

Financial Highlights

Sony Corporation and Consolidated Subsidiaries — Years ended March 31

	Yen in millions except per share amounts and number of employees			Percent change 2006/2005	Dollars in millions* except per share amounts
	2004	2005	2006		2006
FOR THE YEAR					
Sales and operating revenue	¥7,496,391	¥7,159,616	¥ 7,475,436	+4.4%	\$63,893
Operating income	98,902	113,919	191,255	+67.9	1,635
Income before income taxes	144,067	157,207	286,329	+82.1	2,447
Income taxes	52,774	16,044	176,515	+1,000.2	1,508
Equity in net income of affiliated companies	1,714	29,039	13,176	-54.6	113
Net income	88,511	163,838	123,616	-24.5	1,057
Cash flows from operating activities	632,635	646,997	399,858	-38.2	3,418
Cash flows from investing activities	(761,792)	(931,172)	(871,264)	—	(7,447)
Per share data: (Yen, dollars)					
Net income					
— Basic	¥ 95.97	¥ 175.90	¥ 122.58	-30.3%	\$ 1.05
— Diluted	87.00	158.07	116.88	-26.1	1.00
Cash dividends	25.00	25.00	25.00	—	0.21
AT YEAR-END					
Stockholders' equity	¥2,378,002	¥2,870,338	¥ 3,203,852	+11.6%	\$27,383
Total assets	9,090,662	9,499,100	10,607,753	+11.7	90,665
Number of employees	162,000	151,400	158,500	+4.7%	

* U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥117=U.S.\$1, the approximate Tokyo foreign exchange market rate as of March 31, 2006.

Please refer to page 80 for detailed footnotes to the table above.

In the year ended March 31, 2006, consolidated sales and operating revenue rose 4.4% from the previous year, to ¥7,475.4 billion. This result was largely attributable to increases in the Game and Financial Services businesses.

Operating income increased 67.9%, to ¥191.3 billion, primarily due to an improvement in gains and losses on investments at Sony Life Insurance Co., Ltd., accounted for in the Financial Services business. The increase in operating income included a one-time net gain of ¥73.5 billion resulting from the transfer to the Japanese government of the substitutional portion of Sony's Employee Pension Fund. Restructuring charges, recorded as operating expenses, amounted to ¥138.7 billion, compared with ¥90.0 billion in the previous period.

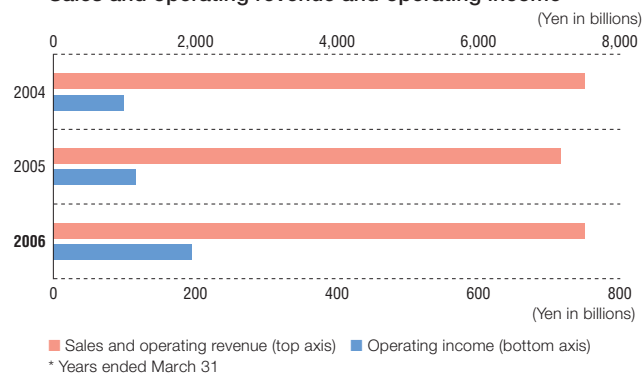
Income before income taxes climbed 82.1%, to ¥286.3 billion, reflecting a gain on a change in interest in subsidiaries and equity investees.

The effective tax rate was 61.6%, exceeding the Japanese statutory rate, primarily as a consequence of the recording of additional valuation allowance against deferred tax assets by Sony Corporation and certain of its subsidiaries in Japan and overseas, and the recording of an additional tax provision for the undistributed earnings of overseas subsidiaries.

Equity in net income of affiliated companies declined 54.6%, to ¥13.2 billion. This reflected the impact in the previous period of proceeds recorded by equity-method affiliate InterTrust Technologies Corporation from a patent-related settlement.

As a result of the above factors, net income decreased 24.5% from the previous period, to ¥123.6 billion.

Sales and operating revenue and operating income



Net income and ROE

