

Edgar Filing: SONY CORP - Form 6-K

SONY CORP
Form 6-K
July 26, 2007

Form 6-K

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of July 2007
Commission File Number: 001-06439

SONY CORPORATION
(Translation of registrant's name into English)

1-7-1 KONAN, MINATO-KU, TOKYO, 108-0075, JAPAN

(Address of principal executive offices)

The registrant files annual reports under cover of Form 20-F.

Indicate by check mark whether the registrant files or will file annual reports
under cover of Form 20-F or Form 40-F,

Form 20-F X

Form 40-F __

Indicate by check mark whether the registrant by furnishing the information
contained in this Form is also thereby furnishing the information to the
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934,
Yes No X

If "Yes" is marked, indicate below the file number assigned to the registrant in
connection with Rule 12g3-2(b):82-_____

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the
registrant has duly caused this report to be signed on its behalf by the
undersigned, thereunto duly authorized.

SONY CORPORATION
(Registrant)

Edgar Filing: SONY CORP - Form 6-K

By: /s/ Nobuyuki Oneda
 (Signature)
 Nobuyuki Oneda
 Executive Vice President and
 Chief Financial Officer

Date: July 26, 2007

List of materials

Documents attached hereto:

- i) Press release announcing Consolidated Financial Results for the First Quarter Ended June 30, 2007

Sony Corporation
 1-7-1 Konan, Minato-ku
 Tokyo 108-0075 Japan

No: 07-066E
 3:00 P.M. JST, July 26, 2007

Consolidated Financial Results for the First Quarter Ended June 30, 2007

Tokyo, July 26, 2007 -- Sony Corporation today announced its consolidated results for the first quarter of the fiscal year ending March 31, 2008 (April 1, 2007 to June 30, 2007).

(Billions of yen, millions of U.S. dollars, except per share amounts)

	2006	2007	Change in Yen	First quarter ended June 30 2007*
	-----	-----	-----	-----
Sales and operating revenue	Y1,744.2	Y1,976.5	+13.3%	\$16,069
Operating income	27.0	99.3	+267.2	808
Income before income taxes	54.0	83.8	+ 55.0	681
Equity in net income of affiliated companies	3.6	22.0	+506.4	178
Net income	32.3	66.5	+105.8	540
Net income per share of common stock				
- Basic	Y32.25	Y66.29	+105.6	\$0.54
- Diluted	30.75	63.14	+105.3	0.51

Unless otherwise specified, all amounts are presented on the basis of Generally Accepted Accounting Principles in the U.S. ("U.S. GAAP").

* U.S. dollar amounts have been translated from yen, for convenience only, at the rate of Y123=U.S.\$1, the approximate Tokyo foreign exchange market rate as of June 29, 2007.

Consolidated Results for the First Quarter Ended June 30, 2007

Edgar Filing: SONY CORP - Form 6-K

Sales and operating revenue ("sales") increased 13.3% (a 7% increase on a local currency basis) compared with the same quarter of the previous fiscal year. (For all references herein to sales on a local currency basis, see Note.)

Electronics segment sales increased 11.6% (a 4% increase on a local currency basis). Products such as Cyber-shot(TM) digital cameras, BRAVIA(TM) LCD televisions and Handycam(R) video cameras contributed to the sales increase; however, sales declined for products such as LCD rear-projection televisions and CRT televisions. In the Game segment, sales increased 60.5% compared to the same quarter of the previous fiscal year primarily as a result of the contribution to sales from PLAYSTATION(R)3 ("PS3"), which was released during the second half of last fiscal year. In the Pictures segment, there was a 13.0% increase in revenue mainly due to the highly successful worldwide theatrical performance of Spider-Man 3. In the Financial Services segment, revenue increased by 48.9% mainly due to an improvement in both valuation gains (losses) from convertible bonds in the general account and gains (losses) from investments in the separate account at Sony Life Insurance Co., Ltd. ("Sony Life").

Operating income increased 267.2% to ¥99.3 billion (\$808 million) compared to the same quarter of the previous fiscal year.

In the Electronics segment, operating income increased 77.3% compared to the same quarter of the previous fiscal year. This was primarily due to a positive impact from the depreciation of the yen versus the U.S. dollar and the Euro, as well as an increase in sales of semiconductors to the Game segment. In the Game segment, the operating loss increased primarily due to the loss arising from strategic pricing of PS3 at points lower than its production cost. In the Pictures segment, operating income was recorded compared to an operating loss recorded in the same quarter of the previous fiscal year primarily as a result of higher sales in the home entertainment market of prior fiscal year films as well as lower overall theatrical marketing expenses on upcoming summer releases incurred in the current quarter. In the Financial Services segment, there was an increase in operating income mainly attributable to the above-mentioned improvement in valuation gains (losses) from convertible bonds in the general account at Sony Life.

Restructuring charges, which are recorded as operating expenses, amounted to ¥3.4 billion (\$28 million) for the quarter compared to ¥10.7 billion for the same quarter of the previous fiscal year. In the Electronics segment, restructuring charges were ¥2.6 billion (\$21 million) compared to ¥10.1 billion in the same quarter of the previous fiscal year.

Income before income taxes increased 55.0% compared to the same quarter in the previous fiscal year due to the increase in operating income mentioned above, although there was a decrease in the net effect of other income and expenses. The lower net effect of other income and expenses was a result of the recording of a net foreign exchange loss in the current quarter versus the net foreign exchange gain recorded in the same quarter of the previous fiscal year. In addition, there was a gain of ¥18.0 billion recorded for the change in ownership interests in subsidiaries and investees during the same quarter in the previous fiscal year from the sale of a majority ownership interest in StylingLife Holdings Inc. ("StylingLife"), a holding company comprised of Sony's six retail businesses.

Income taxes: During the current quarter, Sony recorded ¥39.7 billion (\$322 million) of income taxes resulting in an effective tax rate of 47.3%. The effective tax rate for the current quarter exceeded the

Edgar Filing: SONY CORP - Form 6-K

Japanese statutory tax rate primarily due to the recording of an additional tax provision for the undistributed earnings of Sony Ericsson Mobile Communications AB ("Sony Ericsson").

Equity in net income of affiliated companies increased 506.4% to Y22.0 billion (\$178 million) compared to the same quarter of the previous fiscal year. Sony recorded equity in net income for Sony Ericsson of Y17.7 billion (\$144 million), an increase of Y7.5 billion compared to the same quarter of the previous year. Sony also recorded equity in net income of Y1.2 billion (\$10 million) for SONY BMG MUSIC ENTERTAINMENT ("SONY BMG"), an improvement of Y5.8 billion from the equity in net loss recorded in the same quarter of the previous fiscal year, primarily due to lower marketing, overhead and restructuring expenses as well as a gain on the sale of an interest in a joint venture of SONY BMG. Equity in net income of Y1.5 billion (\$12 million) was recorded for S-LCD Corporation, a joint-venture with Samsung Electronics Co., Ltd., an improvement of Y1.8 billion compared to the same quarter of the previous fiscal year.

Sony did not record any equity gain or loss for Metro-Goldwyn-Mayer Inc. ("MGM") during the current quarter compared to equity in net loss of Y2.6 billion recorded in the same quarter of the prior fiscal year. As of March 31, 2007, Sony no longer has any book basis in MGM and accordingly, no additional losses are recorded.

As a result of the changes in the items discussed above, net income increased 105.8% to Y66.5 billion (\$540 million) compared to the same quarter of the previous fiscal year.

Operating Performance Highlights by Business Segment

"Sales and operating revenue" in each business segment represents sales and operating revenue recorded before intersegment transactions are eliminated. "Operating income (loss)" in each business segment represents operating income (loss) recorded before intersegment transactions and unallocated corporate expenses are eliminated.

Electronics

	(Billions of yen, millions of U.S. dollars)			
		First quarter ended June 30		
	2006	2007	Change	2007
			in Yen	
	-----	-----	-----	-----
Sales and operating revenue	Y1,280.9	Y1,429.3	+11.6%	\$11,621
Operating income	47.4	84.1	+77.3%	684

Unless otherwise specified, all amounts are on a U.S. GAAP basis.

Sales increased by 11.6% compared to the same quarter of the previous fiscal year (a 4% increase on a local currency basis). Sales to outside customers increased 6.9% compared to the same quarter of the previous fiscal year. There was an increase in sales of products including "Cyber-shot" digital cameras, which experienced favorable sales in all regions, "BRAVIA" LCD televisions, which experienced higher unit sales outside of Japan, and Handycam(R) video cameras, which recorded increased sales primarily in the U.S. and Europe. On the other hand, there was a decrease in sales of several products including LCD rear-projection televisions and CRT televisions, as the market for such products is shrinking.

Edgar Filing: SONY CORP - Form 6-K

Operating income of Y84.1 billion (\$684 million) was recorded, a 77.3% increase compared to the same quarter of the previous fiscal year. This was primarily the result of a positive impact from the depreciation of the yen versus the U.S. dollar and the Euro, as well as an increase in sales. With regard to products within the Electronics segment, the improvement was mainly attributable to "Cyber-shot" digital cameras, system LSIs, which saw a contribution from the sales of semiconductors for PS3, and Handycam(R) video cameras. This was partially offset by a decrease in contribution from other products including "BRAVIA" LCD televisions, due to unit price declines.

Inventory, as of June 30, 2007, was Y928.4 billion (\$7,548 million), which increased Y120.8 billion, or 15.0%, compared with the level as of June 30, 2006 and an increase of Y202.6 billion, or 27.9%, compared with the level as of March 31, 2007.

Operating Results for Sony Ericsson Mobile Communications AB

The following operating results for Sony Ericsson, which is accounted for by the equity method, are not consolidated in Sony's consolidated financial statements. However, Sony believes that this disclosure provides additional useful analytical information to investors regarding operating performance.

		(Millions of Euros)	
	2006	Quarter ended June 30 2007	Change in Euros
	-----	-----	-----
Sales and operating revenue	EUR2,272	EUR3,112	+37%
Income before income taxes	211	327	+55
Net income	143	220	+54

Sales for the current quarter increased by 37% compared to the same period of the previous year. Results were boosted by sales of successful models such as Walkman(R) and "Cyber-shot" phones. As a result, Sony recorded equity in net income of Y17.7 billion (\$144 million).

Game

	(Billions of yen, millions of U.S. dollars)			
	2006	First quarter ended June 30 2007	Change in Yen	2007
	-----	-----	-----	-----
Sales and operating revenue	Y122.5	Y196.6	+60.5%	\$1,598
Operating income (loss)	(26.8)	(29.2)	-	(237)

Unless otherwise specified, all amounts are on a U.S. GAAP basis.

Sales increased 60.5% compared with the same quarter of the previous fiscal year (a 49% increase on a local currency basis).

Hardware: Overall hardware sales increased as a result of the contribution to sales from PS3, which was released during the second half of last fiscal year, in addition to increased unit sales of PlayStation(R)2 ("PS2") and PSP(R) (PlayStation(R)Portable) ("PSP").

Edgar Filing: SONY CORP - Form 6-K

Software: Overall software sales increased as a result of the contribution from PS3 software sales, in addition to an increase in PS2 software sales.

An operating loss of Y29.2 billion (\$237 million) was recorded, a Y2.4 billion deterioration compared to the same quarter of the previous fiscal year. This deterioration was primarily due to the loss arising from the strategic pricing of PS3 at points lower than its production cost, although operating income from software increased due to further hardware penetration in the market.

Worldwide hardware unit sales (increase compared to the same quarter of the previous fiscal year):*

-> PS2: 2.70 million units (an increase of 0.37 million units)
 -> PSP: 2.14 million units (an increase of 0.73 million units)
 -> PS3: 0.71 million units

Worldwide software unit sales (increase/decrease compared to the same quarter of the previous fiscal year):*

-> PS2: 31.1 million units (a decrease of 1.6 million units)
 -> PSP: 9.9 million units (an increase of 0.6 million units)
 -> PS3: 4.7 million units

*Beginning with the quarter ended June 30, 2007, the method of reporting hardware and software unit sales has been changed from production shipments to recorded sales.

Inventory, as of June 30, 2007, was Y227.0 billion (\$1,846 million), which represents a Y105.0 billion, or 86.1%, increase compared with the level as of June 30, 2006. This increase was primarily due to the buildup of finished goods inventory following the introduction of the PS3 platform in Japan, North America, and Europe. Inventory increased by Y28.2 billion, or 14.2%, compared with the level as of March 31, 2007.

Pictures

	(Billions of yen, millions of U.S. dollars)			
	2006	2007	Change	2007
	-----	-----	-----	-----
			in Yen	
Sales and operating revenue	Y204.8	Y231.4	+13.0%	\$1,881
Operating income (loss)	(1.2)	3.3	-	26

Unless otherwise specified, all amounts are reported on a U.S. GAAP basis. The results presented above are a yen-translation of the results of Sony Pictures Entertainment ("SPE"), a U.S. based operation which aggregates the results of its worldwide subsidiaries. Management analyzes the results of SPE in U.S. dollars, so discussion of certain portions of its results are specified as being on "a U.S. dollar basis."

Sales increased 13.0% compared with the same quarter of the previous fiscal year (a 7% increase on a U.S. dollar basis). Sales increased primarily due to the highly successful worldwide theatrical performance of Spider-Man 3 combined with growth in advertising revenues from several of SPE's international channels.

Operating income of Y3.3 billion (\$26 million) was recorded as compared to an

Edgar Filing: SONY CORP - Form 6-K

operating loss of Y1.2 billion in the same quarter of the previous fiscal year. The current quarter's results benefited from sales in the home entertainment market of such films as Casino Royale and Stomp the Yard that were released in the prior fiscal year. Operating income also benefited from lower theatrical marketing expenses incurred for upcoming summer releases compared to the same quarter of the prior year. These benefits were partially offset by the U.S. theatrical under-performance of Surf's Up and lower home entertainment sales from acquired third-party product.

Financial Services

	(Billions of yen, millions of U.S. dollars)			
	2006	First quarter ended June 30		
		2007	Change	2007
			in Yen	
	-----	-----	-----	-----
Financial service revenue	Y124.1	Y184.8	+48.9%	\$1,503
Operating income	4.6	33.8	+637.1	274

In Sony's Financial Services segment, results include Sony Financial Holdings Inc., Sony Life, Sony Assurance Inc., Sony Bank Inc. and Sony Finance International Inc. Also, unless otherwise specified, all amounts are reported on a U.S. GAAP basis. Therefore, they differ from the results that Sony Life discloses on a Japanese statutory basis.

Financial service revenue increased 48.9% compared with the same quarter of the previous fiscal year, due to an increase in revenue at Sony Life. Revenue at Sony Life was Y161.8 billion (\$1,316 million), a Y63.7 billion or 64.9% increase compared with the same quarter of the previous fiscal year. The main reason for this higher revenue was an improvement in both valuation gains (losses) from convertible bonds in the general account and gains (losses) from investments in the separate account, and an increase in insurance premium revenue reflecting an increase in policy amounts in force.

Operating income increased 637.1% compared with the same quarter of the previous fiscal year as a result of a significant increase in operating income at Sony Life. Operating income at Sony Life was Y34.6 billion (\$281 million), a Y31.5 billion, or 1,018.0% increase compared with the same quarter of the previous fiscal year, due to the above-mentioned improvement in valuation gains (losses) from convertible bonds in the general account, and an increase in insurance premium revenue reflecting an increase in policy amounts in force.

All Other

	(Billions of yen, millions of U.S. dollars)			
	2006	First quarter ended June 30		
		2007	Change	2007
			in Yen	
	-----	-----	-----	-----
Sales and operating revenue	Y88.1	Y84.2	-4.5%	\$684
Operating income	4.7	7.8	+63.9	63

Unless otherwise specified, all amounts are on a U.S. GAAP basis.

Sales decreased 4.5% compared with the same quarter of the previous fiscal year. This sales decrease is due to the fact that two months of consolidated results for six of Sony's retail businesses were included within All Other in the same quarter of the previous fiscal year.

Edgar Filing: SONY CORP - Form 6-K

However, the results of these businesses were deconsolidated as of June 1, 2006 due to the sale by Sony Corporation of its majority ownership interest in StylingLife, a holding company comprised of the above-mentioned six retail businesses, during the first quarter of the previous fiscal year.

Sales increased at Sony Music Entertainment (Japan) Inc. ("SMEJ") mainly as a result of an increase in consignment sales of non-SMEJ titles and album sales compared to the same quarter of the previous fiscal year. Best-selling albums and singles during the current quarter included CAN'T BUY MY LOVE by YUI, ALL YOURS by Crystal Kay and EPopMAKING-Pop tono Sogu- by BEAT CRUSADERS.

Operating income increased 63.9% compared with the same quarter of the previous fiscal year. This increase was principally a result of the increased sales recorded at SMEJ as well as higher fee revenue from new subscribers at So-net Entertainment Corporation.

Operating Results for SONY BMG MUSIC ENTERTAINMENT

The following operating results for SONY BMG, which is accounted for by the equity method, are not consolidated in Sony's consolidated financial statements. However, Sony believes that this disclosure provides additional useful analytical information to investors regarding operating performance.

	(Millions of U.S. dollars)		
		Quarter ended June 30	
	2006	2007	Change in U.S. Dollars
	----	----	----
Sales and operating revenue	\$872	\$875	+0.3%
Income (loss) before income taxes	(73)	31	-
Net income (loss)	(81)	21	-

During the quarter ended June 30, 2007, sales at SONY BMG increased by 0.3% compared to the same quarter of the previous year due to the strength of several releases combined with the growth in digital sales being offset by the decline in the worldwide physical music market. SONY BMG recorded income before income taxes of \$31 million, as compared to a loss before income taxes of \$73 million in the same quarter of the previous fiscal year. Income before income taxes includes \$29 million of restructuring charges, a decrease of \$18 million year-on-year. Though sales were essentially unchanged from the prior year, profitability improved primarily due to lower marketing, overhead and restructuring expenses as well as a gain on the sale of an interest in a joint venture of SONY BMG. As a result, Sony recorded equity in net income of ¥1.2 billion (\$10 million). Best selling releases during the quarter included Avril Lavigne's The Best Damn Thing, Kelly Clarkson's My December and R. Kelly's Double Up.

Cash Flows

The following charts show Sony's unaudited condensed statements of cash flows for all segments excluding the Financial Services segment and for the Financial Services segment alone. These separate condensed presentations are not required under U.S. GAAP, which is used in Sony's consolidated financial statements. However, because the Financial Services segment is different in nature from Sony's other segments, Sony believes that these presentations may be useful in understanding and

Edgar Filing: SONY CORP - Form 6-K

analyzing Sony's consolidated financial statements.

Cash Flows - Consolidated (Excluding Financial Services segment)

(Billions of yen, millions of U.S. dollars)				
First quarter ended June 30				
Cash flows	2006	2007	Change in Yen	2007
	-----	-----	-----	-----
- From operating activities	Y(189.1)	Y(135.9)	Y+53.3	\$(1,104)
- From investing activities	(100.4)	(110.7)	-10.3	(900)
- From financing activities	95.8	37.9	-57.9	308
Cash and cash equivalents at beginning of the fiscal year	585.5	522.9	-62.6	4,251
Cash and cash equivalents at June 30	381.6	327.1	-54.4	2,660

Operating Activities: During the current quarter, despite a decrease in notes and accounts receivable, trade, cash flows from operating activities resulted in a net use of cash. This was due primarily to increased inventory in the Electronics segment of LCD televisions and of semiconductors for the PS3, as well as a result of a decrease in notes and accounts payable, trade.

Investing Activities: During the current quarter, net cash used within the Electronics segment was for the purchase of fixed assets, principally semiconductor fabrication equipment, and part of the investment in S-LCD with respect to the manufacturing facilities for 8th generation TFT LCD panels.

As a result, total net cash used by operating activities and used in investing activities during the current quarter was Y246.5 billion (\$2,004 million).

Financing Activities: During the current quarter, an increase in short-term borrowings was partially offset by dividend payments.

Cash and Cash Equivalents: As a result of the above factors, and taking into account the effect of foreign currency exchange rate fluctuations, the total balance of cash and cash equivalents was Y327.1 billion (\$2,660 million) at June 30, 2007, which was a decrease of Y195.7 billion compared to March 31, 2007 and a decrease of Y54.4 billion compared to June 30, 2006.

Cash Flows - Financial Services segment

(Billions of yen, millions of U.S. dollars)				
First quarter ended June 30				
Cash flows	2006	2007	Change in Yen	2007
	-----	-----	-----	-----
- From operating activities	Y91.9	Y41.6	Y-50.4	\$338
- From investing	(40.1)	(291.3)	-251.2	(2,368)

Edgar Filing: SONY CORP - Form 6-K

activities				
- From financing activities	9.4	95.9	+86.6	780
Cash and cash equivalents at beginning of the fiscal year	117.6	277.0	+159.4	2,252
Cash and cash equivalents at June 30	178.8	123.2	-55.6	1,002

Operating Activities: Net cash provided by operating activities was generated due to an increase in revenue from insurance premiums, primarily reflecting an increase in policy amounts in force at Sony Life.

Investing Activities: Payments for investments and advances mainly carried out at Sony Life exceeded proceeds from maturities of marketable securities, sales of securities investments and collections of advances.

Financing Activities: In addition to an increase in policyholders' accounts at Sony Life, there was an increase in deposits from customers in the banking business.

Cash and Cash Equivalents: As a result of the above, the balance of cash and cash equivalents was Y123.2 billion (\$1,002 million) at June 30, 2007, which was a decrease of Y153.8 billion compared to March 31, 2007 and a decrease of Y55.6 billion compared to June 30, 2006.

Note

During the quarter ended June 30, 2007, the average value of the yen was Y119.8 against the U.S. dollar and Y161.2 against the Euro, which was 5.3% lower against the U.S. dollar and 11.8% lower against the Euro, compared with the average rates for the same quarter of the previous fiscal year. Sales on a local currency basis described herein reflect sales obtained by applying the yen's monthly average exchange rate in the same quarter of the previous fiscal year to local currency-denominated monthly sales in the current quarter. Sales on a local currency basis are not reflected in Sony's financial statements and are not measures conforming with U.S. GAAP. In addition, Sony does not believe that these measures are a substitute for U.S. GAAP measures. However, Sony believes that sales on a local currency basis provide additional useful analytical information to investors regarding operating performance.

Outlook for the Fiscal Year ending March 31, 2008

Our forecast for the fiscal year ending March 31, 2008, is unchanged from the forecast of May 16, 2007 as per the table below.

In addition to first quarter operating results that exceeded Sony's May forecast, the assumed foreign currency exchange rates for the second quarter and thereafter have been revised to reflect a decline in value of the yen compared to the May forecast. However, we are more cautious about the business environment for the remainder of the fiscal year for the Electronics and Game segments compared to our May forecast.

Sales and operating revenue	Y8,780 billion	Change from previous fiscal year	+6%
-----------------------------	----------------	----------------------------------	-----

Edgar Filing: SONY CORP - Form 6-K

Operating income	440 billion	+513
(Restructuring charges recorded as operating expenses	35 billion	-10)
Income before income taxes	420 billion	+312
Equity in net income of affiliated companies	80 billion	+2
Net income	320 billion	+153
Capital expenditures (additions to fixed assets)*	Y440 billion	+6
Depreciation and amortization** (Depreciation expenses for tangible assets)	430 billion (350 billion)	+7 (+11)
Research and development expenses	550 billion	+1

* Investments in S-LCD are not included within the forecast for capital expenditures.

** The forecast for depreciation and amortization includes amortization of intangible assets and amortization of deferred insurance acquisition costs.

Assumed foreign currency exchange rates for the remainder of the fiscal year: approximately Y117 to the U.S. dollar and approximately Y158 to the Euro.

Cautionary Statement

Statements made in this release with respect to Sony's current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of Sony. Forward-looking statements include, but are not limited to, those statements using words such as "believe," "expect," "plans," "strategy," "prospects," "forecast," "estimate," "project," "anticipate," "aim," "may" or "might" and words of similar meaning in connection with a discussion of future operations, financial performance, events or conditions. From time to time, oral or written forward-looking statements may also be included in other materials released to the public. These statements are based on management's assumptions and beliefs in light of the information currently available to it. Sony cautions you that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and therefore you should not place undue reliance on them. You also should not rely on any obligation of Sony to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Sony disclaims any such obligation. Risks and uncertainties that might affect Sony include, but are not limited to (i) the global economic environment in which Sony operates, as well as the economic conditions in Sony's markets, particularly levels of consumer spending; (ii) exchange rates, particularly between the yen and the U.S. dollar, the Euro and other currencies in which Sony makes significant sales or in which Sony's assets and liabilities are denominated; (iii) Sony's ability to continue to design and develop and win acceptance of, as well as achieve sufficient cost reductions for, its products and services, including newly introduced platforms within the Game segment, which are offered in highly competitive markets characterized by continual new product introductions, rapid development in technology and subjective and changing consumer preferences (particularly in the Electronics, Game and Pictures segments, and the music business); (iv) Sony's ability and timing to recoup large-scale investments required for technology

Edgar Filing: SONY CORP - Form 6-K

development and increasing production capacity; (v) Sony's ability to implement successfully personnel reduction and other business reorganization activities in its Electronics segment; (vi) Sony's ability to implement successfully its network strategy for its Electronics, Game and Pictures segments, and All Other, including the music business, and to develop and implement successful sales and distribution strategies in its Pictures segment and the music business in light of the Internet and other technological developments; (vii) Sony's continued ability to devote sufficient resources to research and development and, with respect to capital expenditures, to correctly prioritize investments (particularly in the Electronics segment); (viii) Sony's ability to maintain product quality (particularly in the Electronics and Game segments); (ix) the success of Sony's joint ventures and alliances; (x) the outcome of pending legal and/or regulatory proceedings; and (xi) shifts in customer demand for financial services such as life insurance and Sony's ability to conduct successful asset liability management in the Financial Services segment. Risks and uncertainties also include the impact of any future events with material adverse impacts.

(Unaudited)
Consolidated Balance Sheets

		(Millions of yen, millions of U.S. dollars)				
		June 30	June 30		June 30	March 31
		2006	2007	Change from 2006	2007	2007
		-----	-----	-----	-----	-----
Current						
assets:						
Cash and cash equivalents	Y 560,400	Y 450,368	Y -110,032	-19.6 %	\$ 3,662	Y 799,899
Marketable securities	461,655	516,014	+54,359	+11.8	4,195	493,315
Notes and accounts receivable, trade	1,125,063	1,268,374	+143,311	+12.7	10,312	1,490,452
Allowance for doubtful accounts and sales returns	(85,384)	(110,843)	-25,459	+29.8	(901)	(120,675)
Inventories	948,126	1,189,195	+241,069	+25.4	9,668	940,875
Deferred income taxes	200,966	230,458	+29,492	+14.7	1,874	243,782
Prepaid expenses and other current assets	537,180	780,428	+243,248	+45.3	6,344	699,075
	-----	-----	-----		-----	-----
	3,748,006	4,323,994	+575,988	+15.4	35,154	4,546,723

Edgar Filing: SONY CORP - Form 6-K

Film costs	355,609	309,841	-45,768	-12.9	2,519	308,694
Investments and advances:						
Affiliated companies	296,261	467,121	+170,860	+57.7	3,798	448,169
Securities investments and other	3,235,834	3,668,091	+432,257	+13.4	29,822	3,440,567
	-----	-----	-----		-----	-----
	3,532,095	4,135,212	+603,117	+17.1	33,620	3,888,736
Property, plant and equipment:						
Land	179,824	169,454	-10,370	-5.8	1,378	167,493
Buildings	945,258	1,004,770	+59,512	+6.3	8,169	978,680
Machinery and equipment	2,375,891	2,554,261	+178,370	+7.5	20,766	2,479,308
Construction in progress	105,307	63,996	-41,311	-39.2	520	64,855
Less- Accumulated depreciation	(2,167,871)	(2,343,545)	-175,674	+8.1	(19,053)	(2,268,805)
	-----	-----	-----		-----	-----
	1,438,409	1,448,936	+10,527	+0.7	11,780	1,421,531
Other assets:						
Intangibles, net	204,130	234,848	+30,718	+15.0	1,909	233,255
Goodwill	292,497	310,842	+18,345	+6.3	2,527	304,669
Deferred insurance acquisition costs	385,152	398,619	+13,467	+3.5	3,241	394,117
Deferred income taxes	162,078	221,162	+59,084	+36.5	1,798	216,997
Other	407,741	481,505	+73,764	+18.1	3,915	401,640
	-----	-----	-----		-----	-----
	1,451,598	1,646,976	+195,378	+13.5	13,390	1,550,678
	-----	-----	-----		-----	-----
Y	10,525,717	Y 11,864,959	Y +1,339,242	+12.7%	\$ 96,463	Y 11,716,362
	-----	-----	-----		-----	-----

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:						
Short-term borrowings	Y 81,422	Y 104,960	Y +23,538	+28.9%	\$ 853	Y 52,291
Current portion of long-term debt	188,232	40,652	-147,580	-78.4	331	43,170
Notes and accounts payable, trade	836,632	974,084	+137,452	+16.4	7,919	1,179,694

Edgar Filing: SONY CORP - Form 6-K

Accounts payable, other and accrued expenses	762,463	885,328	+122,865	+16.1	7,198	968,757
Accrued income and other taxes	40,328	66,069	+25,741	+63.8	537	70,286
Deposits from customers in the banking business	634,950	796,578	+161,628	+25.5	6,476	752,367
Other	491,487	518,165	+26,678	+5.4	4,213	485,287
	-----	-----	-----		-----	-----
	3,035,514	3,385,836	+350,322	+11.5	27,527	3,551,852
Long-term liabilities:						
Long-term debt	868,204	1,024,604	+156,400	+18.0	8,330	1,001,005
Accrued pension and severance costs	175,042	190,590	+15,548	+8.9	1,550	173,474
Deferred income taxes	178,468	280,114	+101,646	+57.0	2,277	261,102
Future insurance policy benefits and other	2,799,808	3,117,406	+317,598	+11.3	25,345	3,037,666
Other	256,109	283,167	+27,058	+10.6	2,302	281,589
	-----	-----	-----		-----	-----
	4,277,631	4,895,881	+618,250	+14.5	39,804	4,754,836
Minority interest in consolidated subsidiaries	39,084	37,902	-1,182	-3.0	308	38,970
Stockholders' equity:						
Capital stock	624,967	629,019	+4,052	+0.6	5,114	626,907
Additional paid-in capital	1,138,213	1,146,403	+8,190	+0.7	9,320	1,143,423
Retained earnings	1,630,569	1,782,895	+152,326	+9.3	14,495	1,719,506
Accumulated other comprehensive income	(217,044)	(9,105)	+207,939	-95.8	(74)	(115,493)
Treasury stock, at cost	(3,217)	(3,872)	-655	+20.4	(31)	(3,639)

Edgar Filing: SONY CORP - Form 6-K

-----	-----	-----	-----	-----	-----
3,173,488	3,545,340	+371,852	+11.7	28,824	3,370,704
-----	-----	-----	-----	-----	-----
Y 10,525,717	Y 11,864,959	Y +1,339,242	+12.7%	\$ 96,463	Y 11,716,362
-----	-----	-----	-----	-----	-----

Consolidated Statements of Income

(Millions of yen, millions of U.S. dollars, except per share amounts)

	2006	First quarter ended June 30 2007	Change from 2006		2007	Fiscal year ended March 31 2007
	-----	-----	-----		-----	-----
Sales and operating revenue:						
Net sales	Y 1,599,536	Y 1,768,152	Y +168,616	+10.5%	\$ 14,375	Y 7,567,359
Financial service revenue	118,540	177,052	+58,512	+49.4	1,440	624,282
Other operating revenue	26,160	31,306	+5,146	+19.7	254	104,054
	-----	-----	-----		-----	-----
	1,744,236	1,976,510	+232,274	+13.3	16,069	8,295,695
Costs and expenses:						
Cost of sales	1,212,079	1,328,902	+116,823	+9.6	10,804	5,889,601
Selling, general and administrative	383,887	404,124	+20,237	+5.3	3,285	1,788,427
Financial service expenses	113,951	145,421	+31,470	+27.6	1,182	540,097
(Gain) loss on sale, disposal or impairment of assets, net	7,271	(1,260)	-8,531	-	(10)	5,820
	-----	-----	-----		-----	-----
	1,717,188	1,877,187	+159,999	+9.3	15,261	8,223,945
Operating income	27,048	99,323	+72,275	+267.2	808	71,750
Other income:						
Interest and dividends	7,094	9,460	+2,366	+33.4	77	28,240
Foreign exchange gain, net	2,542	-	-2,542	-	-	-
Gain on	3,901	1,380	-2,521	-64.6	11	14,695

Edgar Filing: SONY CORP - Form 6-K

sale of securities investments, net						
Gain on	18,046	-	-18,046	-	-	31,509
change in interest in subsidiaries and equity investees						
Other	4,767	6,452	+1,685	+35.3	53	20,738
	-----	-----	-----		-----	-----
	36,350	17,292	-19,058	-52.4	141	95,182
Other expenses:						
Interest	5,411	7,044	+1,633	+30.2	57	27,278
Loss on devaluation of securities investments	16	41	+25	+156.3	1	1,308
Foreign exchange loss, net	-	18,916	+18,916	-	154	18,835
Other	3,943	6,856	+2,913	+73.9	56	17,474
	-----	-----	-----		-----	-----
	9,370	32,857	+23,487	+250.7	268	64,895
Income before income taxes	54,028	83,758	+29,730	+55.0	681	102,037
Income taxes	24,767	39,650	+14,883	+60.1	322	53,888
	-----	-----	-----		-----	-----
Income before minority interest and equity in net income of affiliated companies	29,261	44,108	+14,847	+50.7	359	48,149
Minority interest in income (loss) of consolidated subsidiaries	592	(382)	-974	-	(3)	475
Equity in net income of affiliated companies	3,622	21,965	+18,343	+506.4	178	78,654
	-----	-----	-----		-----	-----
Net income	Y 32,291	Y 66,455	Y +34,164	+105.8	\$ 540	Y 126,328
	-----	-----	-----		-----	-----
Per share data:						
Common stock						
Net income						
- Basic	Y 32.25	Y 66.29	Y +34.04	+105.6	\$ 0.54	Y 126.15
- Diluted	30.75	63.14	+32.39	+105.3	0.51	120.29

Edgar Filing: SONY CORP - Form 6-K

Consolidated Statements of Cash Flows

	(Millions of yen, millions of U.S. dollars)			Fiscal year ended
	First quarter ended June 30			March 31
	2006	2007	2007	2007
	-----	-----	-----	-----
Cash flows from				
operating activities:				
Net income	Y 32,291	Y 66,455	\$ 540	Y 126,328
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization, including amortization of deferred insurance acquisition costs	91,265	104,004	846	400,009
Amortization of film costs	79,320	90,232	734	368,382
Stock-based compensation expense	750	898	7	3,838
Accrual for pension and severance costs, less payments	(1,349)	(3,133)	(25)	(22,759)
(Gain) loss on sale, disposal or impairment of assets, net	7,271	(1,260)	(10)	5,820
Gain on sale or loss on devaluation of securities investments, net	(3,885)	(1,339)	(10)	(13,387)
(Gain) loss on revaluation of marketable securities held in the financial service business for trading purpose, net	14,994	(10,633)	(86)	(11,857)
Gain on change in interest in subsidiaries and equity investees	(18,046)	-	-	(31,509)
Deferred income taxes	29,271	23,859	194	(13,193)
Equity in net (income) losses of affiliated companies, net of dividends	(2,935)	22,926	186	(68,179)
Changes in assets and liabilities:				
(Increase) decrease in notes and accounts receivable, trade	(64,622)	260,600	2,119	(357,891)
Increase in inventories	(155,591)	(210,163)	(1,709)	(119,202)
Increase in film costs	(81,673)	(78,213)	(636)	(320,079)

Edgar Filing: SONY CORP - Form 6-K

Increase (decrease) in notes and accounts payable, trade	26,605	(216,799)	(1,763)	362,079
Decrease in accrued income and other taxes	(37,680)	(28,151)	(229)	(14,396)
Increase in future insurance policy benefits and other	25,089	48,311	393	172,498
Increase in deferred insurance acquisition costs	(14,959)	(17,355)	(141)	(61,563)
(Increase) decrease in marketable securities held in the financial service business for trading purpose	23,111	(17,047)	(139)	31,732
(Increase) decrease in other current assets	16,521	(24,912)	(203)	(35,133)
Increase (decrease) in other current liabilities	(116,126)	(68,725)	(559)	73,222
Other	52,446	(33,496)	(273)	86,268
	-----	-----	-----	-----
Net cash provided by (used in) operating activities	(97,932)	(93,941)	(764)	561,028
	-----	-----	-----	-----
Cash flows from investing activities:				
Payments for purchases of fixed assets	(132,167)	(104,344)	(848)	(527,515)
Proceeds from sales of fixed assets	6,437	8,466	69	87,319
Payments for investments and advances by financial service business	(252,547)	(497,598)	(4,046)	(914,754)
Payments for investments and advances (other than financial service business)	(5,888)	(26,318)	(214)	(100,152)
Proceeds from maturities of marketable securities, sales of securities investments and collections of advances by financial service business	220,449	217,601	1,769	679,772
Proceeds from maturities of marketable securities, sales of securities investments and collections of advances (other than financial service business)	966	1,968	16	22,828
Proceeds from sales of subsidiaries' and equity investees' stocks	30,298	928	7	43,157
Other	116	(508)	(3)	(6,085)
	-----	-----	-----	-----
Net cash used in investing activities	(132,336)	(399,805)	(3,250)	(715,430)
	-----	-----	-----	-----

Edgar Filing: SONY CORP - Form 6-K

Cash flows from financing activities:				
Proceeds from issuance of long-term debt	105,453	23,447	191	270,780
Payments of long-term debt	(952)	(6,081)	(49)	(182,374)
Increase in short-term borrowings	1,857	30,800	250	6,096
Increase in deposits from customers in the financial service business	64,907	75,077	610	273,435
Increase (decrease) in call money and bills sold in the banking business	(62,700)	18,000	146	(100,700)
Dividends paid	(12,552)	(12,562)	(102)	(25,052)
Proceeds from issuance of shares under stock-based compensation plans	1,685	4,285	35	5,566
Other	126	(1,619)	(13)	152
	-----	-----	-----	-----
Net cash provided by financing activities	97,824	131,347	1,068	247,903
	-----	-----	-----	-----
Effect of exchange rate changes on cash and cash equivalents	(10,254)	12,868	105	3,300
	-----	-----	-----	-----
Net increase (decrease) in cash and cash equivalents	(142,698)	(349,531)	(2,841)	96,801
Cash and cash equivalents at beginning of the fiscal year	703,098	799,899	6,503	703,098
	-----	-----	-----	-----
Cash and cash equivalents at the end of the period	Y 560,400	Y 450,368	\$ 3,662	Y 799,899
	-----	-----	-----	-----

(Notes)

1. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of Y123 = U.S. \$1, the approximate Tokyo foreign exchange market rate as of June 29, 2007.
2. As of June 30, 2007, Sony had 963 consolidated subsidiaries (including variable interest entities). It has applied the equity accounting method in respect to 62 affiliated companies.
3. Weighted-average number of outstanding shares used for computation of earnings per share of common stock are as follows. The dilutive effect in the weighted-average number of outstanding shares mainly resulted from convertible bonds.

Weighted-average number of outstanding shares	(Thousands of shares)	
	First quarter ended June 30	2007
	2006	2007
Net income	-----	-----
- Basic	1,001,206	1,002,496
- Diluted	1,049,969	1,052,584

4. Sony's comprehensive income is comprised of net income and other

Edgar Filing: SONY CORP - Form 6-K

comprehensive income. Other comprehensive income includes changes in unrealized gains or losses on securities, unrealized gains or losses on derivative instruments, minimum pension liabilities adjustments and foreign currency translation adjustments. Net income, other comprehensive income and comprehensive income for the first quarter ended June 30, 2006 and 2007 were as follows:

	(Millions of yen, millions of U.S. dollars)		
	First quarter ended June 30		
	2006	2007	2007

Net income	Y 32,291	Y 66,455	\$ 540
Other comprehensive income (loss):			
Unrealized losses on securities	(48,226)	(4,900)	(40)
Unrealized gains (losses) on derivative instruments	(55)	644	5
Minimum pension liabilities adjustments	(36)	-	-
Pension liabilities adjustments	-	(1,516)	(12)
Foreign currency translation adjustments	(12,290)	112,160	912
	-----	-----	-----
	(60,607)	106,388	865

Comprehensive income (loss)	Y (28,316)	Y 172,843	\$ 1,405

5. In September 2005, the Accounting Standards Executive Committee of the American Institute of Certified Public Accountants ("AcSEC") issued the Statement of Position ("SOP") 05-1, "Accounting by Insurance Enterprises for Deferred Acquisition Costs in Connection with Modifications or Exchanges of Insurance Contracts." SOP 05-1 provides guidance on accounting for deferred acquisition costs on internal replacements of insurance and investment contracts other than those specifically described in FAS No. 97, "Accounting and Reporting by Insurance Enterprises for Certain Long-Duration Contracts and for Realized Gains and Losses from the Sales of Investments." Sony adopted SOP 05-1 on April 1, 2007. The adoption of SOP 05-1 did not have a material impact on Sony's results of operations and financial position.

6. In March 2006, the Financial Accounting Standards Board ("FASB") issued FAS No. 156, "Accounting for Servicing of Financial Assets - an amendment of FASB Statement No. 140." This statement amends FAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" with respect to the accounting for separately recognized servicing assets and servicing liabilities. Sony adopted FAS No. 156 on April 1, 2007. The adoption of FAS No. 156 did not have a material impact on Sony's results of operations and financial position.

7. In June 2006, the FASB issued FASB Interpretation ("FIN") No. 48, "Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109." FIN No. 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FAS No. 109, "Accounting for Income Taxes." FIN No. 48 prescribes a minimum recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN No. 48 also provides guidance on derecognition, classification, interest and penalties, accounting in

Edgar Filing: SONY CORP - Form 6-K

interim periods, disclosure, and transition.

Sony adopted FIN No. 48 effective April 1, 2007. As a result of the adoption of FIN No. 48, Sony's opening retained earnings decreased by Y4,452 million (\$36 million). As of April 1, 2007, total unrecognized tax benefits were Y223,857 million (\$1,820 million). If Sony were to prevail on all unrecognized tax benefits recorded, Y129,632 million (\$1,054 million) of the Y223,857 million would reduce the effective tax rate. Sony does not anticipate any significant increases and decreases in unrecognized tax benefits within the next twelve months.

Interest associated with unrecognized tax benefits is included in interest expense. At April 1, 2007, Sony had an accrual of Y7,899 million (\$64 million) related to interest recorded as accrued expenses (before any tax benefits related thereto).

Penalties associated with income taxes are recorded within income tax expense. At April 1, 2007, Sony had an accrual of Y3,696 million (\$30 million) related to penalties recorded as a component of other non-current liabilities.

As of April 1, 2007, Sony is subject to income tax examinations for Japan and various foreign tax jurisdictions for tax years from 1998 through 2007.

8. In June 2006, the Emerging Issues Task Force ("EITF") issued EITF Issue No. 06-3, "How Taxes Collected from Customers and Remitted to Governmental Authorities Should be Presented in the Income Statement." EITF Issue No. 06-3 requires disclosure of the accounting policy for any tax assessed by a governmental authority that is imposed concurrently on a specific revenue-producing transaction between a seller and a customer. EITF Issue No. 06-3 should be applied to financial reports for interim and annual reporting periods beginning after December 15, 2006. Sony adopted EITF Issue No. 06-3 on April 1, 2007. The adoption of EITF Issue No. 06-3 did not have a material impact on Sony's results of operations and financial position.

Other Consolidated Financial Data

	(Millions of yen, millions of U.S. dollars)			
	2006	2007	Change	First quarter ended June 30 2007
	-----	-----	-----	-----
Capital expenditures (additions to property, plant and equipment)	Y 134,056	Y 95,001	-29.1%	\$ 772
Depreciation and amortization expenses*	91,265	104,004	+14.0	846
(Depreciation expenses for tangible assets)	(71,002)	(76,276)	+7.4	(620)
R&D expenses	119,370	125,983	+5.5	1,024

* Including amortization expenses for intangible assets and for deferred insurance acquisition costs

Business Segment Information

	(Millions of yen, millions of U.S. dollars)			
	2006	2007	Change	First quarter ended June 30 2007
	-----	-----	-----	-----
Electronics				

Edgar Filing: SONY CORP - Form 6-K

Customers	Y 1,231,640	Y 1,316,049	+6.9%	\$ 10,700
Intersegment	49,252	113,280		921
-----	-----	-----		-----
Total	1,280,892	1,429,329	+11.6	11,621
Game				
Customers	117,026	183,909	+57.2	1,495
Intersegment	5,463	12,673		103
-----	-----	-----		-----
Total	122,489	196,582	+60.5	1,598
Pictures				
Customers	204,751	231,398	+13.0	1,881
Intersegment	-	-		-
-----	-----	-----		-----
Total	204,751	231,398	+13.0	1,881
Financial Services				
Customers	118,540	177,052	+49.4	1,440
Intersegment	5,561	7,788		63
-----	-----	-----		-----
Total	124,101	184,840	+48.9	1,503
All Other				
Customers	72,279	68,102	-5.8	553
Intersegment	15,860	16,075		131
-----	-----	-----		-----
Total	88,139	84,177	-4.5	684
Elimination	(76,136)	(149,816)	-	(1,218)
-----	-----	-----		-----
Consolidated total	Y 1,744,236	Y 1,976,510	+13.3%	\$ 16,069
-----	-----	-----		-----

Electronics intersegment amounts primarily consist of transactions with the Game segment, Pictures segment and All Other.

All Other intersegment amounts primarily consist of transactions with the Electronics and Game segments.

Operating income (loss)	2006	2007	Change	2007
-----	-----	-----	-----	-----
Electronics	Y 47,419	Y 84,081	+77.3%	\$ 684
Game	(26,803)	(29,206)	-	(237)
Pictures	(1,165)	3,251	-	26
Financial Services	4,579	33,753	+637.1	274
All Other	4,731	7,754	+63.9	63
-----	-----	-----	-----	-----
Total	28,761	99,633	+246.4	810
Corporate and elimination	(1,713)	(310)	-	(2)
-----	-----	-----	-----	-----
Consolidated total	Y 27,048	Y 99,323	+267.2%	\$ 808

Electronics Sales and Operating Revenue to Customers by Product Category

(Millions of yen, millions of U.S. dollars)

Edgar Filing: SONY CORP - Form 6-K

Sales and operating revenue	2006	First quarter ended June 30		
		2007	Change	2007
-----	-----	-----	-----	-----
Audio	Y 116,292	Y 125,491	+7.9 %	\$ 1,020
Video	270,181	337,388	+24.9	2,743
Televisions	262,054	235,209	-10.2	1,912
Information and Communications	213,150	232,070	+8.9	1,887
Semiconductors	47,991	57,160	+19.1	465
Components	204,736	192,371	-6.0	1,564
Other	117,236	136,360	+16.3	1,109
-----	-----	-----	-----	-----
Total	Y 1,231,640	Y 1,316,049	+6.9%	\$ 10,700

The above table is a breakdown of Electronics sales and operating revenue to customers in the Business Segment Information.

The Electronics segment is managed as a single operating segment by Sony's management. However, Sony believes that the information in this table is useful to investors in understanding the product categories in this business segment.

Geographic Segment Information

Sales and operating revenue	2006	(Millions of yen, millions of U.S. dollars)		
		2007	Change	2007
-----	-----	-----	-----	-----
Japan	Y 476,198	Y 516,504	+8.5%	\$ 4,199
United States	447,917	468,724	+4.6	3,811
Europe	398,852	476,280	+19.4	3,872
Other Areas	421,269	515,002	+22.3	4,187
-----	-----	-----	-----	-----
Total	Y 1,744,236	Y 1,976,510	+13.3%	\$16,069

Classification of Geographic Segment Information shows sales and operating revenue recognized by location of customers.

Condensed Financial Services Financial Statements

The results of the Financial Services segment are included in Sony's consolidated financial statements. The following schedules show unaudited condensed financial statements for the Financial Services segment and all other segments excluding Financial Services.

These presentations are not required under U.S. GAAP, which is used in Sony's consolidated financial statements. However, because the Financial Services segment is different in nature from Sony's other segments, Sony believes that a comparative presentation may be useful in understanding and analyzing Sony's consolidated financial statements.

Transactions between the Financial Services segment and Sony without Financial Services are eliminated in the consolidated figures shown below.

Edgar Filing: SONY CORP - Form 6-K

Condensed Balance Sheet

	(Millions of yen, millions of U.S. dollars)			
Financial Services	June 30	March 31	June 30	June 30
ASSETS	2006	2007	2007	2007
	-----	-----	-----	-----
Current assets:				
Cash and cash equivalents	Y 178,848	Y 277,048	Y 123,243	\$ 1,002
Marketable securities	454,081	490,237	513,011	4,171
Other	217,525	321,969	375,214	3,050
	-----	-----	-----	-----
	850,454	1,089,254	1,011,468	8,223
Investments and advances	3,149,420	3,347,897	3,570,916	29,032
Property, plant and equipment	38,056	38,671	38,275	311
Other assets:				
Deferred insurance	385,152	394,117	398,619	3,241
acquisition costs				
Other	96,223	107,703	106,158	863
	-----	-----	-----	-----
	481,375	501,820	504,777	4,104
	-----	-----	-----	-----
	Y 4,519,305	Y 4,977,642	Y 5,125,436	\$ 41,670
	-----	-----	-----	-----

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:				
Short-term borrowings	Y 82,917	Y 48,688	Y 70,163	\$ 570
Notes and accounts payable, trade	12,516	13,159	13,620	111
Deposits from customers in the banking business	634,950	752,367	796,578	6,476
Other	150,784	143,245	128,889	1,048
	-----	-----	-----	-----
	881,167	957,459	1,009,250	8,205
Long-term liabilities:				
Long-term debt	127,284	129,484	127,485	1,036
Accrued pension and severance costs	13,438	8,773	8,464	69
Future insurance policy benefits and other	2,799,808	3,037,666	3,117,406	25,345
Other	149,649	204,317	213,650	1,737
	-----	-----	-----	-----
	3,090,179	3,380,240	3,467,005	28,187
Minority interest in consolidated subsidiaries	4,123	5,145	5,116	42
Stockholders' equity	543,836	634,798	644,065	5,236
	-----	-----	-----	-----
	Y 4,519,305	Y 4,977,642	Y 5,125,436	\$ 41,670
	-----	-----	-----	-----

	(Millions of yen, millions of U.S. dollars)			
Sony without	June 30	March 31	June 30	June 30
Financial Services	2006	2007	2007	2007
ASSETS	-----	-----	-----	-----

Edgar Filing: SONY CORP - Form 6-K

Current assets:				
Cash and cash equivalents	Y 381,552	Y 522,851	Y 327,125	\$ 2,660
Marketable securities	7,574	3,078	3,003	24
Notes and accounts receivable, trade	1,023,490	1,343,128	1,132,128	9,204
Other	1,539,698	1,625,914	1,892,992	15,390
	-----	-----	-----	-----
	2,952,314	3,494,971	3,355,248	27,278
Film costs	355,609	308,694	309,841	2,519
Investments and advances	467,617	623,342	643,114	5,229
Investments in Financial Services, at cost	187,400	187,400	187,400	1,524
Property, plant and equipment	1,400,353	1,382,860	1,410,661	11,469
Other assets	1,005,734	1,100,795	1,192,812	9,697
	-----	-----	-----	-----
	Y 6,369,027	Y 7,098,062	Y 7,099,076	\$ 57,716
	-----	-----	-----	-----

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:				
Short-term borrowings	Y 220,448	Y 80,944	Y 113,603	\$ 924
Notes and accounts payable, trade	825,028	1,167,324	961,723	7,819
Other	1,172,416	1,392,333	1,351,164	10,985
	-----	-----	-----	-----
	2,217,892	2,640,601	2,426,490	19,728
Long-term liabilities:				
Long-term debt	804,854	925,259	948,058	7,708
Accrued pension and severance costs	161,604	164,701	182,126	1,481
Other	332,586	410,354	420,924	3,421
	-----	-----	-----	-----
	1,299,044	1,500,314	1,551,108	12,610
Minority interest in consolidated subsidiaries	34,572	32,808	31,769	258
Stockholders' equity	2,817,519	2,924,339	3,089,709	25,120
	-----	-----	-----	-----
	Y 6,369,027	Y 7,098,062	Y 7,099,076	\$ 57,716
	-----	-----	-----	-----

(Millions of yen, millions of U.S. dollars)

Consolidated	June 30	March 31	June 30	June 30
ASSETS	2006	2007	2007	2007
	-----	-----	-----	-----
Current assets:				
Cash and cash equivalents	Y 560,400	Y 799,899	Y 450,368	\$ 3,662
Marketable securities	461,655	493,315	516,014	4,195
Notes and accounts receivable, trade	1,039,679	1,369,777	1,157,531	9,411
Other	1,686,272	1,883,732	2,200,081	17,886
	-----	-----	-----	-----
	3,748,006	4,546,723	4,323,994	35,154
Film costs	355,609	308,694	309,841	2,519
Investments and advances	3,532,095	3,888,736	4,135,212	33,620

Edgar Filing: SONY CORP - Form 6-K

Property, plant and equipment	1,438,409	1,421,531	1,448,936	11,780
Other assets:				
Deferred insurance	385,152	394,117	398,619	3,241
acquisition costs				
Other	1,066,446	1,156,561	1,248,357	10,149
	-----	-----	-----	-----
	1,451,598	1,550,678	1,646,976	13,390
	-----	-----	-----	-----
	Y 10,525,717	Y 11,716,362	Y 11,864,959	\$ 96,463
	-----	-----	-----	-----

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:				
Short-term borrowings	Y 269,654	Y 95,461	Y 145,612	\$ 1,184
Notes and accounts payable, trade	836,632	1,179,694	974,084	7,919
Deposits from customers in the banking business	634,950	752,367	796,578	6,476
Other	1,294,278	1,524,330	1,469,562	11,948
	-----	-----	-----	-----
	3,035,514	3,551,852	3,385,836	27,527
Long-term liabilities:				
Long-term debt	868,204	1,001,005	1,024,604	8,330
Accrued pension and severance costs	175,042	173,474	190,590	1,550
Future insurance policy benefits and other	2,799,808	3,037,666	3,117,406	25,345
Other	434,577	542,691	563,281	4,579
	-----	-----	-----	-----
	4,277,631	4,754,836	4,895,881	39,804
Minority interest in consolidated subsidiaries	39,084	38,970	37,902	308
Stockholders' equity	3,173,488	3,370,704	3,545,340	28,824
	-----	-----	-----	-----
	Y 10,525,717	Y 11,716,362	Y 11,864,959	\$ 96,463
	-----	-----	-----	-----

Condensed Statements of Income

		(Millions of yen, millions of U.S. dollars)		
Financial Services			First quarter ended June 30	
	2006	2007	Change	2007
	-----	-----	-----	-----
Financial service revenue	Y 124,101	Y 184,840	+48.9%	\$ 1,503
Financial service expenses	119,522	151,087	+26.4	1,229
	-----	-----		-----
Operating income	4,579	33,753	+637.1	274
Other income (expenses), net	(57)	(83)	-	(0)
	-----	-----		-----
Income before income taxes	4,522	33,670	+644.6	274
Income taxes and other	1,085	13,690	+1,161.8	112
	-----	-----		-----
Net income	Y 3,437	Y 19,980	+481.3%	\$ 162
	-----	-----		-----

Edgar Filing: SONY CORP - Form 6-K

Sony without Financial Services	(Millions of yen, millions of U.S. dollars)			
	First quarter ended June 30			
	2006	2007	Change	2007
	-----	-----	-----	-----
Net sales and operating revenue	Y 1,628,283	Y 1,801,475	+10.6%	\$ 14,646
Costs and expenses	1,606,130	1,736,297	+8.1	14,116
	-----	-----		-----
Operating income	22,153	65,178	+194.2	530
Other income (expenses), net	33,465	(8,516)	-	(69)
	-----	-----		-----
Income before income taxes	55,618	56,662	+1.9	461
	-----	-----		-----
Income taxes and other	20,489	3,613	-82.4	30
	-----	-----		-----
Net income	Y 35,129	Y 53,049	+51.0%	\$ 431
	-----	-----		-----

Consolidated	(Millions of yen, millions of U.S. dollars)			
	First quarter ended June 30			
	2006	2007	Change	2007
	-----	-----	-----	-----
Financial service revenue	Y 118,540	Y 177,052	+49.4%	\$ 1,440
Net sales and operating revenue	1,625,696	1,799,458	+10.7	14,629
	-----	-----		-----
Costs and expenses	1,744,236	1,976,510	+13.3	16,069
	1,717,188	1,877,187	+9.3	15,261
	-----	-----		-----
Operating income	27,048	99,323	+267.2	808
Other income (expenses), net	26,980	(15,565)	-	(127)
	-----	-----		-----
Income before income taxes	54,028	83,758	+55.0	681
Income taxes and other	21,737	17,303	-20.4	141
	-----	-----		-----
Net income	Y 32,291	Y 66,455	+105.8%	\$ 540
	-----	-----		-----

Condensed Statements of Cash Flows

Financial Services	(Millions of yen, millions of U.S. dollars)		
	First quarter ended June 30		
	2006	2007	2007
	-----	-----	-----
Net cash provided by operating activities	Y 91,910	Y 41,551	\$ 338
Net cash used in investing activities	(40,061)	(291,286)	(2,368)
Net cash provided by financing activities	9,369	95,930	780
	-----	-----	-----
Net increase (decrease) in cash and cash equivalents	61,218	(153,805)	(1,250)
Cash and cash equivalents at beginning of the fiscal year	117,630	277,048	2,252
	-----	-----	-----

Edgar Filing: SONY CORP - Form 6-K

Cash and cash equivalents at the end of the period	Y 178,848	Y 123,243	\$ 1,002
	-----	-----	-----

(Millions of yen, millions of U.S. dollars)

Sony without Financial Services	2006	2007	2007
	-----	-----	-----
Net cash used in operating activities	Y (189,114)	Y (135,851)	\$ (1,104)
Net cash used in investing activities	(100,376)	(110,684)	(900)
Net cash provided by financing activities	95,828	37,941	308
Effect of exchange rate changes on cash and cash equivalents	(10,254)	12,868	105
	-----	-----	-----
Net decrease in cash and cash equivalents	(203,916)	(195,726)	(1,591)
Cash and cash equivalents at beginning of the fiscal year	585,468	522,851	4,251
	-----	-----	-----
Cash and cash equivalents at the end of the period	Y 381,552	Y 327,125	\$ 2,660
	-----	-----	-----

(Millions of yen, millions of U.S. dollars)

Consolidated	2006	2007	2007
	-----	-----	-----
Net cash used in operating activities	Y (97,932)	Y (93,941)	\$ (764)
Net cash used in investing activities	(132,336)	(399,805)	(3,250)
Net cash provided by financing activities	97,824	131,347	1,068
Effect of exchange rate changes on cash and cash equivalents	(10,254)	12,868	105
	-----	-----	-----
Net decrease in cash and cash equivalents	(142,698)	(349,531)	(2,841)
Cash and cash equivalents at beginning of the fiscal year	703,098	799,899	6,503
	-----	-----	-----
Cash and cash equivalents at the end of the period	Y 560,400	Y 450,368	\$ 3,662
	-----	-----	-----

Investor Relations Contacts:

Tokyo	New York	London
Tatsuyuki Sonoda	Sam Levenson/Justin Hill/ Miki Emura	Shinji Tomita
+81-(0)3-6748-2180	+1-212-833-6722	+44-(0)20-7444-9713

Home Page: <http://www.sony.net/IR/>