Sony Financial Holdings

November 29, 2005

Sony Financial Holdings Inc.

Interim Consolidated Financial Results for the Fiscal Year ending March 31, 2006 (Prepared in Accordance with Japanese GAAP)

Tokyo, November 29, 2005 -- Sony Financial Holdings Inc. ("SFH") today announced its interim consolidated financial results for the six months ended September 30, 2005 (from April 1, 2005 to September 30, 2005). SFH maintains its accounting records and prepares its financial statements in Japanese yen in accordance with the Commercial Code of Japan, the Insurance Business Law of Japan and the Banking Law of Japan and in conformity with generally accepted accounting principles and practices in Japan. Despite the information set forth herein, SFH's parent company, Sony Corporation, otherwise reports its financial statements in accordance with generally accepted accounting principles and practices in the United States.

Highlights

Ordinary revenues increased 17.5% from the same period of the previous year to ¥362.7 billion.
Ordinary revenues from the life insurance business increased 16.3% year on year to ¥332.3 billion, mainly as a result of an improvement in gains and losses from investments and an increase in income from insurance premiums reflecting a stable increase of insurance-in-force in particular from individual life insurance policies. Ordinary revenues from the non-life insurance business increased 21.7% year on year to ¥22.5 billion as a result of a continued increase in net premiums written mainly from automobile insurance. Ordinary revenues from the banking business increased 80.0% year on year to ¥8.2 billion associated with steady growth resulting mainly from a stable increase in deposited assets and housing loans.

Ordinary profit increased 266.1% from the same period of the previous year to ¥24.0 billion.
Ordinary profit from the life insurance business increased 142.9% year on year to ¥23.4 billion, primarily as a result of an improvement in gains and losses on investments in the general account. In the non-life insurance business, ordinary loss improved ¥0.9 billion year on year to ¥0.1 billion, backed by an increase in net premiums written and an improvement in the expense ratio. The banking business recorded ordinary profit of ¥0.7 billion, a ¥2.7 billion improvement from the same period of the previous fiscal year. This was achieved as a result of an increase in ordinary revenues and gross operating profit associated with business expansion.

Net income increased 403.2% from the same period of the previous year to ¥13.8 billion.

Total assets as of September 30, 2005 increased 9.3% from March 31, 2005, and 16.9% from September 30, 2004 to ¥3,587.7 billion.

During the six months ended September 30, 2005, SFH purchased 15,000 shares of common stock, approximately 3.2% of total number of shares outstanding, of Sony Bank Inc. ("Sony Bank") from LabMorgan Investment Corporation, a unit of JPMorgan. As a result, SFH's percentage ownership in Sony Bank has increased from 84.2% to 87.4%.

【Segment Information】

Ordinary revenues

(Millions of Yen)

	For the six months ended September 30, 2004	For the six months ended September 30, 2005	Change (%)
Life insurance business	285,766	332,338	+16.3
Non-life insurance business	18,550	22,568	+21.7
Banking business	4,586	8,254	+80.0
Subtotal	308,903	363,161	+17.6
Corporate and elimination	(234)	(413)	-
Consolidated	308,668	362,747	+17.5

Ordinary profit (loss)

(Millions of Yen)

	For the six months ended September 30, 2004	For the six months ended September 30, 2005	Change (%)
Life insurance business	9,636	23,403	+142.9
Non-life insurance business	(1,120)	(132)	-
Banking business	(1,982)	764	-
Subtotal	6,533	24,035	+267.9
Corporate and elimination	39	27	-
Consolidated	6,572	24,063	+266.1

Banking business segment includes a one-time amortization of goodwill associated with purchase of Sony Bank's shares in the six months ended September 30, 2005 and acceptance of an increase in capital stock of Sony Bank in the same period of the previous year.

For inquiries:
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Website of Sony Financial Holdings Inc.: http://www.sonyfh.co.jp/english/

Interim Consolidated Financial Summary
for the Fiscal Year ending March 31, 2006

November 29, 2005

Company name: Sony Financial Holdings Inc.
(URL http://www.sonyfh.co.jp/english/)
Representative: Teruhisa Tokunaka, President, Representative Director
For inquiry: Hiroaki Kiyomiya, Chief Manager – Corporate Control Dept.

Consolidated financial results for the six months ended September 30, 2005

(1) Operating results (in millions of yen except per share data and percentages)

	Ordinary Revenues		Ordinary Profit		Net Income	
	million	%change	million	%change	million	%change
For the six months ended September 30, 2005	362,747	(+17.5)	24,063	(+266.1)	13,885	(+403.2)
For the six months ended September 30, 2004	308,668	(-)	6,572	(-)	2,759	(-)
For the year ended March 31, 2005	653,259	(-)	12,269	(-)	6,375	(-)

	Net Income per Share	Net Income per Share (Fully Diluted)
	Yen	Yen
For the six months ended September 30, 2005	6,612.24	-
For the six months ended September 30, 2004	1,343.90	-
For the year ended March 31, 2005	3,069.93	-

Note:
Since the company was established on April 1, 2004, there are no comparative data from the previous fiscal year for the six months ended September 30, 2004 and the year ended March 31, 2005.

Notes: 1. Average number of shares outstanding (Consolidated): For the six months ended September 30, 2005: 2,100,000 shares
For the six months ended September 30, 2004: 2,053,552 shares
For the year ended March 31, 2005: 2,076,712 shares

2. Changes in accounting policy: None

(2) Financial conditions

	Total Assets	Total Stockholders' Equity	Stockholders' Equity Ratio	Stockholders' Equity per Share	Capital Adequacy Ratio (domestic criteria)
	million yen	million yen	%	Yen	(Preliminary basis) %
As of September 30, 2005	3,587,704	221,392	6.2	105,425.22	12.11
As of September 30, 2004	3,069,563	167,461	5.5	79,743.40	12.75
As of March 31, 2005	3,282,269	182,817	5.6	87,056.14	12.17

Notes: 1. Number of shares outstanding (Consolidated): As of September 30, 2005: 2,100,000 shares
As of September 30, 2004: 2,100,000 shares
As of March 31, 2005: 2,100,000 shares

2. Pursuant to "Defining the Standards on the Consolidated Capital Adequacy Ratio under the Provision of Article 52-25 of the Banking Law (Ministry of Finance Directive 62, 1998)", insurance subsidiaries are excluded from calculation of the consolidated capital adequacy ratio.

(3) Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at end of (interim) fiscal year
	million yen	million yen	million yen	million yen
For the six months ended September 30, 2005	249,095	(318,361)	-	184,774
For the six months ended September 30, 2004	236,331	(347,126)	3,515	155,234
For the year ended March 31, 2005	274,150	(286,192)	3,500	253,969

Consolidated Balance Sheets [Unaudited]

(in millions of yen)

	As of September 30, 2004	As of March 31, 2005	As of September 30, 2005
Assets:			
Cash and due from banks	44,676	75,811	90,716
Call loans and bills bought	140,857	303,796	126,505
Commercial paper and other debt purchased	9,316	1,998	2,000
Monetary trusts	464,041	515,229	583,400
Securities	2,147,533	2,058,456	2,385,039
Loans	149,944	206,305	254,020
Property and equipment	51,266	51,668	63,673
Due from agencies	3	5	4
Due from reinsurers	366	252	263
Foreign exchanges	6,775	4,659	10,923
Other assets	53,496	62,562	69,515
Deferred tax assets	1,466	1,710	1,850
Reserve for possible loan losses	(181)	(187)	(209)
Total Assets	3,069,563	3,282,269	3,587,704
Liabilities:			
Policy reserve and others:			
Reserve for outstanding claims	25,117	25,363	28,507
Policy reserve	2,250,692	2,418,194	2,566,029
Reserve for policyholders’ dividends	830	735	927
Due to agencies	952	1,155	1,019
Due to reinsurers	386	781	553
Borrowings	15	-	-
Deposits	451,230	546,717	591,540
Call money and bills sold	100,208	24,600	56,100
Foreign exchanges	4	13	2
Other liabilities	37,811	45,543	71,055
Reserve for employees’ bonuses	1,366	1,495	1,555
Reserve for employees’ retirement benefits	9,584	10,492	10,962
Reserve for directors’ retirement benefits	61	77	108
Reserve for price fluctuations	13,218	12,672	14,592
Deferred tax liabilities	4,987	6,029	18,795
Total Liabilities	2,896,468	3,093,875	3,361,750
Minority Interests	5,633	5,576	4,561
Stockholders’ Equity:			
Common stock	5,500	5,500	5,500
Capital surplus	180,877	180,877	180,877
Retained earnings	(62,848)	(59,232)	(45,346)
Land revaluation	(768)	(768)	(768)
Net unrealized gains on other securities, net of taxes	44,974	56,817	81,345
Foreign currency translation adjustments	(273)	(374)	(213)
Total Stockholders’ Equity	167,461	182,817	221,392
Total Liabilities, Minority Interests and Stockholders’ Equity	3,069,563	3,282,269	3,587,704

Consolidated Statements of Income [Unaudited]

(in millions of yen)

	For the six months ended September 30, 2004	For the six months ended September 30, 2005	For the year ended March 31, 2005
Ordinary Revenues	308,668	362,747	653,259
Ordinary Revenues from the Life Insurance Business:			
Income from insurance premiums	264,255	282,424	551,447
Investment income	20,485	47,972	50,254
Other ordinary income	794	1,577	2,072
Ordinary Revenues from the Non-life Insurance Business:			
Underwriting income	18,414	22,382	37,862
Investment income	124	161	275
Other ordinary income	6	14	10
Ordinary Revenues from the Banking Business:			
Interest income	2,777	4,335	6,563
Fees and commissions	359	647	799
Other operating income	1,440	3,225	3,946
Other ordinary income	9	6	25
Ordinary Expenses	302,095	338,684	640,990
Ordinary Expenses from the Life Insurance Business:			
Insurance claims and other payments	93,533	116,907	194,141
Provision for policy reserve and others	135,082	145,932	299,508
Investment expenses	4,227	1,803	5,115
Operating expenses	39,111	40,063	79,682
Other ordinary expenses	4,115	4,149	8,603
Ordinary Expenses from the Non-life Insurance Business:			
Underwriting expenses	13,856	16,406	28,546
Investment expenses	4	6	21
Operating, general and administrative expenses	5,674	6,093	12,097
Other ordinary expenses	0	14	0
Ordinary Expenses from the Banking Business:			
Interest expenses	1,121	2,154	2,855
Fees and commissions	265	437	479
Other operating expenses	1,302	865	2,452
General and administrative expenses	3,301	3,394	6,902
Other ordinary expenses	497	455	582
Ordinary Profit	6,572	24,063	12,269
Extraordinary Gains	-	1	0
Extraordinary Losses	1,000	1,961	516
Provision for Reserve for Policyholders’ Dividends	305	350	519
Income Before Income Taxes	5,266	21,752	11,233
Income Taxes - Current	5,341	8,926	13,570
- Deferred	(2,572)	(1,236)	(8,428)
Minority Interests	262	(176)	284
Net Income	2,759	13,885	6,375

Consolidated Statements of Cash Flows [Unaudited]

(in millions of yen)

	For the six months ended September 30, 2004	For the six months ended September 30, 2005	For the year ended March 31, 2005
Cash flows from operating activities:			
Income before income taxes	5,266	21,752	11,233
Depreciation and amortization	1,602	1,723	3,339
Increase in policy reserve and others	140,026	151,326	307,989
Interest and dividends	(15,151)	(16,524)	(32,593)
Interest expenses	1,252	2,156	2,988
Net (increase) decrease in loans	(11,260)	(45,752)	(63,361)
Net increase (decrease) in deposits	72,667	45,055	168,060
Net (increase) decrease in call loans and bills bought	8,609	93,190	(86,729)
Net increase (decrease) in call money and bills sold	35,208	31,500	(40,400)
Others, net	(10,049)	(39,730)	(20,051)
Subtotal	228,170	244,698	250,474
Interest and dividends received	22,918	19,722	41,612
Interest paid	(944)	(2,177)	(2,413)
Policyholders' dividends	(259)	(159)	(568)
Income taxes paid	(13,552)	(12,987)	(14,954)
Net cash provided by operating activities	236,331	249,095	274,150
Cash flows from investing activities:			
Investments in monetary trusts, net	(47,417)	(59,264)	(94,487)
Purchases of securities	(682,583)	(625,959)	(1,083,349)
Proceeds from sale and redemption of securities	391,398	384,042	906,646
Investments in loans	(14,372)	(19,053)	(37,146)
Collections of loans	11,040	16,854	28,653
Others, net	(262)	(350)	(1,151)
Subtotal	(342,195)	(303,731)	(280,835)
Purchases of property and equipment	(4,932)	(13,059)	(5,358)
Proceeds from sale of property and equipment	1	-	1
Purchase of securities of a consolidated subsidiary	-	(1,571)	-
Net cash used in investing activities	(347,126)	(318,361)	(286,192)
Cash flows from financing activities:			
Proceeds from borrowings	15	-	15
Repayments of borrowings	-	-	(15)
Proceeds from issuance of stocks	10,000	-	10,000
Cash dividends paid	(6,500)	-	(6,500)
Net cash provided by financing activities	3,515	-	3,500
Effect of exchange rate changes on cash and cash equivalents	0	71	(2)
Net decrease in cash and cash equivalents	(107,279)	(69,194)	(8,544)
Cash and cash equivalents at beginning of year	262,513	253,969	262,513
Cash and cash equivalents at end of year	155,234	184,774	253,969

Notes:

1. The reconciliation of "Cash and cash equivalents" in the consolidated statements of cash flows to "Cash and due from banks" in the consolidated balance sheets is as follows:

(in millions of yen)

Cash and due from banks:	44,676	90,716	75,811
Call loans of domestic life insurance subsidiary:	108,500	92,000	176,100
Securities of non-life insurance subsidiary:	32,559	37,172	32,932
Securities other than cash equivalents of non-life insurance subsidiary:	(30,501)	(35,114)	(30,874)
Cash and cash equivalents:	155,234	184,774	253,969

2. Cash flows from investing activities include cash flows from lending operations of the insurance business.

Notes to the Consolidated Financial Statements

1. Basis of Presenting Consolidated Financial Statements

Sony Financial Holdings Inc. (the "Company") and its domestic subsidiaries maintain their accounting records and prepare their financial statements in Japanese yen in accordance with the provisions set forth in the Commercial Code of Japan, the Insurance Business Law of Japan and the Banking Law of Japan and in conformity with generally accepted accounting principles and practices in Japan, which are different in certain respects as compared to the application and disclosure requirements of generally accepted accounting principles and practices in the United States of America. The Company's overseas subsidiary maintains its accounting records and prepares its financial statements in conformity with generally accepted accounting principles and practices prevailing in its country of domicile.

The accompanying consolidated financial statements are prepared based on the consolidated financial statements of the Company and its subsidiaries (the "Companies") which are to be filed with the Financial Services Agency as required by the Insurance Business Law and the Banking Law. For the convenience of readers, the preparation is modified in certain respects from the original Japanese disclosed financial information.

2. Principles of Consolidation

(1) Scope of consolidation

The number of consolidated subsidiaries: 4

Consolidated subsidiaries: Sony Life Insurance Co., Ltd.
Sony Life Insurance (Philippines) Corporation
Sony Assurance Inc.
Sony Bank Inc.

(2) Application of the equity method

Not applicable

(3) Fiscal year of consolidated subsidiaries

The financial statements of Sony Life Insurance (Philippines) Corporation are prepared with a fiscal year end of December 31. Appropriate adjustments are made for material transactions between December 31 and March 31, the date of the consolidated financial statements. All the other subsidiaries prepare their respective financial statements with a fiscal year end of March 31, the same as the date of the consolidated financial statements.

(4) Valuation of assets and liabilities of consolidated subsidiaries

A portion of the assets and liabilities of consolidated subsidiaries are computed at fair value as of the respective dates when the subsidiaries were initially consolidated.

(5) Amortization of goodwill

Goodwill is charged to income directly when incurred.

3. Summary of Significant Accounting Policies

(1) Securities

Securities (including commercial paper and other debt purchased and monetary trusts) are stated in the following manner:
Securities held for trading purposes ("trading securities") are stated at fair value. The cost of securities sold is determined by the moving-average method. Held-to-maturity securities are stated at amortized cost (straight-line method) using the moving-average method. Other securities designated as available-for-sale securities with fair value are stated at fair value at fiscal year end, and its cost of securities sold is determined by the moving-average method. Other securities designated as available-for-sale securities with no available

fair value are stated at amortized cost (straight-line method) or at acquisition cost using the moving-average method. Net unrealized gains and losses on other securities above are reported, net of applicable income taxes, as a separate component of stockholders' equity.

(2) Derivative financial instruments

Derivative financial instruments are stated at fair value.

(3) Property and equipment

Primarily, depreciation is computed by the straight-line method for buildings and by the declining-balance method for other property and equipment.

(4) Software for internal use

Capitalized software for internal use is amortized using the straight-line method over its estimated useful life of five years.

(5) Deferred charges

Stock issuance costs are fully charged to income when incurred.

(6) Reserve for possible loan losses

The reserve for possible loan losses is established in accordance with the each company's Self-Assessment Guidelines and Write-offs and Reserve Guidelines. With respect to loans to borrowers subject to bankruptcy, court-guided rehabilitation or similar legal or formal proceedings, the Comapnies provide a specific reserve in the amount of the loan balance less amounts collectable from collateral, guarantees and by other means. For other loans, the Companies provide a general reserve by applying the historical loan loss ratio determined over a certain period. Each loan is subject to asset assessment by the operational departments in accordance with each company's Self-Assessment Guidelines, and the results of the assessment are reviewed by the internal audit departments, which are independent from the operational departments, before the reserve amount is finally determined.

(7) Reserve for employees' bonuses

The reserve for employees' bonus is provided for the payment of bonuses to employees, in the amount of estimated bonuses, which are attributable to the current fiscal year.

(8) Reserve for employees' retirement benefits

The reserve for employees' retirement benefits is provided for the payment of retirement benefits to employees, in the amount deemed accrued at the fiscal year end, based on the projected retirement benefit obligation at the fiscal year end.

(9) Reserve for directors' retirement benefits

The reserve for directors' and statutory auditors' retirement benefits of the Company and the domestic life insurance subsidiary is provided based on its internal regulations and calculated as the amount that would be payable if all eligible directors and statutory auditors were to resign at the fiscal year end.

(10) Reserve for price fluctuations

Pursuant to requirements under the Insurance Business Law, the reserve for price fluctuations is provided for price fluctuations primarily related to stocks, bonds and foreign currency denominated assets which are exposed to losses due to market price fluctuations. This reserve may only be used to reduce deficits arising from price fluctuations on those assets.

(11) Translation of foreign currencies

Assets and liabilities denominated in foreign currencies are translated into Japanese yen at the foreign exchange rates in effect at the fiscal year end.

(12) Leases transactions

Finance leases that have not been deemed to transfer ownership of the leased property to the lessees are accounted for as operating lease transactions.

(13) Hedge accounting

As for the hedge accounting method applied to hedging transactions for interest rate risk generated by financial assets and liabilities, the banking subsidiary applies deferred hedge accounting or fair value hedge accounting. Interest rate swaps are used as hedging instruments to offset fluctuations in interest rates on fixed-rate loans by identifying the hedged items via their grouping according to their maturity, in accordance with the “Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry” (Industry Audit Committee of Japanese Institute of Certified Public Accountants No. 24). Interest rate swaps and others are used as hedging instruments to offset fluctuations in the fair value of fixed-rate bonds, which are classified as other securities. Both of the above-mentioned hedging instruments are identified so that their significant terms are nearly identical to those of the hedged items. Accordingly, such hedges are considered as highly effective, resulting in a substitution for evaluating the effectiveness of the hedging transactions.

(14) Accounting for consumption taxes

The consumption taxes received or paid by the Company and its domestic subsidiaries, excluding loss adjustment expenses and operating, general and administrative expenses of the non-life insurance subsidiary, are not included in income and expenses. Under the Consumption Tax Law of Japan, the consumption taxes paid on property and equipment, which is not deductible from the consumption taxes received, are deferred as “other assets” and amortized over a five-year period on a straight-line basis, while other non-deductible consumption taxes are charged as expenses in the period in which the consumption taxes are paid.

(15) Policy reserve

Pursuant to Article 116 of the Insurance Business Law, the domestic life insurance subsidiary maintains a policy reserve for the fulfillment of future obligations under life insurance contracts, and the policy reserve is calculated in the following manner.

a. Policies subject to the standard policy reserve apply the method stipulated by the Financial Services Agency (Ministry of Finance Directive 48, 1996).
b. Policies not subject to the standard policy reserve apply the net level premium method.

(16) Application of consolidated tax provision

The consolidated tax provision, under which Sony Corporation is the parent company, is applied to the Company and its domestic subsidiaries wholly owned by Sony Corporation.