Sony Financial Holdings

May 25, 2007
Sony Financial Holdings Inc.

Consolidated Financial Results for the Fiscal Year ended March 31, 2007

(Prepared in Accordance with Japanese GAAP)

Tokyo, May 25, 2007 -- Sony Financial Holdings Inc. ("SFH") today announced its consolidated financial results for the fiscal year ended March 31, 2007 (from April 1, 2006 to March 31, 2007).

(in millions of yen)

	For the year ended March 31, 2006	**For the year ended March 31, 2007**	Change (%)
Ordinary revenues	758,711	**759,280**	+0.1
Ordinary profit	25,377	**18,354**	-27.7
Net income	11,537	**10,021**	-13.1

Highlights

Ordinary revenues increased 0.1% from the previous fiscal year to ¥759.2 billion. This was the result of increases in ordinary revenues from the non-life insurance business and the banking business being largely offset by a decrease in ordinary revenues from the life insurance business.
In the life insurance business, although income from insurance premiums increased associated with solid growth of insurance in force, gains on separate accounts decreased compared to the previous fiscal year, when Japanese stock prices rose significantly. As a result, ordinary revenues from the life insurance business decreased 1.0% to ¥689.8 billion. Ordinary revenues from the non-life insurance business increased 11.6% year-on-year to ¥51.0 billion as a result of an increase in net premiums written associated with steady growth in the number of policies, primarily automobile insurance policies. Ordinary revenues from the banking business increased 13.0% from the previous fiscal year to ¥19.4 billion, due mainly to an increase in interest income, resulting from an increase in the balance of investment assets associated with business expansion.

Ordinary profit decreased 27.7% from the previous fiscal year to ¥18.3 billion. Decreases in ordinary profit from the life insurance business and the banking business more than offset an improvement in ordinary profit in the non-life insurance business.
Ordinary profit from the life insurance business decreased 38.9% year-on-year to ¥14.8 billion, for reasons including an increase of policy reserve. In the non-life insurance business, an increase in ordinary revenues and a significant improvement in net expense ratio resulting from appropriate control over operating expenses contributed to turning an ordinary loss of ¥0.7 billion in the previous fiscal year to an ordinary profit of ¥2.0 billion, an improvement of ¥2.8 billion. The non-life insurance business achieved profitable results on a full-year basis for the first time since it commenced operations in 1999. Ordinary profit from the banking business decreased 20.6% year-on-year to ¥1.3 billion due to a slight decrease in gross operating profit and an increase in general and administrative expenses such as advertisement expenses.

Net income decreased 13.1% from the previous fiscal year to ¥10.0 billion, as the above-mentioned decrease in ordinary profit was partially offset by a decrease in extraordinary losses. The decrease in extraordinary losses was the result of a decrease in provision for reserves for price fluctuations compared to the previous fiscal year.

Total assets as of March 31, 2007 increased 10.4% year-on-year to ¥4,323.7 billion.

Segment Information

Ordinary revenues

(in millions of yen)

	For the year ended March 31, 2006	**For the year ended March 31, 2007**	Change (%)
Life insurance business	696,685	**689,871**	-1.0
Non-life insurance business	45,703	**51,020**	+11.6
Banking business	17,225	**19,470**	+13.0
Subtotal	759,614	**760,362**	+0.1
Corporate and elimination	(903)	**(1,081)**	-
Consolidated	758,711	**759,280**	+0.1

Ordinary profit (loss)

(in millions of yen)

	For the year ended March 31, 2006	**For the year ended March 31, 2007**	Change (%)
Life insurance business	24,379	14,888	-38.9
Non-life insurance business	(764)	2,044	-
Banking business	1,705	1,354	-20.6
Subtotal	25,320	18,286	-27.8
Corporate and elimination	57	67	+17.4
Consolidated	25,377	18,354	-27.7

Note: Ordinary profit in the banking business in the year ended March 31, 2006 included a one-time amortization of goodwill associated with purchase of and subscription for shares of Sony Bank Inc. Therefore the amount of ordinary profit in the year ended March 31, 2006 shown above differs from the amount of non-consolidated ordinary profit of Sony Bank Inc. for the year.

Supplementary Information on Significant Subsidiaries

The following information refers to the performance of SFH's significant subsidiaries -- Sony Life Insurance Co., Ltd. ("Sony Life"), Sony Assurance Inc. ("Sony Assurance"), and Sony Bank Inc. ("Sony Bank") -- for the fiscal year ended March 31, 2007.

Sony Life (Non-consolidated)

Ordinary revenues of Sony Life on a non-consolidated basis decreased 1.0% from the previous fiscal year to ¥689.5 billion. Although income from insurance premiums increased with solid growth of insurance in force, gains on separate accounts decreased compared to the previous fiscal year, when Japanese stock prices rose significantly. Ordinary profit decreased 38.9% year-on-year to ¥14.8 billion, for reasons including an increase of policy reserve. Core profit decreased 14.7% year-on-year to ¥24.3 billion. Net income decreased 22.1% from the previous fiscal year to ¥7.4 billion, as a decrease in extraordinary losses, resulting from a decrease in provision for reserves for price fluctuations, partially offset the decrease in ordinary profit.

Income from insurance premiums increased 4.3% from the previous fiscal year to ¥605.5 billion, as a result of an increase in insurance in force. Net investment income decreased 32.1% year-on-year to ¥70.5 billion. Insurance claims and other payments decreased 5.4% from the previous fiscal year to ¥219.3 billion due to a decrease in payment of maturity insurance claims. Operating expenses increased 6.4% from the previous fiscal year to ¥87.3 billion.

Insurance in force for individual life insurance and individual annuities increased steadily to ¥30,244.4 billion, up 4.0% from the end of the previous fiscal year. The lapse and surrender rate for individual life insurance and individual annuities improved by 0.05 percentage points to 5.79%, improving for the fourth consecutive year. Annualized premiums for individual life insurance and individual annuities in force increased 6.4% from the end of the previous fiscal year to ¥504.6 billion. Of this amount, annualized premiums from medical protection and living benefit protection products amounted to ¥117.4 billion, up 7.3% from the end of the previous fiscal year.

On a policy amount basis, new insurance sales for individual life insurance and individual annuities increased 1.1% year-on-year to ¥3,429.4 billion, primarily due to robust sales of new products such as insurance products for corporate customers and nursing care protection products for individuals. Annualized premiums from new insurance sales increased 6.1% year on year to ¥65.5 billion. Of this amount, annualized premiums from medical protection and living benefit protection products decreased 0.4% from the previous fiscal year to ¥14.4 billion.

As of March 31, 2007, Sony Life had a solvency margin ratio of 1,852.0%. Unrealized gains and losses on securities decreased 2.3% year-on-year to ¥198.2 billion.

(1) Insurance in force

(Policy amount basis)

(in billions of yen)

	As of March 31, 2006	**As of March 31, 2007**	Change (%)
Individual life insurance	28,908.8	**30,038.1**	+3.9
Individual annuities	175.7	**206.3**	+17.4
Total	29,084.5	**30,244.4**	+4.0

Note: Individual annuities in force is the sum of annuity assets as of the time of commencement of annuity payments for individual annuities in respect of which annuity payments have not commenced and policy reserves for individual annuities in respect of which annuity payments have commenced.

(Number of policies basis)

(in thousands)

	As of March 31, 2006	**As of March 31, 2007**	Change (%)
Individual life insurance	3,815	**4,109**	+7.7
Individual annuities	29	**35**	+19.9
Total	3,845	**4,145**	+7.8

(2) New insurance sales

(Policy amount basis)

(in billions of yen)

	For the year ended March 31, 2006	**For the year ended March 31, 2007**	Change (%)
Individual life insurance	3,361.2	**3,396.8**	+1.1
Individual annuities	30.8	**32.5**	+5.6
Total	3,392.1	**3,429.4**	+1.1

Note: New individual annuities sales indicate the number of new annuities resources.

(Number of policies basis)

(in thousands)

	For the year ended March 31, 2006	**For the year ended March 31, 2007**	Change (%)
Individual life insurance	507	**510**	+0.8
Individual annuities	5	**6**	+7.2
Total	512	**517**	+0.9

(3) Annualized premiums

Insurance in force

(in millions of yen)

	As of March 31, 2006	**As of March 31, 2007**	Change (%)
Individual life insurance	468,081	**497,570**	+6.3
Individual annuities	6,214	**7,121**	+14.6
Total	474,296	**504,691**	+6.4
Of which, medical protection, living benefit protection, etc.	109,432	**117,466**	+7.3

New insurance sales

(in millions of yen)

	For the year ended March 31, 2006	**For the year ended March 31, 2007**	Change (%)
Individual life insurance	60,392	**64,204**	+6.3
Individual annuities	1,398	**1,337**	- 4.4
Total	61,791	**65,541**	+6.1
Of which, medical protection, living benefit protection, etc.	14,543	**14,479**	- 0.4

Notes: (1) Annualized premiums refer to an amount that is calculated by multiplying individual premium amounts by a coefficient that differs depending on the premium payment methods, thereby converting the figure to a per-year premium. (For single-payment policies, premiums are divided by the coverage period.)

(2) Medical protection and living benefit protection, etc. corresponds to the annualized premiums relating to medical protection benefits (hospitalization benefit, surgical procedure benefit, etc.) and products with living benefit protection (benefits for specific illness, nursing care benefits, etc.).

(4) Selected measures

(in millions of yen)

	For the year ended March 31, 2006	**For the year ended March 31, 2007**	Change (%)
Ordinary revenues	696,426	**689,591**	- 1.0
Ordinary profit	24,359	**14,895**	- 38.9
Core profit	28,564	**24,366**	- 14.7
Net income	9,616	**7,494**	- 22.1
Income from insurance premiums	580,516	**605,561**	+4.3
Investment income	108,438	**78,722**	- 27.4
Insurance claims and other payments	231,881	**219,347**	- 5.4
Investment expenses	4,561	**8,184**	+79.4
Operating expenses	82,040	**87,328**	+6.4
Lapse and surrender rate (%) (Note)	5.84	**5.79**	- 0.05 pt
	As of March 31, 2006	**As of March 31, 2007**	Change (%)
Total assets	3,103,241	**3,445,970**	+11.0
Solvency margin ratio (%)	1,547.0	**1,852.0**	+305.0 pt
Unrealized gains and losses on securities	202,839	**198,259**	- 2.3

Note: The lapse and surrender rate above does not reflect any modifications due to the reduction, increase and reinstatement of the total amount of insurance in force.

Sony Assurance (Non-consolidated)

Ordinary revenues of Sony Assurance increased 11.6% year-on-year to ¥51.0 billion as a result of an increase in net premiums written associated with steady growth in the number of automobile insurance policies, Sony Assurance's mainstay product. An increase in ordinary revenues and a significant improvement in net expense ratio resulting from appropriate control over operating expenses contributed to turning an ordinary loss of ¥0.7 billion in the previous fiscal year to an ordinary profit of ¥2.0 billion, an improvement of ¥2.8 billion. Net income was ¥1.5 billion, an improvement of ¥2.0 billion from the previous fiscal year. Sony Assurance achieved profitable results on a full-year basis for the first time since it commenced operations in 1999.
Steady growth in the number of policies, mainly in automobile insurance policies, resulted in an 11.4% year-on-year increase in direct premiums written and an 11.5% year-on-year increase in net premiums written to ¥50.1 billion and ¥50.4 billion, respectively. Net losses paid increased along with the increased number of policies to ¥24.1 billion, up 14.3% from the previous fiscal year. The net loss ratio rose 1.3 percentage points from the previous fiscal year to 53.6%. As a result of enhanced efficiencies, primarily in operations, the net expense ratio improved by 4.0 percentage points year-on-year to 26.3%. As a result, underwrinting profits for the year amounted to ¥1.6 billion and the combined ratio – the sum of the net loss ratio and the net expense ratio – improved by 2.6 percentage points to 79.9%.
As of March 31, 2007, Sony Assurance had a solvency margin ratio of 1,009.7%.

(1) Direct premiums written

(in millions of yen)

	For the year ended March 31, 2006	**For the year ended March 31, 2007**	Change (%)
Fire	279	**174**	- 37.6
Marine	-	**-**	-
Personal accident	4,681	**5,812**	+24.2
Automobile	40,039	**44,126**	+10.2
Compulsory automobile liability	-	**-**	-
Total	44,999	**50,112**	+11.4

(2) Net premiums written

(in millions of yen)

	For the year ended March 31, 2006	**For the year ended March 31, 2007**	Change (%)
Fire	21	**12**	- 42.7
Marine	38	**43**	+14.6
Personal accident	4,827	**5,947**	+23.2
Automobile	39,858	**43,931**	+10.2
Compulsory automobile liability	533	**532**	- 0.2
Total	45,278	**50,467**	+11.5

(3) Net losses paid

(in millions of yen)

	For the year ended March 31, 2006	**For the year ended March 31, 2007**	Change (%)
Fire	0	**0**	+446.7
Marine	5	**21**	+317.9
Personal accident	724	**928**	+28.2
Automobile	20,073	**22,802**	+13.6
Compulsory automobile liability	321	**399**	+24.2
Total	21,124	**24,151**	+14.3

(4) Selected measures

(in millions of yen)

	For the year ended March 31, 2006	**For the year ended March 31, 2007**	Change (%)
Ordinary revenues	45,703	**51,020**	+11.6
Ordinary profit (loss)	(764)	**2,044**	-
Net income (loss)	(441)	**1,598**	-
Net loss ratio (%)	52.3	**53.6**	+1.3 pt
Net expense ratio (%)	30.3	**26.3**	- 4.0 pt
Underwriting profit	(1,108)	**1,610**	-
	As of March 31, 2006	**As of March 31, 2007**	Change (%)
Total assets	56,103	**67,468**	+20.3
Solvency margin ratio (%)	976.1	**1,009.7**	+33.6 pt

Sony Bank (Non-consolidated)

Ordinary revenues of Sony Bank increased 13.0% from the previous fiscal year to ¥19.4 billion, due mainly to an increase in interest income resulting from an increase in the balance of investment assets associated with business expansion. Ordinary profit decreased 39.2% year-on-year to ¥1.3 billion. This was due to a decrease in gross operating profit and an increase in general and administrative expenses. Net income decreased 68.6% from the previous fiscal year to ¥1.0 billion, because of the above-mentioned factors and corporate taxes associated with a deferred tax liability.

Gross operating profit decreased 3.9% year-on-year to ¥9.0 billion mainly due to declines in net other income. Within gross operating profit, net interest income amounted to ¥4.5 billion, down 4.4% from the previous fiscal year, mainly as a result of an increase in interest expenses. Net fees and commissions amounted to ¥0.5 billion, up 17.0% year-on-year resulting from an increase in securities-related commissions primarily associated with an increase in the outstanding amount of investment trusts. Net other income amounted to ¥3.9 billion, down 5.6% year-on-year, primarily as the result of decreases in market investment profit and income from customers' foreign exchange transactions.

As of March 31, 2007, the total of deposited assets (the sum of total deposits and total investment trusts) increased by 25.7% from the end of the previous fiscal year to ¥848.8 billion, particularly due to an increase in yen time deposits. Of the total of deposited assets, deposits totaled ¥752.3 billion, up 25.4% from the end of the previous fiscal year. The balance of foreign currency deposits decreased slightly, reflecting the depreciation of the yen over the period of the fiscal year. Yen deposits, on the other hand, achieved a record year-on-year increase, driven by a rise in interest rates in Japan and various Sony Bank promotional campaigns. Investment trusts increased 28.4% year-on-year to ¥96.5 billion.

The balance of loans increased 18.9% from the end of the previous fiscal year to ¥284.7 billion. Of this figure, mortgage loans accounted for ¥278.0 billion.

As of March 31, 2007, the number of accounts increased 61 thousand from the end of the previous fiscal year to 491 thousand. Sony Bank's capital adequacy ratio as of March 31, 2007, calculated under domestic criteria was 11.49%.

(1) Deposited assets (total of deposits and investment trusts) and the number of accounts

(in billions of yen)

	As of March 31, 2006	**As of March 31, 2007**	Change (%)
Deposits	599.9	**752.3**	+25.4
Yen deposits	451.0	**604.4**	+34.0
Foreign currency deposits	148.9	**147.8**	- 0.7
Investment trusts	75.1	**96.5**	+28.4
Total of deposited assets	675.1	**848.8**	+25.7
Number of accounts (thousand)	430	**491**	+14.3

(2) Loans

(in billions of yen)

	As of March 31, 2006	**As of March 31, 2007**	Change (%)
Mortgage loans	234.3	**278.0**	+18.6
Other loans	5.0	**6.6**	+31.1
Total loans	239.4	**284.7**	+18.9

(3) Selected measures

(in millions of yen)

	For the year ended March 31, 2006	**For the year ended March 31, 2007**	Change (%)
Ordinary revenues	17,225	**19,470**	+13.0
Ordinary profit	2,228	**1,354**	- 39.2
Net income	3,258	**1,023**	- 68.6
Gross operating profit	9,420	**9,056**	- 3.9
Net interest income	4,800	**4,588**	- 4.4
Net fees and commissions	471	**551**	+17.0
Net other income	4,149	**3,916**	- 5.6
General and administrative expenses	7,091	**7,665**	+8.1
Net operating profits	2,245	**1,366**	- 39.1
	As of March 31, 2006	**As of March 31, 2007**	Change (%)
Total assets	754,768	**806,848**	+6.9
Capital adequacy ratio (%) (domestic criteria)	9.24	**11.49**	+2.25 pt

Note: Capital adequacy ratio as of March 31, 2007 was calculated based on the standard stipulated in the FSA public ministerial announcement No. 19 of 2006, while capital adequacy ratio as of March 31, 2006 was calculated based on the standard stipulated in the former public ministerial announcement.

Outlook for the Fiscal Year Ending March 31, 2008

In the life insurance business, insurance in force is expected to continue to increase during the fiscal year ending March 31, 2008. Accordingly, both Sony Life's income from insurance premiums and its annualized premiums from insurance in force are expected to grow during the fiscal year ending March 31, 2008. Investment yield on Sony Life's general account assets is expected to deteriorate, but investment yield for purpose of calculating core profit is anticipated to rise. Because of the expected increased investment yield for purpose of calculating core profit, combined with the expected decrease in assumed rates of return, the amount of negative spread is expected to decrease. Core profit is expected to remain flat compared to the fiscal year ended March 31, 2007.

In the non-life insurance business, Sony Assurance is expected to continue to increase its number of policies in force, and net premiums written for the fiscal year ending March 31, 2008 are expected to increase.

We expect that Sony Bank will increase the total of deposited assets (the sum of total deposits and total investment trusts) and loans for the fiscal year ending March 31, 2008, in part by enhancing its lineup of products and services.

Cautionary Statement

SFH maintains its accounting records and prepares its financial statements in conformity with generally accepted accounting principles and practices in Japan ("Japanese GAAP"). In contrast, SFH's parent company, Sony Corporation reports its financial statements in accordance with generally accepted accounting principles and practices in the United States ("U.S. GAAP"), which differ in significant respects from Japanese GAAP.

The scope of SFH's consolidation includes Sony Financial Holdings Inc., Sony Life Insurance Co., Ltd., Sony Assurance Inc., Sony Bank Inc., and Sony Life Insurance (Philippines) Corporation.

Sony Corporation has announced its consolidated financial results for the year ended March 31, 2007, and those results included the performance of its Financial Services segment. Although the majority of Sony Corporation's Financial Services segment is comprised of the SFH Group, the scope of Sony Corporation's Financial Services segment is not identical to the scope of SFH's consolidation.

Disclaimer

Statements made in this press release with respect to SFH's current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of the SFH Group. 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 with a discussion of 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. SFH 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 SFH to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. SFH disclaims any such obligation.

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Consolidated Financial Summary
for the Fiscal Year ended March 31, 2007

May 25, 2007

Company name: Sony Financial Holdings Inc.
(URL: http://www.sonyfh.co.jp/english/)
Representative: Teruhisa Tokunaka, President, Representative Director
For inquiry: Masaaki Konoo, General Manager – IR Dept.

Consolidated financial results for the year ended March 31, 2007

(1) Operating results (in millions of yen, discarding fractional amounts of less than 1 million yen)

	Ordinary Revenues		Ordinary Profit		Net Income	
	millions of yen	% change	millions of yen	% change	millions of yen	% change
For the year ended March 31, 2007	759,280	(+0.1)	18,354	(-27.7)	10,021	(-13.1)
For the year ended March 31, 2006	758,711	(+16.1)	25,377	(+106.8)	11,537	(+81.0)

	Net Income per Share	Net Income per Share (Fully Diluted)
	yen	yen
For the year ended March 31, 2007	4,772.09	-
For the year ended March 31, 2006	5,494.28	-

Notes: 1. Average number of shares outstanding (Consolidated): For the year ended March 31, 2007: 2,100,000 shares
For the year ended March 31, 2006: 2,100,000 shares

2. Changes in accounting policy: None

(2) Financial condition

	Total Assets	Total Net Assets	Net Assets Ratio	Net Assets per Share	Capital Adequacy Ratio (domestic criteria)
	millions of yen	millions of yen	%	yen	(preliminary basis) %
As of March 31, 2007	4,323,780	270,179	6.1	126,549.38	12.01
As of March 31, 2006	3,917,048	263,040	6.7	125,257.54	9.99

Notes: 1. Number of shares outstanding (Consolidated): As of March 31, 2007: 2,100,000 shares
As of March 31, 2006: 2,100,000 shares

2. Net assets ratio is computed by dividing the amount of total net assets excluding minority interests by total assets at the end of fiscal year.
3. The consolidated capital adequacy ratio as of March 31, 2007 was calculated based on the standard stipulated in the Financial Service Agency (FSA) public ministerial announcement No. 20 of 2006, while the consolidated capital adequacy ratio as of March 31, 2006 was calculated based on the standard stipulated in the former public ministerial announcement. Pursuant to the FSA public ministerial announcement No. 20 of 2006, 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 fiscal year
	millions of yen	millions of yen	millions of yen	millions of yen
For the year ended March 31, 2007	258,171	(87,215)	(6,500)	273,760
For the year ended March 31, 2006	425,411	(570,196)	-	109,263

Consolidated Balance Sheets [Unaudited] (in millions of yen)

	As of March 31, 2006	As of March 31, 2007
Assets:		
Cash and due from banks	61,304	40,996
Call loans and bills bought	76,074	332,459
Commercial paper and other debt purchased	2,000	-
Monetary trusts	658,351	718,492
Securities	2,625,081	2,649,768
Loans	326,392	381,522
Property and equipment	76,588	-
Tangible fixed assets	-	88,574
Intangible fixed assets	-	8,593
Due from agencies	0	0
Due from reinsurers	419	496
Foreign exchanges	5,748	4,156
Other assets	82,046	95,351
Deferred tax assets	3,247	3,599
Reserve for possible loan losses	(205)	(230)
Total Assets	3,917,048	4,323,780
Liabilities:		
Reserve for outstanding claims	28,418	29,920
Policy reserve	2,769,126	3,125,118
Reserve for policyholders' dividends	1,584	2,597
Due to agencies	1,415	1,415
Due to reinsurers	990	934
Deposits	599,952	752,366
Call money and bills sold	110,700	10,000
Foreign exchanges	5	0
Other liabilities	67,190	75,367
Reserve for employees' bonuses	1,735	1,906
Reserve for employees' retirement benefits	11,003	11,212
Reserve for directors' retirement benefits	202	241
Reserve for price fluctuations	20,124	20,908
Deferred tax liabilities	36,685	20,904
Deferred tax liabilities on land revaluation	706	706
Total Liabilities	3,649,842	4,053,601
Minority Interests	4,165	-
Stockholders' Equity:		
Common stock	5,500	-
Capital surplus	180,877	-
Retained earnings	(47,694)	-
Land revaluation	(1,475)	-
Net unrealized gains on other securities, net of taxes	125,720	-
Foreign currency translation adjustments	113	-
Total Stockholders' Equity	263,040	-
Total Liabilities, Minority Interests and Stockholders' Equity	3,917,048	-
Net Assets:		
Common stock	-	5,500
Capital surplus	-	180,877
Retained earnings	-	(44,173)
Total shareholders' equity	-	142,203
Net unrealized gains on other securities, net of taxes	-	125,043
Net deferred losses on hedging instruments, net of taxes	-	(408)
Land revaluation, net of taxes	-	(1,475)
Foreign currency translation adjustments	-	390
Total valuation and translation adjustments	-	123,549
Minority interests	-	4,425
Total Net Assets	-	270,179
Total Liabilities and Net Assets	-	4,323,780

Consolidated Statements of Income [Unaudited] (in millions of yen)

	For the year ended March 31, 2006	For the year ended March 31, 2007
Ordinary Revenues	758,711	759,280
Ordinary Revenues from the Life Insurance Business:		
Income from insurance premiums	580,171	605,051
Investment income	108,613	78,928
Other ordinary income	7,091	4,874
Ordinary Revenues from the Non-life Insurance Business:		
Underwriting income	45,298	50,495
Investment income	349	464
Other ordinary income	32	27
Ordinary Revenues from the Banking Business:		
Interest income	9,472	12,763
Fees and commissions	1,635	1,587
Other operating income	6,039	5,065
Other ordinary income	7	21
Ordinary Expenses	733,333	740,926
Ordinary Expenses from the Life Insurance Business:		
Insurance claims and other payments	231,885	219,352
Provision for policy reserve and others	344,939	349,666
Investment expenses	4,610	8,231
Operating expenses	81,982	87,270
Other ordinary expenses	8,744	10,300
Ordinary Expenses from the Non-life Insurance Business:		
Underwriting expenses	33,170	36,166
Investment expenses	8	3
Operating, general and administrative expenses	12,903	12,392
Other ordinary expenses	15	48
Ordinary Expenses from the Banking Business:		
Interest expenses	4,672	8,174
Fees and commissions	771	445
Other operating expenses	1,890	1,149
General and administrative expenses	7,088	7,665
Other ordinary expenses	650	58
Ordinary Profit	25,377	18,354
Extraordinary Gains	-	334
Extraordinary Losses	7,555	1,146
Provision for Reserve for Policyholders' Dividends	1,491	2,057
Income Before Income Taxes	16,330	15,485
Income Taxes - Current	17,236	20,270
- Deferred	(12,871)	(14,929)
Minority Interests	(427)	(123)
Net Income	11,537	10,021

Consolidated Statement of Changes in Net Assets [Unaudited]

(in millions of yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006	5,500	180,877	(47,694)	-	138,682
Changes during the period					
Dividends from surplus	-	-	(6,500)	-	(6,500)
Net income	-	-	10,021	-	10,021
Net changes of items other than shareholders' equity	-	-	-	-	-
Total changes during the period	-	-	3,521	-	3,521
Balance as of March 31, 2007	5,500	180,877	(44,173)	-	142,203

	Valuation and Translation Adjustments					Minority Interests	Total Net Assets
	Net unrealized gains on other securities, net of taxes	Net deferred losses on hedging instruments, net of taxes	Land revaluation, net of taxes	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of March 31, 2006	125,720	-	(1,475)	113	124,358	4,165	267,206
Changes during the period							
Dividends from surplus	-	-	-	-	-	-	(6,500)
Net income	-	-	-	-	-	-	10,021
Net changes of items other than shareholders' equity	(676)	(408)	-	276	(808)	259	(548)
Total changes during the period	(676)	(408)	-	276	(808)	259	2,972
Balance as of March 31, 2007	125,043	(408)	(1,475)	390	123,549	4,425	270,179

Consolidated Statements of Cash Flows [Unaudited]

(in millions of yen)

	For the year ended March 31, 2006	For the year ended March 31, 2007
Cash flows from operating activities:		
Income before income taxes	16,330	15,485
Depreciation and amortization	3,524	4,683
Impairment losses	5	0
Increase in policy reserve and others	355,467	359,544
Interest income and dividends	(36,549)	(47,714)
Interest expenses	4,681	8,182
Net (increase) decrease in loans	(113,082)	(45,245)
Net increase (decrease) in deposits	53,417	152,587
Net (increase) decrease in call loans and bills bought	107,522	(82,885)
Net increase (decrease) in call money and bills sold	86,100	(100,700)
Others, net	(72,511)	(33,626)
Subtotal	404,905	230,312
Interest and dividends received	41,374	52,737
Interest paid	(4,535)	(7,105)
Policyholders' dividends paid	(644)	(1,048)
Income taxes paid	(15,688)	(16,724)
Net cash provided by operating activities	425,411	258,171
Cash flows from investing activities:		
Investments in monetary trusts	(116,304)	(127,015)
Proceeds from sale of monetary trusts	-	61,700
Purchases of securities	(1,184,665)	(659,994)
Proceeds from sale and redemption of securities	767,116	661,927
Investments in loans	(39,996)	(49,602)
Collections of loans	32,723	40,002
Others,net	-	(500)
Subtotal	(541,127)	(73,482)
Purchases of property and equipment	(25,845)	-
Purchases of tangible fixed assets	-	(10,148)
Proceeds from sale of tangible fixed assets	-	1
Purchase of securities of a consolidated subsidiary	(1,571)	-
Others, net	(1,652)	(3,586)
Net cash used in investing activities	(570,196)	(87,215)
Cash flows from financing activities:		
Cash dividends paid	-	(6,500)
Net cash used in financing activities	-	(6,500)
Effect of exchange rate changes on cash and cash equivalents	79	41
Net increase (decrease) in cash and cash equivalents	(144,706)	164,496
Cash and cash equivalents at beginning of year	253,969	109,263
Cash and cash equivalents at end of year	109,263	273,760

Notes:
1. 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 Company Law 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.

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 such 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 the cost of such 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 net assets.

(2) Derivative financial instruments

Derivative financial instruments are stated at fair value.

(3) Tangible fixed assets

Depreciation is generally computed by the straight-line method for buildings and by the declining-balance method for other property and equipment.

(4) Intangible fixed assets

Intangible fixed assets are amortized on the straight-line method. Capitalized software for internal use is amortized using the straight-line method over its estimated useful life (basically five years).

(5) Reserve for possible loan losses

The reserve for possible loan losses is established in accordance with 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 Companies provide a specific reserve in the amount of the loan balance less amounts collectable from collateral and 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.

(6) 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.

(7) 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.

(8) Reserve for directors' retirement benefits

The reserve for directors' and statutory auditors' retirement benefits is provided based on the 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.

(9) 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.

(10) 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.

(11) 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.

(12) 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.

(13) 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.

(14) 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.

(15) 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.

(16) Statement No.5 "Accounting Standards for Presentation of Net Assets on Balance Sheet" (December 9, 2005) of The Accounting Standard Board of Japan ("ASBJ") and ASBJ Guidance No.8 "Guidance on Accounting Standards for Presentation of Net Assets on Balance Sheet" (December 9, 2005) were applicable from the fiscal year ending on or after the implementation date of the Company Law. As a result, the Enforcement Ordinance of the Banking Law and the Enforcement Ordinance of the Insurance Business Law were revised and applicable from the fiscal year beginning on and after April 1, 2006. Effective April 1, 2007, the Company has made certain adjustments to the terminology used in its consolidated balance sheet.

a. "Stockholders' Equity" was renamed "Net Assets" and divided into "Shareholders' equity", "Valuation and translation adjustments" and "Minority interests". The amount corresponding to conventional "Stockholders' Equity" as of March 31, 2007 was ¥266,162 million.

b. "Deferred hedge losses" and "Deferred hedge gains", which were included in "Other assets" and "Other liabilities", were combined. The combined amount, net of corresponding tax, is stated as "Net deferred losses on hedging instruments, net of taxes".

c. "Minority interests" was reclassified under "Net Assets".

d. "Property and equipment" was divided into "Tangible fixed assets", "Intangible fixed assets" and "Other assets".

e. "Software" was transferred from "Other assets" to "Intangible fixed assets".

(17) In accordance with ASBJ Statement No.6 “Accounting Standards for Statement of Changes in Net Assets” (December 27, 2005) and ASBJ Guidance No.9 “Guidance on Accounting Standards for Statement of Changes in Net Assets” (December 27, 2005), the Company provides a Consolidated Statement of Changes in Net Assets.