SONY CORP
Form 6-K
February 06, 2014

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

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

For the month of February 2014
Commission File Number: 001-06439

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

1-7-1 KONAN, MINATO-KU, TOKYO, 108-0075, JAPAN
(Address of principal executive offices)

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

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

Form 20-F X Form 40-F __

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

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

SIGNATURE

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

SONY CORPORATION
(Registrant)

By: /s/ Masaru Kato
(Signature)
Masaru Kato
Executive Vice President and
Chief Financial Officer

Date: February 6, 2014

List of materials

Documents attached hereto:

i) Press release announcing Consolidated Financial Results for the third quarter ended December 31, 2013.

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

News & Information

No. 14-018E
3:00 P.M. JST, February 6, 2014

Consolidated Financial Results
for the Third Quarter Ended December 31, 2013

Tokyo, February 6, 2014 -- Sony Corporation today announced its consolidated financial results for the third quarter ended December 31, 2013 (October 1, 2013 to December 31, 2013).

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

	Third quarter ended December 31			
	2012	2013	Change in yen	2013 *
Sales and operating revenue	¥1,948.0	¥2,412.8	+23.9 %	$22,979
Operating income	46.4	90.3	+94.6	860
Income before income taxes	29.4	89.8	+205.0	855
Net income (loss) attributable to Sony Corporation's stockholders	(10.8)	27.0	-	257
Net income (loss) attributable to Sony Corporation's stockholders per share of common stock:				
- Basic	¥(10.72)	¥ 26.00	-	$0.25
- Diluted	(10.72)	23.09	-	0.22

* U.S. dollar amounts have been translated from yen, for convenience only, at the rate of 105 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of December 31, 2013.

All amounts are presented on the basis of Generally Accepted Accounting Principles in the U.S. ("U.S. GAAP").

The average foreign exchange rates during the quarters ended December 31, 2012 and 2013 are presented below.

	Third quarter ended December 31			
	2012	2013	Change	
The average rate of yen				
1 U.S. dollar	¥81.2	¥100.5	19.1 %	yen depreciation
1 Euro	105.4	136.7	22.9	yen depreciation

Consolidated Results for the Third Quarter Ended December 31, 2013

Sales and operating revenue ("sales") were 2,412.8 billion yen (22,979 million U.S. dollars), an increase of 23.9% compared to the same period of the previous fiscal year ("year-on-year"). This increase was primarily due to the favorable impact of foreign exchange rates, the launch of the PlayStation®4 (PS4™), as well as a significant increase in sales of smartphones. On a constant currency basis, sales increased 5% year-on-year. For further details about sales on a constant currency basis, see Note on page 10.

Operating income increased 43.9 billion yen year-on-year to 90.3 billion yen (860 million U.S. dollars). This increase was primarily due to the favorable impact of foreign exchange rates, a significant improvement in the operating results of the Home Entertainment and Sound ("HE&S") segment reflecting a decrease in loss in Televisions, a significant increase in operating income in the Game segment reflecting the launch of the PS4, and a significant increase in operating income in the Financial Services segment. The current quarter's results include a 32.1 billion yen (306 million U.S. dollars) impairment charge related to long-lived assets in the battery business in the Devices segment, an 8.2 billion yen (78 million U.S. dollars) impairment charge for long-lived assets in the PC business in the Mobile Products & Communications ("MP&C") segment and a 6.2 billion yen (59 million U.S. dollars) write-off of certain PC software titles in the Game segment.

During the current quarter, restructuring charges, net, decreased 3.0 billion yen year-on-year to 13.7 billion yen (130 million U.S. dollars).

Equity in net income of affiliated companies, recorded within operating income, of 1.7 billion yen (16 million U.S. dollars) was recorded, compared with a loss of 0.4 billion yen in the same quarter of the previous fiscal year. This improvement was mainly due the recording of equity in net income for EMI Music Publishing compared to equity in net loss in the same quarter of the previous fiscal year.

The net effect of other income and expenses was an expense of 0.6 billion yen (5 million U.S. dollars), an improvement of 16.4 billion yen year-on-year. This improvement was primarily due to an increase in gain on sale of securities investments and a lower loss on the devaluation of securities investments. The sale of securities investments in the current quarter includes a 7.4 billion yen (71 million U.S. dollars) gain on the sale of Sony's shares in Sky Perfect JSAT Holdings Inc., which were sold in December 2013.

Income before income taxes increased 60.3 billion yen year-on-year to 89.8 billion yen (855 million U.S. dollars).

Income taxes: During the current quarter, Sony recorded 46.1 billion yen (439 million U.S. dollars) of income tax expense. As of March 31, 2013, Sony had established a valuation allowance against certain deferred tax assets for Sony Corporation and its national tax filing group in Japan, the consolidated tax filing group in the U.S., and certain other subsidiaries. During the current fiscal year, certain of these tax filing groups and subsidiaries incurred losses, and as a result Sony continued to not recognize the associated tax benefits. As a result, Sony's effective tax rate for the current quarter exceeded the Japanese statutory tax rate.

Net income attributable to Sony Corporation's stockholders, which excludes net income attributable to noncontrolling interests, was 27.0 billion yen (257 million U.S. dollars) compared to a net loss of 10.8 billion yen in the same quarter of the previous fiscal year.

Operating Performance Highlights by Business Segment

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

Imaging Products & Solutions (IP&S)

	(Billions of yen, millions of U.S. dollars) Third quarter ended December 31			
	2012	2013	Change in yen	2013
Sales and operating revenue	¥ 186.9	¥ 198.1	+6.0 %	$ 1,886
Operating income (loss)	(2.9)	12.1	-	115

The IP&S segment includes the Digital Imaging Products and Professional Solutions categories. Digital Imaging Products includes compact digital cameras, video cameras and interchangeable single-lens cameras; Professional Solutions includes broadcast- and professional-use products. Due to certain changes in the organizational structure, sales and operating revenue and operating income (loss) of the IP&S segment of the comparable prior period have been restated to conform to the current presentation.

Sales increased 6.0% year-on-year (a 12% decrease on a constant currency basis) to 198.1 billion yen (1,886 million U.S. dollars). This increase was primarily due to the favorable impact of foreign exchange rates during the current quarter, partially offset by a significant decrease in unit sales of compact digital cameras and video cameras reflecting a contraction of these markets.

Operating income of 12.1 billion yen (115 million U.S. dollars) was recorded, compared to an operating loss of 2.9 billion yen in the same quarter of the previous fiscal year. This significant improvement year-on-year was mainly due to the favorable impact of foreign exchange rates during the current quarter, partially offset by the impact of a decrease in sales of compact digital cameras and video cameras.

Game

	(Billions of yen, millions of U.S. dollars)			
	Third quarter ended December 31			
	2012	2013	Change in yen	2013
Sales and operating revenue	¥268.5	¥441.8	+64.6 %	$4,207
Operating income	4.6	18.0	+292.1	172

Sales increased 64.6% year-on-year (a 33% increase on a constant currency basis) to 441.8 billion yen (4,207 million U.S. dollars). This significant increase year-on-year was primarily due to the launch of the PS4 in North America, Europe and Latin America, as well as the favorable impact of foreign exchange rates, partially offset by a significant decrease in unit sales of PlayStation®3 hardware.

Operating income increased 13.4 billion yen year-on-year to 18.0 billion yen (172 million U.S. dollars). This significant increase year-on-year was primarily due to the above-mentioned increase in sales and the favorable impact of foreign exchange rates, partially offset by increased costs related to the launch of the PS4. Operating income in the current quarter includes a 6.2 billion yen (59 million U.S. dollars) write-off of certain PC software titles sold by Sony Online Entertainment LLC.

Mobile Products & Communications (MP&C)

	(Billions of yen, millions of U.S. dollars)			
	Third quarter ended December 31			
	2012	2013	Change in yen	2013
Sales and operating revenue	¥318.8	¥461.5	+44.8 %	$4,396
Operating loss	(21.3)	(12.6)	-	(120)

The MP&C segment includes the Mobile Communications and Personal and Mobile Products categories. Mobile Communications includes mobile phones; Personal and Mobile Products includes personal computers.

Sales increased 44.8% year-on-year (an 18% increase on a constant currency basis) to 461.5 billion yen (4,396 million U.S. dollars). This significant increase was primarily due to the favorable impact of foreign exchange rates, a significant increase in unit sales of smartphones and an increase in the average selling price of smartphones, partially offset by a significant decrease in unit sales of PCs.

Operating loss decreased 8.8 billion yen year-on-year to 12.6 billion yen (120 million U.S. dollars). This improvement was primarily due to the above-mentioned increase in sales of smartphones, partially offset by the recording of an 8.2 billion yen (78 million U.S. dollars) impairment charge for long-lived assets in the PC business in the current quarter. For the PC business, the corresponding estimated future cash flows leading to the impairment charge reflect an updated strategic plan to concentrate the mobile business on smartphones and tablets and ultimately cease the PC business following the continued challenges in the PC market. This impairment is included in restructuring charges.

Home Entertainment & Sound (HE&S)

	(Billions of yen, millions of U.S. dollars) Third quarter ended December 31			
	2012	2013	Change in yen	2013
Sales and operating revenue	¥323.8	¥404.0	+24.8 %	$3,848
Operating income (loss)	(8.0)	6.4	-	61

The HE&S segment includes the Televisions and Audio and Video categories. Televisions includes LCD televisions; Audio and Video includes home audio, Blu-ray DiscTM players and recorders and memory-based portable audio devices.

Sales increased 24.8% year-on-year (a 3% increase on a constant currency basis) to 404.0 billion yen (3,848 million U.S. dollars) primarily due to the favorable impact of foreign exchange rates, an improvement in LCD television product mix reflecting the introduction of high value-added models and an increase in unit sales.

Operating income of 6.4 billion yen (61 million U.S. dollars) was recorded, compared to an operating loss of 8.0 billion yen in the same quarter of the previous fiscal year. This improvement was primarily due to an increase in LCD televisions sales and cost reductions.

In Televisions, sales increased 39.5% year-on-year to 254.9 billion yen (2,428 million U.S. dollars). Operating loss* decreased 9.7 billion yen year-on-year to 5.0 billion yen (48 million U.S. dollars).

* The operating loss in Televisions excludes restructuring charges, which are included in the overall segment results and are not allocated to product categories.

Devices

	(Billions of yen, millions of U.S. dollars) Third quarter ended December 31			
	2012	2013	Change in yen	2013
Sales and operating revenue	¥217.3	¥216.0	-0.6 %	$2,057
Operating income (loss)	9.7	(23.8)	-	(226)

The Devices segment includes the Semiconductors and Components categories. Semiconductors includes image sensors; Components includes batteries, recording media and data recording systems.

Sales decreased 0.6% year-on-year (a 14% decrease on a constant currency basis) to 216.0 billion yen (2,057 million U.S. dollars). Sales were essentially flat primarily due to a decrease in sales of system LSIs for the game business, offset by the favorable impact of foreign exchange rates. Sales to external customers increased 1.7% year-on-year.

Operating loss of 23.8 billion yen (226 million U.S. dollars) was recorded, compared to operating income of 9.7 billion yen in the same quarter of the previous fiscal year. This significant deterioration in operating results was primarily due to the recording of a 32.1 billion yen (306 million U.S. dollars) impairment charge related to long-lived assets in the battery business, partially offset by the favorable impact of foreign exchange rates in the current quarter. For the battery business, in light of a lack of progress towards achieving adequate operating results, Sony conducted a strategic review of the business and the evolving market trends. Following these developments, Sony reduced the corresponding estimated future cash flows and the estimated ability to recover the entire carrying amount of the long-lived assets within the period applicable to the impairment determination, resulting in an impairment charge. Sony also appointed new management and determined to focus resources in perceived growth areas where it also has the most competitive technologies, such as lithium-ion polymer batteries for use in mobile devices, as well as to take certain other measures aimed at enhancing performance.

*   *   *   *   *

Total inventory of the five Electronics* segments above as of December 31, 2013 was 745.3 billion yen (7,098 million U.S. dollars), an increase of 62.5 billion yen, or 9.2% year-on-year. This increase was primarily due to the impact of the depreciation of the yen. Inventory decreased by 116.9 billion yen, or 13.6% compared with the level as of September 30, 2013.

* The term "Electronics" refers to the sum of the IP&S, Game, MP&C, HE&S and Devices segments.

* * * * *

Pictures

	(Billions of yen, millions of U.S. dollars) Third quarter ended December 31			
	2012	2013	Change in yen	2013
Sales and operating revenue	¥208.9	¥223.7	+7.1 %	$2,131
Operating income	25.3	24.3	-4.2	231

Starting from the second quarter ended September 30, 2013, the disclosure for sales to external customers for the Pictures segment has been expanded into the following three categories: Motion Pictures, Television Productions, and Media Networks. Motion Pictures includes the production, acquisition and distribution of motion pictures; Television Productions includes the production, acquisition and distribution of television programming; Media Networks includes the operation of television and digital networks. For further details, see page F-8.

The results presented in Pictures are a yen-translation of the results of Sony Pictures Entertainment ("SPE"), a U.S.-based operation that 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 is specified as being on "a U.S. dollar basis."

Sales increased 7.1% year-on-year (a 13% decrease on a constant currency (U.S. dollar) basis) to 223.7 billion yen (2,131 million U.S. dollars) due to the favorable impact of the depreciation of the yen against the U.S. dollar. On a U.S. dollar basis, sales for Motion Pictures decreased significantly year-on-year due to lower theatrical and home entertainment revenues. While the current quarter benefitted from the theatrical performances of Captain Phillips and Cloudy with a Chance of Meatballs 2, the same quarter of the previous fiscal year benefitted from the strong worldwide theatrical performance of Skyfall, which ultimately grossed over 1 billion U.S. dollars in worldwide box office, and the home entertainment releases of The Amazing Spider-Man and Men in Black 3. On a U.S. dollar basis, sales for Television Productions significantly increased year-on-year primarily due to higher home entertainment and subscription video on demand ("SVOD") revenues for the U.S. television series Breaking Bad.

Operating income decreased 1.1 billion yen year-on-year to 24.3 billion yen (231 million U.S. dollars), despite the favorable impact of the depreciation of the yen against the U.S. dollar. This decline in operating results was primarily due to the lower Motion Pictures sales and higher costs incurred as a result of the increase in the number of new television programs produced for U.S. television networks, partially offset by the higher Television Productions sales.

Music

(Billions of yen, millions of U.S. dollars)
Third quarter ended December 31

	2012	2013	Change in yen	2013
Sales and operating revenue	¥126.4	¥144.7	+14.4 %	$1,378
Operating income	16.4	21.7	+32.5	207

Starting from the second quarter ended September 30, 2013, the disclosure for sales to external customers for the Music segment has been expanded into the following three categories: Recorded Music, Music Publishing and Visual Media and Platform. 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 various service offerings for music and visual products and the production and distribution of animation titles. For further details, see page F-8.

The results presented in Music include the yen-translated results of Sony Music Entertainment ("SME"), a U.S.-based operation which aggregates the results of its worldwide subsidiaries on a U.S. dollar basis, the results of Sony Music Entertainment (Japan) Inc., a Japan-based music company which aggregates its results in yen, and the yen-translated consolidated results of Sony/ATV Music Publishing LLC ("Sony/ATV"), a 50% owned U.S.-based joint venture in the music publishing business which aggregates the results of its worldwide subsidiaries on a U.S. dollar basis.

Sales increased 14.4% year-on-year (a decrease of 1% on a constant currency basis) to 144.7 billion yen (1,378 million U.S. dollars) due to the favorable impact of the depreciation of the yen against the U.S. dollar. On a constant currency basis, sales decreased slightly due to a year-on-year decrease in Recorded Music sales primarily resulting from the impact of a larger number of successful releases in Japan in the same quarter of the previous fiscal year, partially offset by continued digital revenue growth and strong performances of a number of recent releases in most regions excluding Japan. Best-selling titles in the current quarter included One Direction's Midnight Memories, Beyoncé's BEYONCÉ, Miley Cyrus' Bangerz, Celine Dion's Loved Me Back To Life, and Kelly Clarkson's Wrapped In Red.

Operating income increased 5.3 billion yen year-on-year to 21.7 billion yen (207 million U.S. dollars). This significant increase was primarily due to the favorable impact of the depreciation of the yen against the U.S. dollar and the recording of equity in net income for EMI Music Publishing, an equity affiliate of which Sony owns approximately 40%, compared to equity in net loss in the same quarter of the previous fiscal year.

Financial Services

	(Billions of yen, millions of U.S. dollars) Third quarter ended December 31			
	2012	2013	Change in yen	2013
Financial services revenue	¥266.4	¥284.2	+6.7 %	$2,706
Operating income	34.2	47.8	+39.7	455

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

Financial services revenue increased 6.7% year-on-year to 284.2 billion yen (2,706 million U.S. dollars) primarily due to an increase in revenue at Sony Life and Sony Bank. Revenue at Sony Life increased 3.7% year-on-year to 260.0 billion yen (2,476 million U.S. dollars). This increase was mainly due to significantly improved investment performance in the separate account primarily reflecting a rise in the stock market during the current quarter. The increase in revenue at Sony Bank was primarily due to a decrease in foreign exchange losses on foreign-currency denominated customer deposits.

Operating income increased 13.6 billion yen year-on-year to 47.8 billion yen (455 million U.S. dollars) mainly due to the above-mentioned decrease in foreign exchange losses on foreign-currency denominated customer deposits at Sony Bank and an increase in operating income at Sony Life. Operating income at Sony Life increased 5.6 billion yen year-on-year to 49.7 billion yen (473 million U.S. dollars) primarily due to an improvement in investment performance in the general account resulting from higher interest and dividend income.

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Consolidated Results for the Nine Months Ended December 31, 2013

For Consolidated Statements of Income and Business Segment Information for the nine months ended December 31, 2013 and 2012, please refer to pages F-3 and F-7 respectively.

Sales for the nine months ended December 31, 2013 ("the current nine months") increased 16.4% year-on-year to 5,901.0 billion yen (56,200 million U.S. dollars). This increase was primarily due to the favorable impact of foreign exchange rates, a significant increase in sales of smartphones and the launch of the PS4, partially offset by a decrease in sales in the IP&S segment.

During the current nine months, the average rates of the yen were 99.4 yen against the U.S. dollar and 132.2 yen against the euro, which were 19.5% lower and 22.7% lower, respectively, as compared with the same period in the previous fiscal year. On a constant currency basis, consolidated sales decreased 2% year-on-year. For further detail about sales on a constant currency basis, see Note on page 10.

In the IP&S segment, sales decreased primarily due to lower sales of compact digital cameras and video cameras reflecting a contraction of these markets, partially offset by the favorable impact of foreign exchange rates. In the Game segment, sales increased significantly primarily due to the launch of the PS4 and the favorable impact of foreign exchange rates. In the MP&C segment, sales increased significantly primarily due to the favorable impact of foreign exchange rates and a significant increase in unit sales of smartphones. In the HE&S segment, sales increased significantly primarily due to the favorable impact of foreign exchange rates and an improvement in LCD television product mix reflecting the introduction of high value-added models. In the Devices segment, sales decreased mainly due to lower sales of system LSIs for the game business and the absence of sales from the chemical products related business which were included in the same period of the previous fiscal year. In the Pictures segment, sales increased primarily due to the favorable impact of the depreciation of the yen against the U.S. dollar and higher home entertainment and SVOD revenues for the U.S. television series Breaking Bad, partially offset by lower theatrical and home entertainment revenues for Motion Pictures. In the Music segment, sales increased significantly due to the favorable impact of the depreciation of the yen against the U.S. dollar as well as the strong performance of a number of recent releases in Recorded Music. In the Financial Services segment, financial services revenue increased significantly primarily due to a significant improvement in investment performance in the separate account at Sony Life.

Operating income for the current nine months increased 58.5 billion yen year-on-year to 141.5 billion yen (1,347 million U.S. dollars). This significant increase was primarily due to the favorable impact of foreign exchange rates, a significant decrease in operating loss in the MP&C segment, a significant increase in operating income in the Financial Services segment and a significant decrease in operating loss in the HE&S segment, partially offset by the recording of a 32.1 billion yen (306 million U.S. dollars) impairment charge related to long-lived assets in the battery business in the Devices segment. Operating income during the current nine months includes a gain of 12.8 billion yen (122 million U.S. dollars) from the sale of certain shares of M3, Inc., a gain of 106 million U.S. dollars (10.3 billion yen) recognized on the sale of SPE’s music publishing catalog and a net benefit of 8.8 billion yen (84 million U.S. dollars) from insurance recoveries related to damages and losses incurred from the floods in Thailand in the fiscal year ended March 31, 2012 (the “Floods”). In the same period of the previous fiscal year, a net benefit of 32.6 billion yen from the above-mentioned insurance recoveries was recorded.

In the IP&S segment, operating income increased mainly due to the favorable impact of foreign exchange rates. In the Game segment, operating income decreased primarily due to increased costs related to the launch of the PS4, partially offset by the above-mentioned increase in sales. In the MP&C segment, operating loss decreased significantly primarily due to a significant increase in sales of smartphones. In the HE&S segment, operating loss decreased significantly primarily due to an improvement in LCD television product mix and cost reductions. In the Devices segment, operating results significantly deteriorated and an operating loss was recorded primarily due to the impairment charge for the battery business and the above-mentioned decrease in the net benefit from insurance recoveries related to damages and losses incurred from the Floods. In the Pictures segment, operating income decreased significantly primarily due to the impact of lower theatrical and home entertainment revenues for Motion Pictures, higher production costs for U.S. television network programming and higher programming and operating costs for Media Networks, partially offset by a gain recognized on the sale of SPE’s music publishing catalog and higher revenues for Breaking Bad. In the Music segment, operating income increased significantly primarily due to the recording of equity in net income, compared to equity in net loss in the same period of the previous fiscal year, and the favorable impact of the depreciation of the yen against the U.S. dollar. In the Financial Services segment, operating income significantly increased primarily due to an improvement in investment performance in the general account at Sony Life.

During the current nine months, restructuring charges, net, decreased 13.3 billion yen year-on-year to 26.1 billion yen (249 million U.S. dollars).

Equity in net loss of affiliated companies, recorded within operating income, decreased 3.0 billion yen year-on-year to 0.8 billion yen (7 million U.S. dollars).

The net effect of other income and expenses was income of 0.5 billion yen (5 million U.S. dollars), compared to an expense of 24.5 billion yen in the same period of the previous fiscal year. This improvement was primarily due to an increase in other non-operating income, an increase in gain on sale of securities investments, resulting from the above-mentioned sale of Sony's shares of Sky Perfect JSAT Holdings Inc. and a lower loss on the devaluation of securities investments.

Income before income taxes increased 83.5 billion yen year-on-year to 142.0 billion yen (1,352 million U.S. dollars).

Income taxes: During the current nine months, Sony recorded 84.4 billion yen (803 million U.S. dollars) of income tax expense. As of March 31, 2013, Sony had established a valuation allowance against certain deferred tax assets for Sony Corporation and its national tax filing group in Japan, the consolidated tax filing group in the U.S., and certain other subsidiaries. During the current fiscal year, certain of these tax filing groups and subsidiaries incurred losses and as a result Sony continued to not recognize the associated tax benefits. As a result, Sony's effective tax rate for the current nine months exceeded the Japanese statutory tax rate.

Net income attributable to Sony Corporation's stockholders, which excludes net income attributable to noncontrolling interests, was 11.2 billion yen (106 million U.S. dollars) compared to a net loss of 50.9 billion yen in the same period of the previous fiscal year.

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Cash Flows

For Consolidated Statements of Cash Flows, charts showing Sony's cash flow information for all segments, all segments excluding the Financial Services segment and the Financial Services segment alone, please refer to pages F-5 and F-16.

Operating Activities: Net cash provided by operating activities was 248.2 billion yen (2,364 million U.S. dollars), an increase of 27.8 billion yen, or 12.6%, year-on-year.

For all segments excluding the Financial Services segment, there was a net cash outflow of 10.8 billion yen (103 million U.S. dollars), a decrease of outflow of 51.9 billion yen, or 82.7% year-on-year. This decrease of outflow was due to a decrease in net losses after taking into account non-cash adjustments (including depreciation and amortization, deferred income taxes, equity in net income (loss) of affiliated companies and other operating (income) expenses), and the positive impact of an increase in notes and accounts payable, trade resulting from the production of PS4 hardware and an expansion in production of smartphones, compared to a decrease in the same period of the previous fiscal year. This decrease of outflow was partially offset by the negative impact of a larger increase in notes and accounts receivable, trade reflecting an increase in unit sales of PS4 hardware, and an increase in other receivables, included in other current assets, from component assembly companies resulting from the expansion in production of PS4 hardware compared to a decrease in the same period of the previous fiscal year.

The Financial Services segment had a net cash inflow of 265.7 billion yen (2,531 million U.S. dollars), a decrease of 23.4 billion yen, or 8.1% year-on-year. This decrease was primarily due to an increase in insurance payments and a decrease in insurance premium revenue at Sony Life.

Investing Activities: Net cash used in investing activities during the current nine months was 436.8 billion yen (4,160 million U.S. dollars), a decrease of 284.2 billion yen, or 39.4% year-on-year.

For all segments excluding the Financial Services segment, there was a net cash outflow of 46.1 billion yen (439 million U.S. dollars), a decrease of 159.4 billion yen, or 77.6% year-on-year. This decrease in outflow was primarily due to a year-on-year increase in cash proceeds from the sale of fixed assets and a smaller year-on-year increase in payments for investments and advances during the current nine months. Included in the sale of fixed assets during the current nine months were the proceeds from the sale and leaseback of machinery and equipment. Included in the same period of the previous fiscal year was the sale of the chemical products related business and an investment in Olympus Corporation, which was included in payments for investments and advances.

The Financial Services segment used 390.7 billion yen (3,721 million U.S. dollars) of net cash, a decrease of 125.6 billion yen, or 24.3% year-on-year. This decrease was mainly due to a year-on-year increase in proceeds from the sales of investment securities at Sony Bank.

In all segments excluding the Financial Services segment, net cash used in operating and investing activities combined*1 for the current nine months was 57.0 billion yen (542 million U.S. dollars), a decrease of 211.3 billion yen, or 78.8% year-on-year.

Financing Activities: Net cash provided by financing activities during the current nine months was 146.4 billion yen (1,394 million U.S. dollars), a decrease of 140.2 billion yen, or 48.9% year-on-year.

For all segments excluding the Financial Services segment, there was a 24.7 billion yen (235 million U.S. dollars) net cash outflow during the current nine months, compared to a 92.4 billion yen net cash inflow during the same period of the previous fiscal year. Although the amount of borrowings repaid during the current nine months decreased year-on-year, there was a net cash outflow primarily due to a year-on-year decrease in financing. In the current nine months, funds were raised through the issuance of straight bonds for Japanese retail investors while syndicated loans were repaid, a bank borrowing was repaid and straight bonds were redeemed. In the same period of the previous fiscal year, funds were raised through the issuance of convertible bonds, short-term borrowing from banks and the issuance of commercial paper, while straight bonds were redeemed, a syndicated loan was repaid and a tender offer for shares of So-net Entertainment Corporation (currently So-net Corporation) was executed.

In the Financial Services segment, financing activities provided 164.4 billion yen (1,565 million U.S. dollars) of net cash, a decrease of 24.6 billion yen, or 13.0% year-on-year. This decrease was primarily due to a smaller increase in customer deposits at Sony Bank.

Total Cash and Cash Equivalents: Accounting for the above factors and the effect of fluctuations in foreign exchange rates, the total outstanding balance of cash and cash equivalents as of December 31, 2013 was 849.2 billion yen (8,088 million U.S. dollars). Cash and cash equivalents of all segments excluding the Financial Services segment was 608.3 billion yen (5,793 million U.S. dollars) as of December 31, 2013, an increase of 47.2 billion yen, or 8.4% compared with the balance as of December 31, 2012, and a decrease of 16.5 billion yen, or 2.6% compared with the balance as of March 31, 2013. Sony believes that it continues to maintain sufficient liquidity through access to a total, translated into yen, of 844.3 billion yen (8,041 million U.S. dollars) of unused committed lines of credit with financial institutions in addition to the cash and cash equivalents balance as of December 31, 2013. Within the Financial Services segment, the outstanding balance of cash and cash equivalents was 240.9 billion yen (2,295 million U.S. dollars) as of December 31, 2013, an increase of 104.0 billion yen, or 75.9% compared with the balance as of December 31, 2012, and an increase of 39.4 billion yen, or 19.5% compared with the balance as of March 31, 2013.

*1 Sony has included the information for cash flow from operating and investing activities combined, excluding the Financial Services segment's activities, as Sony's management frequently monitors this financial measure and believes this non-U.S. GAAP measurement is important for use in evaluating Sony's ability to generate cash to maintain liquidity and fund debt principal and dividend payments from business activities other than its Financial Services segment. This information is derived from the reconciliations prepared in the Condensed Statements of Cash Flows on page F-16. This information and the separate condensed presentations shown below are not required or prepared in accordance with U.S. GAAP. The Financial Services segment's cash flow is excluded from the measure because SFH, which constitutes a majority of the Financial Services segment, is a separate publicly traded entity in Japan with a significant minority interest and it, as well as its subsidiaries, secure liquidity on their own. This measure may not be comparable to those of other companies. This measure has limitations because it does not represent residual cash flows available for discretionary expenditures principally due to the fact that the measure does not deduct the principal payments required for debt service. Therefore, Sony believes it is important to view this measure as supplemental to its entire statement of cash flows and together with Sony's disclosures regarding investments, available credit facilities and overall liquidity.

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A reconciliation of the differences between the Consolidated Statement of Cash Flows reported and cash flows from operating and investing activities combined excluding the Financial Services segment's activities is as follows:

	(Billions of yen, millions of U.S. dollars)		
	Nine months ended December 31		
	2012	2013	2013
Net cash provided by operating activities reported in the consolidated statements of cash flows	¥220.4	¥248.2	$2,364
Net cash used in investing activities reported in the consolidated statements of cash flows	(721.0)	(436.8)	(4,160)
	(500.6)	(188.6)	(1,796)
Less: Net cash provided by operating activities within the Financial Services segment	289.1	265.7	2,531
Less: Net cash used in investing activities within the Financial Services segment	(516.3)	(390.7)	(3,721)
Eliminations *2	5.1	6.6	64
Cash flow used in operating and investing activities combined excluding the Financial Services segment's activities	¥(268.3)	¥(57.0)	$(542)

*2 Eliminations primarily consist of intersegment dividend payments.

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Note

The descriptions of sales on a constant currency basis reflect sales obtained by applying the yen's monthly average exchange rates from the same quarter of the previous fiscal year to local currency-denominated monthly sales in the current quarter. In certain cases, most significantly in the Pictures segment and SME and Sony/ATV in the Music segment, the constant currency amounts are after aggregation on a U.S. dollar basis. Sales on a constant currency basis are not reflected in Sony's consolidated financial statements and are not measures in accordance with U.S. GAAP. Sony does not believe that these measures are a substitute for U.S. GAAP measures. However, Sony believes that disclosing sales information on a constant currency basis provides additional useful analytical information to investors regarding the operating performance of Sony.

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Outlook for the Fiscal Year ending March 31, 2014

The forecast for consolidated results for the fiscal year ending March 31, 2014, as announced on October 31, 2013, has been revised as follows:

	(Billions of yen)				
	February Forecast	Change from October	October Forecast	Change from	March 31, 2013

		Forecast		March 31, 2013 Actual Results	Actual Results
Sales and operating revenue	¥7,700	- %	¥7,700	+13.2 %	¥6,800.9
Operating income	80	-52.9	170	-65.2	230.1
Income before income taxes	80	-55.6	180	-67.4	245.7
Net income (loss) attributable to Sony Corporation's stockholders	(110)	-	30	-	43.0

Assumed foreign currency exchange rates for the fourth quarter (from January 1, 2014 to March 31, 2014): approximately 104 yen to the U.S. dollar and approximately 140 yen to the euro.
(Assumed foreign currency exchange rates for the second half of the fiscal year at the time of the October forecast: approximately 100 yen to the U.S. dollar and approximately 130 yen to the euro.)

Consolidated sales for the current fiscal year are expected to be unchanged from the October forecast primarily due to the fact that sales of the Music segment and Financial Services revenue are expected to exceed the October forecast, while sales of the MP&C and HE&S segments are expected to be below the October forecast.

Consolidated operating income is expected to be 80 billion yen, 90 billion yen below the October forecast. Although the operating income of the IP&S, Game, Music and Financial Services segments are expected to exceed the October forecast, the operating results of the MP&C, HE&S and Devices segments are expected to be below the October forecast and asset sales which were planned have been reconsidered. Moreover, the 32.1 billion yen (306 million U.S. dollars) impairment charge related to long-lived assets in the battery business in the Devices segment, the 8.2 billion yen (78 million U.S. dollars) impairment charge for long-lived assets in the PC business in the MP&C segment and the 6.2 billion yen (59 million U.S. dollars) write-off of certain PC software titles in the Game segment, which were all recorded in the current quarter, were not included in the October forecast.

Restructuring charges are expected to be approximately 70 billion yen for the Sony group (compared to 77.5 billion yen recorded in the fiscal year ended March 31, 2013), an increase of 20 billion yen from the October forecast, primarily in the MP&C segment. This amount will be recorded as an operating expense and is included in the above-mentioned forecast for operating income. The increase of 20 billion yen in the current fiscal year is due to the implementation of certain measures to mainly address Sony's reforming of its PC and Television businesses, as announced today, February 6, 2014. Also, Sony expects to allocate a further 70 billion yen (approximate) in restructuring charges in the fiscal year ending March 31, 2015 in order to implement these measures, which are expected to result in annual fixed cost reductions of more than 100 billion yen (approximate) starting in the fiscal year ending March 31, 2016. For details, please refer to "Sony Announces Plans to Address Reform of PC and TV Businesses" (http://www.sony.net/SonyInfo/News/Press/201402/14-019E/).

The forecast for each business segment is as follows:

Imaging Products & Solutions

Overall segment sales are expected to be unchanged from the October forecast. Operating income is expected to be slightly above the October forecast, primarily due to an expected positive impact from cost reductions. Year-on-year, sales are expected to be essentially flat and operating income is expected to increase significantly.

Game

Sales are expected to be unchanged from the October forecast. Operating results are expected to be slightly above the October forecast primarily due to an expected positive impact from cost reductions, despite the recording of a write-off of certain PC software titles in the current quarter. Year-on-year, sales are expected to increase significantly and operating results are expected to decline significantly.

Mobile Products & Communications

Overall segment sales are expected to be below the October forecast primarily due to a downward revision in the annual unit sales forecast of smartphones. Operating results are expected to be significantly below the October forecast primarily due to the negative impact of the above-mentioned decrease in sales and the recording of the impairment charge for long-lived assets in the PC business. Year-on-year, sales are expected to increase significantly and operating results are expected to improve significantly, due to a year-on-year increase in unit sales of smartphones.

Home Entertainment & Sound

Overall segment sales are expected to be slightly below the October forecast because the sales of Audio and Video are expected to be below the October forecast. Operating results are expected to be slightly below the October forecast primarily due to the negative impact of the above-mentioned decrease in sales. Year-on-year, sales are expected to increase significantly and operating results are expected to improve significantly.

Devices

Overall segment sales are expected to be unchanged from the October forecast. Operating results are expected to be significantly below the October forecast primarily due to the recording of the impairment charge related to long-lived assets in the battery business in the current quarter. Year-on-year, sales are expected to decrease and operating results are expected to decrease significantly.

Music

Overall segment sales are expected to be above the October forecast primarily due to the strong performance of Recorded Music. Operating income is expected to be above the October forecast primarily due to the positive impact of the above-mentioned increase in sales. Year-on-year, sales are expected to increase significantly and operating income is expected to increase significantly.

Financial Ser