

SONY CORP  
Form 6-K  
October 30, 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 October 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/ Hiroki Totoki  
(Signature)  
Hiroki Totoki  
Senior Executive Vice President and  
Chief Financial Officer

Date: October 30, 2018

List of materials

Documents attached hereto:

i) Quarterly Financial Statements for the Second Quarter Ended September 30, 2018 And Outlook for the Fiscal Year Ending March 31, 2019

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Quarterly Financial Statements  
for the Second Quarter Ended September 30, 2018  
And  
Outlook for the Fiscal Year Ending March 31, 2019

October 30, 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".

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(Unaudited)

Consolidated Financial StatementsConsolidated Balance Sheets

		(Millions of yen)	
	March 31	September 30	Change from March 31, 2018
ASSETS	2018	2018	2018
Current assets:			
Cash and cash equivalents	¥1,586,329	¥1,540,779	¥-45,550
Marketable securities	1,176,601	1,335,735	+159,134
Notes and accounts receivable, trade and contract assets	1,061,442	1,290,317	+228,875
Allowance for doubtful accounts	(48,663 )	(24,349 )	+24,314
Inventories	692,937	814,639	+121,702
Other receivables	190,706	305,880	+115,174
Prepaid expenses and other current assets	516,744	480,714	-36,030
Total current assets	5,176,096	5,743,715	+567,619
Film costs	327,645	416,527	+88,882
Investments and advances:			
Affiliated companies	157,389	171,798	+14,409
Securities investments and other	10,598,669	11,133,787	+535,118
	10,756,058	11,305,585	+549,527
Property, plant and equipment:			
Land	84,358	84,549	+191
Buildings	655,434	666,852	+11,418
Machinery and equipment	1,798,722	1,852,401	+53,679
Construction in progress	38,295	29,245	-9,050
	2,576,809	2,633,047	+56,238
Less-Accumulated depreciation	1,837,339	1,891,203	+53,864
	739,470	741,844	+2,374
Other assets:			
Intangibles, net	527,168	522,616	-4,552
Goodwill	530,492	551,058	+20,566
Deferred insurance acquisition costs	586,670	605,989	+19,319
Deferred income taxes	96,772	98,652	+1,880
Other	325,167	339,464	+14,297
	2,066,269	2,117,779	+51,510
Total assets	¥19,065,538	¥20,325,450	¥+1,259,912
LIABILITIES AND EQUITY			
Current liabilities:			
Short-term borrowings	¥496,093	¥628,528	¥+132,435
Current portion of long-term debt	225,522	166,423	-59,099
Notes and accounts payable, trade	468,550	781,338	+312,788

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Accounts payable, other and accrued expenses	1,514,433	1,549,389	+34,956
Accrued income and other taxes	145,905	197,721	+51,816
Deposits from customers in the banking business	2,159,246	2,252,480	+93,234
Other	610,792	655,871	+45,079
Total current liabilities	5,620,541	6,231,750	+611,209
Long-term debt	623,451	510,165	-113,286
Accrued pension and severance costs	394,504	388,955	-5,549
Deferred income taxes	449,863	430,704	-19,159
Future insurance policy benefits and other	5,221,772	5,452,484	+230,712
Policyholders' account in the life insurance business	2,820,702	2,998,376	+177,674
Other	278,338	291,417	+13,079
Total liabilities	15,409,171	16,303,851	+894,680
Redeemable noncontrolling interest	9,210	8,442	-768
Equity:			
Sony Corporation's stockholders' equity:			
Common stock	865,678	871,925	+6,247
Additional paid-in capital	1,282,577	1,264,863	-17,714
Retained earnings	1,440,387	1,828,777	+388,390
Accumulated other comprehensive income	(616,746 )	(595,900 )	+20,846
Treasury stock, at cost	(4,530 )	(4,627 )	-97
	2,967,366	3,365,038	+397,672
Noncontrolling interests	679,791	648,119	-31,672
Total equity	3,647,157	4,013,157	+366,000
Total liabilities and equity	¥19,065,538	¥20,325,450	¥+1,259,912

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Consolidated Statements of Income

(Millions of yen, except per share amounts)

Three months ended September 30

2017      2018      Change

Sales and operating revenue:

Net sales	¥1,764,916	¥1,809,739	¥+44,823
Financial services revenue	277,434	351,493	+74,059
Other operating revenue	20,181	21,528	+1,347
	2,062,531	2,182,760	+120,229

Costs and expenses:

Cost of sales	1,234,646	1,222,744	-11,902
Selling, general and administrative	386,279	397,129	+10,850
Financial services expenses	240,305	312,334	+72,029
Other operating (income) expense, net	(901 )	13,383	+14,284
	1,860,329	1,945,590	+85,261

Equity in net income of affiliated companies

	2,026	2,341	+315
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Operating income

	204,228	239,511	+35,283
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Other income:

Interest and dividends	4,252	4,571	+319
Gain on equity securities, net	—	9,935	+9,935
Other	511	1,461	+950
	4,763	15,967	+11,204

Other expenses:

Interest	2,730	3,876	+1,146
Foreign exchange loss, net	6,298	4,922	-1,376
Other	1,398	282	-1,116
	10,426	9,080	-1,346

Income before income taxes

	198,565	246,398	+47,833
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Income taxes

	55,751	59,268	+3,517
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Net income

	142,814	187,130	+44,316
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Less - Net income attributable to noncontrolling interests

	11,962	14,129	+2,167
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Net income attributable to Sony Corporation's stockholders

	¥130,852	¥173,001	¥+42,149
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Per share data:

Net income attributable to Sony Corporation's stockholders

— Basic	¥103.57	¥136.38	¥+32.81
— Diluted	101.35	133.43	+32.08

Consolidated Statements of Comprehensive Income

(Millions of yen)

Three months ended September 30

2017      2018      Change

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Net income	¥142,814	¥187,130	¥+44,316
Other comprehensive income, net of tax –			
Unrealized losses on securities	(1,469 )	(24,337 )	-22,868
Unrealized gains (losses) on derivative instruments	594	(563 )	-1,157
Pension liability adjustment	2,339	2,467	+128
Foreign currency translation adjustments	16,502	32,168	+15,666
Total comprehensive income	160,780	196,865	+36,085
Less - Comprehensive income attributable to noncontrolling interests	13,178	5,314	-7,864
Comprehensive income attributable to Sony Corporation's stockholders	¥147,602	¥191,551	¥+43,949

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Consolidated Statements of Income

(Millions of yen, except per share amounts)

Six months ended September 30

2017      2018      Change

## Sales and operating revenue:

Net sales	¥3,293,559	¥3,411,934	¥+118,375
Financial services revenue	578,794	684,733	+105,939
Other operating revenue	48,291	39,717	-8,574
	3,920,644	4,136,384	+215,740

## Costs and expenses:

Cost of sales	2,349,738	2,335,231	-14,507
Selling, general and administrative	743,658	746,890	+3,232
Financial services expenses	495,563	604,490	+108,927
Other operating (income) expense, net	(27,012 )	13,058	+40,070
	3,561,947	3,699,669	+137,722

## Equity in net income (loss) of affiliated companies

3,142      (2,198 )      -5,340

## Operating income

361,839      434,517      +72,678

## Other income:

Interest and dividends	13,037	9,305	-3,732
Gain on equity securities, net	—	124,714	+124,714
Other	1,644	2,194	+550
	14,681	136,213	+121,532

## Other expenses:

Interest	7,246	7,194	-52
Foreign exchange loss, net	19,266	3,911	-15,355
Other	2,549	1,141	-1,408
	29,061	12,246	-16,815

## Income before income taxes

347,459      558,484      +211,025

## Income taxes

110,247      134,490      +24,243

## Net income

237,212      423,994      +186,782

## Less - Net income attributable to noncontrolling interests

25,489      24,546      -943

## Net income attributable to Sony Corporation's stockholders

¥211,723      ¥399,448      ¥+187,725

## Per share data:

## Net income attributable to Sony Corporation's stockholders

— Basic	¥167.61	¥315.02	¥+147.41
— Diluted	164.06	308.17	+144.11

Consolidated Statements of Comprehensive Income

(Millions of yen)

Six months ended September 30



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	2017	2018	Change
Net income	¥237,212	¥423,994	¥+186,782
Other comprehensive income, net of tax –			
Unrealized losses on securities	(4,658 )	(21,066 )	-16,408
Unrealized gains on derivative instruments	229	915	+686
Pension liability adjustment	4,644	4,743	+99
Foreign currency translation adjustments	30,087	40,465	+10,378
Total comprehensive income	267,514	449,051	+181,537
Less - Comprehensive income attributable to noncontrolling interests	27,356	13,231	-14,125
Comprehensive income attributable to Sony Corporation's stockholders	¥240,158	¥435,820	¥+195,662

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Consolidated Statements of Cash Flows

	(Millions of yen)	
	Six months ended	
	September 30	
	2017	2018
Cash flows from operating activities:		
Net income	¥237,212	¥423,994
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization, including amortization of deferred insurance acquisition costs and contract costs	169,962	171,826
Amortization of film costs	160,142	133,892
Accrual for pension and severance costs, less payments	2,583	(5,310 )
Other operating (income) expense, net	(27,012 )	13,058
Gain on securities investments, net (other than financial services business)	(167 )	(124,717 )
Gain on marketable securities and securities investments held in the financial services business, net	(47,715 )	(109,791 )
Deferred income taxes	8,160	(3,350 )
Equity in net (income) loss of affiliated companies, net of dividends	(1,312 )	4,559
Changes in assets and liabilities:		
Increase in notes, accounts receivable, trade and contract assets	(197,747 )	(185,855 )
Increase in inventories	(272,386 )	(118,255 )
Increase in film costs	(188,281 )	(190,494 )
Increase in notes and accounts payable, trade	309,160	302,979
Increase in accrued income and other taxes	49,662	62,075
Increase in future insurance policy benefits and other	258,762	368,871
Increase in deferred insurance acquisition costs	(43,394 )	(47,090 )
Increase in marketable securities held in the life insurance business	(44,002 )	(43,949 )
Increase in other current assets	(125,652 )	(72,246 )
Increase (decrease) in other current liabilities	23,571	(43,719 )
Other	(6,190 )	(125,649 )
Net cash provided by operating activities	265,356	410,829
Cash flows from investing activities:		
Payments for purchases of fixed assets	(130,254 )	(154,819 )
Proceeds from sales of fixed assets	6,760	11,355
Payments for investments and advances by financial services business	(461,046 )	(563,301 )
Payments for investments and advances (other than financial services business)	(10,969 )	(25,373 )
Proceeds from sales or return of investments and collections of advances by financial services business	152,561	140,969
Proceeds from sales or return of investments and collections of advances (other than financial services business)	4,219	1,996
Proceeds from sales of businesses	18,684	—
Proceeds related to sales of Spotify Technology S.A. Shares	—	82,467
Other	8,199	(21,295 )
Net cash used in investing activities	(411,846 )	(528,001 )
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	72,430	50,958
Payments of long-term debt	(16,299 )	(229,504 )
Increase in short-term borrowings, net	55,904	133,248
Increase in deposits from customers in the financial services business, net	88,344	132,628

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Dividends paid	(12,649 )	(18,992 )
Payment for purchase of Nile Acquisition LLC shares from noncontrolling interests	–	(32,041 )
Other	(8,207 )	(36,567 )
Net cash provided by (used in) financing activities	179,523	(270 )
Effect of exchange rate changes on cash and cash equivalents, including restricted	6,650	70,344
Net increase (decrease) in cash and cash equivalents, including restricted	39,683	(47,098 )
Cash and cash equivalents, including restricted, at beginning of the fiscal year	968,624	1,592,938
Cash and cash equivalents, including restricted, at end of the period	1,008,307	1,545,840
Less - restricted cash and cash equivalents, included in other current assets and other assets	7,475	5,061
Cash and cash equivalents at end of the period	¥1,000,832	¥1,540,779

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Notes to Consolidated Financial Statements

## Business Segment Information

(Business Segments)

	(Millions of yen)		
	Three months ended September 30		
	2017	2018	Change
Sales and operating revenue			
Game & Network Services			
Customers	¥414,255	¥535,754	¥+121,499
Intersegment	18,949	14,311	-4,638
Total	433,204	550,065	+116,861
Music			
Customers	202,837	200,294	-2,543
Intersegment	3,729	3,562	-167
Total	206,566	203,856	-2,710
Pictures			
Customers	243,738	242,021	-1,717
Intersegment	265	(1,150 )	-1,415
Total	244,003	240,871	-3,132
Home Entertainment & Sound			
Customers	300,770	274,496	-26,274
Intersegment	163	442	+279
Total	300,933	274,938	-25,995
Imaging Products & Solutions			
Customers	155,170	161,623	+6,453
Intersegment	1,550	2,268	+718
Total	156,720	163,891	+7,171
Mobile Communications			
Customers	169,818	114,886	-54,932
Intersegment	2,223	2,935	+712
Total	172,041	117,821	-54,220
Semiconductors			
Customers	193,407	222,924	+29,517
Intersegment	34,956	31,522	-3,434
Total	228,363	254,446	+26,083
Financial Services			
Customers	277,434	351,493	+74,059
Intersegment	1,790	1,960	+170
Total	279,224	353,453	+74,229
All Other			
Customers	95,592	77,226	-18,366
Intersegment	17,228	11,892	-5,336
Total	112,820	89,118	-23,702
Corporate and elimination	(71,343 )	(65,699 )	+5,644
Consolidated total	¥2,062,531	¥2,182,760	¥+120,229

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

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

Corporate and elimination includes certain brand and patent royalty income.

(Millions of yen)  
Three months ended September  
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Operating income (loss)	2017	2018	Change
Game & Network Services	¥54,750	¥90,622	¥+35,872
Music	32,514	31,501	-1,013
Pictures	7,696	23,535	+15,839
Home Entertainment & Sound	24,387	24,457	+70
Imaging Products & Solutions	18,870	21,813	+2,943
Mobile Communications	(2,453 )	(29,814 )	-27,361
Semiconductors	49,370	47,928	-1,442
Financial Services	36,599	39,160	+2,561
All Other	(28 )	5,042	+5,070
Total	221,705	254,244	+32,539
Corporate and elimination	(17,477 )	(14,733 )	+2,744
Consolidated total	¥204,228	¥239,511	¥+35,283

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.

Beginning from the first quarter of the fiscal year ending March 31, 2019, a change has been made to the calculation method used for allocating indirect expenses incurred by sales companies to the segments every quarter. As a result of this change, a year-on-year increase in expenses, composed primarily of 0.6 billion yen in the Home Entertainment & Sound (“HE&S”) segment, is included for the three months ended September 30, 2018. However, because a decrease in expenses totaling the same amount is included in Corporate and elimination, this change has no impact on consolidated operating income for the three months ended September 30, 2018. Additionally, because increases and decreases in expenses per quarter for each segment resulting from this change in the calculation method will be offset by the increases and decreases in expenses in other quarters for that segment throughout the current year, this change will also have no impact on operating income (loss) for each segment, or for Corporate and elimination, for the fiscal year ending March 31, 2019.

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(Business Segments)

	(Millions of yen)		
	Six months ended September 30		
	2017	2018	Change
Sales and operating revenue			
Game & Network Services			
Customers	¥737,306	¥985,734	¥+248,428
Intersegment	43,960	36,432	-7,528
Total	781,266	1,022,166	+240,900
Music			
Customers	367,913	378,002	+10,089
Intersegment	7,225	7,325	+100
Total	375,138	385,327	+10,189
Pictures			
Customers	449,408	415,248	-34,160
Intersegment	406	704	+298
Total	449,814	415,952	-33,862
Home Entertainment & Sound			
Customers	557,235	546,453	-10,782
Intersegment	565	572	+7
Total	557,800	547,025	-10,775
Imaging Products & Solutions			
Customers	309,287	324,106	+14,819
Intersegment	3,068	3,987	+919
Total	312,355	328,093	+15,738
Mobile Communications			
Customers	348,884	245,240	-103,644
Intersegment	4,344	5,088	+744
Total	353,228	250,328	-102,900
Semiconductors			
Customers	366,086	399,597	+33,511
Intersegment	66,538	57,088	-9,450
Total	432,624	456,685	+24,061
Financial Services			
Customers	578,794	684,733	+105,939
Intersegment	3,590	3,925	+335
Total	582,384	688,658	+106,274
All Other			
Customers	189,696	151,673	-38,023
Intersegment	32,364	20,369	-11,995
Total	222,060	172,042	-50,018
Corporate and elimination	(146,025 )	(129,892 )	+16,133
Consolidated total	¥3,920,644	¥4,136,384	¥+215,740

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

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

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

Corporate and elimination includes certain brand and patent royalty income.

(Millions of yen)

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Operating income (loss)	Six months ended September 30		
	2017	2018	Change
Game & Network Services	¥72,483	¥174,072	¥+101,589
Music	57,536	63,605	+6,069
Pictures	(1,801 )	15,934	+17,735
Home Entertainment & Sound	46,970	41,848	-5,122
Imaging Products & Solutions	42,074	47,890	+5,816
Mobile Communications	1,163	(40,572 )	-41,735
Semiconductors	104,812	77,065	-27,747
Financial Services	82,822	79,741	-3,081
All Other	(8,259 )	5,336	+13,595
Total	397,800	464,919	+67,119
Corporate and elimination	(35,961 )	(30,402 )	+5,559
Consolidated total	¥361,839	¥434,517	¥+72,678

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.

Beginning from the first quarter of the fiscal year ending March 31, 2019, a change has been made to the calculation method used for allocating indirect expenses incurred by sales companies to the segments every quarter. As a result of this change, a year-on-year increase in expenses, composed primarily of 3.0 billion yen in the HE&S segment, is included for the six months ended September 30, 2018. However, because a decrease in expenses totaling the same amount is included in Corporate and elimination, this change has no impact on consolidated operating income for the six months ended September 30, 2018. Additionally, because increases and decreases in expenses per quarter for each segment resulting from this change in the calculation method will be offset by the increases and decreases in expenses in other quarters for that segment throughout the current year, this change will also have no impact on operating income (loss) for each segment, or for Corporate and elimination, for the fiscal year ending March 31, 2019.

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(Sales to Customers by Product Category)

The following tables include a breakdown of sales and operating revenue to external customers for certain segments shown in the Business Segment Information on page F-5 and 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 these tables is useful to investors in understanding sales by product category.

	(Millions of yen)		
	Three months ended September 30		
Sales and operating revenue (to external customers)	2017	2018	Change
<b>Game &amp; Network Services</b>			
Network	¥222,986	¥334,264	¥+111,278
Hardware and Others	191,269	201,490	+10,221
Total	414,255	535,754	+121,499
<b>Music</b>			
Recorded Music	109,177	105,463	-3,714
Music Publishing	19,501	19,436	-65
Visual Media and Platform	74,159	75,395	+1,236
Total	202,837	200,294	-2,543
<b>Pictures</b>			
Motion Pictures	124,800	109,334	-15,466
Television Productions	57,389	68,482	+11,093
Media Networks	61,549	64,205	+2,656
Total	243,738	242,021	-1,717
<b>Home Entertainment &amp; Sound</b>			
Televisions	219,553	191,705	-27,848
Audio and Video	80,639	81,861	+1,222
Other	578	930	+352
Total	300,770	274,496	-26,274
<b>Imaging Products &amp; Solutions</b>			
Still and Video Cameras	99,343	103,034	+3,691
Other	55,827	58,589	+2,762
Total	155,170	161,623	+6,453
Mobile Communications	169,818	114,886	-54,932
Semiconductors	193,407	222,924	+29,517
Financial Services	277,434	351,493	+74,059
All Other	95,592	77,226	-18,366
Corporate	9,510	2,043	-7,467
Consolidated total	¥2,062,531	¥2,182,760	¥+120,229





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(Sales to Customers by Product Category)

	(Millions of yen)		
	Six months ended September 30		
Sales and operating revenue (to external customers)	2017	2018	Change
Game & Network Services			
Network	¥418,288	¥634,650	¥+216,362
Hardware and Others	319,018	351,084	+32,066
Total	737,306	985,734	+248,428
Music			
Recorded Music	208,999	205,202	-3,797
Music Publishing	36,359	40,900	+4,541
Visual Media and Platform	122,555	131,900	+9,345
Total	367,913	378,002	+10,089
Pictures			
Motion Pictures	195,074	177,902	-17,172
Television Productions	119,287	113,897	-5,390
Media Networks	135,047	123,449	-11,598
Total	449,408	415,248	-34,160
Home Entertainment & Sound			
Televisions	398,927	378,255	-20,672
Audio and Video	157,361	166,790	+9,429
Other	947	1,408	+461
Total	557,235	546,453	-10,782
Imaging Products & Solutions			
Still and Video Cameras	205,206	216,290	+11,084
Other	104,081	107,816	+3,735
Total	309,287	324,106	+14,819
Mobile Communications	348,884	245,240	-103,644
Semiconductors	366,086	399,597	+33,511
Financial Services	578,794	684,733	+105,939
All Other	189,696	151,673	-38,023
Corporate	16,035	5,598	-10,437
Consolidated total	¥3,920,644	¥4,136,384	¥+215,740

In the G&NS segment, Network includes network services relating to game, video and music content provided by Sony Interactive Entertainment; Hardware and Others includes home and portable game consoles, 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

	Financial Services		(Millions of yen) Sony without Financial Services		Consolidated	
	March 31	September	March 31	September	March 31	September
	2018	2018	2018	2018	2018	2018
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	¥393,133	¥465,645	¥1,193,196	¥1,075,134	¥1,586,329	¥1,540,779
Marketable securities	1,176,601	1,335,735	–	–	1,176,601	1,335,735
Notes and accounts receivable, trade and contract assets	15,612	15,224	1,003,558	1,256,244	1,012,779	1,265,968
Inventories			692,937	814,639	692,937	814,639
Other receivables	60,819	57,795	130,393	248,445	190,706	305,880
Prepaid expenses and other current assets	137,539	126,147	379,893	355,251	516,744	480,714
Total current assets	1,783,704	2,000,546	3,399,977	3,749,713	5,176,096	5,743,715
Film costs	–	–	327,645	416,527	327,645	416,527
Investments and advances	10,560,933	10,980,688	272,545	381,124	10,756,058	11,305,585
Investments in Financial Services, at cost	–	–	133,514	153,968	–	–
Property, plant and equipment	22,424	22,550	715,760	718,008	739,470	741,844
Other assets:						
Intangibles, net	34,622	36,882	492,546	485,734	527,168	522,616
Goodwill	7,225	7,225	523,267	543,833	530,492	551,058
Deferred insurance acquisition costs	586,670	605,989			586,670	605,989
Deferred income taxes	1,684	1,972	95,088	96,680	96,772	98,652
Other	33,267	32,693	295,650	310,518	325,167	339,464
	663,468	684,761	1,406,551	1,436,765	2,066,269	2,117,779
Total assets	¥13,030,529	¥13,688,545	¥6,255,992	¥6,856,105	¥19,065,538	¥20,325,450

## LIABILITIES AND EQUITY

## Current liabilities:

Short-term borrowings	¥433,119	¥570,421	¥288,496	¥224,530	¥721,615	¥794,951
Notes and accounts payable, trade	–	–	468,550	781,338	468,550	781,338
Accounts payable, other and accrued expenses	37,479	31,698	1,477,875	1,518,499	1,514,433	1,549,389
Accrued income and other taxes	19,401	25,486	126,504	172,235	145,905	197,721
Deposits from customers in the banking business	2,159,246	2,252,480	–	–	2,159,246	2,252,480
Other	181,467	191,608	435,996	470,003	610,792	655,871
Total current liabilities	2,830,712	3,071,693	2,797,421	3,166,605	5,620,541	6,231,750
Long-term debt	205,373	215,089	421,817	298,818	623,451	510,165
Accrued pension and severance costs	33,062	33,452	361,442	355,503	394,504	388,955
Deferred income taxes	342,405	318,483	107,458	112,221	449,863	430,704
Future insurance policy benefits and other	5,221,772	5,452,484	–	–	5,221,772	5,452,484
Policyholders' account in the life insurance business	2,820,702	2,998,376	–	–	2,820,702	2,998,376
Other	17,778	14,885	284,270	299,500	278,338	291,417
Total liabilities	11,471,804	12,104,462	3,972,408	4,232,647	15,409,171	16,303,851
Redeemable noncontrolling interest	–	–	9,210	8,442	9,210	8,442
Equity:						
Stockholders' equity of Financial Services	1,557,062	1,582,327	–	–	–	–
Stockholders' equity of Sony without Financial Services	–	–	2,173,128	2,522,186	–	–
Sony Corporation's stockholders' equity	–	–	–	–	2,967,366	3,365,038
Noncontrolling interests	1,663	1,756	101,246	92,830	679,791	648,119
Total equity	1,558,725	1,584,083	2,274,374	2,615,016	3,647,157	4,013,157
Total liabilities and equity	¥13,030,529	¥13,688,545	¥6,255,992	¥6,856,105	¥19,065,538	¥20,325,450

Condensed Statements of Income

(Millions of yen)  
Three months ended September 30

	Financial Services		Sony without Financial Services		Consolidated	
	2017	2018	2017	2018	2017	2018
Financial services revenue	¥279,224	¥353,453	¥–	¥–	¥277,434	¥351,493
Net sales and operating revenue	–	–	1,787,354	1,833,252	1,785,097	1,831,267
	279,224	353,453	1,787,354	1,833,252	2,062,531	2,182,760
Cost of sales	–	–	1,237,623	1,225,837	1,234,646	1,222,744
Selling, general and administrative	–	–	385,559	396,019	386,279	397,129
Financial services expenses	242,095	314,296	–	–	240,305	312,334
Other operating (income) expense, net	(24 )	14	(877 )	13,369	(901 )	13,383
	242,071	314,310	1,622,305	1,635,225	1,860,329	1,945,590
Equity in net income (loss) of affiliated companies	(554 )	17	2,580	2,324	2,026	2,341
Operating income	36,599	39,160	167,629	200,351	204,228	239,511
Other income (expenses), net	–	(19 )	(5,663 )	6,906	(5,663 )	6,887
Income before income taxes	36,599	39,141	161,966	207,257	198,565	246,398
Income taxes	10,370	10,398	45,382	48,870	55,751	59,268
Net Income	26,229	28,743	116,584	158,387	142,814	187,130
Less - Net income attributable to noncontrolling interests	34	67	2,243	4,042	11,962	14,129
Net income of Financial Services	¥26,195	¥28,676	¥ –	¥ –	¥ –	¥ –
Net income of Sony without Financial Services	¥ –	¥ –	¥114,341	¥154,345	¥ –	¥ –
Net income attributable to Sony Corporation's stockholders	¥ –	¥ –	¥ –	¥ –	¥130,852	¥173,001

Six months ended September 30

	Financial Services		Sony without Financial Services		Consolidated	
	2017	2018	2017	2018	2017	2018
Financial services revenue	¥582,384	¥688,658	¥ –	¥ –	¥578,794	¥684,733

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Net sales and operating revenue	–	–	3,345,046	3,455,586	3,341,850	3,451,651
	582,384	688,658	3,345,046	3,455,586	3,920,644	4,136,384
Cost of sales	–	–	2,355,222	2,341,273	2,349,738	2,335,231
Selling, general and administrative	–	–	741,370	744,782	743,658	746,890
Financial services expenses	499,153	608,416	–	–	495,563	604,490
Other operating (income) expense, net	(24 )	39	(26,988 )	13,019	(27,012 )	13,058
	499,129	608,455	3,069,604	3,099,074	3,561,947	3,699,669
Equity in net income (loss) of affiliated companies	(433 )	(462 )	3,575	(1,736 )	3,142	(2,198 )
Operating income	82,822	79,741	279,017	354,776	361,839	434,517
Other income (expenses), net	–	(36 )	693	140,446	(14,380 )	123,967
Income before income taxes	82,822	79,705	279,710	495,222	347,459	558,484
Income taxes	23,826	21,930	86,422	112,560	110,247	134,490
Net Income	58,996	57,775	193,288	382,662	237,212	423,994
Less - Net income attributable to noncontrolling interests	84	113	3,615	3,689	25,489	24,546
Net income of Financial Services	¥58,912	¥57,662	¥ –	¥ –	¥ –	¥ –
Net income of Sony without Financial Services	¥ –	¥ –	¥189,673	¥378,973	¥ –	¥ –
Net income attributable to Sony Corporation's stockholders	¥ –	¥ –	¥ –	¥ –	¥211,723	¥399,448

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Condensed Statements of Cash Flows

(Millions of yen)

Six months ended September 30

	Financial Services		Sony without Financial Services		Consolidated	
	2017	2018	2017	2018	2017	2018
Cash flows from operating activities:						
Net income (loss)	¥58,996	¥57,775	¥193,288	¥382,662	¥237,212	¥423,994
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization, including amortization of deferred insurance acquisition costs and contract costs	32,381	33,438	137,581	138,388	169,962	171,826
Amortization of film costs	–	–	160,142	133,892	160,142	133,892
Other operating (income) expense, net	(24 )	39	(26,988 )	13,019	(27,012 )	13,058
(Gain) loss on marketable securities and securities investments, net	(47,715 )	(109,791 )	(167 )	(124,717 )	(47,882 )	(234,508 )
Changes in assets and liabilities:						
(Increase) decrease in notes, accounts receivable, trade and contract assets	(1,351 )	388	(195,822)	(185,352 )	(197,747 )	(185,855 )
(Increase) decrease in inventories	–	–	(272,386)	(118,255 )	(272,386 )	(118,255 )
(Increase) decrease in film costs	–	–	(188,281)	(190,494 )	(188,281 )	(190,494 )
Increase (decrease) in notes and accounts payable, trade	–	–	309,160	302,979	309,160	302,979
Increase (decrease) in future insurance policy benefits and other	258,762	368,871	–	–	258,762	368,871
(Increase) decrease in deferred insurance acquisition costs	(43,394 )	(47,090 )	–	–	(43,394 )	(47,090 )
(Increase) decrease in marketable securities held in the life insurance business	(44,002 )	(43,949 )	–	–	(44,002 )	(43,949 )
Other	(2,918 )	(8,949 )	(47,521 )	(175,651 )	(49,178 )	(183,640 )
Net cash provided by (used in) operating activities	210,735	250,732	69,006	176,471	265,356	410,829
Cash flows from investing activities:						
Payments for purchases of fixed assets	(6,559 )	(9,600 )	(123,701)	(145,228 )	(130,254 )	(154,819 )
Payments for investments and advances	(460,995)	(563,301)	(10,306 )	(25,373 )	(472,015 )	(588,674 )
Proceeds from sales or return of investments and collections of advances	153,177	140,969	3,603	84,463	156,780	225,432
Other	79	78	33,566	(10,019 )	33,643	(9,940 )
Net cash provided by (used in) investing activities	(314,298)	(431,854)	(96,838 )	(96,157 )	(411,846 )	(528,001 )
Cash flows from financing activities:						
Increase (decrease) in borrowings, net	122,241	146,992	(10,200 )	(192,289 )	112,035	(45,298 )



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Increase (decrease) in deposits from customers, net	88,344	132,628	–	–	88,344	132,628
Dividends paid	(23,921 )	(26,100 )	(12,649 )	(18,992 )	(12,649 )	(18,992 )
Other	111	114	502	(58,987 )	(8,207 )	(68,608 )
Net cash provided by (used in) financing activities	186,775	253,634	(22,347 )	(270,268 )	179,523	(270 )
Effect of exchange rate changes on cash and cash equivalents	–	–	6,650	70,344	6,650	70,344
Net increase (decrease) in cash and cash equivalents, including restricted	83,212	72,512	(43,529 )	(119,610 )	39,683	(47,098 )
Cash and cash equivalents, including restricted, at beginning of the fiscal year	268,382	393,133	700,242	1,199,805	968,624	1,592,938
Cash and cash equivalents, including restricted, at end of the period	351,594	465,645	656,713	1,080,195	1,008,307	1,545,840
Less - restricted cash and cash equivalents, included in other current assets and other assets	–	–	7,475	5,061	7,475	5,061
Cash and cash equivalents at end of the period	¥351,594	¥465,645	¥			