidance No. 18, issued by the ASBJ on December 27, 2007). Accordingly, for construction contracts which commenced on and after April 1, 2009, and for which the outcome of the construction activity is deemed certain as of March 31, 2010, the percentage-of-completion method has been applied, otherwise the complete-contract method has been applied. Under the percentage-of-completion method, revenue is recognized, based on the percentage of the actual costs incurred of the estimated total cost. This change has an immaterial impact on segmented information for the year ended March 31, 2010.

Information by geographic segment for the years ended March 31, 2009 and 2010 is as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2009	**2010**	**2010**
Net Sales:			
Japan:			
Customers	¥ 1,637,056	**¥ 1,730,280**	**$ 18,807,391**
Intersegment	784,649	**594,623**	**6,463,294**
Total	2,421,705	**2,324,903**	**25,270,685**
The Americas:			
Customers	439,695	**311,814**	**3,389,283**
Intersegment	6,580	**10,343**	**112,424**
Total	446,275	**322,157**	**3,501,707**
Europe:			
Customers	427,521	**373,372**	**4,058,391**
Intersegment	3,051	**2,526**	**27,457**
Total	430,572	**375,898**	**4,085,848**
China:			
Customers	210,961	**199,336**	**2,166,696**
Intersegment	431,755	**328,621**	**3,571,967**
Total	642,716	**527,957**	**5,738,663**
Other:			
Customers	131,994	**141,146**	**1,534,196**
Intersegment	183,736	**178,938**	**1,944,978**
Total	315,730	**320,084**	**3,479,174**
Elimination	(1,409,771)	**(1,115,051)**	**(12,120,120)**
Consolidated	¥ 2,847,227	**¥ 2,755,948**	**$ 29,955,957**
Operating Income (Loss):			
Japan	¥ (74,552)	**¥ 10,785**	**$ 117,228**
The Americas	(1,057)	**818**	**8,891**
Europe	7,395	**6,890**	**74,891**
China	9,988	**12,105**	**131,576**
Other	5,158	**7,908**	**85,957**
Elimination	(2,413)	**13,397**	**145,620**
Consolidated	¥ (55,481)	**¥ 51,903**	**$ 564,163**
Total Assets:			
Japan	¥ 1,871,166	**¥ 2,012,786**	**$ 21,878,109**
The Americas	142,267	**159,455**	**1,733,207**
Europe	151,735	**151,032**	**1,641,652**
China	163,785	**178,742**	**1,942,848**
Other	78,753	**107,318**	**1,166,500**
Elimination and Corporate Assets	281,015	**226,922**	**2,466,543**
Consolidated	¥ 2,688,721	**¥ 2,836,255**	**$ 30,828,859**

Corporate assets as of March 31, 2009 and 2010 were ¥442,849 million and ¥421,303 million ($4,579,380 thousand), respectively, and were mainly comprised of the Company's cash and cash equivalents, investments in securities and deferred tax assets.

Effective for the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries have applied the "Accounting Standard for Measurement of Inventories" (Accounting Standards Board of Japan (ASBJ) Statement No. 9, issued by the ASBJ on July 5, 2006). As a result, for the year ended March 31, 2009, operating loss for "Japan" increases by ¥5,274 million, compared to amounts calculated under the previous method. Also, valuation methods for raw materials and work in process had previously been based on the last invoice method. However, effective for the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries have adopted the moving average method in order to properly reflect the impact of fluctuations in raw material prices on financial statements, and to achieve more appropriate periodic accounting of profit and loss. This change has an immaterial impact on segmented information for the year ended March 31, 2009.

Effective for the year ended March 31, 2009, the Company has applied the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18, issued by the ASBJ on May 17, 2006) and made revisions required for consolidated accounting. As a result, for the year ended March 31, 2009, operating loss for "The Americas" increases by ¥2,613 million, operating income for "Europe" decreases by ¥135 million, while operating income for "China" and "Other" increase by ¥910 million and ¥34 million, respectively, compared to amounts calculated under the previous method.

Previously, lease payments under finance leases that do not transfer ownership of the leased property to the lessee had been recognized as expenses. However, effective for the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries have applied the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, revised on March 30, 2007 (originally issued by the 1st committee of the Business Accounting Council on June 17, 1993)) and the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16, revised on March 30, 2007 (originally issued by the Auditing Standards Committee of JICPA on January 18, 1994)) and are accounting for such transactions as capital lease transactions. Finance leases that do not transfer ownership for which the starting date of the lease transaction is on and before March 31, 2008, lease payments are recognized as expenses. This change has an immaterial impact on segmented information for the year ended March 31, 2009.

Previously, revenues and costs of construction contracts had been recognized using the completed-contract method. Effective for the year ended March 31, 2010, the Company and its domestic consolidated subsidiaries have applied the following accounting standards; "Accounting Standard for Construction Contracts" (ASBJ Statement No. 15, issued by the ASBJ on December 27, 2007) and the "Guidance on Accounting Standard for Construction Contracts" (ASBJ Guidance No. 18, issued by the ASBJ on December 27, 2007). Accordingly, for construction contracts which commenced on and after April 1, 2009, and for which the outcome of the construction activity is deemed certain as of March 31, 2010, the percentage-of-completion method has been applied, otherwise the complete-contract method has been applied. Under the percentage-of-completion method, revenue is recognized, based on the percentage of the actual costs incurred of the estimated total cost. This change has an immaterial impact on segmented information for the year ended March 31, 2010.

Overseas sales for the years ended March 31, 2009 and 2010 were as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2009	**2010**	**2010**
Overseas sales:			
The Americas	¥ 488,428	**¥ 342,923**	**$ 3,727,424**
Europe	451,090	**393,212**	**4,274,044**
China	407,777	**365,440**	**3,972,174**
Other	197,671	**225,316**	**2,449,087**
Total	¥1,544,966	**¥1,326,891**	**$14,422,729**

Overseas sales were comprised of overseas consolidated subsidiaries' sales and the Company's and its domestic consolidated subsidiaries' export sales to customers.

13. Restructuring Charges

These restructuring charges for the year ended March 31, 2009 are mainly related to the reorganization of LCD plants, including depreciation and maintenance charges of ¥43,051 million concerning plants that are suspended due to centralization and optimization of LCD production and impairment losses of fixed assets of ¥9,468 million.

These restructuring charges for the year ended March 31, 2010 are mainly related to the reorganization of LCD plants, including depreciation and maintenance charges concerning plants that are suspended due to centralization and optimization of LCD production.

(Impairment Loss)

With regards to application of accounting for impairment assets, the Company and its consolidated subsidiaries identifies cash generating units in consideration of business characteristics and business operation. As a result, idle assets are identified as respective cash generating units.

As a part of the reorganization of LCD plants, the Company and its consolidated subsidiaries mainly reduced the book value of LCD production facilities which are expected not to be used to recoverable amount, and recognized the decreased amount of ¥9,468 million as restructuring charges categorized in Other Income (Expenses) for the year ended March 31, 2009.

Details are as follows: ¥4,926 million, for machinery and equipment; ¥1,262 million, for buildings and structures; ¥3,280 million, for the others.

The recoverable amount of those impaired assets was measured using their net realizable values, and net realizable values of impaired assets that are not expected to be sold are regarded as zero.

Independent Auditors' Report

KPMG

To the Board of Directors of Sharp Corporation:

We have audited the accompanying consolidated balance sheets of Sharp Corporation and consolidated subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sharp Corporation and subsidiaries as of March 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

Without qualifying our opinion, we draw attention to the following:
As discussed in Note 1. (m) (1) to the consolidated financial statements, effective for the year ended March 31, 2009, Sharp Corporation and its domestic consolidated subsidiaries have applied the "Accounting Standard for Measurement of Inventories".

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2010 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1. (a) to the consolidated financial statements.

KPMG AZSA & Co.

Osaka, Japan
June 23, 2010

Consolidated Subsidiaries

Domestic:

Sharp Electronics Marketing Corporation
Sharp System Products Co., Ltd.
Sharp Manufacturing Systems Corporation
Sharp Engineering Corporation
Sharp Document Systems Corporation
Sharp Amenity Systems Corporation
Sharp Niigata Electronics Corporation
Sharp Trading Corporation
Sharp Business Computer Software Inc.
Sharp Yonago Corporation
SD Future Technology Co., Ltd.
Sharp Mie Corporation
Sharp Display Products Corporation

Overseas:
<Countries and Areas>

Sharp Electronics Corporation <New Jersey, U.S.A.>
Sharp Laboratories of America, Inc. <Washington, U.S.A.>
Sharp Electronics Manufacturing Company of America, Inc. <California, U.S.A.>
Sharp Electronics of Canada Ltd. <Ontario, Canada>
Sharp Electronica Mexico S.A. de C.V. <Baja California, Mexico>
Sharp Corporation Mexico, S.A. de C.V. <Mexico City, Mexico>
Sharp Electronics (Europe) GmbH <Hamburg, Germany>
Sharp Electronics (U.K.) Ltd. <Middlesex, U.K.>
Sharp Laboratories of Europe, Ltd. <Oxford, U.K.>
Sharp International Finance (U.K.) Plc. <Middlesex, U.K.>
Sharp Electronica España S.A. <Barcelona, Spain>
Sharp Electronics (Schweiz) AG <Rüschlikon, Switzerland>
Sharp Electronics (Nordic) AB <Bromma, Sweden>
Bertil Stenbeck Dokumenthantering AB <Bromma, Sweden>
Kontorstjänst i Norrköping AB <Norrköping, Sweden>
Sharp Electronics France S.A. <Paris, France>
Sharp Manufacturing France S.A. <Soultz, France>
Sharp Electronics (Italia) S.p.A. <Milano, Italy>
Sharp Electronics Benelux B.V. <Houten, The Netherlands>
Sharp Manufacturing Poland Sp. zo. o. <Torun, Poland>
Sharp Electronics Russia LLC. <Moscow, Russia>
Sharp Electronics (Taiwan) Co., Ltd. <Kaohsiung, Taiwan>
Sharp Electronic Components (Taiwan) Corporation <Taipei, Taiwan>
Sharp (Phils.) Corporation <Manila, Philippines>
Sharp-Roxy Sales (Singapore) Pte., Ltd. <Singapore>
Sharp Electronics (Singapore) Pte., Ltd. <Singapore>
Sharp Manufacturing Corporation (M) Sdn. Bhd. <Johor, Malaysia>
Sharp Electronics (Malaysia) Sdn. Bhd. <Selangor, Malaysia>
Sharp Appliances (Thailand) Ltd. <Chachoengsao, Thailand>
Sharp Manufacturing (Thailand) Co., Ltd. <Nakornpathom, Thailand>
Sharp Software Development India Pvt. Ltd. <Bangalore, India>
Shanghai Sharp Electronics Co., Ltd. <Shanghai, China>
Sharp Office Equipments (Changshu) Co., Ltd. <Changshu, China>
Wuxi Sharp Electronic Components Co., Ltd. <Wuxi, China>
Nanjing Sharp Electronics Co., Ltd. <Nanjing, China>
Sharp Electronics (Shanghai) Co., Ltd. <Shanghai, China>
Sharp Technical Components (Wuxi) Co., Ltd. <Wuxi, China>
Sharp Electronics Sales (China) Co., Ltd. <Shanghai, China>
P.T. Sharp Electronics Indonesia <Jakarta, Indonesia>
P.T. Sharp Semiconductor Indonesia <West Java, Indonesia>
Sharp Electronics (Vietnam) Company Limited <Ho Chi Minh City, Vietnam>
Sharp Corporation of Australia Pty. Ltd. <New South Wales, Australia>
Sharp Corporation of New Zealand Ltd. <Auckland, New Zealand>
Sharp Middle East FZE <Dubai, U.A.E.>

Investor Information

(As of March 31, 2010)

Shareholders

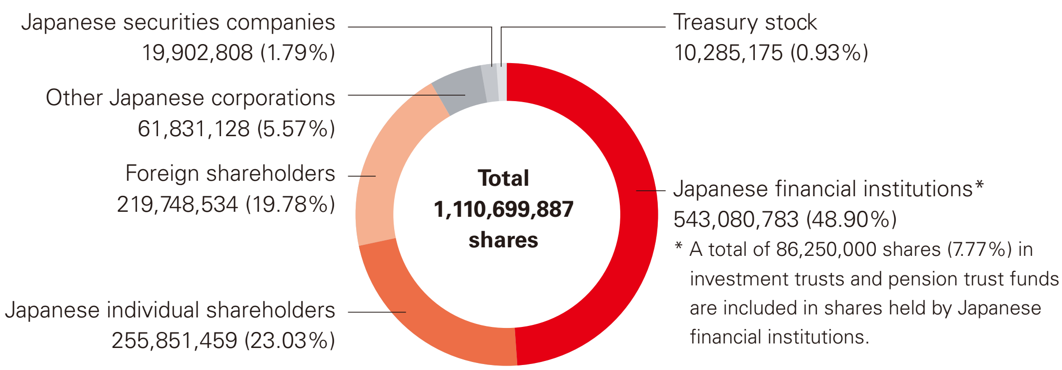
Number of Shareholders 121,817

Principal Shareholders

	Number of shares held	Percentage of total shares (%)
Nippon Life Insurance Company	55,667,384	5.01
Japan Trustee Services Bank, Ltd. (Trust Account)	51,766,000	4.66
Meiji Yasuda Life Insurance Company	47,359,000	4.26
Mizuho Corporate Bank, Ltd.	41,910,469	3.77
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	41,678,116	3.75
The Master Trust Bank of Japan, Ltd. (Trust Account)	37,083,000	3.34
The Dai-ichi Mutual Life Insurance Company	30,704,140	2.76
Mitsui Sumitomo Insurance Company, Limited	30,658,022	2.76
Sompo Japan Insurance Inc.	26,870,000	2.42
Sharp Employees' Stockholding Association	21,555,866	1.94

Notes: 1. Percentage of total shares is calculated by the number of shares issued including 10,285,175 treasury shares.
2. Aside from the above, a total of 4,770,000 shares in Mizuho Corporate Bank, Ltd. have been set up as trust assets related to the employee pension trust.
3. The Dai-ichi Mutual Life Insurance Company reorganized from a mutual life insurance company to a joint stock corporation as of April 1, 2010, and has become The Dai-ichi Life Insurance Company, Limited.

Share Distribution (Proportion of total issued shares)



Stock Exchange Listings

Tokyo, Osaka, Nagoya, Fukuoka, Sapporo

Transfer Agent

Mizuho Trust & Banking Co., Ltd.
Osaka Stock Transfer Agency Department
11-16, Sonezaki 2-chome, Kita-ku, Osaka 530-0057, Japan

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Web Sites:
(English) http://sharp-world.com/corporate/ir/index.html
(Japanese) http://www.sharp.co.jp/corporate/ir/index.html

SHARP

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