

SONY CORP
Form 6-K
February 02, 2018

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 February 2018
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 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

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)

By: /s/ Kenichiro Yoshida
(Signature)
Kenichiro Yoshida
Executive Deputy President and
Chief Financial Officer

Date: February 2, 2018

List of materials

Documents attached hereto:

i) Press release Announcement _____

Quarterly Financial Statements
for the Third Quarter Ended December 31, 2017
And
Outlook for the Fiscal Year Ending March 31, 2018

February 2, 2018
Sony Corporation

| | |
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All amounts are presented on the basis of Generally Accepted Accounting Principles in the U.S. ("U.S. GAAP"). Sony Corporation and its consolidated subsidiaries are together referred to as "Sony".

(Unaudited)

Consolidated Financial StatementsConsolidated Balance Sheets

| | | (Millions of yen) | |
|---|-----------------|----------------------|-------------------------------------|
| | March 31 | December 31 | Change from March 31, 2017 |
| ASSETS | 2017 | 2017 | |
| Current assets: | | | |
| Cash and cash equivalents | ¥960,142 | ¥1,328,925 | ¥+368,783 |
| Marketable securities | 1,051,441 | 1,221,687 | +170,246 |
| Notes and accounts receivable, trade | 1,006,961 | 1,535,912 | +528,951 |
| Allowance for doubtful accounts and sales returns | (53,150) | (62,135) | -8,985 |
| Inventories | 640,835 | 753,658 | +112,823 |
| Other receivables | 223,632 | 234,002 | +10,370 |
| Prepaid expenses and other current assets | 525,861 | 548,742 | +22,881 |
| Total current assets | 4,355,722 | 5,560,791 | +1,205,069 |
| Film costs | 336,928 | 365,783 | +28,855 |
| Investments and advances: | | | |
| Affiliated companies | 149,371 | 155,303 | +5,932 |
| Securities investments and other | 9,962,422 | 10,401,319 | +438,897 |
| | 10,111,793 | 10,556,622 | +444,829 |
| Property, plant and equipment: | | | |
| Land | 117,293 | 114,967 | -2,326 |
| Buildings | 666,381 | 685,576 | +19,195 |
| Machinery and equipment | 1,842,852 | 1,855,459 | +12,607 |
| Construction in progress | 28,779 | 45,041 | +16,262 |
| | 2,655,305 | 2,701,043 | +45,738 |
| Less-Accumulated depreciation | 1,897,106 | 1,909,436 | +12,330 |
| | 758,199 | 791,607 | +33,408 |
| Other assets: | | | |
| Intangibles, net | 584,185 | 571,027 | -13,158 |
| Goodwill | 522,538 | 552,336 | +29,798 |
| Deferred insurance acquisition costs | 568,837 | 595,180 | +26,343 |
| Deferred income taxes | 98,958 | 91,452 | -7,506 |
| Other | 323,396 | 335,878 | +12,482 |
| | 2,097,914 | 2,145,873 | +47,959 |
| Total assets | ¥17,660,556 | ¥19,420,676 | ¥+1,760,120 |

LIABILITIES AND EQUITY

Current liabilities:

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| | | | |
|---|-------------|-------------|-------------|
| Short-term borrowings | ¥464,655 | ¥537,443 | ¥+72,788 |
| Current portion of long-term debt | 53,424 | 245,646 | +192,222 |
| Notes and accounts payable, trade | 539,900 | 658,250 | +118,350 |
| Accounts payable, other and accrued expenses | 1,394,758 | 1,621,542 | +226,784 |
| Accrued income and other taxes | 106,037 | 213,874 | +107,837 |
| Deposits from customers in the banking business | 2,071,091 | 2,159,747 | +88,656 |
| Other | 591,874 | 585,348 | -6,526 |
| Total current liabilities | 5,221,739 | 6,021,850 | +800,111 |
| Long-term debt | 681,462 | 594,195 | -87,267 |
| Accrued pension and severance costs | 396,715 | 403,663 | +6,948 |
| Deferred income taxes | 432,824 | 428,147 | -4,677 |
| Future insurance policy benefits and other | 4,834,492 | 5,104,322 | +269,830 |
| Policyholders' account in the life insurance business | 2,631,073 | 2,854,660 | +223,587 |
| Other | 314,771 | 284,283 | -30,488 |
| Total liabilities | 14,513,076 | 15,691,120 | +1,178,044 |
| Redeemable noncontrolling interest | 12,058 | 14,609 | +2,551 |
| Equity: | | | |
| Sony Corporation's stockholders' equity: | | | |
| Common stock | 860,645 | 864,078 | +3,433 |
| Additional paid-in capital | 1,275,337 | 1,279,422 | +4,085 |
| Retained earnings | 984,368 | 1,476,194 | +491,826 |
| Accumulated other comprehensive income | (618,769) | (575,320) | +43,449 |
| Treasury stock, at cost | (4,335) | (4,481) | -146 |
| | 2,497,246 | 3,039,893 | +542,647 |
| Noncontrolling interests | 638,176 | 675,054 | +36,878 |
| Total equity | 3,135,422 | 3,714,947 | +579,525 |
| Total liabilities and equity | ¥17,660,556 | ¥19,420,676 | ¥+1,760,120 |

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Consolidated Statements of Income

(Millions of yen, except per share amounts)

Three months ended December 31

2016 2017 Change

Sales and operating revenue:

| | | | |
|----------------------------|------------|------------|-----------|
| Net sales | ¥2,059,578 | ¥2,279,714 | ¥+220,136 |
| Financial services revenue | 317,342 | 371,498 | +54,156 |
| Other operating revenue | 20,579 | 21,105 | +526 |
| | 2,397,499 | 2,672,317 | +274,818 |

Costs and expenses:

| | | | |
|---------------------------------------|-----------|-----------|----------|
| Cost of sales | 1,495,036 | 1,607,962 | +112,926 |
| Selling, general and administrative | 411,652 | 415,532 | +3,880 |
| Financial services expenses | 286,740 | 315,404 | +28,664 |
| Other operating (income) expense, net | 113,013 | (13,119) | -126,132 |
| | 2,306,441 | 2,325,779 | +19,338 |

Equity in net income of affiliated companies

1,314 4,299 +2,985

Operating income

92,372 350,837 +258,465

Other income:

| | | | |
|---|-------|-------|--------|
| Interest and dividends | 2,502 | 3,519 | +1,017 |
| Gain on sale of securities investments, net | 92 | 833 | +741 |
| Other | 189 | 1,531 | +1,342 |
| | 2,783 | 5,883 | +3,100 |

Other expenses:

| | | | |
|---|--------|--------|---------|
| Interest | 3,749 | 3,536 | -213 |
| Loss on devaluation of securities investments | 4,810 | 1,324 | -3,486 |
| Foreign exchange loss, net | 18,420 | 5,888 | -12,532 |
| Other | 1,949 | 2,853 | +904 |
| | 28,928 | 13,601 | -15,327 |

Income before income taxes

66,227 343,119 +276,892

Income taxes

36,956 28,234 -8,722

Net income

29,271 314,885 +285,614

Less - Net income attributable to noncontrolling interests

9,640 18,988 +9,348

Net income attributable to Sony Corporation's stockholders

¥19,631 ¥295,897 ¥+276,266

Per share data:

Net income attributable to Sony Corporation's stockholders

| | | | |
|-----------|--------|---------|----------|
| — Basic | ¥15.55 | ¥234.08 | ¥+218.53 |
| — Diluted | 15.24 | 228.91 | +213.67 |

Consolidated Statements of Comprehensive Income(Millions
of yen)Three months ended December 31
2016 2017 Change

| | | | |
|---|----------|----------|-----------|
| Net income | ¥29,271 | ¥314,885 | ¥+285,614 |
| Other comprehensive income, net of tax – | | | |
| Unrealized gains (losses) on securities | (8,314) | 11,688 | +20,002 |
| Unrealized gains (losses) on derivative instruments | 3,430 | (79) | -3,509 |
| Pension liability adjustment | 3,250 | 2,365 | -885 |
| Foreign currency translation adjustments | 112,440 | 3,655 | -108,785 |
| Total comprehensive income | 140,077 | 332,514 | +192,437 |
| Less - Comprehensive income attributable to noncontrolling interests | 2,152 | 21,603 | +19,451 |
| Comprehensive income attributable to Sony Corporation's stockholders | ¥137,925 | ¥310,911 | ¥+172,986 |

Consolidated Statements of Income

| | (Millions of yen, except per share amounts) | | |
|--|---|------------|-----------|
| | Nine months ended December 31 | | |
| | 2016 | 2017 | Change |
| Sales and operating revenue: | | | |
| Net sales | ¥4,834,013 | ¥5,573,273 | ¥+739,260 |
| Financial services revenue | 806,954 | 950,292 | +143,338 |
| Other operating revenue | 58,679 | 69,396 | +10,717 |
| | 5,699,646 | 6,592,961 | +893,315 |
| Costs and expenses: | | | |
| Cost of sales | 3,559,927 | 3,957,700 | +397,773 |
| Selling, general and administrative | 1,088,096 | 1,159,190 | +71,094 |
| Financial services expenses | 693,537 | 810,967 | +117,430 |
| Other operating (income) expense, net | 165,454 | (40,131) | -205,585 |
| | 5,507,014 | 5,887,726 | +380,712 |
| Equity in net income of affiliated companies | 1,679 | 7,441 | +5,762 |
| Operating income | 194,311 | 712,676 | +518,365 |
| Other income: | | | |
| Interest and dividends | 7,859 | 16,556 | +8,697 |
| Gain on sale of securities investments, net | 155 | 1,479 | +1,324 |
| Other | 1,906 | 2,529 | +623 |
| | 9,920 | 20,564 | +10,644 |
| Other expenses: | | | |
| Interest | 11,902 | 10,782 | -1,120 |
| Loss on devaluation of securities investments | 4,860 | 1,803 | -3,057 |
| Foreign exchange loss, net | 19,230 | 25,154 | +5,924 |
| Other | 4,476 | 4,923 | +447 |
| | 40,468 | 42,662 | +2,194 |
| Income before income taxes | 163,763 | 690,578 | +526,815 |
| Income taxes | 80,931 | 138,481 | +57,550 |
| Net income | 82,832 | 552,097 | +469,265 |
| Less - Net income attributable to noncontrolling interests | 37,193 | 44,477 | +7,284 |
| Net income attributable to Sony Corporation's stockholders | 45,639 | 507,620 | +461,981 |
| Per share data: | | | |
| Net income attributable to Sony Corporation's stockholders | | | |

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| | | | |
|-----------|--------|---------|----------|
| — Basic | ¥36.17 | ¥401.76 | ¥+365.59 |
| — Diluted | 35.43 | 393.05 | +357.62 |

Consolidated Statements of Comprehensive Income

| | (Millions of yen) | | |
|--|-------------------------------|----------|-----------|
| | Nine months ended December 31 | | |
| | Change | | |
| Net income | ¥82,832 | ¥552,097 | ¥+469,265 |
| Other comprehensive income, net of tax – | | | |
| Unrealized gains (losses) on securities | (25,645) | 7,030 | +32,675 |
| Unrealized gains on derivative instruments | 3,690 | 150 | -3,540 |
| Pension liability adjustment | 9,297 | 7,009 | -2,288 |
| Foreign currency translation adjustments | 5,377 | 33,742 | +28,365 |
| Total comprehensive income | 75,551 | 600,028 | +524,477 |
| Less - Comprehensive income attributable to noncontrolling interests | 21,307 | 48,959 | +27,652 |
| Comprehensive income attributable to Sony Corporation's stockholders | ¥54,244 | ¥551,069 | ¥+496,825 |

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Consolidated Statements of Cash Flows

| | (Millions of yen) | |
|---|-------------------|------------|
| | Nine months ended | |
| | December 31 | |
| | 2016 | 2017 |
| Cash flows from operating activities: | | |
| Net income | ¥82,832 | ¥552,097 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization, including amortization of deferred insurance acquisition costs | 259,554 | 258,187 |
| Amortization of film costs | 190,539 | 259,709 |
| Accrual for pension and severance costs, less payments | 7,270 | 3,948 |
| Other operating (income) expense, net | 165,454 | (40,131) |
| Loss on sale or devaluation of securities investments, net | 4,706 | 324 |
| Gain on revaluation of marketable securities held in the financial services business for trading purposes, net | (42,727) | (109,888) |
| Loss on revaluation or impairment of securities investments held in the financial services business, net | 29 | 213 |
| Deferred income taxes | 4,450 | (4,551) |
| Equity in net (income) loss of affiliated companies, net of dividends | 5,770 | (2,125) |
| Changes in assets and liabilities: | | |
| Increase in notes and accounts receivable, trade | (372,978) | (488,285) |
| Increase in inventories | (18,622) | (88,954) |
| Increase in film costs | (242,875) | (279,082) |
| Increase in notes and accounts payable, trade | 87,698 | 90,484 |
| Increase in accrued income and other taxes | 65,951 | 70,983 |
| Increase in future insurance policy benefits and other | 336,157 | 424,084 |
| Increase in deferred insurance acquisition costs | (70,070) | (65,248) |
| Increase in marketable securities held in the financial services business for trading purposes | (60,868) | (64,727) |
| Increase in other current assets | (46,705) | (25,633) |
| Increase in other current liabilities | 55,453 | 189,524 |
| Other | (97,766) | (20,600) |
| Net cash provided by operating activities | 313,252 | 660,329 |
| Cash flows from investing activities: | | |
| Payments for purchases of fixed assets | (260,457) | (189,780) |
| Proceeds from sales of fixed assets | 9,134 | 15,095 |
| Payments for investments and advances by financial services business | (943,712) | (671,982) |
| Payments for investments and advances (other than financial services business) | (7,487) | (16,526) |
| Proceeds from sales or return of investments and collections of advances by financial services business | 212,624 | 256,652 |
| Proceeds from sales or return of investments and collections of advances (other than financial services business) | 13,837 | 5,404 |
| Proceeds from sales of businesses | 3,262 | 44,624 |
| Other | (8,715) | (10,400) |
| Net cash used in investing activities | (981,514) | (566,913) |

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| | | |
|---|-----------|------------|
| Cash flows from financing activities: | | |
| Proceeds from issuance of long-term debt | 255,416 | 92,833 |
| Payments of long-term debt | (182,670) | (20,570) |
| Increase in short-term borrowings, net | 275,084 | 72,913 |
| Increase in deposits from customers in the financial services business, net | 254,279 | 154,374 |
| Dividends paid | (25,308) | (27,750) |
| Payment for purchase of Sony/ATV shares from noncontrolling interests | (76,565) | |
| Other | (32,385) | (6,612) |
| Net cash provided by financing activities | 467,851 | 265,188 |
| | | |
| Effect of exchange rate changes on cash and cash equivalents | (11,525) | 10,179 |
| | | |
| Net increase (decrease) in cash and cash equivalents | (211,936) | 368,783 |
| Cash and cash equivalents at beginning of the fiscal year | 983,612 | 960,142 |
| | | |
| Cash and cash equivalents at end of the period | ¥771,676 | ¥1,328,925 |

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Notes to Consolidated Financial Statements

Business Segment Information

(Business Segments)

| | (Millions of yen) | | |
|------------------------------|--------------------|----------|----------|
| | Three months ended | | |
| | December 31 | | |
| | 2016 | 2017 | Change |
| Sales and operating revenue | | | |
| Game & Network Services | | | |
| Customers | ¥596,997 | ¥681,649 | ¥+84,652 |
| Intersegment | 20,702 | 36,317 | +15,615 |
| Total | 617,699 | 717,966 | +100,267 |
| Music | | | |
| Customers | 173,218 | 214,267 | +41,049 |
| Intersegment | 5,289 | 4,162 | -1,127 |
| Total | 178,507 | 218,429 | +39,922 |
| Pictures | | | |
| Customers | 224,771 | 260,050 | +35,279 |
| Intersegment | 385 | 267 | -118 |
| Total | 225,156 | 260,317 | +35,161 |
| Home Entertainment & Sound | | | |
| Customers | 351,983 | 429,604 | +77,621 |
| Intersegment | 1,442 | 243 | -1,199 |
| Total | 353,425 | 429,847 | +76,422 |
| Imaging Products & Solutions | | | |
| Customers | 165,260 | 179,112 | +13,852 |
| Intersegment | 1,859 | 1,990 | +131 |
| Total | 167,119 | 181,102 | +13,983 |
| Mobile Communications | | | |
| Customers | 247,173 | 215,141 | -32,032 |
| Intersegment | 1,424 | 2,402 | +978 |
| Total | 248,597 | 217,543 | -31,054 |
| Semiconductors | | | |
| Customers | 205,021 | 218,303 | +13,282 |
| Intersegment | 28,847 | 32,627 | +3,780 |
| Total | 233,868 | 250,930 | +17,062 |
| Financial Services | | | |
| Customers | 317,342 | 371,498 | +54,156 |
| Intersegment | 1,800 | 1,773 | -27 |
| Total | 319,142 | 373,271 | +54,129 |
| All Other | | | |
| Customers | 109,933 | 96,611 | -13,322 |
| Intersegment | 21,713 | 11,971 | -9,742 |
| Total | 131,646 | 108,582 | -23,064 |

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| | | | |
|---------------------------|------------|------------|-----------|
| Corporate and elimination | (77,660) | (85,670) | -8,010 |
| Consolidated total | ¥2,397,499 | ¥2,672,317 | ¥+274,818 |

Game & Network Services (“G&NS”) intersegment amounts primarily consist of transactions with All Other.

Semiconductors intersegment amounts primarily consist of transactions with the Mobile Communications (“MC”) segment, the G&NS segment and the Imaging Products & Solutions (“IP&S”) segment.

All Other intersegment amounts primarily consist of transactions with the Pictures segment, the Music segment and the G&NS segment.

Corporate and elimination includes certain brand and patent royalty income.

| | (Millions of yen) | | |
|------------------------------|--------------------------------|----------|-----------|
| | Three months ended December 31 | | |
| Operating income (loss) | 2016 | 2017 | Change |
| Game & Network Services | ¥50,028 | ¥85,364 | ¥+35,336 |
| Music | 27,982 | 39,342 | +11,360 |
| Pictures | (106,774) | 10,489 | +117,263 |
| Home Entertainment & Sound | 25,934 | 46,213 | +20,279 |
| Imaging Products & Solutions | 21,101 | 25,982 | +4,881 |
| Mobile Communications | 21,218 | 15,801 | -5,417 |
| Semiconductors | 27,166 | 60,558 | +33,392 |
| Financial Services | 28,996 | 56,287 | +27,291 |
| All Other | (2,049) | 2,255 | +4,304 |
| Total | 93,602 | 342,291 | +248,689 |
| Corporate and elimination | (1,230) | 8,546 | +9,776 |
| Consolidated total | ¥92,372 | ¥350,837 | ¥+258,465 |

The 2016 segment disclosure above has been reclassified to reflect the change in the business segment classification.

Operating income (loss) is sales and operating revenue less costs and expenses, and includes equity in net income (loss) of affiliated companies.

Corporate and elimination includes headquarters restructuring costs and certain other corporate expenses, including the amortization of certain intellectual property assets such as the cross-licensing of intangible assets acquired from Ericsson at the time of the Sony Mobile Communications acquisition, which are not allocated to segments.

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(Business Segments)

(Millions of yen)

Nine months ended December 31

| Sales and operating revenue | 2016 | 2017 | Change |
|------------------------------|------------|------------|-----------|
| Game & Network Services | | | |
| Customers | ¥1,212,613 | ¥1,418,955 | ¥+206,342 |
| Intersegment | 55,345 | 80,277 | +24,932 |
| Total | 1,267,958 | 1,499,232 | +231,274 |
| Music | | | |
| Customers | 458,256 | 582,180 | +123,924 |
| Intersegment | 12,366 | 11,387 | -979 |
| Total | 470,622 | 593,567 | +122,945 |
| Pictures | | | |
| Customers | 599,920 | 709,458 | +109,538 |
| Intersegment | 665 | 673 | +8 |
| Total | 600,585 | 710,131 | +109,546 |
| Home Entertainment & Sound | | | |
| Customers | 820,799 | 986,839 | +166,040 |
| Intersegment | 3,422 | 808 | -2,614 |
| Total | 824,221 | 987,647 | +163,426 |
| Imaging Products & Solutions | | | |
| Customers | 419,662 | 488,399 | +68,737 |
| Intersegment | 5,055 | 5,058 | +3 |
| Total | 424,717 | 493,457 | +68,740 |
| Mobile Communications | | | |
| Customers | 598,855 | 564,025 | -34,830 |
| Intersegment | 4,435 | 6,746 | +2,311 |
| Total | 603,290 | 570,771 | -32,519 |
| Semiconductors | | | |
| Customers | 484,332 | 584,389 | +100,057 |
| Intersegment | 87,714 | 99,165 | +11,451 |
| Total | 572,046 | 683,554 | +111,508 |
| Financial Services | | | |
| Customers | 806,954 | 950,292 | +143,338 |
| Intersegment | 5,417 | 5,363 | -54 |
| Total | 812,371 | 955,655 | +143,284 |
| All Other | | | |
| Customers | 276,660 | 286,307 | +9,647 |
| Intersegment | 57,113 | 44,335 | -12,778 |
| Total | 333,773 | 330,642 | -3,131 |
| Corporate and elimination | (209,937) | (231,695) | -21,758 |

Consolidated total ¥5,699,646 ¥6,592,961 ¥+893,315

G&NS intersegment amounts primarily consist of transactions with All Other.

Semiconductors intersegment amounts primarily consist of transactions with the MC segment, the G&NS segment and the IP&S segment.

All Other intersegment amounts primarily consist of transactions with the Pictures segment, the Music segment and the G&NS segment.

Corporate and elimination includes certain brand and patent royalty income.

| | (Millions of yen) | | |
|------------------------------|-------------------------------|-----------|-----------|
| | Nine months ended December 31 | | |
| Operating income (loss) | 2016 | 2017 | Change |
| Game & Network Services | ¥113,051 | ¥157,847 | ¥+44,796 |
| Music | 60,373 | 96,878 | +36,505 |
| Pictures | (114,207) | 8,688 | +122,895 |
| Home Entertainment & Sound | 63,731 | 93,183 | +29,452 |
| Imaging Products & Solutions | 43,467 | 68,056 | +24,589 |
| Mobile Communications | 25,331 | 16,964 | -8,367 |
| Semiconductors | (20,567) | 165,370 | +185,937 |
| Financial Services | 111,106 | 139,109 | +28,003 |
| All Other | (41,604) | (6,004) | +35,600 |
| Total | 240,681 | 740,091 | +499,410 |
| Corporate and elimination | (46,370) | (27,415) | +18,955 |
| Consolidated total | ¥194,311 | ¥712,676 | ¥+518,365 |

The 2016 segment disclosure above has been reclassified to reflect the change in the business segment classification.

Operating income (loss) is sales and operating revenue less costs and expenses, and includes equity in net income (loss) of affiliated companies.

Corporate and elimination includes headquarters restructuring costs and certain other corporate expenses, including the amortization of certain intellectual property assets such as the cross-licensing of intangible assets acquired from Ericsson at the time of the Sony Mobile Communications acquisition, which are not allocated to segments.

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(Sales to Customers by Product Category)

| | (Millions of yen) | | |
|------------------------------|--------------------------------|------------|-----------|
| | Three months ended December 31 | | |
| | 2016 | 2017 | Change |
| Game & Network Services | | | |
| Hardware | ¥279,858 | ¥270,653 | ¥-9,205 |
| Network | 212,701 | 300,407 | +87,706 |
| Other | 104,438 | 110,589 | +6,151 |
| Total | 596,997 | 681,649 | +84,652 |
| Music | | | |
| Recorded Music | 114,833 | 128,239 | +13,406 |
| Music Publishing | 15,549 | 18,334 | +2,785 |
| Visual Media and Platform | 42,836 | 67,694 | +24,858 |
| Total | 173,218 | 214,267 | +41,049 |
| Pictures | | | |
| Motion Pictures | 96,427 | 106,931 | +10,504 |
| Television Productions | 73,044 | 82,227 | +9,183 |
| Media Networks | 55,300 | 70,892 | +15,592 |
| Total | 224,771 | 260,050 | +35,279 |
| Home Entertainment & Sound | | | |
| Televisions | 244,421 | 301,476 | +57,055 |
| Audio and Video | 106,916 | 127,303 | +20,387 |
| Other | 646 | 825 | +179 |
| Total | 351,983 | 429,604 | +77,621 |
| Imaging Products & Solutions | | | |
| Still and Video Cameras | 110,962 | 121,156 | +10,194 |
| Other | 54,298 | 57,956 | +3,658 |
| Total | 165,260 | 179,112 | +13,852 |
| Mobile Communications | 247,173 | 215,141 | -32,032 |
| Semiconductors | 205,021 | 218,303 | +13,282 |
| Financial Services | 317,342 | 371,498 | +54,156 |
| All Other | 109,933 | 96,611 | -13,322 |
| Corporate | 5,801 | 6,082 | +281 |
| Consolidated total | ¥2,397,499 | ¥2,672,317 | ¥+274,818 |

The above table includes a breakdown of sales and operating revenue to external customers for certain segments shown in the Business Segment Information on page F-5. Sony management views each segment as a single operating segment. However, Sony believes that the breakdown of sales and operating revenue to external customers for the segments in this table is useful to investors in

understanding sales by product category.

In the G&NS segment, Hardware includes home and portable game consoles; Network includes network services relating to game, video and music content provided by Sony Interactive Entertainment; Other includes packaged software and peripheral devices. In the Music segment, Recorded Music includes the distribution of physical and digital recorded music and revenue derived from artists' live performances; Music Publishing includes the management and licensing of the words and music of songs; Visual Media and Platform includes the production and distribution of animation titles, including game applications based on the animation titles, and various service offerings for music and visual products. In the Pictures segment, Motion Pictures includes the worldwide production, acquisition and distribution of motion pictures and direct-to-video content; Television Productions includes the production, acquisition and distribution of television programming; Media Networks includes the operation of television and digital networks worldwide. In the Home Entertainment & Sound ("HE&S") segment, Televisions includes LCD and OLED televisions; Audio and Video includes Blu-ray disc players and recorders, home audio, headphones and memory-based portable audio devices. In the IP&S segment, Still and Video Cameras includes interchangeable lens cameras, compact digital cameras, consumer video cameras and video cameras for broadcast; Other includes display products such as projectors and medical equipment.

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(Sales to Customers by Product Category)

| | (Millions of yen) | | |
|---|-------------------------------|------------|-----------|
| | Nine months ended December 31 | | |
| Sales and operating revenue (to external customers) | 2016 | 2017 | Change |
| Game & Network Services | | | |
| Hardware | ¥505,409 | ¥506,366 | ¥+957 |
| Network | 504,868 | 718,695 | +213,827 |
| Other | 202,336 | 193,894 | -8,442 |
| Total | 1,212,613 | 1,418,955 | +206,342 |
| Music | | | |
| Recorded Music | 294,296 | 337,238 | +42,942 |
| Music Publishing | 46,791 | 54,693 | +7,902 |
| Visual Media and Platform | 117,169 | 190,249 | +73,080 |
| Total | 458,256 | 582,180 | +123,924 |
| Pictures | | | |
| Motion Pictures | 265,701 | 302,005 | +36,304 |
| Television Productions | 168,661 | 201,514 | +32,853 |
| Media Networks | 165,558 | 205,939 | +40,381 |
| Total | 599,920 | 709,458 | +109,538 |
| Home Entertainment & Sound | | | |
| Televisions | 579,811 | 700,403 | +120,592 |
| Audio and Video | 239,770 | 284,664 | +44,894 |
| Other | 1,218 | 1,772 | +554 |
| Total | 820,799 | 986,839 | +166,040 |
| Imaging Products & Solutions | | | |
| Still and Video Cameras | 267,962 | 326,362 | +58,400 |
| Other | 151,700 | 162,037 | +10,337 |
| Total | 419,662 | 488,399 | +68,737 |
| Mobile Communications | 598,855 | 564,025 | -34,830 |
| Semiconductors | 484,332 | 584,389 | +100,057 |
| Financial Services | 806,954 | 950,292 | +143,338 |
| All Other | 276,660 | 286,307 | +9,647 |
| Corporate | 21,595 | 22,117 | +522 |
| Consolidated total | ¥5,699,646 | ¥6,592,961 | ¥+893,315 |

The above table includes a breakdown of sales and operating revenue to external customers for certain segments shown in the Business Segment Information on page F-6. Sony management views each segment as a single operating segment. However, Sony believes that the breakdown of sales and operating revenue to external customers for the segments in

this table is useful to investors in understanding sales by product category.

In the G&NS segment, Hardware includes home and portable game consoles; Network includes network services relating to game, video and music content provided by Sony Interactive Entertainment; Other includes packaged software and peripheral devices. In the Music segment, Recorded Music includes the distribution of physical and digital recorded music and revenue derived from artists' live performances; Music Publishing includes the management and licensing of the words and music of songs; Visual Media and Platform includes the production and distribution of animation titles, including game applications based on the animation titles, and various service offerings for music and visual products. In the Pictures segment, Motion Pictures includes the worldwide production, acquisition and distribution of motion pictures and direct-to-video content; Television Productions includes the production, acquisition and distribution of television programming; Media Networks includes the operation of television and digital networks worldwide. In the HE&S segment, Televisions includes LCD and OLED televisions; Audio and Video includes Blu-ray disc players and recorders, home audio, headphones and memory-based portable audio devices. In the IP&S segment, Still and Video Cameras includes interchangeable lens cameras, compact digital cameras, consumer video cameras and video cameras for broadcast; Other includes display products such as projectors and medical equipment.

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(Condensed Financial Services 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 in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which is used by Sony to prepare its 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 the Financial Services segment, including noncontrolling interests, are

included in those respective presentations, then eliminated in the consolidated figures shown below.

Condensed Balance Sheets

| | (Millions of yen) | | | | | |
|---|--------------------|---------------------|------------------------------------|------------------------|------------------|---------------------|
| | Financial Services | | Sony without Financial Services | | Consolidated | |
| | March 31 2017 | December 31 2017 | March 31 2017 | December 31 2017 | March 31 2017 | December 31 2017 |
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | ¥268,382 | ¥427,384 | ¥691,760 | ¥901,541 | ¥960,142 | ¥1,328,925 |
| Marketable securities | 1,051,441 | 1,221,687 | | | 1,051,441 | 1,221,687 |
| Notes and accounts receivable, trade | 10,931 | 14,896 | 947,602 | 1,463,359 | 953,811 | 1,473,777 |
| Inventories | | - | 640,835 | 753,658 | 640,835 | 753,658 |
| Other receivables | 56,807 | 60,167 | 167,127 | 174,005 | 223,632 | 234,002 |
| Prepaid expenses and other current assets | 112,085 | 139,288 | 414,420 | 410,142 | 525,861 | 548,742 |
| Total current assets | 1,499,646 | 1,863,422 | 2,861,744 | 3,702,705 | 4,355,722 | 5,560,791 |
| Film costs | | | 336,928 | 365,783 | 336,928 | 365,783 |
| Investments and advances | 9,904,576 | 10,343,208 | 285,965 | 291,155 | 10,111,793 | 10,556,622 |
| Investments in Financial Services, at cost | | | 133,514 | 133,514 | | |
| Property, plant and equipment | 21,323 | 29,106 | 735,590 | 761,215 | 758,199 | 791,607 |
| Other assets: | | | | | | |
| Intangibles, net | 30,643 | 31,306 | 553,542 | 539,721 | 584,185 | 571,027 |
| Goodwill | 2,375 | 7,225 | 520,163 | 545,111 | 522,538 | 552,336 |
| Deferred insurance acquisition costs | 568,837 | 595,180 | | | 568,837 | 595,180 |
| Deferred income taxes | 1,868 | 1,093 | 97,090 | 90,359 | 98,958 | 91,452 |
| Other | 34,607 | 35,447 | 292,529 | 304,178 | 323,396 | 335,878 |
| | 638,330 | 670,251 | 1,463,324 | 1,479,369 | 2,097,914 | 2,145,873 |
| Total assets | ¥12,063,875 | ¥12,905,987 | ¥5,817,065 | ¥6,733,741 | ¥17,660,556 | ¥19,420,676 |
| LIABILITIES AND EQUITY | | | | | | |

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| | | | | | | |
|---|-------------|-------------|------------|------------|-------------|-------------|
| Current liabilities: | | | | | | |
| Short-term borrowings | ¥411,643 | ¥481,150 | ¥106,437 | ¥301,939 | ¥518,079 | ¥783,089 |
| Notes and accounts payable, trade | | | 539,900 | 658,250 | 539,900 | 658,250 |
| Accounts payable, other and accrued expenses | 31,486 | 29,261 | 1,364,042 | 1,592,858 | 1,394,758 | 1,621,542 |
| Accrued income and other taxes | 13,512 | 29,252 | 92,525 | 184,622 | 106,037 | 213,874 |
| Deposits from customers in the banking business | 2,071,091 | 2,159,747 | | | 2,071,091 | 2,159,747 |
| Other | 173,853 | 167,598 | 422,916 | 422,512 | 591,874 | 585,348 |
| Total current liabilities | 2,701,585 | 2,867,008 | 2,525,820 | 3,160,181 | 5,221,739 | 6,021,850 |
| Long-term debt | 75,511 | 175,188 | 609,692 | 422,749 | 681,462 | 594,195 |
| Accrued pension and severance costs | 31,289 | 32,358 | 365,427 | 371,305 | 396,715 | 403,663 |
| Deferred income taxes | 317,043 | 320,602 | 115,781 | 107,545 | 432,824 | 428,147 |
| Future insurance policy benefits and other | 4,834,492 | 5,104,322 | | | 4,834,492 | 5,104,322 |
| Policyholders' account in the life insurance business | 2,631,073 | 2,854,660 | | | 2,631,073 | 2,854,660 |
| Other | 21,825 | 19,202 | 317,980 | 289,109 | 314,771 | 284,283 |
| Total liabilities | 10,612,818 | 11,373,340 | 3,934,700 | 4,350,889 | 14,513,076 | 15,691,120 |
| Redeemable noncontrolling interest | | | 12,058 | 14,609 | 12,058 | 14,609 |
| Equity: | | | | | | |
| Stockholders' equity of Financial Services | 1,449,605 | 1,531,043 | | | | |
| Stockholders' equity of Sony without Financial Services | | | 1,770,632 | 2,262,025 | | |
| Sony Corporation's stockholders' equity | | | | | 2,497,246 | 3,039,893 |
| Noncontrolling interests | 1,452 | 1,604 | 99,675 | 106,218 | 638,176 | 675,054 |
| Total equity | 1,451,057 | 1,532,647 | 1,870,307 | 2,368,243 | 3,135,422 | 3,714,947 |
| Total liabilities and equity | ¥12,063,875 | ¥12,905,987 | ¥5,817,065 | ¥6,733,741 | ¥17,660,556 | ¥19,420,676 |

Condensed Statements of Income

| | (Millions of yen) | | | | | |
|--|--------------------------------|----------|------------------------------------|-----------|--------------|-----------|
| | Three months ended December 31 | | | | | |
| | Financial Services | | Sony without Financial Services | | Consolidated | |
| | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 |
| Financial services revenue | ¥319,142 | ¥373,271 | ¥- | ¥- | ¥317,342 | ¥371,498 |
| Net sales and operating revenue | | | 2,080,893 | 2,302,607 | 2,080,157 | 2,300,819 |
| | 319,142 | 373,271 | 2,080,893 | 2,302,607 | 2,397,499 | 2,672,317 |
| Cost of sales | | | 1,497,477 | 1,611,178 | 1,495,036 | 1,607,962 |
| Selling, general and administrative | | | 409,947 | 414,105 | 411,652 | 415,532 |
| Financial services expenses | 288,539 | 317,177 | | | 286,740 | 315,404 |
| Other operating (income) expense, net | 7 | 58 | 113,006 | (13,177) | 113,013 | (13,119) |
| | 288,546 | 317,235 | 2,020,430 | 2,012,106 | 2,306,441 | 2,325,779 |
| Equity in net income (loss) of affiliated companies | (1,600) | 251 | 2,914 | 4,048 | 1,314 | 4,299 |
| Operating income | 28,996 | 56,287 | 63,377 | 294,549 | 92,372 | 350,837 |
| Other income (expenses), net | | | (26,146) | (7,718) | (26,145) | (7,718) |
| Income before income taxes | 28,996 | 56,287 | 37,231 | 286,831 | 66,227 | 343,119 |
| Income taxes | 8,362 | 16,224 | 28,594 | 12,008 | 36,956 | 28,234 |
| Net Income | 20,634 | 40,063 | 8,637 | 274,823 | 29,271 | 314,885 |
| Less - Net income attributable to noncontrolling interests | 32 | 55 | 1,822 | 4,138 | 9,640 | 18,988 |
| Net income of Financial Services | ¥20,602 | ¥40,008 | ¥ | ¥ | ¥ | ¥ |
| Net income of Sony without Financial Services | ¥ | ¥ | ¥6,815 | ¥270,685 | ¥ | ¥ |
| Net income attributable to Sony Corporation's stockholders | ¥ | ¥ | | | ¥19,631 | ¥295,897 |

Nine months ended December 31

| | Financial Services | | Sony without Financial Services | | Consolidated | |
|--|--------------------|------|------------------------------------|------|--------------|------|
| | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 |

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| | | | | | | |
|--|----------|----------|-----------|-----------|-----------|-----------|
| Financial services revenue | ¥812,371 | ¥955,655 | ¥ | ¥ | ¥806,954 | ¥950,292 |
| Net sales and operating revenue | | | 4,896,211 | 5,647,653 | 4,892,692 | 5,642,669 |
| | 812,371 | 955,655 | 4,896,211 | 5,647,653 | 5,699,646 | 6,592,961 |
| Cost of sales | | | 3,566,875 | 3,966,400 | 3,559,927 | 3,957,700 |
| Selling, general and administrative | | | 1,084,667 | 1,155,475 | 1,088,096 | 1,159,190 |
| Financial services expenses | 698,953 | 816,330 | | | 693,537 | 810,967 |
| Other operating (income) expense, net | 69 | 34 | 165,385 | (40,165) | 165,454 | (40,131) |
| | 699,022 | 816,364 | 4,816,927 | 5,081,710 | 5,507,014 | 5,887,726 |
| Equity in net income (loss) of affiliated companies | (2,243) | (182) | 3,922 | 7,623 | 1,679 | 7,441 |
| Operating income | 111,106 | 139,109 | 83,206 | 573,566 | 194,311 | 712,676 |
| Other income (expenses), net | | | (16,194) | (7,025) | (30,548) | (22,098) |
| Income before income taxes | 111,106 | 139,109 | 67,012 | 566,541 | 163,763 | 690,578 |
| Income taxes | 31,775 | 40,050 | 49,156 | 98,430 | 80,931 | 138,481 |
| Net Income | 79,331 | 99,059 | 17,856 | 468,111 | 82,832 | 552,097 |
| Less - Net income attributable to noncontrolling interests | 66 | 139 | 6,058 | 7,753 | 37,193 | 44,477 |
| Net income of Financial Services | ¥79,265 | ¥98,920 | ¥ | ¥ | ¥ | ¥ |
| Net income of Sony without Financial Services | ¥ | ¥ | ¥11,798 | ¥460,358 | ¥ | ¥ |
| Net income attributable to Sony Corporation's stockholders | ¥ | ¥ | ¥ | ¥ | ¥45,639 | ¥507,620 |

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Condensed Statements of Cash Flows

| | (Millions of yen) | | | | | |
|--|-------------------------------|------------|------------------------------------|-----------|--------------|------------|
| | Nine months ended December 31 | | | | | |
| | Financial Services | | Sony without Financial Services | | Consolidated | |
| | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 |
| Cash flows from operating activities: | | | | | | |
| Net income loss | ¥79,331 | ¥99,059 | ¥17,856 | ¥468,111 | ¥82,832 | ¥552,097 |
| Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities: | | | | | | |
| Depreciation and amortization, including amortization of | 52,350 | 47,887 | 207,204 | 210,300 | 259,554 | 258,187 |
| deferred insurance acquisition costs | | | | | | |
| Amortization of film costs | | | 190,539 | 259,709 | 190,539 | 259,709 |
| Other operating (income) expense, net | 69 | 33 | 165,385 | (40,165) | 165,454 | (40,131) |
| (Gain) loss on sale or devaluation of securities | 29 | 213 | 4,706 | 324 | 4,735 | 537 |
| investments, net | | | | | | |
| (Gain) loss on revaluation of marketable securities held | (42,727) | (109,888) | | | (42,727) | (109,888) |
| for trading purposes, net | | | | | | |
| Changes in assets and liabilities: | | | | | | |
| (Increase) decrease in notes and accounts receivable, trade | (2,261) | (3,165) | (371,914) | (484,877) | (372,978) | (488,285) |
| (Increase) decrease in inventories | | | (18,622) | (88,954) | (18,622) | (88,954) |
| (Increase) decrease in film costs | | | (242,875) | (279,082) | (242,875) | (279,082) |
| Increase (decrease) in notes and accounts payable, trade | | | 87,698 | 90,484 | 87,698 | 90,484 |
| Increase (decrease) in future insurance policy benefits and other | 336,157 | 424,084 | | | 336,157 | 424,084 |
| (Increase) decrease in deferred insurance acquisition costs | (70,070) | (65,248) | | | (70,070) | (65,248) |
| (Increase) decrease in marketable securities held for trading purposes | (60,868) | (64,727) | | | (60,868) | (64,727) |
| Other | (46,339) | (32,631) | 40,605 | 242,971 | (5,577) | 211,546 |
| Net cash provided by (used in) operating activities | 245,671 | 295,617 | 80,582 | 378,821 | 313,252 | 660,329 |
| Cash flows from investing activities: | | | | | | |
| Payments for purchases of fixed assets | (10,452) | (10,553) | (250,005) | (179,240) | (260,457) | (189,780) |
| Payments for investments and advances | (943,712) | (671,982) | (7,410) | (16,456) | (951,199) | (688,508) |
| Proceeds from sales or return of investments and | 213,629 | 257,582 | 13,837 | 5,404 | 226,461 | 262,056 |

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| | | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|------------|
| collections of advances | | | | | | |
| Other | 1,256 | 157 | 2,425 | 49,167 | 3,681 | 49,319 |
| Net cash provided by (used in) investing activities | (739,279) | (424,796) | (241,153) | (141,125) | (981,514) | (566,913) |
| Cash flows from financing activities: | | | | | | |
| Increase (decrease) in borrowings, net | 319,188 | 157,271 | 28,914 | (12,094) | 347,830 | 145,176 |
| Increase (decrease) in deposits from customers, net | 254,279 | 154,374 | | | 254,279 | 154,374 |
| Dividends paid | (23,926) | (23,921) | (25,308) | (27,750) | (25,308) | (27,750) |
| Other | 1,355 | 457 | (100,734) | 1,750 | (108,950) | (6,612) |
| Net cash provided by (used in) financing activities | 550,896 | 288,181 | (97,128) | (38,094) | 467,851 | 265,188 |
| Effect of exchange rate changes on cash and cash equivalents | | | (11,525) | 10,179 | (11,525) | 10,179 |
| Net increase (decrease) in cash and cash equivalents | 57,288 | 159,002 | (269,224) | 209,781 | (211,936) | 368,783 |
| Cash and cash equivalents at beginning of the fiscal year | 233,701 | 268,382 | 749,911 | 691,760 | 983,612 | 960,142 |
| Cash and cash equivalents at end of the period | ¥290,989 | ¥427,384 | ¥480,687 | ¥901,541 | ¥771,676 | ¥1,328,925 |

Going Concern Assumption
Not Applicable

Significant Changes in Shareholders' Equity
Not Applicable

Accounting Policies and Other Information

(Number of Consolidated Subsidiaries and Affiliated Companies)

As of December 31, 2017, Sony had 1,308 consolidated subsidiaries (including variable interest entities) and 109 affiliated companies accounted for under the equity method.

(Weighted-average Number of Outstanding Shares Used for the Computation of EPS of Common Stock)

| | (Thousands of shares) | |
|--|-----------------------|-------------|
| | Three months ended | |
| | December 31 | |
| | <u>2016</u> | <u>2017</u> |
| Net income attributable to Sony Corporation's stockholders | | |
| — Basic | 1,262,223 | 1,264,083 |
| — Diluted | 1,288,372 | 1,292,615 |

| | (Thousands of shares) | |
|--|-----------------------|-------------|
| | Nine months ended | |
| | December 31 | |
| | <u>2016</u> | <u>2017</u> |
| Net income attributable to Sony Corporation's stockholders | | |
| — Basic | 1,261,862 | 1,263,485 |
| — Diluted | 1,288,061 | 1,291,497 |

The dilutive effect in the weighted-average number of outstanding shares for the three months and nine months ended December 31, 2016 and 2017 primarily resulted from convertible bonds which were issued in July 2015.

(Segmentation)

Sony realigned its business segments from the first quarter of the fiscal year ending March 31, 2018. As a result of this realignment, the operation of the former Components segment is now included in All Other. In connection with this realignment, the sales and operating revenue and operating income (loss) of each segment for the comparable period have been reclassified to conform to the current presentation.

The G&NS segment includes the manufacture and sales of home gaming products, network services businesses and production and sales of software. The Music segment includes the Recorded Music, Music Publishing and Visual Media and Platform businesses. The Pictures segment includes the Motion Pictures, Television Productions and Media Networks businesses. The HE&S segment includes Televisions as well as Audio and Video businesses. The IP&S segment includes the Still and Video Cameras business. The MC segment includes the manufacture and sales of mobile phones and Internet-related service businesses. The Semiconductors segment includes the image sensors business. The Financial Services segment primarily represents individual life insurance and non-life insurance businesses in the Japanese market and a bank business in Japan. All Other consists of various operating activities, including the overseas disc manufacturing, recording media and battery businesses. Sony's products and services are

generally unique to a single operating segment.

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(Accounting Methods Used Specifically for Interim Consolidated Financial Statements)

Income Taxes -

Sony estimates the annual effective tax rate (“ETR”) derived from a projected annual net income before taxes and calculates the interim period income tax provision based on the year-to-date income tax provision computed by applying the ETR to the year-to-date net income before taxes at the end of each interim period. The income tax provision based on the ETR reflects anticipated income tax credits and net operating loss carryforwards; however, it excludes the income tax provision related to significant unusual or infrequent transactions. Such income tax provision is separately reported from the provision based on the ETR in the interim period in which it occurs.

(Reclassifications)

Certain reclassifications of the financial statements and accompanying footnotes for the three and nine months ended December 31, 2016 have been made to conform to the presentation for the three and nine months ended December 31, 2017.

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Outlook for the Fiscal Year Ending March 31, 2018

The forecast for consolidated results for the fiscal year ending March 31, 2018, as announced on October 31, 2017, has been revised as follows:

| | (Billions of yen) | | | Change from October Forecast |
|---|------------------------------|---------------------|----------------------|---------------------------------------|
| | March 31, 2017 Results | October Forecast | February Forecast | |
| Sales and operating revenue | ¥7,603.3 | ¥ 8,500 | ¥ 8,500 | - - +¥90 |
| Operating income | 288.7 | 630 | 720 | billions +¥90 4.3% |
| Income before income taxes | 251.6 | 600 | 690 | billions +¥90 5.0% |
| Net income attributable to Sony Corporation's stockholders | 73.3 | 380 | 480 | billions +¥100 26.3% |

Assumed foreign exchange rates for the remainder of the fiscal year ending March 31, 2018 are the following:

| | Assumed foreign exchange rates for the three months ending March 31, 2018 | (For your reference) Assumed foreign exchange rates for the six months ending March 31, 2018 at the time of the October forecast |
|---------------|---|--|
| 1 U.S. dollar | approximately 113 yen | approximately 112 yen |
| 1 Euro | approximately 134 yen | approximately 130 yen |

The consolidated sales and operating revenue ("sales") forecast for the fiscal year ending March 31, 2018 remains unchanged from the October forecast primarily due to expected increases in sales in the Financial Services and Music segments, substantially offset by expected decreases in sales in the Game & Network Services, Mobile Communications and Semiconductors segments.

Consolidated operating income is expected to be higher than the October forecast mainly due to the absence of allocations for contingencies incorporated into the October forecast for All Other, Corporate and elimination, as well as expected increases in operating income in the Music, Semiconductors, Financial Services, and Home Entertainment & Sound segments.

Restructuring charges for the Sony Group are expected to be approximately 15 billion yen in the fiscal year ending March 31, 2018, which remains unchanged from the October forecast, compared to 60.2 billion yen recorded in the fiscal year ended March 31, 2017. Restructuring charges are recorded as an operating expense and are included in the above-mentioned forecast for operating income.

Net income attributable to Sony Corporation's stockholders is expected to be higher than the October forecast mainly due to the above-mentioned higher-than-expected consolidated operating income and an expected decrease in income tax expense mainly due to the recording of a tax benefit, as a result of tax reform in the U.S., in the third quarter ended December 31, 2017.

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The forecast for each business segment for the fiscal year ending March 31, 2018 has been revised as follows:

| | (Billions of yen) | | |
|--|-------------------|----------|----------|
| | March | October | February |
| | 31, 2017 | Forecast | Forecast |
| | Results | | |
| Game & Network Services (G&NS) | | | |
| Sales and operating revenue | ¥1,649.8 | ¥2,000 | ¥1,940 |
| Operating income | 135.6 | 180 | 180 |
| Music | | | |
| Sales and operating revenue | 647.7 | 730 | 780 |
| Operating income | 75.8 | 94 | 110 |
| Pictures | | | |
| Sales and operating revenue | 903.1 | 1,020 | 1,020 |
| Operating income (loss) | (80.5) | 39 | 39 |
| Home Entertainment & Sound (HE&S) | | | |
| Sales and operating revenue | 1,039.0 | 1,200 | 1,200 |
| Operating income | 58.5 | 76 | 80 |
| Imaging Products & Solutions (IP&S) | | | |
| Sales and operating revenue | 579.6 | 650 | 650 |
| Operating income | 47.3 | 72 | 72 |
| Mobile Communications (MC) | | | |
| Sales and operating revenue | 759.1 | 780 | 740 |
| Operating income | 10.2 | 5 | 5 |
| Semiconductors | | | |
| Sales and operating revenue | 773.1 | 880 | 850 |
| Operating income (loss) | (7.8) | 150 | 155 |
| Financial Services | | | |
| Financial services revenue | 1,087.5 | 1,170 | 1,250 |
| Operating income | 166.4 | 170 | 175 |
| All Other, Corporate and elimination | | | |
| Operating loss | (116.7) | (156) | (96) |
| Consolidated | | | |
| Sales and operating revenue | 7,603.3 | 8,500 | 8,500 |
| Operating income | 288.7 | 630 | 720 |

Game & Network Services

Sales are expected to be lower than the October forecast primarily due to the impact of a change in launch dates of certain software titles, as well as the impact of higher-than-expected sales of hardware at promotional prices during the holiday season. The forecast for operating income remains unchanged primarily due to a reduction in selling, general and administrative expenses, substantially offset by the impact of the above-mentioned decrease in sales.

Music

Sales and operating income are expected to be higher than the October forecast primarily due to higher-than-expected Recorded Music sales as well as Visual Media and Platform sales.

Pictures

The forecasts for sales and operating income remain unchanged from the October forecast, primarily due to the stronger-than-expected theatrical performance of Jumanji: Welcome to the Jungle being substantially offset by lower-than-expected home entertainment revenues for Motion Pictures.

Home Entertainment & Sound

The forecast for sales remains unchanged from the October forecast. Operating income is expected to be higher than the October forecast mainly due to an improvement in product mix and a reduction in fixed costs and other operating costs, both in home audio and video.

Mobile Communications

Sales are expected to be lower than the October forecast primarily due to an expected decrease in smartphone unit sales. The forecast for operating income remains unchanged as the impact of the above-mentioned expected decrease in sales is expected to be offset by a reduction in operating costs.

Semiconductors

Sales are expected to be lower than the October forecast primarily due to an expected decrease in unit sales of image sensors for mobile products. Operating income is expected to be higher than the October forecast primarily due to higher-than-expected profits resulting from sales of assets and cost reductions, partially offset by the above-mentioned expected decrease in sales.

Financial Services

Financial services revenue and operating income are expected to be higher than the October forecast because results in the third quarter ended December 31, 2017 exceeded expectations.

The effects of future gains and losses on investments held by the Financial Services segment due to market fluctuations have not been incorporated within the above forecast as it is difficult for Sony to predict market trends in the future. Accordingly, future market fluctuations could further impact the current forecast.

The forecasts for sales and operating income for the IP&S segment remain unchanged from the October forecast. The forecasts for additions to long-lived assets, depreciation and amortization, and research and development expenses for the current fiscal year remain unchanged from the October forecast:

Consolidated

| | (Billions of yen) | |
|---|-------------------|----------|
| | March | |
| | 31, | |
| | 2017 | February |
| | Results | Forecast |
| Additions to Long-lived Assets* | ¥272.2 | ¥330 |
| [additions to property, plant and equipment (included above)] | 184.0 | 235] |
| [additions to intangible assets (included above)] | 88.2 | 95] |
| Depreciation and amortization** | 327.0 | 355 |
| [for property, plant and equipment (included above)] | 169.3 | 175] |
| [for intangible assets (included above)] | 157.8 | 180] |
| Research and development expenses | 447.5 | 450 |

* Excluding additions from business combinations.

** Including amortization expenses for deferred insurance acquisition costs.

Sony without Financial Services

| | (Billions of yen) | |
|---|-------------------|----------|
| | March | |
| | 31, | |
| | 2017 | February |
| | Results | Forecast |
| Additions to Long-lived Assets* | ¥257.6 | ¥310 |
| [additions to property, plant and equipment (included above)] | 179.3 | 230] |
| [additions to intangible assets (included above)] | 78.3 | 80] |
| Depreciation and amortization | 280.0 | 280 |

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| | | | |
|---|-------|-----|---|
| [for property, plant and equipment (included above) | 167.4 | 170 |] |
| [for intangible assets (included above) | 112.6 | 110 |] |

* Excluding additions from business combinations.

The above forecast is based on management's current expectations and is subject to uncertainties and changes in circumstances. Actual results may differ materially from those included in this forecast due to a variety of factors. See "Cautionary Statement" below.

Notes about Financial Performance of the Music, Pictures and Financial Services segments

The Music segment results include the yen-translated results of Sony Music Entertainment and Sony/ATV Music Publishing, both U.S.-based operations which aggregate the results of their worldwide subsidiaries on a U.S. dollar basis, and the results of Sony Music Entertainment (Japan) Inc., a Japan-based music company which aggregates its results in yen. The segment also includes equity in net income (loss) for EMI Music Publishing (“EMI”), an affiliated company accounted for under the equity method for which Sony records 39.8% of EMI’s net income in the segment operating income.

The results presented in Pictures are a yen-translation of the results of Sony Pictures Entertainment Inc., a U.S.-based operation that aggregates the results of its worldwide subsidiaries on a U.S. dollar basis.

The Financial Services segment results include Sony Financial Holdings Inc. (“SFH”) and SFH’s consolidated subsidiaries such as Sony Life Insurance Co., Ltd. (“Sony Life”), Sony Assurance Inc. and Sony Bank Inc. The results of Sony Life discussed in the Financial Services segment differ from the results that SFH and Sony Life disclose separately on a Japanese statutory basis.

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,” “intend,” “seek,” “may,” “might,” “could” 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, judgments and beliefs in light of the information currently available to it. Sony cautions investors 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 investors should not place undue reliance on them. Investors 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 and political environment in which Sony operates and the economic and political conditions in Sony’s markets, particularly levels of consumer spending;
- (ii) foreign exchange rates, particularly between the yen and the U.S. dollar, the euro and other currencies in which Sony makes significant sales and incurs production costs, or in which Sony’s assets and liabilities are denominated; 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 image sensors, game and network platforms, smartphones and televisions, which are offered in highly competitive markets characterized by severe price competition and continual new product and service introductions, rapid development in technology and subjective and changing customer preferences;
- (iv) Sony’s ability and timing to recoup large-scale investments required for technology development and production capacity;
- (v) Sony’s ability to implement successful business restructuring and transformation efforts under changing market and regulatory conditions;
- (vi) changes in laws, regulations and government policies in the markets in which Sony operates, including those related to taxation and corporate social responsibility;
- (vii) Sony’s ability to implement successful hardware, software, and content integration strategies, and to develop and implement successful sales and distribution strategies in light of new technologies and distribution platforms;
- (viii) Sony’s continued ability to devote sufficient resources to research and development and, with respect to capital expenditures, to prioritize investments correctly (particularly in the electronics businesses);
- (ix) Sony’s ability to maintain product quality and customer satisfaction with its products and services;
- (x)

- the effectiveness of Sony's strategies and their execution, including but not limited to the success of Sony's acquisitions, joint ventures and other strategic investments;
- (xi) significant volatility and disruption in the global financial markets or a ratings downgrade;
 - (xii) Sony's ability to forecast demands, manage timely procurement and control inventories;
Sony's reliance on external business partners, including for the procurement of parts, components, software and
 - (xiii) network services for its products or services, the manufacturing, supply and distribution of its products, and its other business operations;
 - (xiv) the outcome of pending and/or future legal and/or regulatory proceedings;
 - (xv) 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;
the impact of changes in interest rates and unfavorable conditions or developments (including market fluctuations
 - (xvi) or volatility) in the Japanese equity markets on the revenue and operating income of the Financial Services segment;
the ability of Sony, its third-party service providers or business partners to anticipate and manage cybersecurity
 - (xvii) risk, including the risk of unauthorized access to Sony's business information, potential business disruptions or financial losses; and
 - (xviii) risks related to catastrophic disasters or similar events.
- Risks and uncertainties also include the impact of any future events with material adverse impact.