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)

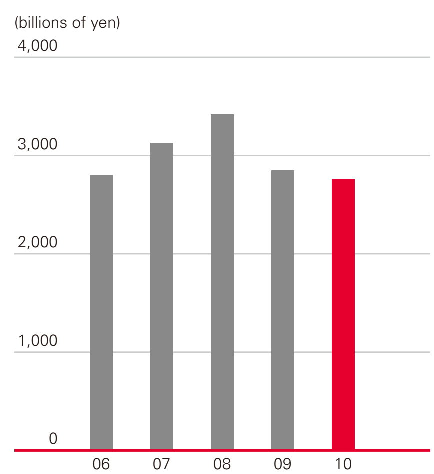
Sales by product group below include internal sales between segments (Consumer/Information Products and Electronic Components).

	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



Financial Section

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

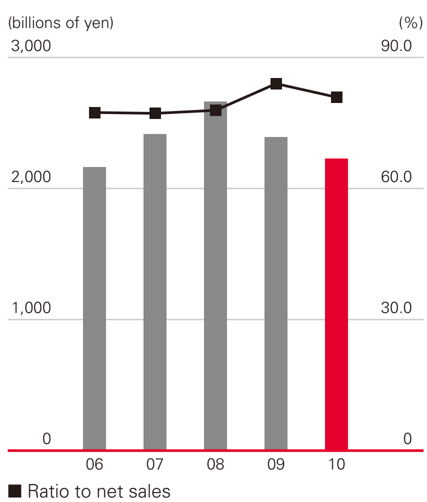
In Japan, sales decreased by 4.0% over the prior year to ¥2,324,903 million and operating income amounted to ¥10,785 million compared to an operating loss of ¥74,552 million in the prior year. Sales increased for LCD TVs, solar cells, Plasmacluster Ion generators and air purifiers featuring Plasmacluster 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.

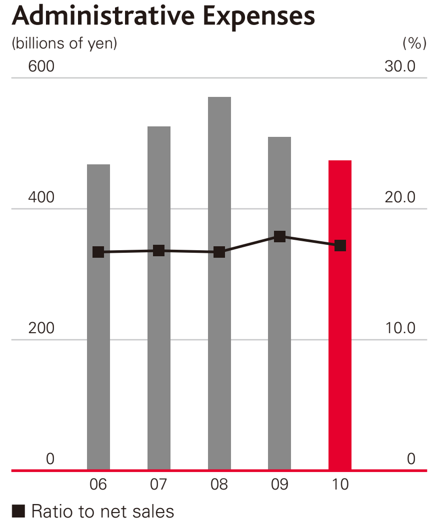
In Europe, sales decreased by 12.7% to ¥375,898 million and operating income amounted to ¥6,890 million compared to operating income of ¥7,395 million in the prior year. Although sales of solar cells increased, sales of LCD TVs and LCD panels for mobile devices declined.

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.

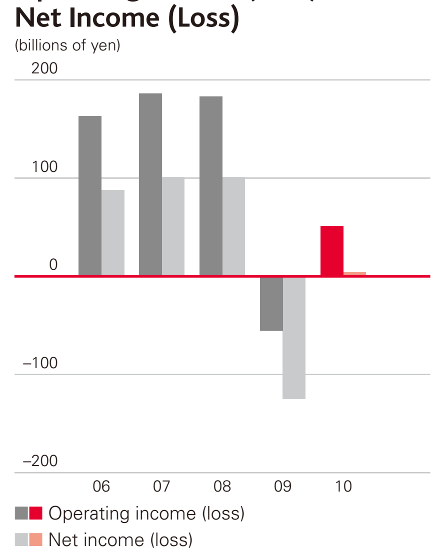
Cost of Sales



Selling, General and Administrative Expenses



Operating Income (Loss)/ Net Income (Loss)



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.

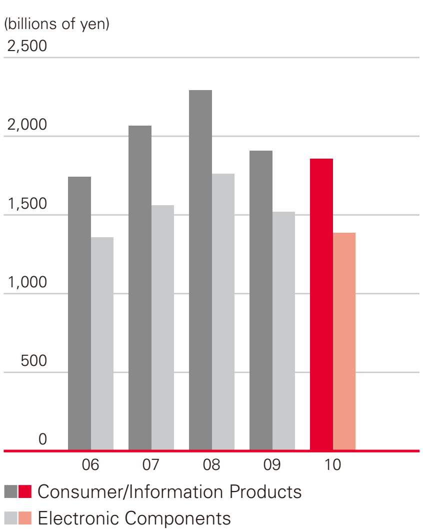
Investments and other assets amounted to ¥391,116 million, an increase of ¥36,432 million mainly due to increases in investments in securities and other assets.

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

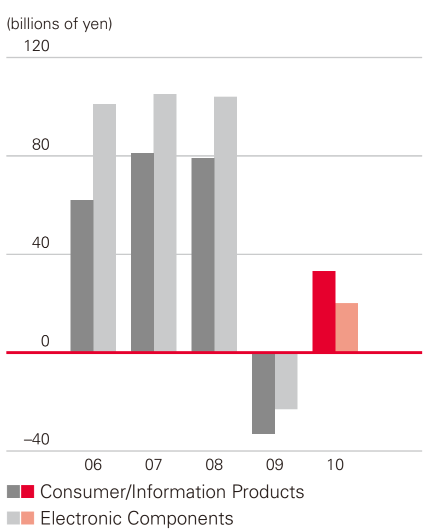
Information by Business Segment

Sales*1



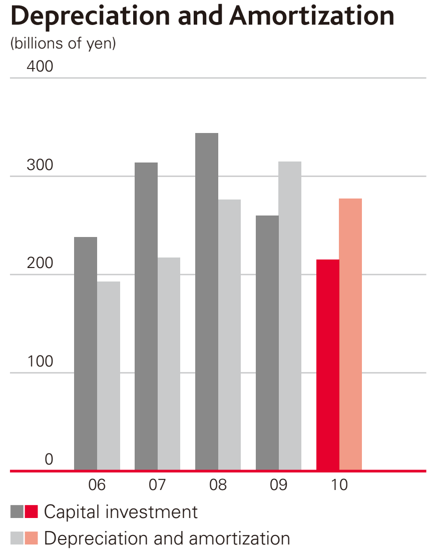
*1 Including intersegment sales

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

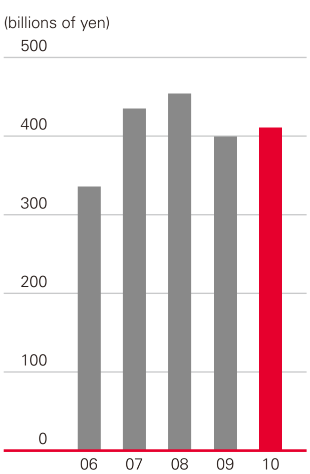
Cash and cash equivalents at end of year were ¥328,125 million, an increase of ¥10,767 million over the prior year, as proceeds from operating activities exceeded payments in investing activities, associated with capital investments and payments for financing activities.

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.

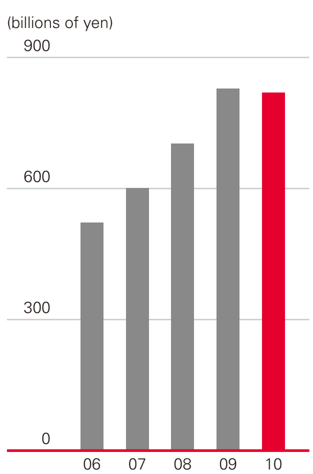
Net cash used in investing activities amounted to ¥253,805 million, an increase of ¥31,576 million. This was mainly due to a decrease of ¥64,889 million in proceeds from withdrawal of time deposits, which was slightly offset by a decrease of ¥34,325 million in payments into time deposits.

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.

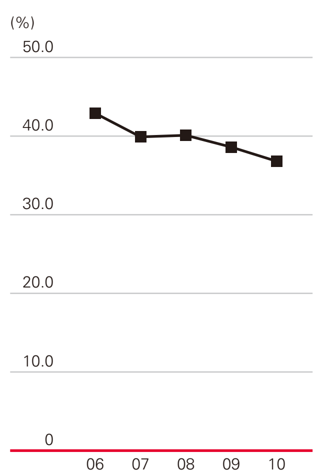
Inventories



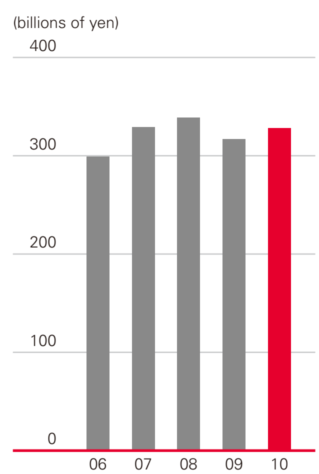
Interest-Bearing Debt



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

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.>