SONY

News & Information

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Consolidated Financial Results for the Second Quarter Ended September 30, 2004

Tokyo, October 28, 2004 -- Sony Corporation today announced its consolidated results for the second quarter ended September 30, 2004 (July 1, 2004 to September 30, 2004).

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

	Second quarter ended September 30			
	2003	**2004**	Change in Yen	**2004***
Sales and operating revenue	¥1,797.0	**¥1,702.3**	-5.3%	**$15,336**
Operating income	33.2	**43.4**	+30.6	**391**
Income before income taxes	44.1	**63.3**	+43.6	**570**
Equity in net income of affiliated companies	2.9	**6.1**	+109.6	**55**
Net income	32.9	**53.2**	+61.6	**479**
Net income per share of common stock				
— Basic	¥35.69	**¥57.50**	+61.1%	**$0.52**
— Diluted	33.48	**53.76**	+60.6	**0.48**

* U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥111=U.S.$1, the approximate Tokyo foreign exchange market rate as of September 30, 2004.

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

Consolidated Results for the Second Quarter Ended September 30, 2004

Sales and operating revenue ("sales") decreased 5.3% compared with the same quarter of the previous fiscal year; on a local currency basis sales decreased 2%. (For all references herein to results on a local currency basis, see Note I on page 8.)

In the Electronics segment, although sales to outside customers increased 0.7%, overall sales decreased 2.5% due to a significant decline in intersegment sales to the Game segment resulting from the outsourcing of PlayStation 2 ("PS2") production to third parties in China. With respect to major products in the Electronics segment, as in the previous quarter of the current fiscal year, sales of flat panel and LCD rear projection televisions and digital still cameras increased, while sales of portable audio and CRT televisions decreased. Although there was an increase in sales of software, sales declined in the Game segment due to lower sales of hardware. In the Music segment, sales decreased because Sony BMG Music Entertainment ("Sony BMG"), a recorded music business joint venture formed with Bertelsmann AG, began to be accounted for by the equity method from August 2004 (please refer to the note at the top of page 3). In the Pictures segment, there was an increase in sales mainly due to the contribution of theatrical revenues from *Spider-Man 2*. In the Financial Services segment, revenue decreased mainly due to a decrease in revenue at Sony Life Insurance Co., Ltd. ("Sony Life").

Operating income increased 30.6% (a 62% increase on a local currency basis) compared with the same quarter of the previous fiscal year.

In the Electronics segment, operating income declined mainly due to a deterioration in the cost of sales ratio, the appreciation of the yen and an increase in restructuring charges. In the Game segment, although there was an increase in software sales revenue, a very small operating loss was recorded due to lower hardware sales. In the Pictures segment, operating income was recorded, compared to an operating loss in the previous fiscal year, due to the strong theatrical performance from *Spider-Man 2* and higher revenue from home entertainment releases. In the Financial Services segment, operating income increased due to higher operating income at Sony Life.

Restructuring charges, which were recorded as operating expenses, for the second quarter amounted to ¥18.8 billion ($169 million) compared to ¥9.7 billion in the same quarter of the previous fiscal year. In the Electronics segment, restructuring charges were ¥15.6 billion ($141 million) compared to ¥6.3 billion in the same quarter of the previous fiscal year.

Income before income taxes increased 43.6% compared to the same quarter of the previous fiscal year. An improvement in the net effect of other income and other expenses was mainly the result of the recognition of a gain of ¥9.0 billion ($81 million) from a change in interest from Monex Inc., an equity affiliate of Sony, following its business integration, by way of a share transfer, with Nikko Beans, Inc., and total gains of ¥4.2 billion ($38 million) from the sale of stock and a change in interest in a subsidiary resulting from the initial public offering of So-net M3 Inc., a consolidated subsidiary of Sony Communications Network Corporation.

The effective tax rate during the quarter was 25.6% as compared to 23.4% for the same quarter of the previous fiscal year. The effective tax rate was lower than the statutory tax rate in Japan during the quarter primarily due to the use of foreign tax credit carryforwards against taxable income recorded in the U.S.

Equity in net income of affiliated companies of ¥6.1 billion ($55 million) was recorded, a 109.6% increase from the same quarter of the previous fiscal year. Sony Ericsson Mobile Communications AB (“Sony Ericsson”) contributed ¥6.0 billion ($54 million) to equity in net income, a 50% increase from the same quarter of the previous year. In addition, equity in net income of affiliated companies for the second quarter of the current fiscal year reflects the two months of operating results for Sony BMG since its establishment. Mainly due to restructuring charges, an equity in net loss of ¥1.4 billion ($12 million) was recorded from Sony BMG.

Net income, as a result, increased 61.6% compared to the same quarter of the previous fiscal year.

Remarks by Nobuyuki Idei, Chairman and Group CEO of Sony Corporation

We achieved increased operating income for our consolidated results for this second quarter, primarily due to a significant improvement in the profitability of our Pictures business. Net income also increased significantly, partly due to the contribution of equity in net income of affiliated companies, primarily that from Sony Ericsson.

With regard to the Electronics segment, in anticipation of the year-end sales season we are introducing competitive new products in such key categories as digital AV products, including our new line-up of flat panel televisions that are highly differentiated from those of our competitors. Within the Music segment, we saw the establishment in August of Sony BMG. This joint venture has already embarked on a process of restructuring, with the aim of improving profitability through enhanced management efficiencies and increased business size. Within the Pictures segment as well, Sony and our four consortium partners have entered into a definitive agreement for the purchase of Metro-Goldwyn-Mayer Inc. (“MGM”).

Looking forward, we are working towards improved profitability by focusing strategic resources in key business areas, as well as making use of alliances with other companies.

Operating Performance Highlights by Business Segment

Note: As of August 1, 2004, Sony and Bertelsmann AG combined their recorded music businesses in a joint venture. The newly formed company, known as Sony BMG, is 50% owned by each parent company. Under U.S. GAAP, Sony BMG is accounted for by Sony using the equity method and, since August 1, 2004, 50% of net profits or losses of this business have been included under "Equity in net income (loss) of affiliated companies."
In connection with the establishment of this joint venture, Sony's non-Japan based disc manufacturing and physical distribution businesses, formerly included within the Music segment, have been reclassified to the Electronics segment to recognize the new management reporting structure whereby Sony's Electronics segment has now assumed responsibility for these businesses. Results for the same quarter of the previous fiscal year in the Electronics and Music segments have been restated to account for this reclassification.
In the Music segment, results for the second quarter of this fiscal year only include the results of Sony Music Entertainment Inc.'s ("SMEI") recorded music business for the month of July 2004, and the full quarter results of SMEI's music publishing business and Sony Music Entertainment (Japan) Inc. ("SMEJ"). However, results for the second quarter of the previous fiscal year in the Music segment include the consolidated results for SMEI's recorded music business for all three months of the quarter, as well as the full quarter results of SMEI's publishing business and SMEJ.

Electronics

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

	Second quarter ended September 30			
	2003	**2004**	Change in Yen	**2004**
Sales and operating revenue	¥1,243.8	**¥1,213.3**	-2.5%	**$10,931**
Operating income	43.2	**7.2**	-83.4	**65**

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

Sales decreased 2.5% (1% increase on a local currency basis) due to a significant decline in intersegment sales to the Game segment primarily due to the outsourcing of PS 2 game console production to third parties in China. On the other hand, sales to outside customers increased 0.7% compared to the same quarter of the previous fiscal year. There was an increase in sales of several products within the Electronics segment including digital still cameras and flat panel televisions, which both experienced increased unit sales in all geographic areas due to an expanding market; and LCD rear projection televisions, which saw increased unit sales especially in the U.S. However, CRT televisions, faced with a shift in demand towards flat panel televisions, experienced a decline in sales, as did portable audio due to intense competition.

Operating income decreased by ¥36.0 billion, or 83.4% compared with the same quarter of the previous fiscal year. Although sales to outside customers increased, operating income decreased due to a deterioration in the cost of sales ratio as a result of falling prices, the appreciation of the yen, and an increase in restructuring charges. In addition, the effect of the reversal of certain previously provided patent related reserves in the same quarter of the previous fiscal year contributed to the decrease in operating income. With respect to products within the Electronics segment, the decrease in sales of portable audio and the decline in unit prices of DVD recorders, video cameras and flat panel televisions contributed to the decrease in operating income.

Inventory, as of September 30, 2004, was ¥688.5 billion ($6,203 million), a ¥126.4 billion, or 22.5%, increase compared with the level as of September 30, 2003 and a ¥81.6 billion, or 13.4%, increase compared with the level as of June 30, 2004.

Note: In association with the business integration of Sony Group's semiconductor manufacturing businesses, it was decided to account for semiconductor manufacturing operations inventory, which was previously recorded in the Game segment, within the Electronics segment as of the quarter beginning July 1, 2004. (Regarding the integration of Sony Group's semiconductor manufacturing operations, please refer to note 6 on page F-10.)

Game

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

	Second quarter ended September 30			
	2003	**2004**	Change in Yen	**2004**
Sales and operating revenue	¥161.3	**¥119.6**	-25.8%	**$1,078**
Operating income (loss)	2.2	**(0.0)**	-	**(0)**

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

Sales decreased 25.8% compared with the same quarter of the previous fiscal year (a 25% decrease on a local currency basis) due to a decrease in sales of hardware, despite an increase in sales of software.

During the current quarter, in preparation for the launch of the new PS2 model, a strategic curtailment of production shipments of the current model, with a reduction in inventory of components, caused production shipments and inventory for the PS2 to significantly decrease when compared to the same quarter of the previous fiscal year.

Hardware: In addition to a decline of PS2 unit sales in Japan, the U.S. and Europe as a result of the aforementioned reason, strategic price reductions of the PS2 in Japan, the U.S. and Europe resulted in a decline in hardware sales.

Software: Although unit sales of and revenue from PlayStation software decreased, this was more than offset by an increase in the unit sales and revenue of PS2 software, resulting in an overall increase in software sales. Although software sales revenue decreased in Japan, revenue in the U.S. and Europe increased.

A very small **operating loss** was recorded, compared to operating income of ¥2.2 billion in the same quarter of the previous fiscal year, mainly due to a decrease in hardware sales, despite an increase in software sales revenue.

Worldwide hardware production shipments:*
- → PS 2: 1.99 million units (a decrease of 6.79 million units)
- → PS one: 0.60 million units (a decrease of 0.36 million units)

Worldwide software production shipments:*
- → PS 2: 56 million units (an increase of 12 million units)
- → PlayStation: 3 million units (a decrease of 7 million units)

*Production shipment units of hardware and software are counted upon shipment of the products from manufacturing bases. Sales of such products are recognized when the products are delivered to customers.

Inventory, as of September 30, 2004, was ¥53.4 billion ($481 million), a ¥140.2 billion, or 72.4%, decrease compared with the level as of September 30, 2003 and a ¥58.1 billion, or 52.1%, decrease compared with the level as of June 30, 2004. (Regarding inventory, please refer to the note in the above Electronics segment.)

Music

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

	Second quarter ended September 30			
	2003	**2004**	Change in Yen	**2004**
Sales and operating revenue	¥99.8	**¥58.4**	-41.5%	**$526**
Operating income (loss)	(5.9)	**2.2**	-	**20**

The amounts presented above are the sum of the yen-translated results of SMEI, a U.S. based operation which aggregates the results of its worldwide subsidiaries on a U.S. dollar basis, and the results of SMEJ, a Japan based operation which aggregates results in yen. In addition, please refer to the note at the top of page 3 regarding the establishment of Sony BMG.

Sales decreased 41.5% compared with the same quarter of the previous fiscal year. Of the Music segment's sales, 38% were generated by SMEI, and 62% were generated by SMEJ. As noted above, due to the establishment of the Sony BMG joint venture, recorded music sales at SMEI in this year's second quarter include only the month of July 2004 as compared to a full three months in the same quarter of the previous fiscal year. Therefore, SMEI's results are not comparable with results in prior quarters.

SMEJ: Sales increased 8% compared with the same quarter of the previous fiscal year mainly due to increased album and singles sales. Best selling albums during the quarter included Porno Graffitti's *PORNO GRAFFITTI BEST BLUE'S* and *PORNO GRAFFITTI BEST RED'S.*

Operating income of ¥2.2 billion ($20 million) was recorded during the quarter. Although both SMEI and SMEJ recorded improved operating results compared to the same quarter of the previous fiscal year, as noted above, SMEI's results are not comparable with results in prior quarters.

SMEJ: Operating income increased compared to the same quarter of the previous fiscal year mainly due to the higher sales noted above and lower selling, general and administrative expenses resulting from reduced advertising and promotion expenses and personnel costs.

Pictures

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

Second quarter ended September 30

	2003	**2004**	Change in Yen	**2004**
Sales and operating revenue	¥187.4	**¥191.7**	+ 2.3%	**$1,727**
Operating income (loss)	(4.6)	**27.4**	-	**247**

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 on a U.S. dollar basis. 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 2.3% compared with the same quarter of the previous fiscal year (9% increase on a U.S. dollar basis). Sales, on a U.S. dollar basis, increased primarily due to higher theatrical, home entertainment and pay television revenues from motion picture product. Led by the excellent box office performance of *Spider-Man 2*, the current quarter's theatrical revenues were higher, despite fewer films being released in the current fiscal year's second quarter. Home entertainment revenues benefited from the films *Hellboy* and *13 Going on 30* while pay television benefited from the prior year titles *Bad Boys II* and *S.W.A.T.* Revenues from television product declined slightly as higher DVD revenues from television library product were offset by the absence of a large television syndication sale, similar to last year's second quarter syndication sale of *The King of Queens*.

Operating income of ¥27.4 billion ($247 million) was recorded compared with an operating loss of ¥4.6 billion in the same quarter of the previous fiscal year, an improvement of ¥32 billion year-on-year. The current quarter received a substantial contribution from the strong results of *Spider-Man 2* and lower marketing costs associated with the smaller film slate compared with the same quarter of the previous fiscal year, while results from the same quarter of the previous fiscal year included losses on certain films, most notably *Gigli*. The contribution from home entertainment and pay television revenues discussed above also contributed to the current quarter's operating income performance, offset slightly by the decrease in revenues from television product.

During the quarter, a consortium led by Sony Corporation of America ("SCA") and its equity partners, Providence Equity Partners, Texas Pacific Group, Comcast Corporation and DLJ Merchant Banking Partners, together with MGM, announced that they had entered into a definitive agreement under which the investor group will acquire MGM for $12.00 in cash per MGM share, plus the assumption of MGM's approximately $2.0 billion in debt for a total purchase price of approximately $4.9 billion. SCA will invest approximately $300 million and will be a minority investor. As part of this transaction, SPE will co-finance and produce new motion pictures with MGM as well as distribute MGM's existing film and television content through SPE's global distribution channels. Following the close of the transaction, MGM will continue to operate under the Metro-Goldwyn-Mayer name as a private company headquartered in Los Angeles and will be accounted for by Sony under the equity method. The acquisition is subject to MGM shareholder approval as well as regulatory approvals.

Financial Services

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

	Second quarter ended September 30			
	2003	**2004**	Change in Yen	**2004**
Financial Services revenue	¥154.4	**¥125.9**	-18.5%	**$1,134**
Operating income	11.3	**14.9**	+32.2	**134**

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

Financial Services revenue decreased 18.5% to ¥125.9 billion ($1,134 million) compared with the same quarter of the previous fiscal year, mainly due to a decrease in revenue at Sony Life. Revenue at Sony Life decreased by ¥27.9 billion or 20.9% to ¥105.9 billion ($954 million) compared with the same quarter of the previous fiscal year*. As of the third quarter beginning October 1, 2003, the method of recognizing insurance premiums received on certain products at Sony Life was changed from being recorded as revenues to being offset against the related provision for future insurance policy benefits. This change in revenue recognition method, which led to a decrease in revenue from insurance premiums, coupled with a deterioration in valuation gains and losses from investments, resulted in a decrease of revenue at Sony Life.

Operating income increased by ¥3.6 billion or 32.2% to ¥14.9 billion ($134 million) compared with the same quarter of the previous fiscal year, mainly due to the losses recorded in the same quarter of the previous fiscal year by Sony Finance International Inc. associated with reorganization proceedings commenced by Crosswave Communications Inc. under the Corporate Reorganization Law of Japan during that quarter, and due to an increase in operating income at Sony Life. Despite a deterioration in valuation gains and losses from investments in the general account, operating income at Sony Life increased by ¥1.7 billion or 10.6% to ¥17.6 billion ($159 million), mainly due to an increase in life insurance-in-force, and a decrease in the amount accrued to future benefit reserves. Overall, the amount accrued to future benefit reserves decreased due to a change in the valuation rates relating to the reserves for newly acquired policies, although there was a partial increase as a result of the introduction, from the first quarter of the current financial year, of a new accounting policy (see note 9 on page F-11)*.

*The Financial Services revenue and operating income at Sony Life are calculated on a U.S. GAAP basis. Therefore, they differ from the results that Sony Life discloses on a Japanese statutory basis. The above mentioned change in revenue recognition method did not have an impact on results on a Japanese statutory basis.

Other

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

	Second quarter ended September 30			
	2003	**2004**	Change in Yen	**2004**
Sales and operating revenue	¥64.2	**¥61.6**	-4.0%	**$555**
Operating loss	(6.0)	**(1.6)**	-	**(15)**

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

Sales decreased 4.0% compared to the same quarter of the previous fiscal year. This was mainly the result of a decrease in intersegment sales at a Japanese subsidiary involved in the advertising agency business, in association with contract changes. However, sales increases were recorded at an animation production and marketing business and at an imported general merchandise retail business.

An operating loss of ¥1.6 billion ($15 million) was recorded, representing an improvement of ¥4.4 billion compared with the operating loss of ¥6.0 billion recorded in the same quarter of the previous fiscal year. This improvement was mainly due to the reduction of fixed costs, primarily from business realignments at several businesses in the segment.

Operating Results for Major Affiliates Accounted for by the Equity Method

The following operating results for significant companies 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.

Sony Ericsson recorded sales for the quarter ended September 30, 2004 of Euro 1,678 million, representing a Euro 373 million or 29% increase compared to the same quarter of the previous fiscal year. Income before taxes was Euro 136 million and net income was Euro 90 million, which represent improvements of Euro 97 million (249%) and Euro 28 million (45%) respectively, when compared to the same quarter of the previous fiscal year. Higher sales, boosted by new mid and high-end GSM format products, and improved operational efficiency contributed to results. As a result, equity in net income of ¥6.0 billion ($54 million) was recorded by Sony.

Sony BMG recorded sales revenue of $733 million, a loss before income taxes of $26 million, and a net loss of $25 million for the two months subsequent to the establishment of the joint venture as of August 1, 2004. Restructuring charges of $30 million are included in these operating results. As a result, equity in net loss of ¥1.4 billion ($12 million) was recorded by Sony.

Cash Flow

The following charts show Sony's unaudited condensed statements of cash flow on a consolidated basis 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 analyzing Sony's consolidated financial statements.

Cash Flow - Consolidated (excluding Financial Services segment)

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

	Six months ended September 30			
Cash flow	2003	**2004**	Change in Yen	**2004**
- From operating activities	¥0.3	**¥35.0**	¥ +34.7	**$315**
- From investing activities	(162.7)	**(330.1)**	-167.4	**(2,973)**
- From financing activities	94.2	**(25.6)**	-119.8	**(231)**
Cash and cash equivalents at beginning of the fiscal year	438.5	**592.9**	+154.4	**5,342**
Cash and cash equivalents as of September 30	352.0	**290.1**	-61.9	**2,614**

Operating Activities: During the six months ended September 30, 2004, there was an increase in notes and accounts receivable, trade and an increase in inventory within the Electronics segment resulting from increased production in anticipation of the year-end sales season. However, as a result of an increase in notes and accounts payable, trade, in addition to net income, excluding depreciation and amortization, recorded primarily in the Pictures segment, as well as a decrease in inventory in the Game segment, operating activities generated more cash than was used.

Investing Activities: During the six months ended September 30, 2004, Sony made significant capital investments mainly concentrated in semiconductors, as well as investments associated with an amorphous TFT LCD panel manufacturing joint venture (named S-LCD Corporation) established with Samsung Electronics Co., Ltd.

As a result, the total amount of cash flow from operating activities and from investing activities was a use of cash of ¥295.1 billion ($2,658 million).

Financing Activities: During the six months ended September 30, 2004, financing was carried out through the issuance of commercial paper. Sony also redeemed a portion of its long-term debt.

Cash and Cash Equivalents: In addition to the aforementioned information, the total balance of cash and cash equivalents, accounting for the effect of foreign currency exchange rate fluctuations, decreased ¥302.8 billion to ¥290.1 billion ($2,614 million) as of September 30, 2004, compared to March 31, 2004.

Cash Flow - Financial Services segment

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

	Six months ended September 30			
Cash flow	2003	**2004**	Change in Yen	**2004**
- From operating activities	¥150.0	**¥83.6**	¥-66.4	**$753**
- From investing activities	(213.1)	**(344.7)**	-131.5	**(3,105)**
- From financing activities	74.7	**164.3**	+89.7	**1,480**
Cash and cash equivalents at beginning of the fiscal year	274.5	**256.3**	-18.2	**2,309**
Cash and cash equivalents as of September 30	286.1	**159.5**	-126.5	**1,437**

Operating Activities: Operating activities generated more cash than was used due to an increase in income from insurance premiums and other, reflecting an increase in insurance-in-force.

Investing Activities: As the result of the aforementioned increase in income from insurance premiums, and given higher interest rates, increased investment, particularly in domestic bonds, was carried out causing payments for investments and advances to exceed proceeds from sales of securities investments, maturities of marketable securities and collections of advances.

Financing Activities: In addition to the increase in policy holders' accounts at Sony Life, and factors including an increase in the number of accounts, deposits from customers in the banking business increased.

Cash and Cash Equivalents: As a result of the above, cash and cash equivalents decreased ¥96.8 billion to ¥159.5 billion ($1,437 million) as of September 30, 2004 compared to March 31, 2004.

Notes

Note I: During the second quarter ended September 30, 2004, the average value of the yen was ¥108.9 against the U.S. dollar and ¥132.8 against the euro, which was 7.0% higher against the U.S. dollar and 1.6% lower against the euro, compared with the average rates for the same quarter of the previous fiscal year. Operating results on a local currency basis described herein reflect sales and operating income obtained by applying the yen's average exchange rate in the same quarter of the previous fiscal year to local currency-denominated monthly sales, cost of sales, and selling, general and administrative expenses in the quarter. Local currency basis results 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 local currency basis results provide additional useful analytical information to investors regarding operating performance.

Note II: "Sales and operating revenue" in each business segment represents sales and operating revenue recorded before intersegment transactions are eliminated. "Operating income" in each business segment represents operating income recorded before intersegment transactions and unallocated corporate expenses are eliminated.

Outlook for the Fiscal Year ending March 31, 2005

Sony's forecast for consolidated operating results for the fiscal year ending March 31, 2005 has been revised as per the table below (refer to note on page 3 and explanations below):

	Current Forecast	Change from previous year	July Forecast
Sales and operating revenue	¥7,350 billion	- 2%	¥7,550 billion
Operating income	160 billion	+62	160 billion
Income before income taxes	170 billion	+18	160 billion
Net income	110 billion	+24	100 billion

Restructuring charges, as operating expenses, of approximately ¥110 billion are included in the above forecast (the July forecast was approximately ¥130 billion).

Assumed foreign currency exchange rates for the second half of the fiscal year: approximately ¥105 to the U.S. dollar, and approximately ¥125 to the Euro.

Our forecast for sales and operating revenue reflects the fact that, due to the establishment of Sony BMG, as of August 2004, SMEI's recorded music business, previously recorded in the Music segment, is no longer recorded in consolidated sales and operating revenue (please refer to the note at the top of page 3). Our forecast for operating income remains unchanged, as although restructuring charges are expected to decrease as shown above, the forecast takes into account both the aforementioned establishment of Sony BMG, and the anticipated difficult business environment for the second half of the fiscal year, primarily in the Electronics segment. The forecast for income before income taxes and net income takes into account the recording of a gain resulting from a change in equity interest following the business integration of Monex, Inc., an equity affiliate of Sony, and Nikko Beans, Inc., and the gain from the sale of subsidiaries' stock and subsequent change in equity interest resulting from the initial public offering of So-net M3 Inc., a consolidated subsidiary of Sony Communications Network Corporation (please refer to the description regarding Income before Income Taxes on page 2).

There has been no change to our forecast, as of July 28, 2004, for capital expenditures, depreciation and amortization or research and development costs.

	Forecast	Change from previous year
Capital expenditures (additions to fixed assets)	¥410 billion	+8%
Depreciation and amortization*	370 billion	+1
(Depreciation expenses for tangible assets)	(290 billion)	(+1)
* Including amortization of intangible assets and amortization of deferred insurance acquisition costs.		
Research and development expenses	550 billion	+7

As of September 30, 2004, Sony had deferred tax assets on tax loss carry forwards in relation to Japanese local income taxes totaling ¥89.3 billion. However, there is a possibility that, depending on future operating performance, Sony may establish a valuation allowance against part or all of its deferred tax assets that would be charged to income as an increase in tax expense. On the other hand, as of September 30, 2004, the U.S. subsidiaries of Sony had valuation allowances of ¥91.8 billion against deferred tax assets for U.S. federal and certain state taxes. However, there is a possibility that, depending on future operating performance, as early as during the fiscal year ending March 31, 2005, Sony may reverse part of the valuation allowances that would be recognized into income as a reduction to tax expense.

However, it should be noted that the forecast above does not include the possibility of the establishment of a valuation allowance against deferred tax assets in Japan, or the possibility of the reversal of valuation allowances against deferred tax assets in the U.S.

For your reference, further details about valuation allowances against deferred tax assets can be found under the “Deferred tax asset valuation” section of “Critical Accounting Policies” in Item 5. *Operating and Financial Review and Prospects* of Sony Corporation’s Form 20-F for the fiscal year ended March 31, 2004.
URL:http://www.sec.gov/Archives/edgar/data/313838/000114554904000801/0001145549-04-000801-index.htm

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,” “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 its products and services, 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, Music and Pictures segments); (iv) Sony's ability to implement successfully personnel reduction and other business reorganization activities in its Electronics, Music and Pictures segments; (v) Sony's ability to implement successfully its network strategy for its Electronics, Music, Pictures and Other segments and to develop and implement successful sales and distribution strategies in its Music and Pictures segments in light of the Internet and other technological developments; (vi) 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); (vii) the success of Sony's joint ventures and alliances; and (viii) the risk of being unable to obtain regulatory or shareholder approval to successfully complete the acquisition of MGM. Risks and uncertainties also include the impact of any future events with material unforeseen impacts.

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Business Segment Information (Unaudited)

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

Sales and operating revenue	2003	2004	Change	2004
	Three months ended September 30			
Electronics				
Customers	¥ 1,172,710	¥ **1,181,030**	+0.7%	$ **10,640**
Intersegment	71,109	**32,297**		**291**
Total	1,243,819	**1,213,327**	-2.5	**10,931**
Game				
Customers	155,752	**114,874**	-26.2	**1,035**
Intersegment	5,534	**4,771**		**43**
Total	161,286	**119,645**	-25.8	**1,078**
Music				
Customers	91,838	**51,057**	-44.4	**460**
Intersegment	7,938	**7,347**		**66**
Total	99,776	**58,404**	-41.5	**526**
Pictures				
Customers	187,410	**191,742**	+2.3	**1,727**
Intersegment	0	**0**		**0**
Total	187,410	**191,742**	+2.3	**1,727**
Financial Services				
Customers	147,785	**119,643**	-19.0	**1,078**
Intersegment	6,629	**6,219**		**56**
Total	154,414	**125,862**	-18.5	**1,134**
Other				
Customers	41,524	**43,926**	+5.8	**396**
Intersegment	22,626	**17,677**		**159**
Total	64,150	**61,603**	-4.0	**555**
Elimination	(113,836)	**(68,311)**	—	**(615)**
Consolidated total	¥ 1,797,019	¥ **1,702,272**	-5.3%	$ **15,336**

Electronics intersegment amounts primarily consist of transactions with the Game business.
Music intersegment amounts primarily consist of transactions with the Game and Pictures businesses.
Other intersegment amounts primarily consist of transactions with the Electronics business.

Operating income (loss)	2003	2004	Change	2004
Electronics	¥ 43,180	¥ **7,186**	-83.4%	$ **65**
Game	2,184	**(11)**	—	**0**
Music	(5,891)	**2,173**	—	**20**
Pictures	(4,620)	**27,418**	—	**247**
Financial Services	11,256	**14,881**	+32.2	**134**
Other	(5,999)	**(1,621)**	—	**(15)**
Total	40,110	**50,026**	+24.7	**451**
Unallocated corporate expenses and elimination	(6,896)	**(6,641)**	—	**(60)**
Consolidated total	¥ 33,214	¥ **43,385**	+30.6%	$ **391**

Commencing April 1, 2004, Sony has partly realigned its business segment configuration. Results of the previous year have been reclassified to conform to the presentations for the current quarter (See Notes 5 and 6, page F-10).

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

Sales and operating revenue		Six months ended September 30 2003		2004	Change		2004
Electronics							
Customers	¥	2,235,228	¥	**2,286,090**	+2.3%	$	**20,595**
Intersegment		135,285		**52,409**			**473**
Total		2,370,513		**2,338,499**	-1.4		**21,068**
Game							
Customers		276,084		**214,935**	-22.1		**1,936**
Intersegment		10,448		**10,075**			**91**
Total		286,532		**225,010**	-21.5		**2,027**
Music							
Customers		178,109		**139,314**	-21.8		**1,255**
Intersegment		16,041		**14,227**			**128**
Total		194,150		**153,541**	-20.9		**1,383**
Pictures							
Customers		338,541		**339,933**	+0.4		**3,063**
Intersegment		0		**0**			**0**
Total		338,541		**339,933**	+0.4		**3,063**
Financial Services							
Customers		290,754		**247,349**	-14.9		**2,228**
Intersegment		13,307		**12,137**			**110**
Total		304,061		**259,486**	-14.7		**2,338**
Other							
Customers		82,083		**86,789**	+5.7		**783**
Intersegment		44,404		**34,245**			**308**
Total		126,487		**121,034**	-4.3		**1,091**
Elimination		(219,485)		**(123,093)**	—		**(1,110)**
Consolidated total	¥	3,400,799	¥	**3,314,410**	-2.5%	$	**29,860**

Electronics intersegment amounts primarily consist of transactions with the Game business.
Music intersegment amounts primarily consist of transactions with the Game and Pictures businesses.
Other intersegment amounts primarily consist of transactions with the Electronics business.

Operating income (loss)		2003		2004	Change		2004
Electronics	¥	58,014	¥	**15,742**	-72.9%	$	**142**
Game		3,945		**(2,892)**	—		**(26)**
Music		(12,957)		**(552)**	—		**(5)**
Pictures		(7,017)		**31,519**	—		**284**
Financial Services		25,303		**25,284**	-0.1		**228**
Other		(2,609)		**(2,403)**	—		**(22)**
Total		64,679		**66,698**	+3.1		**601**
Unallocated corporate expenses and elimination		(14,793)		**(13,539)**	—		**(122)**
Consolidated total	¥	49,886	¥	**53,159**	+6.6%	$	**479**

Commencing April 1, Sony has partly realigned its business segment configuration. Results of the previous year have been reclassified to conform to the presentations for the current quarter (See Notes 5 and 6, page F-10).

Electronics Sales and Operating Revenue to Customers by Product Category

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

Sales and operating revenue	2003	**2004**	Change	**2004**
		Three months ended September 30		
Audio	¥ 171,387	¥ **147,025**	-14.2%	$ **1,324**
Video	216,643	**245,876**	+13.5	**2,215**
Televisions	215,900	**218,881**	+1.4	**1,972**
Information and Communications	206,346	**181,712**	-11.9	**1,637**
Semiconductors	64,559	**74,992**	+16.2	**676**
Components	158,636	**160,381**	+1.1	**1,445**
Other	139,239	**152,163**	+9.3	**1,371**
Total	¥ 1,172,710	¥ **1,181,030**	+0.7%	$ **10,640**

Sales and operating revenue	2003	**2004**	Change	**2004**
		Six months ended September 30		
Audio	¥ 323,779	¥ **281,411**	-13.1%	$ **2,535**
Video	441,091	**497,081**	+12.7	**4,478**
Televisions	403,858	**416,042**	+3.0	**3,748**
Information and Communications	394,487	**355,755**	-9.8	**3,205**
Semiconductors	117,614	**141,902**	+20.7	**1,278**
Components	294,478	**312,091**	+6.0	**2,812**
Other	259,921	**281,808**	+8.4	**2,539**
Total	¥ 2,235,228	¥ **2,286,090**	+2.3%	$ **20,595**

The above table is a breakdown of Electronics sales and operating revenue to customers in the Business Segment Information on pages F-1 and F-2. 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. In addition, commencing April 1, 2004, Sony has partly realigned its product category configuration in the Electronics segment. Accordingly, results of the previous year have been restated. (See Note 7, page F-10)

<u>Geographic Segment Information</u> (Unaudited)

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

Sales and operating revenue	2003	**2004**	Change	**2004**
		Three months ended September 30		
Japan	¥ 536,588	¥ **490,764**	-8.5%	$ **4,421**
United States	517,994	**457,670**	-11.6	**4,123**
Europe	377,410	**360,270**	-4.5	**3,246**
Other Areas	365,027	**393,568**	+7.8	**3,546**
Total	¥ 1,797,019	¥ **1,702,272**	-5.3%	$ **15,336**

Sales and operating revenue	2003	**2004**	Change	**2004**
		Six months ended September 30		
Japan	¥ 1,047,857	¥ **975,396**	-6.9%	$ **8,787**
United States	977,723	**875,966**	-10.4	**7,892**
Europe	724,208	**735,603**	+1.6	**6,627**
Other Areas	651,011	**727,445**	+11.7	**6,554**
Total	¥ 3,400,799	¥ **3,314,410**	-2.5%	$ **29,860**

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

Consolidated Statements of Income (Unaudited)

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

	Three months ended September 30			
	2003	**2004**	Change	**2004**
Sales and operating revenue:			%	
Net sales	¥ 1,637,706	¥ **1,568,026**		$ **14,126**
Financial service revenue	147,785	**119,643**		**1,078**
Other operating revenue	11,528	**14,603**		**132**
	1,797,019	**1,702,272**	-5.3	**15,336**
Costs and expenses:				
Cost of sales	1,209,126	**1,184,124**		**10,668**
Selling, general and administrative	413,483	**361,683**		**3,258**
Financial service expenses	132,474	**105,216**		**948**
Loss on sale, disposal or impairment of assets, net	8,722	**7,864**		**71**
	1,763,805	**1,658,887**		**14,945**
Operating income	33,214	**43,385**	+30.6	**391**
Other income:				
Interest and dividends	3,903	**3,109**		**28**
Royalty income	10,802	**11,458**		**103**
Foreign exchange gain, net	2,065	—		—
Gain on sale of securities investments, net	2,870	**1,337**		**12**
Gain on change in interest in subsidiaries and equity investee	—	**13,188**		**119**
Other	7,443	**5,834**		**53**
	27,083	**34,926**		**315**
Other expenses:				
Interest	7,319	**7,031**		**64**
Loss on devaluation of securities investments	1,139	**1,382**		**12**
Foreign exchange loss, net	—	**251**		**2**
Other	7,780	**6,386**		**58**
	16,238	**15,050**		**136**
Income before income taxes	44,059	**63,261**	+43.6	**570**
Income taxes	10,301	**16,203**		**146**
Income before minority interest, equity in net income of affiliated companies and cumulative effect of an accounting change	33,758	**47,058**	+39.4	**424**
Minority interest in income (loss) of consolidated subsidiaries	1,627	**(49)**		**(0)**
Equity in net income of affiliated companies	2,912	**6,103**		**55**
Income before cumulative effect of an accounting change	35,043	**53,210**	+51.8	**479**
Cumulative effect of an accounting change (2003: Net of income taxes of ¥0 million)	(2,117)	—		—
Net income	¥ 32,926	¥ **53,210**	+61.6	$ **479**
Per share data:				
Common stock				
Income before cumulative effect of an accounting change				
— Basic	¥ 37.99	¥ —		$ —
— Diluted	35.60	—		—
Net income				
— Basic	35.69	**57.50**	+61.1	**0.52**
— Diluted	33.48	**53.76**	+60.6	**0.48**
Subsidiary tracking stock				
Net income (loss)				
— Basic	(9.99)	**4.25**	—	**0.04**

	2003	2004	Change	2004
	(Millions of yen, millions of U.S. dollars, except per share amounts)			
	Six months ended September 30			
Sales and operating revenue:			%	
Net sales	¥ 3,086,928	¥ **3,039,147**		$ **27,380**
Financial service revenue	290,754	**247,349**		**2,228**
Other operating revenue	23,117	**27,914**		**252**
	3,400,799	**3,314,410**	-2.5	**29,860**
Costs and expenses:				
Cost of sales	2,268,278	**2,287,395**		**20,607**
Selling, general and administrative	817,788	**738,620**		**6,654**
Financial service expenses	261,500	**222,510**		**2,005**
Loss on sale, disposal or impairment of assets, net	3,347	**12,726**		**115**
	3,350,913	**3,261,251**		**29,381**
Operating income	49,886	**53,159**	+6.6	**479**
Other income:				
Interest and dividends	10,031	**8,090**		**73**
Royalty income	18,184	**17,119**		**154**
Foreign exchange gain, net	1,193	**—**		**—**
Gain on sale of securities investments, net	11,396	**2,026**		**18**
Gain on change in interest in subsidiaries and equity investee	—	**13,495**		**122**
Other	20,294	**12,683**		**114**
	61,098	**53,413**		**481**
Other expenses:				
Interest	13,474	**14,558**		**131**
Loss on devaluation of securities investments	1,639	**2,313**		**21**
Foreign exchange loss, net	—	**5,934**		**53**
Other	16,041	**13,892**		**125**
	31,154	**36,697**		**330**
Income before income taxes	79,830	**69,875**	-12.5	**630**
Income taxes	35,685	**14,361**		**130**
Income before minority interest, equity in net income (loss) of affiliated companies and cumulative effect of an accounting change	44,145	**55,514**	+25.8	**500**
Minority interest in income of consolidated subsidiaries	1,166	**572**		**5**
Equity in net income (loss) of affiliated companies	(6,815)	**26,245**		**236**
Income before cumulative effect of an accounting change	36,164	**81,187**	+124.5	**731**
Cumulative effect of an accounting change (2003: Net of income taxes of ¥0 million) (2004: Net of income taxes of ¥2,675 million)	(2,117)	**(4,713)**		**(42)**
Net income	¥ 34,047	¥ **76,474**	+124.6	$ **689**
Per share data:				
Common stock				
Income before cumulative effect of an accounting change				
— Basic	¥ 39.26	¥ **87.70**	+123.4	$ **0.79**
— Diluted	37.33	**82.29**	+120.4	**0.74**
Net income				
— Basic	36.97	**82.61**	+123.5	**0.74**
— Diluted	35.22	**77.58**	+120.3	**0.70**
Subsidiary tracking stock				
Net income (loss)				
— Basic	(17.96)	**18.12**		**0.16**

Additional Paid-in Capital and Retained Earnings (Unaudited)

The following information shows change in additional paid-in capital for the six months ended September 30, 2003 and 2004 and change in retained earnings for the six months ended September 30, 2003 and 2004.

Sony discloses this supplemental information in accordance with disclosure requirements of the Japanese Securities and Exchange Law, to which Sony, as a Japanese public company, is subject.

	(Millions of yen, millions of U.S. dollars)		
	Six months ended September 30		
	2003	**2004**	**2004**
Additional Paid-in Capital:			
Balance, beginning of year	¥ 984,196	¥ **992,817**	$ **8,944**
Conversion of convertible bonds	3,984	**26**	**0**
Exchange offerings	5,409	**—**	**—**
Reissuance of treasury stock	(409)	**(342)**	**(3)**
Balance as of September 30	¥ 993,180	¥ **992,501**	$ **8,941**

	(Millions of yen, millions of U.S. dollars)		
	Six months ended September 30		
	2003	**2004**	**2004**
Retained Earnings:			
Balance, beginning of year	¥ 1,301,740	¥ **1,367,060**	$ **12,316**
Net income	34,047	**76,474**	**689**
Cash dividends	(11,578)	**(11,573)**	**(104)**
Reissuance of treasury stock	—	**(237)**	**(3)**
Common stock issue costs, net of tax	(28)	**(5)**	**(0)**
Balance as of September 30	¥ 1,324,181	¥ **1,431,719**	$ **12,898**

Consolidated Balance Sheets (Unaudited)

ASSETS	September 30 2003	March 31 2004	September 30 2004	September 30 2004
	(Millions of yen, millions of U.S. dollars)			
Current assets:				
Cash and cash equivalents	¥ 638,037	¥ 849,211	¥ **449,626**	$ **4,051**
Time deposits	7,307	4,662	**3,325**	**30**
Marketable securities	264,997	274,748	**533,373**	**4,805**
Notes and accounts receivable, trade	1,178,387	1,123,863	**1,133,252**	**10,209**
Allowance for doubtful accounts and sales returns	(94,081)	(112,674)	**(76,966)**	**(693)**
Inventories	798,448	666,507	**781,361**	**7,039**
Deferred income taxes	132,105	125,532	**128,595**	**1,159**
Prepaid expenses and other current assets	559,220	431,506	**463,670**	**4,177**
	3,484,420	3,363,355	**3,416,236**	**30,777**
Film costs	280,535	256,740	**270,090**	**2,433**
Investments and advances:				
Affiliated companies	78,511	86,253	**252,966**	**2,279**
Securities investments and other	2,129,524	2,426,697	**2,410,396**	**21,715**
	2,208,035	2,512,950	**2,663,362**	**23,994**
Property, plant and equipment:				
Land	195,996	189,785	**186,168**	**1,677**
Buildings	950,570	930,983	**929,142**	**8,371**
Machinery and equipment	2,070,117	2,053,085	**2,096,564**	**18,888**
Construction in progress	70,764	98,480	**144,570**	**1,302**
Less–Accumulated depreciation	(1,929,498)	(1,907,289)	**(1,973,005)**	**(17,775)**
	1,357,949	1,365,044	**1,383,439**	**12,463**
Other assets:				
Intangibles, net	251,525	248,010	**208,251**	**1,876**
Goodwill	288,805	277,870	**274,662**	**2,474**
Deferred insurance acquisition costs	335,762	349,194	**366,983**	**3,306**
Deferred income taxes	237,444	203,203	**177,973**	**1,603**
Other	460,386	514,296	**492,160**	**4,436**
	1,573,922	1,592,573	**1,520,029**	**13,695**
	¥ 8,904,861	¥ 9,090,662	¥ **9,253,156**	$ **83,362**

LIABILITIES AND STOCKHOLDERS' EQUITY	September 30 2003	March 31 2004	September 30 2004	September 30 2004
Current liabilities:				
Short-term borrowings	¥ 240,279	¥ 91,260	¥ **158,151**	$ **1,425**
Current portion of long-term debt	41,823	383,757	**452,986**	**4,081**
Notes and accounts payable, trade	961,122	778,773	**826,719**	**7,448**
Accounts payable, other and accrued expenses	812,872	812,175	**731,145**	**6,587**
Accrued income and other taxes	92,483	57,913	**42,968**	**387**
Deposits from customers in the banking business	319,301	378,851	**451,231**	**4,065**
Other	365,779	479,486	**371,978**	**3,351**
	2,833,659	2,982,215	**3,035,178**	**27,344**
Long-term liabilities:				
Long-term debt	877,297	777,649	**677,262**	**6,101**
Accrued pension and severance costs	518,940	368,382	**325,664**	**2,934**
Deferred income taxes	79,588	96,193	**67,470**	**608**
Future insurance policy benefits and other	2,050,004	2,178,626	**2,314,369**	**20,850**
Other	253,665	286,737	**267,809**	**2,413**
	3,779,494	3,707,587	**3,652,574**	**32,906**
Minority interest in consolidated subsidiaries	19,219	22,858	**24,171**	**218**
Stockholders' equity:				
Capital stock	480,262	480,267	**480,293**	**4,327**
Additional paid-in capital	993,180	992,817	**992,501**	**8,941**
Retained earnings	1,324,181	1,367,060	**1,431,719**	**12,898**
Accumulated other comprehensive income	(517,012)	(449,959)	**(357,467)**	**(3,220)**
Treasury stock, at cost	(8,122)	(12,183)	**(5,813)**	**(52)**
	2,272,489	2,378,002	**2,541,233**	**22,894**
	¥ 8,904,861	¥ 9,090,662	¥ **9,253,156**	$ **83,362**

Consolidated Statements of Cash Flows (Unaudited)

	(Millions of yen, millions of U.S. dollars)		
	Six months ended September 30		
	2003	**2004**	**2004**
Cash flows from operating activities:			
Net income	¥ 34,047	¥ **76,474**	$ **689**
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization, including amortization of deferred insurance acquisition costs	171,701	**176,704**	**1,592**
Amortization of film costs	134,955	**127,305**	**1,147**
Accrual for pension and severance costs, less payments	25,462	**11,269**	**102**
Loss on sale, disposal or impairment of assets, net	3,347	**12,726**	**115**
Gain on sales of securities investments, net	(11,396)	**(2,026)**	**(18)**
Gain on change in interest in subsidiaries and equity investee	—	**(13,495)**	**(122)**
Deferred income taxes	11,079	**(11,274)**	**(102)**
Equity in net (income) loss of affiliated companies, net of dividends	7,661	**(25,661)**	**(231)**
Cumulative effect of an accounting change	2,117	**4,713**	**42**
Changes in assets and liabilities:			
Increase in notes and accounts receivable, trade	(114,906)	**(43,346)**	**(391)**
Increase in inventories	(192,568)	**(109,507)**	**(987)**
Increase in film costs	(139,596)	**(127,647)**	**(1,150)**
Increase in notes and accounts payable, trade	271,137	**48,286**	**435**
Decrease in accrued income and other taxes	(13,148)	**(13,669)**	**(123)**
Increase in future insurance policy benefits and other	135,594	**63,841**	**575**
Increase in deferred insurance acquisition costs	(32,046)	**(32,597)**	**(294)**
Increase in marketable securities held in the financial service business for trading purpose	—	**(16,270)**	**(146)**
Increase in other current assets	(161,025)	**(47,262)**	**(426)**
Decrease in other current liabilities	(4,326)	**(20,970)**	**(189)**
Other	12,676	**54,313**	**490**
Net cash provided by operating activities	140,765	**111,907**	**1,008**
Cash flows from investing activities:			
Payments for purchases of fixed assets	(199,503)	**(251,558)**	**(2,266)**
Proceeds from sales of fixed assets	22,413	**18,397**	**166**
Payments for investments and advances by financial service business	(586,618)	**(723,732)**	**(6,520)**
Payments for investments and advances (other than financial service business)	(22,380)	**(136,082)**	**(1,226)**
Proceeds from maturities of marketable securities, sales of securities investments and collections of advances by financial service business	391,239	**401,202**	**3,614**
Proceeds from maturities of marketable securities, sales of securities investments and collections of advances (other than financial service business)	18,339	**19,973**	**180**
(Increase) decrease in time deposits	(3,902)	**1,046**	**9**
Cash assumed upon acquisition by stock exchange offering	3,634	**—**	**—**
Net cash used in investing activities	(376,778)	**(670,754)**	**(6,043)**
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	2,326	**9,589**	**86**
Payments of long-term debt	(6,426)	**(53,511)**	**(482)**
Increase in short-term borrowings	111,355	**31,221**	**281**
Increase in deposits from customers in the financial service business	70,369	**129,335**	**1,165**
Dividends paid	(11,552)	**(11,441)**	**(103)**
Other	13,316	**36,165**	**327**
Net cash provided by financing activities	179,388	**141,358**	**1,274**
Effect of exchange rate changes on cash and cash equivalents	(18,396)	**17,904**	**161**
Net decrease in cash and cash equivalents	(75,021)	**(399,585)**	**(3,600)**
Cash and cash equivalents at beginning of the fiscal year	713,058	**849,211**	**7,651**
Cash and cash equivalents at September 30	¥ 638,037	¥ **449,626**	$ **4,051**

(Notes)

1. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥111 = U.S. $1, the approximate Tokyo foreign exchange market rate as of September 30, 2004.

2. As of September 30, 2004, Sony had 918 consolidated subsidiaries (including variable interest entities). It has applied the equity accounting method in respect to 57 affiliated companies.

3. Sony calculates and presents per share data separately for Sony's common stock and for the subsidiary tracking stock which is linked to the economic value of Sony Communication Network Corporation, based on Statement of Financial Accounting Standards ("FAS") No.128, "Earnings per Share". The holders of the tracking stock have the right to participate in earnings, together with common stock holders. Accordingly, Sony calculates per share data by the "two-class" method based on FAS No.128. Under this method, basic net income per share for each class of stock is calculated based on the earnings allocated to each class of stock for the applicable period, divided by the weighted-average number of outstanding shares in each class during the applicable period. The earnings allocated to the subsidiary tracking stock are determined based on the subsidiary tracking stockholders' economic interest in the targeted subsidiary's earnings available for dividends or change in accumulated losses that do not include those of the targeted subsidiary's subsidiaries. The earnings allocated to common stock are calculated by subtracting the earnings allocated to the subsidiary tracking stock from Sony's net income for the period.

   Weighted-average shares used for computation of earnings per share of common stock are as follows. The dilutive effect in the weighted-average shares for the three months and six months ended September 30, 2003 and 2004 mainly resulted from convertible bonds.

Weighted-average shares	(Thousands of shares) **Three months ended September 30**	
	2003	**2004**
Income before cumulative effect of an accounting change and net income		
— Basic	923,326	925,227
— Diluted	1,000,749	1,000,494

Weighted-average shares	(Thousands of shares) **Six months ended September 30**	
	2003	**2004**
Income before cumulative effect of an accounting change and net income		
— Basic	922,537	925,091
— Diluted	1,000,507	1,000,404

   Weighted-average shares used for computation of earnings per share of the subsidiary tracking stock for the three months and six months ended September 30, 2003 and 2004 are 3,072 thousand shares. There were no potentially dilutive securities or options granted for earnings per share of the subsidiary tracking stock.

4. Sony's comprehensive income is comprised of net income and other 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 three months and six months ended September 30, 2003 and 2004 were as follows:

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

	Three months ended September 30			Six months ended September 30		
	2003	**2004**	**2004**	2003	**2004**	**2004**
Net income	¥ 32,926	¥ **53,210**	$ **479**	¥ 34,047	¥ **76,474**	$ **689**
Other comprehensive income (loss):						
Unrealized gains (losses) on securities	12,863	**2,649**	**24**	29,881	**(12,514)**	**(113)**
Unrealized gains (losses) on derivative instruments	5,548	**(151)**	**(1)**	6,194	**(2,413)**	**(22)**
Minimum pension liabilities adjustments	1,234	**21,316**	**192**	(2,984)	**20,953**	**189**
Foreign currency translation adjustments	(105,806)	**56,243**	**506**	(78,125)	**86,466**	**779**
	(86,161)	**80,057**	**721**	(45,034)	**92,492**	**833**
Comprehensive income (loss)	¥ (53,235)	¥ **133,267**	$ **1,200**	¥ (10,987)	¥ **168,966**	$ **1,522**

5. As of August 1, 2004, Sony and Bertelsmann AG combined their recorded music businesses in a joint venture. In connection with the establishment of this joint venture, the non-Japan based disc manufacturing and physical distribution businesses, formerly included within the Music segment, have been reclassified to "Other" category in the Electronics segment. Results for the same period of the previous year in the Electronics and Music segments have been restated to conform to the presentation for this year.

6. In July 2004, in order to establish a more efficient and coordinated semiconductor supply structure, the Sony group has integrated its semiconductor manufacturing business by transferring Sony Computer Entertainment's semiconductor manufacturing operation from the Game segment to the Electronics segment. As a result of this transfer, sales revenue and expenditures associated with this operation are now recorded within the "Semiconductor" category in the Electronics segment.
The results for the same period of the previous fiscal year have not been restated as such comparable figures cannot be practicably obtained given that it was not operated as a separate line of business within the Game segment. This integration of the semiconductor manufacturing businesses is a part of Sony's semiconductor strategy of utilizing semiconductor technologies and manufacturing equipment originally developed or designed for the Game business within the Sony group as a whole.

7. Commencing April 1, Sony has partly realigned its product category configuration in the Electronics segment. Accordingly, results of the previous year have been reclassified. The primary changes are as follows:

Main Product	Previous Product Category		New Product Category
AIWA	"Other"	→	"Audio" or "Video" or "Televisions"
Set-top box	"Video"	→	"Televisions"

8. In January 2003, the FASB issued FASB Interpretation ("FIN") No.46, "Consolidation of Variable Interest Entities – an Interpretation of Accounting Research Bulletins ("ARB") No.51", and the revised FIN No.46 was issued in December 2003. This interpretation addresses consolidation by a primary beneficiary of a variable interest entity ("VIE"). FIN No.46 is effective immediately for all new VIEs created or acquired after January 31, 2003. Sony has not entered into any new arrangements with VIEs on or after February 1, 2003. For VIEs created or acquired prior to February 1, 2003, Sony adopted FIN No.46 on July 1, 2003. As a result of the adoption of FIN No.46, Sony recognized ¥2,117 million of loss as the cumulative effect of accounting change. Additionally, Sony's assets and liabilities increased as non-cash transactions, which resulted in no cash flows, by ¥95,255 million and ¥97,950 million, respectively, as well as cash and cash equivalents of ¥1,521 million.

9. Adoption of New Accounting Standards

Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts

In July 2003, the Accounting Standards Executive Committee of the American Institute of Certified Public Accountants issued Statement of Position ("SOP") 03-1, "Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts". SOP 03-1 requires insurance enterprises to record additional reserves for long-duration life insurance contracts with minimum guarantee or annuity receivable options. Additionally, SOP 03-1 provides guidance for the presentation of separate accounts. This statement is effective for fiscal years beginning after December 15, 2003. Sony adopted SOP 03-1 on April 1, 2004. As a result of the adoption of SOP03-1, Sony's operating income decreased by ¥2,248 million ($20 million) and ¥3,216 million ($29 million) for the three months and six months ended September 30, 2004, respectively. Additionally, on April 1, 2004, Sony recognized ¥4,713 million ($42 million) of loss (net of income taxes of ¥2,675 million) as a cumulative effect of an accounting change. In addition, the separate account assets, which are defined by insurance business law in Japan and were previously included in "Security investments and other" on the consolidated balance sheet, were excluded from the category of separate accounts under the provision of SOP 03-1. Accordingly, the separate account assets are now treated as general accounts and included in "Marketable securities" on the consolidated balance sheet.

Other Consolidated Financial Data

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

	Three months ended September 30			
	2003	**2004**	Change	**2004**
Capital expenditures (additions to property, plant and equipment)	¥ 90,016	**¥ 90,051**	+0.0%	**$ 811**
Depreciation and amortization expenses*	87,424	**91,173**	+4.3	**821**
(Depreciation expenses for tangible assets)	(70,120)	**(72,579)**	(+3.5)	**(654)**
Research and development expenses	136,191	**127,018**	-6.7	**1,144**

	Six months ended September 30			
	2003	**2004**	Change	**2004**
Capital expenditures (additions to property, plant and equipment)	¥ 171,033	**¥ 178,122**	+4.1%	**$ 1,605**
Depreciation and amortization expenses*	171,701	**176,704**	+2.9	**1,592**
(Depreciation expenses for tangible assets)	(135,756)	**(141,486)**	(+4.2)	**(1,275)**
Research and development expenses	250,355	**250,600**	+0.1	**2,258**

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

Condensed Financial Services Financial Statements (Unaudited)

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.

Condensed Statements of Income

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

Financial Services	Three months ended September 30 2003	2004	Change	2004
			%	
Financial service revenue	¥ 154,414	¥ **125,862**	-18.5	$ **1,134**
Financial service expenses	143,158	**110,981**	-22.5	**1,000**
Operating income	11,256	**14,881**	+32.2	**134**
Other income (expenses), net	(102)	**8,955**	—	**81**
Income before income taxes	11,154	**23,836**	+113.7	**215**
Income taxes and other	2,808	**9,632**	+243.0	**87**
Net income	¥ 8,346	¥ **14,204**	+70.2	$ **128**

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

Sony without Financial Services	Three months ended September 30 2003	2004	Change	2004
			%	
Net sales and operating revenue	¥ 1,651,008	¥ **1,584,969**	-4.0	$ **14,279**
Costs and expenses	1,629,016	**1,556,733**	-4.4	**14,025**
Operating income	21,992	**28,236**	+28.4	**254**
Other income (expenses), net	20,304	**17,688**	-12.9	**160**
Income before income taxes	42,296	**45,924**	+8.6	**414**
Income taxes and other	6,222	**418**	-93.3	**4**
Income before cumulative effect of an accounting change	36,074	**45,506**	+26.1	**410**
Cumulative effect of an accounting change	(2,117)	—	—	—
Net income	¥ 33,957	¥ **45,506**	+34.0	$ **410**

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

Consolidated	Three months ended September 30 2003	2004	Change	2004
			%	
Financial service revenue	¥ 147,785	¥ **119,643**	-19.0	$ **1,078**
Net sales and operating revenue	1,649,234	**1,582,629**	-4.0	**14,258**
	1,797,019	**1,702,272**	-5.3	**15,336**
Costs and expenses	1,763,805	**1,658,887**	-5.9	**14,945**
Operating income	33,214	**43,385**	+30.6	**391**
Other income (expenses), net	10,845	**19,876**	+83.3	**179**
Income before income taxes	44,059	**63,261**	+43.6	**570**
Income taxes and other	9,016	**10,051**	+11.5	**91**
Income before cumulative effect of an accounting change	35,043	**53,210**	+51.8	**479**
Cumulative effect of an accounting change	(2,117)	—	—	—
Net income	¥ 32,926	¥ **53,210**	+61.6	$ **479**

Condensed Statements of Income

Financial Services

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

	Six months ended September 30					
		2003		**2004**	Change	2004
					%	
Financial service revenue	¥	304,061	¥	**259,486**	-14.7	$ **2,338**
Financial service expenses		278,758		**234,202**	-16.0	**2,110**
Operating income		25,303		**25,284**	-0.1	**228**
Other income (expenses), net		(88)		**8,893**	—	**80**
Income before income taxes		25,215		**34,177**	+35.5	**308**
Income taxes and other		9,866		**13,458**	+36.4	**122**
Income before cumulative effect of an accounting change		15,349		**20,719**	+35.0	**186**
Cumulative effect of an accounting change		—		**(4,713)**	—	**(42)**
Net income	¥	15,349	¥	**16,006**	+4.3	$ **144**

Sony without Financial Services

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

	Six months ended September 30					
		2003		**2004**	Change	2004
					%	
Net sales and operating revenue	¥	3,113,826	¥	**3,071,378**	-1.4	$ **27,670**
Costs and expenses		3,088,978		**3,043,660**	-1.5	**27,420**
Operating income		24,848		**27,718**	+11.6	**250**
Other income (expenses), net		39,159		**14,479**	-63.0	**130**
Income before income taxes		64,007		**42,197**	-34.1	**380**
Income taxes and other		33,910		**(24,771)**	—	**(223)**
Income before cumulative effect of an accounting change		30,097		**66,968**	+122.5	**603**
Cumulative effect of an accounting change		(2,117)		—	—	—
Net income	¥	27,980	¥	**66,968**	+139.3	$ **603**

Consolidated

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

	Six months ended September 30					
		2003		**2004**	Change	2004
					%	
Financial service revenue	¥	290,754	¥	**247,349**	-14.9	$ **2,228**
Net sales and operating revenue		3,110,045		**3,067,061**	-1.4	**27,632**
		3,400,799		**3,314,410**	-2.5	**29,860**
Costs and expenses		3,350,913		**3,261,251**	-2.7	**29,381**
Operating income		49,886		**53,159**	+6.6	**479**
Other income (expenses), net		29,944		**16,716**	-44.2	**151**
Income before income taxes		79,830		**69,875**	-12.5	**630**
Income taxes and other		43,666		**(11,312)**	—	**(101)**
Income before cumulative effect of an accounting change		36,164		**81,187**	+124.5	**731**
Cumulative effect of an accounting change		(2,117)		**(4,713)**	—	**(42)**
Net income	¥	34,047	¥	**76,474**	+124.6	$ **689**

Condensed Balance Sheets

Financial Services ASSETS	September 30 2003	March 31 2004	**September 30 2004**	**September 30 2004**
	(Millions of yen, millions of U.S. dollars)			
Current assets:				
Cash and cash equivalents	¥ 286,054	¥ 256,316	**¥ 159,523**	**$ 1,437**
Marketable securities	260,098	270,676	**529,302**	**4,768**
Notes and accounts receivable, trade	68,380	72,273	**72,144**	**650**
Other	107,698	100,433	**92,775**	**836**
	722,230	699,698	**853,744**	**7,691**
Investments and advances	1,941,130	2,274,510	**2,297,300**	**20,696**
Property, plant and equipment	40,603	40,833	**39,828**	**359**
Other assets:				
Deferred insurance acquisition costs	335,762	349,194	**366,983**	**3,306**
Other	106,974	110,804	**102,369**	**923**
	442,736	459,998	**469,352**	**4,229**
	¥ 3,146,699	¥ 3,475,039	**¥ 3,660,224**	**$ 32,975**
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Short-term borrowings	¥ 77,222	¥ 86,748	**¥ 117,715**	**$ 1,060**
Notes and accounts payable, trade	6,752	7,847	**7,378**	**66**
Deposits from customers in the banking business	319,301	378,851	**451,231**	**4,065**
Other	90,494	175,357	**96,269**	**868**
	493,769	648,803	**672,593**	**6,059**
Long-term liabilities:				
Long-term debt	138,622	135,811	**137,249**	**1,236**
Accrued pension and severance costs	9,671	10,183	**11,163**	**101**
Future insurance policy benefits and other	2,050,004	2,178,626	**2,314,369**	**20,850**
Other	112,968	126,349	**130,237**	**1,174**
	2,311,265	2,450,969	**2,593,018**	**23,361**
Minority interest in consolidated subsidiaries	—	—	**5,567**	**50**
Stockholders' equity	341,665	375,267	**389,046**	**3,505**
	¥ 3,146,699	¥ 3,475,039	**¥ 3,660,224**	**$ 32,975**

Sony without Financial Services ASSETS	September 30 2003	March 31 2004	**September 30 2004**	**September 30 2004**
	(Millions of yen, millions of U.S. dollars)			
Current assets:				
Cash and cash equivalents	¥ 351,983	¥ 592,895	**¥ 290,103**	**$ 2,614**
Marketable securities	4,899	4,072	**4,071**	**37**
Notes and accounts receivable, trade	1,019,412	943,590	**989,216**	**8,912**
Other	1,415,405	1,151,879	**1,294,395**	**11,660**
	2,791,699	2,692,436	**2,577,785**	**23,223**
Film costs	280,535	256,740	**270,090**	**2,433**
Investments and advances	387,175	358,629	**500,041**	**4,505**
Investments in Financial Services, at cost	176,905	176,905	**187,400**	**1,688**
Property, plant and equipment	1,317,345	1,324,211	**1,343,611**	**12,104**
Other assets	1,241,671	1,251,901	**1,165,449**	**10,501**
	¥ 6,195,330	¥ 6,060,822	**¥ 6,044,376**	**$ 54,454**
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Short-term borrowings	¥ 234,975	¥ 409,766	**¥ 508,649**	**$ 4,582**
Notes and accounts payable, trade	956,592	773,221	**822,333**	**7,408**
Other	1,190,519	1,190,563	**1,057,377**	**9,527**
	2,382,086	2,373,550	**2,388,359**	**21,517**
Long-term liabilities:				
Long-term debt	873,750	775,233	**671,067**	**6,046**
Accrued pension and severance costs	509,269	358,199	**314,500**	**2,833**
Other	300,875	348,946	**302,589**	**2,725**
	1,683,894	1,482,378	**1,288,156**	**11,604**
Minority interest in consolidated subsidiaries	13,590	17,554	**18,704**	**169**
Stockholders' equity	2,115,760	2,187,340	**2,349,157**	**21,164**
	¥ 6,195,330	¥ 6,060,822	**¥ 6,044,376**	**$ 54,454**

Consolidated	September 30 2003	March 31 2004	**September 30 2004**	**September 30 2004**
	(Millions of yen, millions of U.S. dollars)			
ASSETS				
Current assets:				
Cash and cash equivalents	¥ 638,037	¥ 849,211	**¥ 449,626**	**$ 4,051**
Marketable securities	264,997	274,748	**533,373**	**4,805**
Notes and accounts receivable, trade	1,084,306	1,011,189	**1,056,286**	**9,516**
Other	1,497,080	1,228,207	**1,376,951**	**12,405**
	3,484,420	3,363,355	**3,416,236**	**30,777**
Film costs	280,535	256,740	**270,090**	**2,433**
Investments and advances	2,208,035	2,512,950	**2,663,362**	**23,994**
Property, plant and equipment	1,357,949	1,365,044	**1,383,439**	**12,463**
Other assets:				
Deferred insurance acquisition costs	335,762	349,194	**366,983**	**3,306**
Other	1,238,160	1,243,379	**1,153,046**	**10,389**
	1,573,922	1,592,573	**1,520,029**	**13,695**
	¥ 8,904,861	¥ 9,090,662	**¥ 9,253,156**	**$ 83,362**
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Short-term borrowings	¥ 282,102	¥ 475,017	**¥ 611,137**	**$ 5,506**
Notes and accounts payable, trade	961,122	778,773	**826,719**	**7,448**
Deposits from customers in the banking business	319,301	378,851	**451,231**	**4,065**
Other	1,271,134	1,349,574	**1,146,091**	**10,325**
	2,833,659	2,982,215	**3,035,178**	**27,344**
Long-term liabilities:				
Long-term debt	877,297	777,649	**677,262**	**6,101**
Accrued pension and severance costs	518,940	368,382	**325,664**	**2,934**
Future insurance policy benefits and other	2,050,004	2,178,626	**2,314,369**	**20,850**
Other	333,253	382,930	**335,279**	**3,021**
	3,779,494	3,707,587	**3,652,574**	**32,906**
Minority interest in consolidated subsidiaries	19,219	22,858	**24,171**	**218**
Stockholders' equity	2,272,489	2,378,002	**2,541,233**	**22,894**
	¥ 8,904,861	¥ 9,090,662	**¥ 9,253,156**	**$ 83,362**

Condensed Statements of Cash Flows

Financial Services

	(Millions of yen, millions of U.S. dollars) Six months ended September 30		
	2003	**2004**	**2004**
Net cash provided by operating activities	¥ 149,975	**¥ 83,562**	**$ 753**
Net cash used in investing activities	(213,128)	**(344,674)**	**(3,105)**
Net cash provided by financing activities	74,664	**164,319**	**1,480**
Net increase (decrease) in cash and cash equivalents	11,511	**(96,793)**	**(872)**
Cash and cash equivalents at beginning of the fiscal year	274,543	**256,316**	**2,309**
Cash and cash equivalents at September 30	¥ 286,054	**¥ 159,523**	**$ 1,437**

Sony without Financial Services

	(Millions of yen, millions of U.S. dollars) Six months ended September 30		
	2003	**2004**	**2004**
Net cash provided by operating activities	¥ 307	**¥ 34,975**	**$ 315**
Net cash used in investing activities	(162,656)	**(330,078)**	**(2,973)**
Net cash provided by (used in) financing activities	94,213	**(25,593)**	**(231)**
Effect of exchange rate changes on cash and cash equivalents	(18,396)	**17,904**	**161**
Net decrease in cash and cash equivalents	(86,532)	**(302,792)**	**(2,728)**
Cash and cash equivalents at beginning of the fiscal year	438,515	**592,895**	**5,342**
Cash and cash equivalents at September 30	¥ 351,983	**¥ 290,103**	**$ 2,614**

Consolidated

	(Millions of yen, millions of U.S. dollars) Six months ended September 30		
	2003	**2004**	**2004**
Net cash provided by operating activities	¥ 140,765	**¥ 111,907**	**$ 1,008**
Net cash used in investing activities	(376,778)	**(670,754)**	**(6,043)**
Net cash provided by financing activities	179,388	**141,358**	**1,274**
Effect of exchange rate changes on cash and cash equivalents	(18,396)	**17,904**	**161**
Net decrease in cash and cash equivalents	(75,021)	**(399,585)**	**(3,600)**
Cash and cash equivalents at beginning of the fiscal year	713,058	**849,211**	**7,651**
Cash and cash equivalents at September 30	¥ 638,037	**¥ 449,626**	**$ 4,051**