SONY CORP
Form 6-K
January 28, 2004
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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 January 2004

SONY CORPORATION

(Translation of registrant s name into English)

7-35 KITASHINAGAWA 6-CHOME, SHINAGAWA-KU, TOKYO, JAPAN

(Address of principal executive offices)

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

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/ Teruhisa Tokunaka

(Signature)

Teruhisa Tokunaka

Executive Deputy President and

Group Chief Strategy Officer

Date: January 28, 2004

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List of materials

Documents attached hereto:

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SONY

6-7-35 Kitashinagawa

Shinagawa-ku

Tokyo 141-0001 Japan

News & Information

No: 04-007E

3:00 P.M. JST, January 28, 2004

Consolidated Financial Results for the Third Quarter

Tokyo, January 28, 2004 Sony Corporation announced today its consolidated results for the third quarter ended December 31, 2003 (October 1, 2003 to December 31, 2003).

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

	Third quarter ended December 31			
	2002	**2003**	Change	**2003***
Sales and operating revenue	¥ 2,307.7	**¥ 2,323.4**	+0.7%	**$ 21,714**
Operating income	199.5	**158.8**	-20.4	**1,484**
Income before income taxes	201.9	**157.8**	-21.8	**1,475**
Net income	125.4	**92.6**	-26.2	**866**
Net income per share of common stock				
Basic	¥ 136.19	**¥ 100.16**	-26.5%	**$ 0.94**
Diluted	126.05	**93.14**	-26.1	**0.87**

* U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥107=U.S.$1, the approximate Tokyo foreign exchange market rate as of December 30, 2003.

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

Consolidated Results for the Third Quarter ended December 31, 2003

Sales increased 0.7% year on year setting a new quarterly record for Sony. Sales grew 6% on a local currency basis. (For all references herein to results on a local currency basis, see Note I on page 7.) In the Electronics segment, sales to outside customers (excludes sales between consolidated companies) increased, led by increases in the sales of cellular phones (sold mainly to Sony Ericsson Mobile Communications (Sony Ericsson)), flat panel televisions, DVD recorders (including PSX), VAIO PCs, and digital still cameras, while sales of other products such as CRT televisions decreased. In the Pictures segment, sales decreased compared with the same quarter of the prior year due to a decrease in home entertainment revenues as compared to those recorded from the strong performance of *Spider-Man* and other releases during the same quarter of the prior year. Sales in the Game segment decreased due to decreased sales of hardware, although sales of software increased.

Operating income decreased 20.4% (15% decrease on a local currency basis) compared with the same quarter of the previous year mainly due to an increase in restructuring expenses. Operating income in the Electronics segment decreased primarily due to an increase in restructuring expenses (mainly severance related expenses). In the Pictures segment, operating income decreased mainly due to the lower home entertainment revenues noted above. In the Game segment, operating income decreased slightly despite the contribution to profit of increased PlayStation 2 (PS 2) software unit sales, primarily because research and development expenses for semiconductors increased compared with the same quarter of the previous year. However, operating income increased in the Music segment, primarily due to benefits realized from restructuring activities, and in the Financial Services segment, due to improvements in valuation gains and losses from investments in the general account of Sony Life Insurance Co., Ltd. (Sony Life).

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Restructuring charges for the current quarter amounted to ¥53.6 billion ($501 million) compared to ¥14.0 billion in the same quarter of the previous year. In the Electronics segment, restructuring charges of ¥46.3 billion ($433 million) were recorded compared to ¥8.5 billion in the same quarter of the previous year.

Income before income taxes decreased 21.8% compared with the same quarter of the previous year. Although net foreign exchange gain increased compared to the same quarter of the previous year, an increase in loss on devaluation of securities investments resulted in deterioration in the net effect of other income and other expenses. The increase in loss on devaluation of securities investments was due to the devaluation of an investment in a privately held Japanese company in which Sony has a minority interest.

Net income decreased 26.2% compared with the same quarter of the previous year. Compared to an effective tax rate of 32.5% in the same quarter of the prior year, the effective tax rate was 42.8% in the current quarter. Equity in net income of affiliated companies consisted of an equity gain, primarily due to profits recorded at Sony Ericsson (the profit Sony recorded from its equity holding was ¥2.8 billion ($26 million)) as compared with equity losses recorded in the same quarter of the previous year.

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

Consolidated sales for the quarter slightly exceeded the record consolidated sales achieved in the same quarter of the previous year. In the Electronics segment, we introduced new models of flat panel televisions, DVD recorders, digital still cameras, video cameras and other products, the competitiveness of which we enhanced in advance of the year-end selling season. As a result, we enjoyed growth in sales to outside customers in all regions on a local currency basis. Going forward, we will continue to spare no effort to expand sales and improve profitability.

The restructuring plan we outlined at our Corporate Strategy Meeting last year is progressing smoothly as all the businesses within the Sony Group work together to build a management structure that produces a high profit margin.

Operating Performance Highlights by Business Segment

Electronics

	(Billions of yen, millions of U.S. dollars) Third quarter ended December 31			
	2002	**2003**	Change	**2003**
Sales and operating revenue	¥ 1,468.2	**¥ 1,474.7**	+0.4%	**$ 13,783**
Operating income	82.1	**49.5**	-39.7	**463**

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

Sales increased 0.4% (5% increase on a local currency basis). Sales to outside customers increased 8.1% compared to the same quarter of the previous year. Products contributing to the increase in outside sales included cellular phones (sold mainly to Sony Ericsson), which benefited from increased demand for camera-equipped models in Japan and Europe; flat panel televisions, which exhibited significantly increased sales in all geographic regions; DVD recorders (including PSX), which recorded strong sales of new products in Japan; VAIO PCs, which enjoyed strong sales mainly in the U.S. and Cybershot digital still cameras, which saw continued market growth. On the other hand, sales of other products, including CRT televisions, which experienced a market contraction due to a shift in demand to flat panel televisions, decreased. In addition, intersegment sales to the Game segment decreased significantly primarily due to the outsourcing of PS 2 game console production to third parties in China.

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Operating income decreased by ¥32.6 billion, or 39.7%, compared to the same quarter of the previous year. Although sales to outside customers increased, operating income decreased primarily due to a ¥37.9 billion increase in restructuring expenses (mainly severance related expenses), a decline in prices and the yen s appreciation against the U.S. dollar.

CCDs, which enjoyed an increase in sales for digital still cameras and cellular phones, and VAIO PCs, which experienced an improvement in operating performance due to contributions from high value-added models, had an increase in operating income. However, Cybershot digital still cameras, which suffered from price declines; CRT televisions, which had a significant decrease in sales due to market contraction; and CLIE personal digital assistants, which were adversely effected by heightened market competition in the U.S., had a decrease in operating income.

Inventory on December 31, 2003 was ¥534.0 billion ($4,991 million), a ¥27.5 billion, or 5.4%, increase compared with the level on December 31, 2002 and a ¥22.3 billion, or 4.0%, decrease compared with the level on September 30, 2003.

Game

	(Billions of yen, millions of U.S. dollars)			
	Third quarter ended December 31			
	2002	**2003**	Change	**2003**
Sales and operating revenue	¥ 384.1	**¥ 367.0**	-4.5%	**$ 3,429**
Operating income	71.7	**70.5**	-1.6	**659**

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

Sales decreased 4.5% compared with the same quarter of the previous year (2% decrease on a local currency basis) because sales of hardware decreased, although sales of software increased.

Hardware: Although PS 2 unit sales in Japan, the U.S., and Europe exceeded unit sales recorded in the same quarter of the previous year, revenue decreased due to strategic price reductions on the PS 2 that were undertaken in Japan, the U.S. and Europe during the current fiscal year.

Software: Revenue increased, although PlayStation software unit sales decreased, as overall quarterly unit sales set a record due to the steady increase in unit sales of PS 2 software in Japan, the U.S. and Europe.

Operating income decreased by ¥1.1 billion, or 1.6%, despite the contribution to profit of the increase in PS 2 software unit sales, mainly due to increased research and development expenses for semiconductors designed for use in future businesses.

Worldwide hardware production shipments*:

→ PS 2: 6.83 million units (a decrease of 1.20 million units)

→ PS one: 1.02 million units (a decrease of 2.00 million units)

Worldwide software production shipments*:

→ PS 2: 104 million units (an increase of 25 million units)

→ PlayStation: 10 million units (a decrease of 12 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 on December 31, 2003 was ¥128.6 billion ($1,202 million), a ¥16.1 billion, or 11.1%, decrease compared with the level on December 31, 2002 and a ¥65.0 billion, or 33.6%, decrease compared with the level on September 30, 2003.

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Music

	(Billions of yen, millions of U.S. dollars) Third quarter ended December 31			
	2002	**2003**	Change	**2003**
Sales and operating revenue	¥ 188.0	**¥ 182.1**	-3.1%	**$ 1,702**
Operating income	20.2	**30.3**	+50.3	**283**

The amounts presented above are the sum of the yen-translated results of Sony Music Entertainment Inc. (SMEI), a U.S. based operation which aggregates the results of its worldwide subsidiaries on a U.S. dollar basis, and the results of Sony Music Entertainment (Japan) Inc. (SMEJ), a Japan based operation which aggregates results in yen. Management analyzes the results of SMEI in U.S. dollars, so discussion of certain portions of its results are specified as being on a U.S. dollar basis.

Sales decreased 3.1% compared with the same quarter of the previous year (6% increase on a local currency basis). Of the Music segment s sales, 76% were generated by SMEI, and 24% were generated by SMEJ.

SMEI: Sales on a U.S. dollar basis increased 6%. Album sales increased due to higher sales outside of the U.S. Appreciation of European currencies also contributed to the increase in sales on a U.S. dollar basis. Albums which contributed to sales during the quarter included Michael Jackson s *Number Ones*, the *Now 14* compilation album and Beyonce s *Dangerously in Love*.

SMEJ: Sales increased 8% due to an increase in album sales. Albums which contributed to sales during the quarter were Mika Nakashima s *LOVE,* Ken Hirai s *Ken s Bar* and ORANGE RANGE s *CONTACT*.

Operating income increased by ¥10.1 billion, or 50.3%, from the same quarter of the prior year, as operating performance at both SMEI and SMEJ continued to improve.

SMEI: Operating income, on a U.S. dollar basis, increased significantly from the same quarter of the prior year due to the continued benefits realized from worldwide restructuring activities implemented over the past two years. The higher revenues noted above, together with lower advertising, promotion and overhead expenses, also contributed to the improved operating results.

SMEJ: Operating income increased significantly compared with the same quarter of the prior year due to an improvement in the cost of sales ratio achieved mainly by the above-mentioned sales increase and a reduction in selling, general and administrative expenses, such as advertising and promotion expenses.

During the quarter, Sony and Bertelsmann AG announced that they had signed a binding agreement to combine their recorded music businesses in a joint venture. The newly formed company, which will be known as Sony BMG, will be 50% owned by each parent company. It will not include SMEI s music publishing, physical distribution and disc manufacturing businesses or SMEJ. The merger is subject to regulatory approvals in the United States and the European Union.

Pictures

	(Billions of yen, millions of U.S. dollars) Third quarter ended December 31			
	2002	**2003**	Change	**2003**
Sales and operating revenue	¥ 256.3	**¥ 181.2**	-29.3%	**$ 1,694**
Operating income	31.7	**5.6**	-82.3	**53**

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.

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Sales decreased 29.3% compared with the same quarter of the prior year (20% decrease on a U.S. dollar basis) due to lower home entertainment revenues this quarter as compared to those recorded from the strong performance of *Spider-Man* and other home entertainment releases during the same quarter of the prior year. However, theatrical revenues increased, benefiting from the strong U.S. theatrical release of *Something s Gotta Give* and the theatrical revenues generated outside the U.S. by *Bad Boys 2* and *S.W.A.T.*

Operating income decreased by ¥26.1 billion, or 82.3%, from the same quarter of the prior year. The primary reason for the decline in profitability was the absence of profits generated by the home entertainment release of *Spider-Man* discussed above. Results for the quarter were negatively impacted by the disappointing U.S. theatrical performance of *The Missing*.

Financial Services

	(Billions of yen, millions of U.S. dollars) Third quarter ended December 31			
	2002	**2003**	Change	**2003**
Financial Services revenue	¥ 133.1	**¥ 137.3**	+3.2%	**$ 1,284**
Operating income	3.1	**12.7**	+307.5	**118**

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

Financial Services revenue increased 3.2% compared with the same quarter of the previous year due to an increase in revenue at Sony Life and Sony Assurance Inc. Regarding Sony Life, the recognition method of insurance premiums received on certain products was changed from being recorded as revenues to being offset against the related provision for future insurance policy benefits in this quarter. Although revenue was reduced by ¥15.4 billion as a result of this change, revenue at Sony Life increased by ¥2.0 billion or 1.8% to ¥117.6 billion ($1,099 million) due to improvements in valuation gains and losses from investments compared with the same quarter of the previous year.*

Operating income increased by ¥9.6 billion, or 307.5%, compared with the same quarter of the previous year due to improvements in valuation gains and losses from investments in the general account at Sony Life. Operating income at Sony Life increased by ¥9.4 billion or 221.8% to ¥13.7 billion ($128 million).* The above mentioned change in revenue recognition method did not have a material effect on operating income at Sony Life.

* 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)

	Third quarter ended December 31			
	2002	**2003**	Change	**2003**
Sales and operating revenue	¥ 79.4	**¥ 85.2**	+7.3%	**$ 796**
Operating loss	(3.6)	**(2.6)**		**(24)**

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

Sales increased 7.3% compared with the same quarter of the previous year primarily due to an increase in sales of a business which provides information system services to other businesses within the Sony Group and an IC card business. Of the sales in the Other segment, 54% were sales to outside customers.

Operating loss decreased due to the absence of severance-related expenses recorded in the same quarter of the previous year at an advertising agency business subsidiary in Japan.

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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)			
	Nine months ended December 31			
Cash flow	2002	**2003**	Change	**2003**
From operating activities	¥ 292.7	**¥ 191.6**	¥ -101.1	**$ 1,790**
From investing activities	(70.7)	**(268.7)**	-198.0	**(2,511)**
From financing activities	(52.7)	**319.9**	+372.7	**2,990**
Cash and cash equivalents at beginning of the fiscal year	356.6	**438.5**	+82.0	**4,098**
Cash and cash equivalents at December 31	501.7	**636.5**	+134.8	**5,948**

Operating Activities: During the first nine months of the current fiscal year, despite an increase in notes and accounts receivable, trade and other factors, operating activities generated more cash than was used primarily due to factors such as profit contributions from the Electronics, Game, and Music segments, and an increase in notes and accounts payable, trade. Compared with the same period of the previous year, while there was an increase in the growth in notes and accounts payable, trade, net cash provided by operating activities declined due to factors such as an increase in the growth in notes and accounts receivable, trade mainly from the increase in sales to outside customers in the Electronics segment and decreases in profits primarily in the Electronics, Pictures, and Game segments.

Investing Activities: During the first nine months of the fiscal year, cash was used to purchase fixed assets, such as semiconductor manufacturing equipment, primarily in the Electronics and Game segments. Compared with the same period of the previous year, net cash used in investing activities increased because proceeds from the sales of securities investments (which included ¥88.4 billion from the sale of Sony s equity in Telemundo Communications Group, Inc. and its subsidiaries (a U.S.-based Spanish language television network and station group)), maturities of marketable securities and collections of advances were realized in the same period of the previous year, and because of an increase in the aforementioned purchases of fixed assets during the first nine months of the current fiscal year.

Financing Activities: Financing proceeds exceeded repayments during the first nine months of the fiscal year primarily due to proceeds from the issuance, in December 2003, of ¥250 billion of convertible bonds (bonds with stock acquisition rights), which will be applied principally towards investment in semiconductors and key devices, and as a result of the issuance of commercial paper, for the purpose of raising working capital.

Cash and Cash Equivalents: During the first nine months of the current fiscal year, although the difference between net cash provided by operating activities and net cash used in investing activities was a negative ¥77.1 billion ($720 million), because financing proceeds significantly exceeded this level, the total balance of cash and cash equivalents was ¥636.5 billion ($5,948 million) on December 31, 2003, an increase of

¥198.0 billion compared with the level on March 31, 2003.

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Cash Flow Financial Services segment

Cash flow	2002	**2003**	Change	**2003**
	(Billions of yen, millions of U.S. dollars) Nine months ended December 31			
From operating activities	¥ 215.4	**¥ 204.5**	¥ -10.9	**$ 1,911**
From investing activities	(323.5)	**(333.7)**	-10.2	**(3,118)**
From financing activities	77.8	**115.8**	+38.1	**1,083**
Cash and cash equivalents at beginning of the fiscal year	327.2	**274.5**	-52.7	**2,566**
Cash and cash equivalents at December 31	296.9	**261.2**	-35.7	**2,442**

Operating Activities: Operating activities generated more cash than was used due to an increase in future insurance policy benefits and other in the first nine months of the current fiscal year reflecting an increase in insurance-in-force.

Investing Activities: During the first nine months of the current fiscal year, payments for investments and advances exceeded proceeds from sales of securities investments, maturities of marketable securities and collections of advances, reflecting an increase in assets under management in Financial Services businesses.

Financing Activities: Due to factors which included expansion in the number of accounts, deposits from customers in the banking business increased in the first nine months of the current fiscal year.

Cash and Cash Equivalents: The total balance of cash and cash equivalents was ¥261.2 billion ($2,442 million) on December 31, 2003, a decrease of ¥13.3 billion compared with the level on March 31, 2003.

Notes

Note I: During the third quarter ended December 31, 2003, the average value of the yen was ¥107.9 against the U.S. dollar and ¥127.9 against the euro, which was 12.7% higher against the U.S. dollar and 5. 4% 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 revenue (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 current quarter. Local currency basis results are not reflected in Sony s financial statements and are not measures conforming with Generally Accepted Accounting Principles in the U.S. (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.

Note III: Commencing with the first quarter ended June 30, 2003, Sony has partly realigned its business segment configuration. Also, in the Network Application and Content Service Sector (NACS), expenses incurred in connection with the creation of a network platform business have been transferred out of the Other segment and reclassified as unallocated corporate expenses, because the expected future benefits of this business will be spread across the Sony Group. In accordance with this realignment, results for the third quarter of the previous fiscal year have been reclassified to conform to the presentation of the third quarter of the current fiscal year.

Outlook for the Fiscal Year ending March 31, 2004

We have revised upward our forecast for income before income taxes and net income for the fiscal year ending March 31, 2004 from the figures announced on October 23, 2003. No change was made to our forecast for sales, operating income, capital expenditures or depreciation and amortization. Our restructuring expense forecast for the fiscal year has also been changed from ¥140 billion to ¥150 billion.

	Current Forecast	October Forecast
Sales and operating revenue	¥ 7,400 billion	¥ 7,400 billion
Operating income	100 billion	100 billion
Income before income taxes	130 billion	120 billion
Net income	55 billion	50 billion

Assumed exchange rates for the fourth quarter ending March 31, 2004: approximately ¥105 to the U.S. dollar (October forecast was approximately ¥110 to the U.S. dollar) and approximately ¥135 to the euro (October forecast was approximately ¥125 to the euro).

Although restructuring expenses are expected to exceed our previous forecast, the stronger than expected results of the Game segment in the third quarter, resulting from strong software sales, and the improvement in valuation gains and losses from investments at Sony Life in the Financial Services segment, caused us to make no change in our forecast for operating income.

The forecast for income before income taxes and net income was revised upward due to the net foreign exchange gain recorded in the third quarter.

Capital expenditures (additions to fixed assets)	¥ 350 billion
Depreciation and amortization*	390 billion
(Depreciation expenses for tangible assets)	(280 billion)

* Including amortization of intangible assets and amortization of deferred insurance acquisition costs.

For the fiscal year ended March 31, 2003, Sony recorded sales and operating revenue of ¥7,473.6 billion, operating income of ¥185.4 billion, income before income taxes of ¥247.6 billion, and net income of ¥115.5 billion.

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 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, 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 and Music 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 able to obtain regulatory approval and successfully form a jointly owned recorded music company with BMG. 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) Three months ended December 31			
Sales and operating revenue	2002	**2003**	Change	**2003**
Electronics				
Customers	¥ 1,343,231	**¥ 1,451,754**	+8.1%	**$ 13,568**
Intersegment	125,017	**22,974**		**215**
Total	1,468,248	**1,474,728**	+0.4	**13,783**
Game				
Customers	377,027	**356,212**	-5.5	**3,329**
Intersegment	7,096	**10,739**		**100**
Total	384,123	**366,951**		