In accordance with Regulation 12 of the Companies (Cross Border Mergers) Regulations 2007

CB01

Notice of a cross border merger involving a UK registered company

Laserform

✓ **What this form is for**
You may use this form to give notice of a cross border merger between two or more limited companies (including a UK registered company)

✗ **What this form is NOT fo**
You cannot use this form notices of a cross border between companies outsi European Economic Area

TUESDAY

L3MDMO1C
LD5 09/12/2014 #15
COMPANIES HOUSE

Part 1 Company details

Company number of UK merging company	0 2 4 2 2 8 7 4
Company name in full of UK merging company	SONY EUROPE LIMITED

→ **Filling in this form**
Please complete in typescript, or in bold black capitals

All fields are mandatory unless specified or indicated by *

Part 2 Merging companies

Please use **Section A1** and **Section B1** to fill in the details for each merging company (including UK companies) Please use a CB01 continuation page to enter the details of additional merging companies

A1 Merging company details ❶

Full company name	SONY EUROPE LIMITED
Registered number ❷	0 2 4 2 2 8 7 4
	Please enter the registered office address
Building name/number	
Street	c/o Legal Department, The Heights
	Brooklands
Post town	Weighbridge
County/Region	Surrey
Postcode	K T 1 3 0 X W
Country	United Kingdom
Legal form and law ❸	Private limited company governed by the laws of England and Wales
Member state and registry ❹	

❶ **Merging Company details**
Please use Section B1 to enter the details of the second merging company

❷ **Registered number**
Please give the registered number as it appears in the member state registry

❸ **Legal entity and governing law**
Please enter the legal form and law which applies to the company

❹ **Member state and registry**
For non-UK companies, please enter the name of the member state and the name and address of the registry where documents are kept

CB01

Notice of a cross border merger involving a UK registered company

B1 Merging company details ❶

Full company name	SONY SUPPLY CHAIN SOLUTIONS (EUROPE) B V
Registered number ❷	2 3 0 3 4 8 6 5
	Please enter the registered office address
Building name/number	200
Street	Dongenseweg
Post town	5047 SH Tilburg
County/Region	
Postcode	
Country	The Netherlands
Legal form and law ❸	Private company with limited liability, organized and existing under the laws of The Netherlands
Member state and registry ❹	Trade Register of the Chamber of Commerce De Ruijerkade 5, 1013 AA Amsterdam, The Netherlands

❶ **Merging Company details**
Please use a CB01 continuation page to enter the details of additional merging companies

❷ **Registered number**
Please give the registered number as it appears in the member state registry

❸ **Legal entity and governing law**
Please enter the legal form and law which applies to the company

❹ **Member state and registry**
For non-UK companies, please enter the name of the member state and the name and address of the registry where documents are kept.

Part 3 Details of meetings ❺

If applicable, please enter the date, time and place of every meeting summoned under regulation 11 (power of court to summon meeting of members or creditors)

Details of meeting

Date	d1 d1 m0 m2 y2 y0 y1 y5
Time	11am
Place	The Heights, Weighbridge, Surrey, KT13 0XW

Details of meeting

Date	d d m m y y y y
Time	
Place	

Details of meeting

Date	d d m m y y y y
Time	
Place	

Details of meeting

Date	d d m m y y y y
Time	
Place	

❺ **Details of meetings**
For additional meetings held under regulation 11, please use a CB01 continuation page

Part 4 Terms of merger and court orders

C1 Terms of merger

You must either
- enclose a copy of the draft terms of merger,
  or,
- give details (below) of a website on which the draft terms are available ❶

Website address

❶ **Draft terms of merger on a website**
In order to be able to give notice of draft terms of merger on a website, the following conditions must be met
- the website is maintained by or on behalf of the UK merging company,
- The website identifies the UK merging company,
- no fee is required to access the draft terms of merger,
- the draft terms of merger remain available on the website throughout the period beginning one month before and ending on the date of the first meeting of members

C2 Court orders

If applicable, you must enclose a copy of any court order made where the court has summoned a meeting of members or creditors

Part 5 Signature

D1 Signature

I am signing this form on behalf of the UK merging company

Signature

Signature
X X

This form may be signed by a director of the UK merging company on behalf of the Board

CB01

Notice of a cross border merger involving a UK registered company

Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record

Contact name	Jonathan Yeo
Company name	Baker & McKenzie LLP
Address	100 New Bridge St
Post town	London
County/Region	
Postcode	E C 4 V 6 J A
Country	
DX	
Telephone	+ 44 20 7919 1000

Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following

- ☐ The company name and number of the UK merging company match the information held on the public Register
- ☐ You have completed the details of each merging company in Part 2
- ☐ You have completed Part 3
- ☐ You have completed Part 4 and (if applicable) enclosed the relevant documents
- ☐ You have signed the form in Part 5

Important information

Please note that all information on this form will appear on the public record

Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the appropriate address below

For companies registered in England and Wales
The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ
DX 33050 Cardiff

For companies registered in Scotland
The Registrar of Companies, Companies House,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post)

For companies registered in Northern Ireland
The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG
DX 481 N R Belfast 1

Further information

For further information, please see the guidance notes on the website at www companieshouse gov uk
or email enquiries@companieshouse gov uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk

IN THE HIGH COURT OF JUSTICE **No. 8663 of 2014**

CHANCERY DIVISION

COMPANIES COURT

MR REGISTRAR NICHOLAS BRIGGS

Tuesday 9 December 2014

IN THE MATTER OF SONY EUROPE LIMITED

AND IN THE MATTER OF THE COMPANIES (CROSS BORDER MERGERS) REGULATIONS 2007

ORDER

UPON THE APPLICATION by Part 8 Claim Form (the "**Claim Form**") of the above-named Sony Europe Limited (the "**Company**") whose registered office is at The Heights, Brooklands, Weybridge, Surrey, KT13 0WX

AND UPON HEARING Counsel for the Company

AND UPON READING the said Claim Form and the evidence

IT IS ORDERED that the Company do have permission to convene a meeting of its sole shareholder, such meeting to be convened and held in accordance with the provisions of the articles of association of the Company save where otherwise agreed between the Company and its sole shareholder subject always to the terms of the above-mentioned Regulations

AND THE COURT HEREBY ADJOURNS the Claim Form to a date to be fixed and directs that the papers for the adjourned hearing be filed not later than 7 days before the date so fixed

No. 8663 of 2014

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT

IN THE MATTER OF
SONY EUROPE LIMITED

and

IN THE MATTER OF
THE COMPANIES (CROSS BORDER
MERGERS) REGULATIONS 2007

ORDER

Baker & McKenzie LLP
100 New Bridge Street
London EC4V 6JA

Solicitors to the Claimant

CROSS BORDER MERGER

between

SONY SUPPLY CHAIN SOLUTIONS (EUROPE) B.V.

and

SONY EUROPE LIMITED

COMMON DRAFT TERMS

Baker & McKenzie LLP

London
Ref: KHW/JAXA

CONTENTS

THESE COMMON DRAFT TERMS OF MERGER are made by the boards of directors of

(1) **SONY SUPPLY CHAIN SOLUTIONS (EUROPE) B.V.** a private company with limited liability incorporated under the laws of the Netherlands, having its corporate seat in Utrecht, the Netherlands and registered with the Trade Register of the Chamber of Commerce with registered number 23034865 and having its registered office at Dongenseweg 200, 5047 SH Tilburg, the Netherlands ("**SSCSE**")

AND

(2) **SONY EUROPE LIMITED** a private limited company incorporated under the laws of England and Wales, registered with the registrar of companies for England and Wales with registered number 02422874 and having its registered office at c/o Legal Department, The Heights, Brooklands, Weybridge, Surrey KT13 0XW ("**SEU**")

PURSUANT TO the provisions of the Dutch Regulations (as defined below), the provisions of the UK Regulations (as defined below) and Article 5 of the Directive (as defined below)

1 INTERPRETATION

1 1 Definitions

In these Common Draft Terms unless the context otherwise requires or unless otherwise specified

"**Assets**" means all assets held by SSCSE as at the Effective Time,

"**Business Day**" means a day (other than a Saturday or Sunday) on which clearing banks are generally open for business in the Netherlands and the UK,

"**Chamber of Commerce**" means the Dutch Trade Register of the Chamber of Commerce,

"**Contracts**" means all agreements and arrangements (whether or not having contractual status or effect) to which SSCSE is a party as at the Effective Time,

"**Court Order**" means the order granted by the UK Court following its scrutiny of the legality of the completion of the Merger, as provided for by Article 11 of the Directive and Regulation 16 of the UK Regulations,

"**Cross-Border Merger**" means a merger of a national limited liability company with a limited liability company from another Member State, as provided for by the Directive,

"**Directive**" means Directive 2005/56/EC of the European Parliament and of the Council of Ministers of 26 October 2005 on cross-border mergers of limited liability companies,

"**Directors' Explanatory Report**" means a report prepared by the directors of SEU intended for the Shareholders and the employee representatives explaining and justifying the legal, economic and social aspects of the Merger and explaining the implications of the Merger for Shareholders, creditors and employees of the Merging Companies, as provided for by Article 2 313 and 2 314 of the Dutch Regulations and Regulation 8 of the UK Regulations,

"**Dutch Court**" means the Court of the Central Netherlands (*Midden-Nederland*),

"**Dutch Pre-Merger Certificate**" means the certificate to be granted by the Dutch Court attesting that no creditors have opposed the Common Draft Terms, as provided for by Article 2 316 of the Dutch Regulations, "**Dutch Regulations**" means the Dutch Civil Code, in particular Title 7, section 2, 3 and 3A of Book 2 of the Dutch Civil Code,

"**Effective Time**" means 23:59 on 31 March 2015 or such other date and time as may be agreed by the Merging Companies, subject to the approval of the Shareholders and the UK Court,

"**Employee Involvement**" means the influence of the body or bodies representative of the employees and/or the employees' representatives on the decisions to be taken within SEU,

"**English Pre-Merger Certificate**" means the certificate to be granted by the UK Court attesting to the proper completion of the Pre-Merger Acts and Formalities, as provided for by Regulation 6 of the UK Regulations,

"**General Meeting of SSCSE**" means the meeting to be held by the Shareholder of SSCSE in order to resolve to merge in accordance with Article 2 330 of the Dutch Regulations,

"**General Meeting of SEU**" means the meeting to be held by the Shareholder of SEU in order to approve these Common Draft Terms, as provided for by Article 9 of the Directive and Regulation 13 of the UK Regulations,

"**Independent Expert Report**" means a report prepared by an independent expert, which where obtained, shall evaluate the proposed Merger, as provided for by Article 2 328 and 2 333g of the Dutch Regulations and Regulation 9 of the UK Regulations,

"**Liabilities**" means all the liabilities of SSCSE existing at the Effective Time,

"**Merger**" means the proposed Cross-Border Merger, by absorption of a wholly-owned subsidiary, of SSCSE into SEU, under the terms and conditions set forth in these Common Draft Terms, by which the Assets and Liabilities of SSCSE shall pass to SEU and SSCSE will be dissolved without going into liquidation subject to completion of the consultation processes in the Netherlands,

"**Merging Companies**" means SSCSE and SEU, and "**Merging Company**" shall be construed accordingly as the context requires,

"**Pre-Merger Acts and Formalities**" means those requirements set out in Articles 6 to 9 inclusive of the Directive, and more particularly provided for in clause 7 of these Common Draft Terms,

"**Pre-Merger Certificates**" means the Dutch Pre-Merger Certificate and the English Pre-Merger Certificate,

"**Resulting Company**" means SEU following the Merger,

"**SEU Netherlands Branch**" means the branch of SEU established in the Netherlands,

"**SEU Slovak Branch**" means the branch of SEU established in the Slovak Republic,

"**SSCSE Slovak Branch**" means the branch of SSCSE established in the Slovak Republic,

"**Shareholder(s)**" means

(a) the sole shareholder of SSCSE at the Effective Time, being SEU, and

(b) the sole shareholder of SEU at the Effective Time, being SOH, and ıncludes any person(s) entıtled by transmissıon,

"**SOH**" means Sony Overseas Holdıng B V , a prıvate company wıth lımıted lıabılıty ıncorporated under the laws of the Netherlands, havıng ıts corporate seat ın Badhoevedorp, the Netherlands and regıstered wıth the Trade Regıster of the Chamber of Commerce wıth regıstered number 34103478 and havıng ıts regıstered office at Schipholweg 275, 1171 PK Badhoevedorp, the Netherlands,

"**Transferor Company**" means SSCSE beıng the Mergıng Company whıch wıll cease to exıst as a result of the Merger,

"**UK Court**" means the Hıgh Court of England and Wales, and

"**UK Regulations**" means the Companıes (Cross-Border Mergers) Regulatıons 2007

1 2 Interpretatıon Generally

In these Common Draft Terms, unless the context otherwıse requıres or unless otherwıse specıfied

(a) any reference to any statute, statutory provısıon or to any order or regulatıon shall be construed as a reference to that statute, provısion, order or regulatıon as extended, modıfied, amended, replaced or re-enacted from tıme to tıme (whether before or after the date of these Common Draft Terms) and all statutory ınstruments, regulatıons and orders from tıme to tıme made thereunder or derıvıng valıdıty therefrom (whether before or after the date of these Common Draft Terms),

(b) words denotıng any gender ınclude all genders and words denotıng the sıngular ınclude the plural and vıce versa,

(c) all references to recıtals, sectıons, clauses, paragraphs, schedules and annexures are to recıtals ın, sections, clauses and paragraphs of and schedules and annexures to these Common Draft Terms,

(d) headıngs are for convenıence only and shall not affect the ınterpretatıon of these Common Draft Terms,

(e) words such as "hereunder", "hereto", "hereof" and "hereın" and other words commencıng wıth "here" shall unless the context clearly ındıcates to the contrary refer to the whole of these Common Draft Terms and not to any partıcular sectıon, clause or paragraph hereof,

(f) ın construıng these Common Draft Terms general words ıntroduced by the word "other" shall not be gıven a restrıctıve meanıng by reason of the fact that they are preceded by words ındıcatıng a partıcular class of acts, matters or thıngs and general words shall not be gıven a restrıctıve meanıng by reason of the fact that they are followed by partıcular examples ıntended to be embraced by the general words and any reference to the word "ınclude" or "ıncludıng" ıs to be construed wıthout lımıtatıon,

(g) any reference to "Common Draft Terms" or any other document or to any specıfied provısıon of these Common Draft Terms or any other document ıs to these Common Draft Terms, that document or that provısıon as ın force for the tıme beıng and as amended from tıme to tıme ın accordance wıth the terms of these Common Draft Terms or that document,

(h) "writing" or any similar expression includes transmission by fax or by email,

(i) any reference to a document being in the "agreed form" means in relation to that document the draft of that document which has been initialled by each of the Merging Companies or by their respective solicitors on their behalf by way of identification, and

(j) if any action or duty to be taken or performed under any of the provisions of these Common Draft Terms would fall to be taken or performed on a day which is not a Business Day such action or duty shall be taken or performed on the Business Day next following such day

1 3 Schedules

The contents of the Schedules form an integral part of these Common Draft Terms and shall have as full effect as if they were incorporated in the body of these Common Draft Terms and the expressions "these Common Draft Terms" and "the Common Draft Terms" as used in any of the Schedules shall mean these Common Draft Terms and any reference to "these Common Draft Terms" shall be deemed to include the Schedules

2 **PRELIMINARY**

2 1 SSCSE

(a) SSCSE is a private company with limited liability incorporated under the laws of the Netherlands on 17 June 1971 with registered number 23034865 having its corporate seat in Utrecht, the Netherlands and with registered office at Dongenseweg 200, 5047 SH Tilburg, the Netherlands The issued share capital of SSCSE is EUR 7,763,854 divided into 17,101 shares of EUR 454 each

(b) According to the shareholders' register of SSCSE, as of the date of these Common Draft Terms, the sole shareholder of SSCSE is SOH At the Effective Time, the sole shareholder of SSCSE will be SEU

(c) The directors of SSCSE are Gerard Dirk de Witt and Salvatore Giuseppe Paparelli and the supervisory directors of SSCSE are Atsushi Kobayashi and Seiichi Kawasaki

(d) SSCSE shall participate in the Merger as the Transferor Company, as such term is employed and translated in the relevant provisions of the Dutch Regulations and the UK Regulations, which implement the provisions of the Directive into Dutch and English law, respectively

2 2 SEU

(a) SEU is a private limited company incorporated under the laws of England and Wales on 14 September 1989 with registered number 02422874 and having its registered office at c/o Legal Department, The Heights, Brooklands, Weybridge, Surrey, KT03 0XW The issued share capital of SEU is EUR 56,596,321 10 divided into 51,451,201 shares of EUR 1 10 each all of which are fully paid

(b) According to the register of shareholders of SEU, as of the date of these Common Draft Terms, the sole shareholder of SEU is SOH

(c) The members of the board of directors of SEU are Atsushi Kobayashi, Ricky Londema, Gildas Pelliet and Masaru Tamagawa. There are no intentions to change the composition of the board of directors of SEU in connection with the Merger

(d) SEU shall participate in the Merger as the transferee company, as such term is employed and translated in the relevant provisions of the UK Regulations and the Dutch Regulations, which implement the provisions of the Directive into Dutch and English law, respectively

2 3 Purpose of the Merger

(a) The purpose of the Merger is to simplify and rationalise the corporate structure of the group of companies owned by SOH

(b) At the Effective Time, SSCSE will merge into SEU in accordance with the terms and conditions set forth in these Common Draft Terms, with SEU being the Resulting Company

(c) As a consequence of the Merger, the ownership, title and the possession of the Assets and Liabilities will pass to SEU by operation of the Directive, the Dutch Regulations and the UK Regulations at the Effective Time SEU will become entitled to the Assets of SSCSE and shall assume, carry out, perform and complete the Liabilities of SSCSE from the Effective Time All other rights and obligations of SSCSE shall pass from SSCSE to SEU at the Effective Time

(d) Following the completion of the Merger, SSCSE will automatically cease to exist

(e) Each Merging Company shall do, sign or execute, or procure to be done, signed or executed all such other acts, deeds, documents and things as may be necessary or desirable in respect of the Merger and the transfer of the Assets and Liabilities to SEU pursuant to these Common Draft Terms

2 4 Merger by Absorption of a Wholly-Owned Subsidiary

(a) As SEU will be the sole shareholder of SSCSE at the Effective Time, the Merger shall be carried out in the manner provided for in Article 2(2)(c) of the Directive and pursuant to Article 2 333 paragraph 1 of the Dutch Regulations (merger by absorption of a wholly-owned subsidiary) and Regulation 2(3) of the UK Regulations (merger by absorption of a wholly-owned subsidiary)

(b) No consideration shall be paid for the transfer of the Assets and Liabilities

2 5 Allotment of Shares

No shares shall be allotted to SSCSE as consideration for the Merger as the Merger is a merger by absorption of a wholly-owned subsidiary carried out pursuant to Article 2 333 paragraph 1 of the Dutch Regulations and Regulation 2(3) of the UK Regulations not requiring the allotment of shares

3 ACCOUNTING

3 1 Merging Companies' Accounting Details

(a) SEU shall file its adopted audited annual accounts for the years ending 31 March 2014, 31 March 2013 and 31 March 2012 and interim management accounts as at 31 October 2014 at its registered office and with the Chamber of Commerce and shall use the adopted audited accounts for the year ending 31 March 2014 for the purpose of establishing the conditions for the Merger The main data thereof are those set out at Schedule 1

(b) SSCSE shall file its adopted audited annual accounts for the years ending 31 March 2014, 31 March 2013 and 31 March 2012 and interim management accounts as at 31 October 2014 at its registered office and with the Chamber of Commerce and shall use the adopted audited accounts for the year ending 31 March 2014 for the purpose of establishing the conditions for the Merger The main data thereof are those set out at Schedule 2

3 2 Evaluation of the Assets and Liabilities

The evaluation of the Assets and Liabilities of SSCSE will be made as at their values in the interim balance sheet of SSCSE drawn up as at 31 October 2014 and set out at Schedule 3 of these Common Draft Terms

The Merger will have positive effect on the goodwill and the distributable reserves of the Resulting Company It is intended that prior to the Effective Time SSCSE will make an interim distribution to its current shareholder SOH in the amount of approximately EUR 965,000 but such distribution will not impact any of the statements in these Common Draft Terms

3 3 Date from which the transactions of Transferor Company are treated as those of Resulting Company.

The transactions of SSCSE will be treated for accounting purposes as being those of SEU from 1 April 2014 The financial data of SSCSE shall be accounted for in the annual accounts of SEU as of 1 April 2014

4 RESULTING COMPANY

4 1 Special Rights Conferred by SEU

SEU will be the sole shareholder of the Transferor Company at the Effective Time There are no parties who, in a capacity other than shareholder, enjoy special rights or hold securities other than shares representing the Transferor Company's capital Consequently no special rights will be conferred by SEU on any such party as a result of the Merger No shares are to be allotted as consideration for the Merger

4 2 Independent Expert Report

Pursuant to Article 2 333 paragraph 1 of the Dutch Regulations and Regulation 9(1)(a) of the UK Regulations, there is no requirement to obtain an Independent Expert Report where the Merger is a merger by absorption of a wholly-owned subsidiary

4 3 No Advantages Granted to Experts or Directors of the Merging Companies

No special advantages, amounts or benefits will be granted, paid or given or are intended to be granted, paid or given to any directors, supervisory board members, or managers of the Merging Companies nor to any auditors or independent experts assisting with the Merger

4 4 Statutes

The Articles of Association of SEU are attached at Schedule 4 to these Common Draft Terms The Articles of Association of SEU will not be amended in connection with the Merger

5 **EMPLOYEES**

5 1 Repercussions on Employment

(a) As at 1 September 2014, SEU has 2,977 employees and SSCSE has 24 employees

(b) As a consequence of the Merger, the employees of SSCSE will become employees of SEU by operation of law pursuant to the laws of each of the Merging Companies

(c) The employees of SSCSE will continue to be employed in the same location and on the same terms as they are currently employed once the Merger has completed The rights and obligations of SSCSE existing on the date of the Merger, whether arising from a contract of employment or from an employment relationship, will be transferred to SEU pursuant to the Merger Such employment relationships, therefore, are not considered to be new employment relationships, but merely a continuation of the existing employment relationships with a different employer The transfer is automatic and, accordingly, no written or verbal consent or approval of the employees is necessary Regarding pensions, where and if possible under Dutch and UK legislation, SEU will maintain the existing pension arrangements of the SSCSE employees

(d) It is not anticipated that the Merger will have any negative impact on employment in the Merging Companies

5 2 Employee Involvement

SSCSE does not have a works council or other employee representative body The Merger will be submitted for the prior advice of the employees during a staff meeting within the meaning of article 35b of the Dutch Works Council Act ("DWCA") SEU has established a works council The Merger will be submitted by SEU to the works council for its prior advice in accordance with article 25 of the DWCA The Merger is subject to completion of the consultation processes in the Netherlands

5 3 Part 4 of the UK Regulations does not apply to the Merger

6 **PRE-MERGER PROCEDURE**

6 1 Filing

The directors of SSCSE shall file these Common Draft Terms with the Chamber of Commerce at least one month before the General Meeting of SSCSE and the directors of SEU shall file these Common Draft Terms with the registrar of companies for England and Wales at least two months before the General Meeting of SEU

6 2 Publication

(a) SSCSE shall undertake to procure the announcement of the filing with the Chamber of Commerce of the following particulars at least one month before the General Meeting of SSCSE and such notice should include

(i) the type, name and corporate seat of the Merging Companies,

(ii) the legal form of the Merging Companies and the law by which they are governed,

(iii) the registered numbers of the Merging Companies and the particulars of the national registers in which the Merging Companies' files are kept,

(iv) a statement that copies of the Common Draft Terms and the Directors' Explanatory Report are available for inspection at SEU's and SSCSE's registered office, and

(v) confirmation from the Merging Companies of arrangements made for the exercise of the rights of creditors and of any minority shareholders of the Merging Companies and the addresses at which complete information on those arrangements may be obtained free of charge

(b) SEU shall deliver to the registrar of companies for England and Wales the information required to be disclosed pursuant to Regulation 12 of the UK Regulations, for publication in the London Gazette of a notice of receipt by the registrar of companies for England and Wales of the documents in relation to the Merger, at least one month before the General Meeting of SEU and such notice should include

(i) the date of receipt of the documents by the registrar of companies for England and Wales,

(ii) the type, name and registered office of the Merging Companies,

(iii) the legal form of the Merging Companies and the law by which they are governed,

(iv) the registered number of the Merging Companies and the particulars of the national register in which the Merging Companies' files are kept and their registration numbers in those registers,

(v) a statement that information relating to SEU is kept in the register of companies,

(vi) a statement that regulation 10 of the UK Regulations requires copies of the Common Draft Terms and the Directors' Explanatory Report to be kept available for inspection, and

(vii) the date, time and place of every meeting summoned under regulation 11 of the UK Regulations

6 3 Inspection

The Common Draft Terms and Directors' Explanatory Report of each Merging Company shall be held at their respective registered offices for inspection by the Shareholders and employees of each Merging Company for a period of at least one month before the General Meeting of SSCSE and the General Meeting of SEU until the date of the Merger The Common Draft Terms and Directors' Explanatory Report must be held for a further six months following the Merger at the registered address of the Resulting Company

6 4 Directors' Explanatory Report

(a) The directors of SEU shall draw up a Directors' Explanatory Report in respect of each Merging Company, which shall be made available to the Shareholders not less than one month before the date of the General Meeting of SEU and not less than one month before the date of the General Meeting of SSCSE

(b) The Directors' Explanatory Report shall set out the following information

(i) the expected implications of the Merger for Shareholders, creditors and employees of the Merging Companies,

(ii) the legal, social and economic grounds for the Merger and the Common Draft Terms, and

(iii) any material interests of the directors and the effect on those interests of the Merger in so far as the effect is different from the effect on the like interests of other persons

(c) Where the directors of either Merging Company receives an opinion from the representatives of their employees, that opinion shall be appended to the Directors' Explanatory Report

6 5 Approval by the Shareholders

(a) A General Meeting of SEU shall be held in order to consider the Directors' Explanatory Report and to decide on the approval of the Common Draft Terms, the draft balance sheets and other relevant documentation regarding the Merger A General Meeting of SSCSE shall be held to approve the Merger

(b) The General Meeting of SEU and the General Meeting of SSCSE may resolve to reserve the right to make the implementation of the Merger conditional on

(i) any other regulatory approval, or

(ii) such other conditions as the Shareholder(s) of either Merging Company consider(s) appropriate in the circumstances

6 6 Pre-Merger Certificate

Upon compliance with the Pre-Merger Acts and Formalities, SEU shall apply to the UK Court, for an order conclusively attesting to the proper completion of the Pre-Merger Acts and Formalities to which SEU was subject SSCSE shall apply to the Dutch Court to issue the Pre-Merger Certificate confirming that no creditors have opposed these Common Draft Terms According to Article 2 333i paragraph 3 of the Dutch Regulations a Dutch notary will certify that it appears to him that the procedural provisions were observed (as required by section 2, 3 and 3A of Title 7 of Book 2 of the Dutch Civil Code and the articles of SSCSE) in relation to the participation of SSCSE in the Merger and that the provisions of the above mentioned sections of the Dutch Regulations were complied with

7 **OPERATION OF THE MERGER**

7 1 Court Scrutiny of the Merger

(a) Each Merging Company shall

(i) submit to the UK Court the Pre-Merger Certificates as well as the certificate of the Dutch notary within six months of such Certificates being issued, such Pre-Merger Certificate to be accompanied by the Common Draft Terms as approved by the General Meeting of SEU and executed by the respective board of directors of each Merging Company,

(ii) petition the UK Court to scrutinise the legality of the Merger as regards that part of the procedure which concerns the completion of the Merger, and

(iii) seek to ensure that the Merging Companies have approved the Common Draft Terms in the same terms

(b) If the UK Court satisfies itself that the Merger can legally be completed, the Merging Companies shall apply to the UK Court to issue a Court Order approving the completion of the Merger

7 2 Entry into Effect of the Merger

At the Effective Time

(a) the shares held by SEU in the capital of SSCSE shall be cancelled by operation of law,

(b) the Assets and Liabilities shall pass to SEU by operation of law,

(c) SEU shall allocate all Assets and Liabilities to the SEU Netherlands Branch except for any of the Assets and Liabilities currently held by SSCSE Slovak Branch which shall be allocated to SEU Slovak Branch, and

(d) SSCSE shall automatically cease to exist

7 3 Registration

Within 7 days of the granting of the Court Order, the directors of SEU shall deliver to the registrar of companies for England and Wales a copy of the Court Order confirming the Merger together with the particulars of the register in which SSCSE's company file is kept

8 **MISCELLANEOUS PROVISIONS**

8 1 Survival of Obligations

The provisions of these Common Draft Terms which shall not have been performed at the Effective Time shall, to the extent possible and to the extent that this does not contravene the legal rules governing the Merger, remain in full force and effect notwithstanding the Effective Time

8 2 Binding on Successors

These Common Draft Terms shall be binding upon and enure to the benefit of the respective Merging Companies hereto and their respective personal representatives, successors and permitted assigns

8 3 Variation

No variation of these Common Draft Terms shall be valid unless it is in writing and signed by or on behalf of each of the Merging Companies hereto, or unless it is required pursuant to an order of the Dutch Court or the UK Court or other Dutch or UK authorities

8 4 Announcement

No announcement or disclosure regarding all or any part of the transactions contemplated by these Common Draft Terms shall be made by any of the Merging Companies hereto without the prior written approval of the other Merging Company save for any such announcement as is required to be made under any applicable law in which case the announcement shall be made only after consultation with the other Merging Company and after the other Merging Company has, where practicable, been given the opportunity to approve such announcement

For the avoidance of doubt, the above provisions shall not apply in so far as the disclosure or announcement in relation to the Common Draft Terms is required by the Dutch Regulations or the UK Regulations for the purpose of perfecting and carrying out the Merger

8 5 Whole Common Draft Terms

These Common Draft Terms contain the whole agreement between the Merging Companies hereto relating to the transactions provided for in these Common Draft Terms and supersede all previous agreements (if any) between such Merging Companies in respect of such matters and each of the Merging Companies to these Common Draft Terms acknowledges that in agreeing to enter into these Common Draft Terms it has not relied on any representations or warranties except for those contained in these Common Draft Terms

8 6 Severability

Each of the provisions of these Common Draft Terms are separate and severable and enforceable accordingly and if at any time any provision is adjudged by any court of competent jurisdiction to be void or unenforceable the validity, legality and enforceability of the remaining provisions hereof and of that provision in any other jurisdiction shall not in any way be affected or impaired thereby

8 7 Costs

Each Merging Company hereto shall bear any costs, fees or expenses incurred by it in connection with negotiating, preparing and entering into these Common Draft Terms

8 8 Governing Law and Jurisdiction

These Common Draft Terms shall be governed by and construed in accordance with the laws of England and Wales save to the extent that the application of the laws of England and Wales would be contrary to the mandatory rules of the laws of the Netherlands, in which case and to that extent, only the laws of the Netherlands shall apply Each of the Merging Companies hereto hereby agrees that the courts of England and Wales shall have jurisdiction to hear and determine any suit, action or proceedings that may arise out of or in connection with these Common Draft Terms and for such purposes irrevocably submits to the jurisdiction of such courts

The directors of the Merging Companies have shown their acceptance to the terms of these Common Draft Terms by executing it below

Gerard Dirk de Witt for and on behalf of **SONY SUPPLY CHAIN SOLUTIONS (EUROPE) B.V.**	)
Salvatore Giuseppe Paparelli for and on behalf of **SONY SUPPLY CHAIN SOLUTIONS (EUROPE) B.V.**	)
Atsushi Kobayashi for and on behalf of **SONY SUPPLY CHAIN SOLUTIONS (EUROPE) B.V.**	)
Seiichi Kawasaki for and on behalf of **SONY SUPPLY CHAIN SOLUTIONS (EUROPE) B.V.**	)
Atsushi Kobayashi for and on behalf of **SONY EUROPE LIMITED**	)
Ricky Londema for and on behalf of **SONY EUROPE LIMITED**	)
Gildas Pelliet for and on behalf of **SONY EUROPE LIMITED**	)
Masaru Tamagawa for and on behalf of **SONY EUROPE LIMITED**	)

SCHEDULE 1

Annual audited accounts of SEU for the years ending 31 March 2014, 31 March 2013 and 31 March 2012

Company Registration No. 02422874

Sony Europe Limited

Annual Report and Financial Statements

31 March 2014

Sony Europe Limited

Contents

Page

Sony Europe Limited
Year ended 31 March 2014
Directors' Report

The directors present their annual report and the audited financial statements of the company for the year ended 31 March 2014

Principal activities

Sony Europe Limited ("SEU") is the distributor in Europe of Sony branded products, which are principally electronic goods for the domestic, leisure, business and professional markets The company distributes Sony branded TV, video, cameras, audio, computer systems and media peripheral products, including semiconductor products for commercial and professional use, throughout Europe The company also distributes broadcast camera and digital cinema equipment, for the domestic and export markets During the year, the company also provided repair services at its facility in Alsace, France, which was disposed of on 31st March 2014 Under the terms of the agreement, 49% of the business transferred in September 2013 and the remaining 51% transferred in March 2014, for a consideration of €1 As a result, SEU incurred total restructuring costs of €51 5m relating to the write off of net assets and the cost of termination benefits payable to former employees The company will also discontinue sales of PC (Vaio) products in 2015, following a global decision by Sony Corporation

Principal risks and uncertainties

A description of the principal risks and uncertainties facing the company is included in the Strategic Report on pages 5 and 6

Dividends

The directors do not recommend the payment of a dividend (2013 €nil)

Future developments

Despite difficult trading conditions experienced during the first half of the year we have seen a consistent improvement in the second half SEU's retail environment has seen positive signs with the strengthening of the Euro against both the US dollar and Japanese Yen There has also been an improvement in market share, although the ongoing decline in the consumer electronics market continues, largely due to constraints on domestic discretionary spending

The economic outlook remains challenging, but the directors believe SEU is well placed to rapidly take advantage of growth opportunities as market conditions improve, and anticipate that the company's profitability will continue to recover in the future

The unique breadth of the range of innovative products and content available within the Sony brand, including those offered by SEU's sister companies (including mobile, games, film and music), coupled with an increasingly networked and connected customer offering, will be leveraged by SEU to drive future sales growth

SEU will also continue to differentiate itself from its competitors through highly effective advertising and promotion of the unique features of the Sony brand and product range as well as its high quality pre and post sales service support

Directors' confirmation of the company as a going concern

The company made a significant loss in the financial year However, the directors feel that the long-term financial position of SEU is satisfactory, as a letter of comfort has been provided by Sony Corporation, providing support to SEU in the settlement of its liabilities The period of this support has been confirmed to run until 31 July 2015, at which time the position will be re-assessed

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below

K Takeda (resigned 1 October 2013)
S Foucher (resigned 17 March 2014)
G Pelliet
R Londema
M Tamagawa
A Kobayashi (appointed 30 October 2013)

Sony Europe Limited
Year ended 31 March 2014
Directors' Report (continued)

Directors' indemnities

During the year and up to the date of signing the financial statements, the company has maintained liability insurance for its directors and officers through a third party insurer In addition, as set out in the company's Articles of Association, the company also provides indemnity for its directors, secretary and officers through a qualifying third party indemnity provision as defined in the Companies Act 2006

Existence of Branches

SEU has branches in the following EU countries Austria, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia. Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland and UK

Research and development

The company undertakes research in the semiconductor and professional broadcast industries and investigates new innovations and techniques for television product improvement and functionality increase in preparation for future designs Research and development expenditure totalled €9 3million (2013 €16 1 million), of which €4 4m was recharged to other Sony global group companies (2013 €13 2 million)

Employees

The company gives full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities Where people became disabled during the course of their employment, every effort is made to retain their services and to provide retraining if necessary All employees are eligible for consideration for appropriate training, career development and promotional opportunities Disabled persons are not treated differently in this respect

Employee Involvement

The values of our company are built on the foundation of the innovation, commitment and loyalty of our workforce Therefore as a Company, we are focussed on engaging our people behind the visions and values, creating a high performance culture that delivers best service to customers and rewarding success

The company's policy is to consult with employees and their representatives and to provide them with information via the internal website and email regarding business performance and other matters affecting them This policy is carried out through line management channels and through regular meetings with representatives of employees (through local Workers Council or Representative Councils, as well as our pan-European EICC which meets monthly) Quarterly communications are provided by senior management on the business performance, either in writing or all-employee webcasts In addition, many functions hold annual conference meetings to share management strategy and share best practice (e g Sales & Marketing annual conference), or regular online virtual meetings to provide monthly management updates The company also encourages the involvement of employees in the performance of Sony, by offering voluntary participation in a European employee share option scheme, which offers subsidised shares in Sony Corporation to employees

Where the company announces plans for a proposed restructure with any potential job losses, the correct consultation procedure is carried out with affected employees

The Company participates in the annual Sony Corporation Global Employee Survey (GES), this is held in August/September each year, with results published in October

The remuneration packages to attract and retain the highest calibre workforce are tied to a measured program of performance review, company objectives, and individual excellence This is combined further with a package of flexible benefits that can be tailored to suit individual employees' preferences

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not

Statement of dırectors' responsıbilities (contiııued)

appıove the financıal statements unless they are satısfied that they gıve a true and faıı vıew of the state of affaıı s of the company and of the profit or loss of the company for that peııod

In preparıng these financıal statements, the dırectoıs are requıred to

- select suıtable accountıng polıcıes and then apply them consıstently,
- make ȷudgements and accountıng estımates that are reasonable and prudent,
- state whether applıcable UK Accountıng Standards have been followed subȷect to any materıal departures dısclosed and explaıned ın the financıal statements, and
- pıepare the financıal statements on the goıng concern basıs unless ıt ıs ınappropııate to pıesume that the company wıll contınue ın busıness

The dırectors are responsıble for keepıng adequate accountıng records that are suffıcıent to show and explaın the company's transactıons and dısclose wıth reasonable accuıacy at any tıme the financıal posıtıon of the company and enable them to ensure that the financıal statements comply wıth the Companıes Act 2006 They are also responsıble for safeguardıng the assets of the company and hence for takıng reasonable steps for the preventıon and detectıon of fraud and other ırregularıtıes

Independent auditors

The audıtors, PrıcewaterhouseCoopers LLP, have ındıcated theır wıllıngness to contınue ın office and a resolutıon concernıng theıı reappoıntment wıll be proposed at the annual general meetıng

Disclosure of information to auditors

Each of the persons who are a dırectoı at the date of approval of thıs report confirms that

- So far as the dırector ıs awaı e there ıs no ı elevant audit ınformatıon of whıch the company's audıtoı s are unaware, and
- The dırector has taken all steps that he/she ought to have taken as a dırector ın order to make himself/herself aware of any ıelevant audıt ınformatıon and to establısh that the company's audıtoıs aı e awaı e of that ınfoı matıon

Thıs confirmatıon ıs gıven and should be ınterpreted ın accoı dance wıth the provısıons of s418 of the Companıes Act 2006

Approved by the Board of Dıı ectoı s and sıgned by order of the Board

K Bromley
Company Secretary
18 July 2014

Sony Europe Limited
Year ended 31 March 2014
Strategic Report

Strategy

SEU is aligned with the strategic direction of the global Sony Corporation, in striving to become the leading network entertainment and business solutions company

A number of key strategic objectives are in place

- Amaze consumers, business and professional customers with Sony's outstanding range of innovative products and services, uniting hardware, content and network services,
- Advertise and promote these products and services using the globally consistent "BE MOVED" communication message To emphasise our significant strengths in providing consumers with emotional experiences through our product, content and services in a way that our competitors cannot,
- Invest in best practice workforce support and training to maximise the alignment of employee activities towards the business objectives;
- On-going cost containment and rationalisation of operations to support profit margins, and
- Continue commitment to environmental and health and safety best practice

Results

The company's turnover for the financial year was €4.492 2 million (2013 €4,541 2 million) The company's loss for the financial year was €329 9 million (2013 €318 3 million), which will be deducted from reserves

Review of the business

This year's performance has been delivered by focus on increased in-store and on-line presence together with effective marketing deployment for a new (enhanced) model line-up, and improvements in product supply. This has enabled us to gain market share in several key sectors, and maintain turnover at 99% of prior year, despite difficult market conditions

Improvements in gross margin, and reductions in both variable and fixed costs, have resulted in an overall improvement of €53 3m in Losses on Ordinary Activities before Interest & Tax Gross margin improvement includes €40 6m of other operating income from insurance claims relating to business interruption insurance for the Thailand floods of 2011 The cost reductions are primarily as a result of recent restructuring activities, designed to improve efficiency and create a solid foundation for the future

As a result of these activities, SEU incurred total restructuring costs this year of €132 5m (see note 16) We continued implementing the "Shaping Our Future," restructuring programme which was commenced in 2013, which has resulted in a 10% reduction in fixed costs In addition, the loss-making repair service facility in Alsace, France has been sold to Cordon Electronics on 31st March 2014, resulting in a €51 5m restructuring charge Further restructuring is planned during the first half of next year, following the decision by Sony Corporation to sell the PC (VAIO) business Sales of VAIO equipment by SEU will cease during the first half of 2015. The VAIO restructuring activity is expected to cost SEU €75million, of which €54million has been expensed in 2014

Consumer categories

SEU sales increased in LCD television and personal audio areas, driven by improved market share, and achieved despite difficult market conditions due to consumer spending constraints At the same time, we have increased our market share for compact digital camera and maintained share for camcorder although sales of both have decreased as consumers move focus away from these products and toward smart phones with cameras For personal computer (PC) products, we maintained market share, although experiencing a decline in volume terms in line with the market SEU will discontinue the PC business in 2015

Professional categories

Semiconductor & Electronic Solutions sales have increased, driven by strong demand from the automotive business, particularly from China In addition there were strong energy sales, driven by increasing demand from the third party mobile sector Overall Professional Services sales declined, driven by a decline in the AV Media & Solutions category

Sony Europe Limited
Year ended 31 March 2014
Strategic Report (continued)

Key performance indicators (KPIs)

The following KPIs are relevant in reviewing the performance of the company during the year ended 31 March 2014.

KPI	Definition and method of calculation	2014	2013
Growth in sales (%)	Year on year sales growth expressed as a percentage	(1 1%)	(22 6%)
Operating margin (%)	The ratio of operating loss on ordinary activities before interest to sales expressed as a percentage	(6 1%)	(7 3%)
Liquidity	Total current assets less stock expressed as a ratio of total current liabilities	0 48	0 38
Days Sales Outstanding	The Accounts Receivable balance compared to credit sales over the period, expressed in days	29	56
Inventory Days Supply	The Inventory balance compared to the cost of sales over the period, expressed in days	34	37

Supporting analysis

- For supporting detail regarding the movement in sales and operating margin, please refer to the Review of the Business section above
- The low liquidity position for SEU is mitigated through a letter of comfort as explained in the Directors' confirmation of the company as a going concern Liquidity is improved as a result of improvements in Days Sales Outstanding and Inventory Turnover
- Improvements in Days Sales Outstanding (DSO) and Inventory Days Supply are the result of improvements in operational efficiency in each of these areas, in order to improve cashflow and liquidity DSO has also been improved by the accounts receivable assignment programme operated in conjunction with Sony Corporation (Sony Accounts Receivable Fund, 'SARF')

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks

Competition risk

The electronics market is subject to the continuing threats of new entrants and price erosion, as well as the ever increasing sophistication of consumers SEU works to mitigate this risk through differentiating itself using informative advertising and promotion material to leverage the power of the Sony brand, highlighting the innovative networked features of Sony products and services, differentiating its technologies and also through providing high quality pre and post sales service support SEU also undertakes regular market research and detailed analysis of market activity

Employee risk

The attraction, retention and development of staff forms a key pillar in managing risks associated with staff turnover, under-performance, capability and open vacancies SEU has a number of schemes designed to attract and retain key members of staff, as discussed within the Directors' Report under Employees Involvement

Regulatory risk

SEU is subject to a wide range of regulations related to social responsibility, such as environmental, occupational health and safety, and certain human rights regulations that can increase the costs of operations, limit its activities or affect its reputation

Price risk

Price risk is managed within a framework of continuous monitoring of market conditions to enable a rapid response to adverse developments Costs are regularly reviewed and efficiency programmes undertaken to support product margins

Sony Europe Limited
Year ended 31 March 2014
Strategic Report (continued)

Liquidity risk

The company's current liquidity position has been supported through a letter of comfort provided by Sony Corporation, providing support to SEU in the settlement of its liabilities The period of this support has been confirmed to run until 31 July 2015, at which time the position will be re-assessed

Credit risk

The company s trade receivables are largely covered by credit insurance policies taken out through third party insurance providers Where uninsured risk is taken it is subject to a rigorous authorisation process Credit limits are regularly reviewed

Credit risk relating to cash and deposits with financial institutions is managed through Sony Global Treasury Services plc

Credit risk has been greatly reduced during the year by the significant reduction in Days Sales Outstanding (see table above), and an improvement in customer account ageing

Business continuity

There is a risk of disruption to business activities from external physical events such as natural disasters, a major epidemic or loss or theft of sensitive information SEU has implemented and fully communicated a business continuity planning framework to enable rapid recovery were such an event to occur Instructions outlining the steps that should be followed immediately after a major incident have been circulated to employees, and information channels put in place

SEU has also established a pandemic planning and response team, and has prepared contingency plans for business recovery in the specific event of a major pandemic

Approved by the Board of Directors and signed by order of the Board

K Bromley
Company Secretary
18 July 2014

Sony Europe Limited
Year ended 31 March 2014
Independent Auditors' Report

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Sony Europe Limited, comprise

- balance sheet as at 31 March 2014,
- profit and loss account and statement of total recognised gains and losses for the year then ended,
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)") An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed,
- the reasonableness of significant accounting estimates made by the directors, and
- the overall presentation of the financial statements

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Sony Europe Limited
Year ended 31 March 2014
Independent Auditors' Report (continued)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not received all the information and explanations we require for our audit, or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on pages 2 and 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Greg Briggs

Gregory Briggs (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge
18 July 2014

Sony Europe Limited
Profit and loss account
Year ended 31 March 2014

	Notes	2014 Continuing operations €m	2014 Discontinued operations €m	2014 Total €m	2013 Total €m
Turnover	2	3,641.7	850 5	4,492 2	4,541 2
Other operating income		67 3	13 8	81 1	24 7
		3,709 0	864 3	4,573 3	4,565 9
Change in stocks of finished goods and work in progress		45.2	(20.3)	24 9	(89 1)
Raw materials and consumables		35 7	(2 7)	33 0	32 4
Other external charges		(3 176 4)	(709 1)	(3,885 5)	(3,780 2)
Staff costs	3	(308 9)	(108 4)	(417 3)	(431 9)
Depreciation and other amounts written off tangible and intangible fixed assets		(24 0)	(4 1)	(28 1)	(29 3)
Other operating charges		(476 0)	(104 5)	(580 5)	(601 3)
Loss on ordinary activities before interest and taxation		(195 4)	(84 8)	(280 2)	(333 5)
Interest receivable and similar income	4			0 2	4 7
Interest payable and similar charges	5			(27 1)	(19 3)
Other finance income	6			2.2	1 4
Loss on ordinary activities before taxation	7			(304 9)	(346 7)
Taxation on loss on ordinary activities	8			(25 0)	28 4
Loss for the financial year	18			(329 9)	(318 3)

Discontinued operations relate to the Vaio (PC) business, which will be discontinued in July 2014, and the Alsace service repair business, which has been disposed of during the year

There is no material difference between the loss on ordinary activities before taxation and loss for the financial year stated above, and their historical cost equivalents

Sony Europe Limited
Statement of total recognised gains and losses
Year ended 31 March 2014

	Notes	2014 €m	2013 €m
Loss for the financial year		(329 9)	(318 3)
Actuarial loss on pension scheme	21	(16 0)	(100 9)
Currency translation gains on foreign currency net investments	18	0 9	-
Total recognised gains and losses for the year		(345 0)	(419 2)

Sony Europe Limited
Balance sheet
As at 31 March 2014

	Notes	2014 €m	2013 €m
Fixed assets			
Intangible assets	9	8 8	11 2
Tangible assets	10	100 1	106 4
Investments	11	20 6	20 7
		129 5	138 3
Current assets			
Stocks	12	273 0	251.6
Debtors	13	685 7	733 5
Cash at bank and in hand		49 8	32 7
		1,008 5	1 017 8
Creditors: amounts falling due within one year	14	(1,533 7)	(2,029 5)
Net current liabilities		(525 2)	(1,011 7)
Total assets less current liabilities		(395 7)	(873 4)
Creditors: amounts falling due after more than one year	15	(821 6)	(4 0)
Provision for liabilities	16	(161 9)	(151 5)
Net liabilities excluding pension liability		(1,379 2)	(1,028 9)
Pension liability	21	(76 2)	(81 8)
Net liabilities including pension liability		(1,455 4)	(1,110 7)
Capital and reserves			
Called up share capital	17	56 6	56 6
Share premium account	18	1,515 7	1,515 7
Profit and loss account	18	(3,027 7)	(2,683 0)
Total shareholders' deficit	18	(1,455 4)	(1,110 7)

The financial statements on pages 9 to 34 of Sony Europe Limited, registered number 02422874, were approved by the Board of Directors on 18 July 2014

Signed on behalf of the Board of Directors

A Kobayashi
Director

Sony Europe Limited
Notes to the financial statements
Year ended 31 March 2014

1. **Accounting policies**

Basis of accounting

These financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006, and applicable accounting standards in the United Kingdom. The principal accounting policies set out below have been applied consistently throughout the year and preceding year

Consolidation

The financial statements contain information about SEU as an individual company and do not contain consolidated financial information as the parent of a group The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Sony Corporation The consolidated financial statements of Sony Corporation are publicly available (see note 23)

Going concern

The company made a significant loss during the year ended 31 March 2014 However the directors believe that the long term financial position of SEU is satisfactory, as a letter of comfort has been provided by Sony Corporation, providing support to Sony Europe Limited in the settlement of its liabilities The letter of comfort currently extends to July 2015, at which time it will be re-assessed

Turnover

Turnover for the year represents the invoiced value of goods sold and services supplied to third party and intercompany customers, exclusive of value added tax and net of trade discounts, sales incentives and anticipated returns Turnover from product sales is recognised upon delivery, which is considered to have occurred when the customer has taken title to the product and the risk and rewards of ownership have been substantively transferred Turnover from service contracts is recognised when the service has been provided Turnover on long term fixed price contracts is recognised on a percentage of completion basis Revenue is deferred when it has been invoiced but the goods/services have not yet been delivered This deferral is included within creditors balances Revenue is accrued when it is both supported by a contractual agreement and has been earned Accrued revenue is included within debtors balances

Other operating income

Included in other operating income are insurance receipts, commissions received for internet services and for extended warranties digital cinema virtual print fees received, rebates received for the sale of energy efficient products and intercompany commissions received on the generation of sales of semiconductors and devices to manufacturing customers Income from services provided is recognised in line with the timing of the provision of the service Income from commissions is recognised in relation to the sales generated for the period

Business combinations and goodwill

Goodwill arising on the acquisition of businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its estimated useful economic life In the year of acquisition a full year amortisation is charged to the profit and loss account Goodwill is reviewed for impairment at the end of the first full financial year after acquisition Subsequently, goodwill is reviewed for impairment indicators by management on an annual basis during the fourth financial quarter, and between annual tests whenever an impairment indicator is noted Provision is made for any impairment and the expense is recognised through the profit and loss Goodwill is amortised over 10 years, which represent the periods over which the directors believe that the company will benefit from the use of the asset

Where the company has acquired the right to use the assets and employees through a lease agreement, the on-going lease payments are recorded as operating lease commitments

Sony Europe Limited
Notes to the financial statements (continued)
Year ended 31 March 2014

1. Accounting policies (continued)

Tangible assets and depreciation

Tangible assets are stated at historic purchase cost including incidental expenses, less accumulated depreciation Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is charged on tangible assets, other than land, over the periods set out below, calculated on a straight line basis on cost to write them off over their estimated useful economic lives less residual value The cost of minor capital expenditure (individual items under £500 excluding laptops) is written off as it is incurred.

Freehold land and buildings	30 – 50 years
Leasehold land and buildings	Depreciated over the life of the lease
Plant and machinery	3 – 10 years
Fixtures, fittings tools and equipment	3 – 10 years

Investments

Investments in subsidiary undertakings are shown at historic cost, less provision for impairment Other investments are shown at historic cost adjusted for the impact of any profit or loss arising from the performance of the investment for the year, less provision for impairment. Senior management review investments for impairment indicators annually

Leased assets

Operating lease rentals are charged to the profit and loss account over the period of each lease on a straight line basis

Stock, work in progress and long term contracts

Stock is stated at the lower of cost and net realisable value. and is valued using a moving weighted average Cost includes all attributable expenses of importation and delivery to the company's premises Work in progress manufactured by the company includes labour and appropriate overhead costs Slow moving, obsolete and defective stocks are devalued and provision is made using set rules based on future sales forecast information and management judgement

Long term contract balances are stated at cost less amounts taken to cost of sales, provisions for foreseeable losses and progress payments received on account Turnover is assessed in a manner appropriate to the stage of completion of the long term contracts and attributable profit is taken at that time.

Research and development

Expenditure on research and development, to the extent it is not fully recharged to other Sony global group companies, is charged to the profit and loss account in the year in which it is incurred

1. **Accounting policies (continued)**

Deferred tax

Full provision for deferred taxation is made on all timing differences Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred at the balance sheet date

Deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured at the average tax rate that is expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax assets and liabilities recognised have not been discounted

Foreign currencies

Foreign currency transactions are translated into the local currencies at the rates of exchange prevailing at the transaction dates Monetary assets and liabilities denominated in foreign currencies are converted to Euros at the relevant rates at the balance sheet date, with resulting gains and losses being charged to the profit and loss account

Profits and losses of SEU divisions who keep their books of accounts denominated in local currencies other than Euro are translated from the local currency into Euro at the average rates prevailing at month end throughout the year Assets and liabilities are translated into Euro at the rates ruling at the year end Due to the local currency of some divisions and overseas branches of the company being the currencies other than Euro, the closing rate method has been used to translate the results of these divisions Under this method, resulting exchange differences are dealt with in reserves

Foreign currency hedging is carried out by Sony Global Treasury Services plc on behalf of SEU Natural hedging is applied which matches off all currency assets against the liabilities where the net (positive or negative) value is smaller than €0 250 million equivalent Any over or under exposures will be matched with loans or deposits with Sony Global Treasury Services plc SEU enters into derivative contracts (forward exchange contracts) solely with Sony Global Treasury Services plc in order to reduce foreign currency risk The derivatives relate primarily to sales and purchase transactions with other Sony companies, and are accounted for on an accruals basis whereby the underlying payables and receivables associated with the forward exchange contract are recorded at the forward rate, with any difference recorded in the profit and loss

Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the future economic outflows

Pensions

The company operates voluntary pension schemes, which have defined benefit and defined contribution sections The assets of these schemes are held in separate independently administered funds The pension cost charge relating to the defined contribution schemes are disclosed in note 21 and represent contributions payable by the group to the funds in respect of the accounting period

Defined benefit pension sections assets are measured using current bid price The pension schemes liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability

The increase in the present value of the liabilities of the company's defined benefit pension schemes expected to arise from employee service in the year is charged to operating profit The expected return on the schemes' assets and the increase during the year in the present value of the schemes' liabilities arising from the passage of time are included in other finance income Actuarial gains and losses and foreign exchange arising on translation of the non-Euro schemes are recognised in the statement of total recognised gains and losses

1. Accounting policies (continued)

Pensions (continued)

Pension scheme surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet net of the related deferred tax

Share based payments

Share options are granted directly from the ultimate parent undertaking (Sony Corporation) to selected key employees of SEU for the purposes of incentivisation and retention These transactions are recorded as equity-settled share based payments to employees and are measured at the fair value of the share options granted at the date of the grant The fair value of the options granted is determined using a Black-Scholes pricing model and is expensed on a straight line basis over the vesting period subject to the company's estimation of the proportion of the options that will eventually vest The increase in equity resulting from the transaction is recorded as a contribution from the parent undertaking

2. Segmental information

Geographical analysis of turnover by destination:

	2014 €m	2013 €m
UK and Ireland	561 6	599 8
Western Europe	2,696 9	2,712 0
Eastern Europe	1,102 1	1,093 5
Asia	55 7	61 2
North America	27 5	28 2
Middle East	26 0	29 4
Africa	2 4	7 6
Other	20 0	9 5
	4,492 2	4,541 2

Geographical analysis of turnover by origin:

	2014 €m	2013 €m
UK and Ireland	1,362 6	1 252 3
Western Europe	2,738 3	2,921 8
Eastern Europe	391 3	367 1
	4,492 2	4,541 2

Geographical analysis of net liabilities by origin:

	2014 €m	2013 €m
UK and Ireland	(1,270 8)	(1,051 8)
Western Europe	(211 2)	(75 0)
Eastern Europe	26 6	16 1
	(1 455 4)	(1,110 7)

3. Staff costs

	2014 €m	2013 €m
Directors		
Aggregate emoluments	2 5	2 8
	2 5	2 8

	2014 €m	2013 €m
Highest paid director		
Aggregate emoluments	0 6	0 7
	0 6	0 7

No director is accruing retirement benefits (2013: nil) under a defined benefit scheme No director (2013 nil) is in a defined contribution scheme

During the year no directors (2013 nil) exercised options in the ultimate parent company's shares

Average monthly number of persons employed by the company during the year (including directors)

	2014 No.	2013 No.
UK and Ireland	1,274	1,350
Western Europe	2,142	2,876
Eastern Europe	528	367
	3,944	4,593

	2014 No.	2013 No.
Consumer Sales	906	1,001
Consumer Marketing	418	439
Professional Solutions Europe	554	640
Business Support	835	924
Other	1,231	1,589
	3,944	4,593

38 (2013 6) employees who were transacted through the SEU payroll are excluded from the above figure for the year ended 31 March 2014 as they are fully recharged to other Sony entities and are not included in the figures below for staff costs

Sony Europe Limited
Notes to the financial statements (continued)
Year ended 31 March 2014

3. Staff costs (continued)

	2014 €m	2013 €m
Staff costs (including directors' remuneration)		
Wages and salaries	341 9	343 8
Social security costs	64 2	76 3
Other pension costs (note 21)	10 9	11 4
Equity-settled share based payments	0 3	0 4
	417 3	431 9

Since 1 April 2002, the 'Stock Acquisition Rights' (STAR) scheme has been in operation STAR provides selected key employees with the right to buy specified amounts of shares in the ultimate parent undertaking (Sony Corporation) The right extends for 10 years from the date of grant, and the shares vest over three years with approximately one third vesting each year on the anniversary of the grant date. There are no other vesting conditions Options may be exercised at any point after the vesting date as long as the market price exceeds the granted option price Upon exercise the shares are purchased at the option grant price and automatically sold the next day at market price No recharges for the costs of the scheme are made to SEU by Sony Corporation

Since November 2007 a proportion of options are granted using American Depositary Receipts, which enable shares in Sony Corporation (listed on the Tokyo stock exchange) to be traded via the New York Stock exchange

On 20 November 2013, Sony Corporation granted to employees of Sony Europe Limited 21,700 options for the Tokyo exchange plan (with an exercise price of 2,007 Yen (€14 89 equivalent at grant date)), and 84,000 options for the New York exchange plan (with an exercise price of 20 01 USD (€14 81 equivalent at grant date)) No options have been exercised during the year for either plan

STAR scheme options granted during the year ending 31 March 2014 have been fair valued using a Black-Scholes model The fair value of share options granted during the year, as estimated at the date of grant, was 835 Yen (2013 193 Yen) for options exercisable on the Tokyo exchange, and 8 09 USD (2013 2 28 USD) for options exercisable on the New York exchange

4. Interest receivable and similar income

	2014 €m	2013 €m
Interest receivable from group undertakings	0.1	1.3
Interest receivable from third party financial institutions	0.1	2.5
Foreign exchange gains on financing activities	-	0.9
	0.2	4.7

Group undertakings refer primarily to transactions with Sony Global Treasury Services plc

5. Interest payable and similar charges

	2014 €m	2013 €m
Interest payable to group undertakings	19.4	15.7
Other interest payable	7.6	3.6
Foreign exchange losses on financing activities	0.1	-
	27.1	19.3

Group undertakings refers primarily to transactions with Sony Global Treasury Services plc

6. Other finance income

	2014 €m	2013 €m
Interest on pension scheme liabilities (note 21)	(29.4)	(29.7)
Expected return on assets in the pension scheme (note 21)	31.6	31.1
	2.2	1.4

7. Loss on ordinary activities before taxation

	2014 €m	2013 €m
This is stated after charging/(crediting):		
Other operating income	(81 1)	(24 7)
Depreciation (note 10)	25 4	27 5
Amortisation of goodwill (note 9)	0 6	1 8
Impairment of goodwill (note 9)	2 1	-
Other operating lease rentals – plant and machinery	3 9	4 5
Other operating lease rentals – other	38 1	40 8
Restructuring expenses (note 16)	132 5	104 5
Foreign exchange loss	2 3	9 9
Loss on disposal of tangible assets (note 10)	1 6	0 7
Research and development expenditure	9 3	16 1
Services provided by the company's auditors		
- fees payable for statutory audit	1 7	1 6

€4 4m of research and development expenditure (2013 €13 2 million) is 100% funded by and recharged to Sony global group entities other than SEU

8. Taxation on loss on ordinary activities

(a) Analysis of tax (credit)/charge in the year

	2014 €m	2013 €m
Current taxation		
UK corporation tax credit 23% (2013. 24%)	(5 7)	(29 1)
Adjustment in respect of previous year	30 8	(1 1)
Foreign tax		
Current tax on income for the year	12 1	7 6
Adjustment in respect of prior year	1 2	2 6
Total current tax (credit)/charge	38 4	(20 0)
Deferred taxation		
Origination and reversal of timing differences	(13 4)	(8 4)
Total deferred tax	(13 4)	(8 4)
Tax charge/(credit) on loss on ordinary activities	25 0	(28 4)

8. Taxation on loss on ordinary activities (continued)

(b) Factors affecting tax for the year

The tax assessed for the year is higher (2013. higher) than the standard rate of corporation tax in the UK

The differences are explained below

	2014 €m	2013 €m
Loss on ordinary activities before taxation	(304 9)	(346 7)
Loss on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 23% (2013 24%)	(70 1)	(83 3)
Effects of		
Expenses not deductible for tax purposes	14 7	1 6
Adjustments in respect of previous periods	32 0	1 5
Impact of overseas taxes	12 1	7 6
Advanced Pricing Agreement adjustment (note A)	54 1	61 1
Deferred tax not recognised in year	(5 1)	(12 1)
Other	0 7	3 6
Current tax (credit)/charge for the year	38 4	(20 0)

Note A

This is a transfer pricing adjustment being negotiated between the UK and Japanese tax authorities

Factors which may affect future charges

On 17 July 2013, Finance Act 2013 received Royal Assent, thereby reducing the corporation tax rate from 23% to 21% from 1 April 2014, and 20% from 1 April 2015

Sony Europe Limited
Notes to the financial statements (continued)
Year ended 31 March 2014

8. Taxation on loss on ordinary activities (continued)

(c) Deferred taxation asset

	2014 €m	2013 €m
The following deferred tax asset has been recognised		
At 1 April	26 6	18 2
Amounts credited to the profit and loss account	13 4	8 4
At 31 March	40 0	26 6

The deferred tax assets analysed by major component are as follows

	2014 €m	2013 €m
Tax losses carried forward	40 0	26 6
Deferred tax excluding that relating to pension liability (note 13)	40 0	26 6
Pension liability	-	-
Total deferred tax asset recognised	40 0	26 6

As at 31 March 2014, there are potential deferred tax assets of €204 7 million (2013 €196 5m), which are not being recognised due to insufficient certainty of recovery in line with UK GAAP principles This consists of €174 3 million relating to losses (2013 €164 6m) and €30 4 million of other short term timing differences (2013 €31 9m)

Sony Europe Limited
Notes to the financial statements (continued)
Year ended 31 March 2014

9. **Intangible fixed assets**

	Goodwill €m
Cost	
At 1 April 2013	21 8
Addition	0 3
Disposal	(2 2)
At 31 March 2014	19 9
Accumulated amortisation	
At 1 April 2013	10 6
Charge for the year	0 6
Impairment	2 1
Disposal	(2 2)
At 31 March 2014	11 1
Net book value	
At 31 March 2014	8 8
At 31 March 2013	11 2

Goodwill is being amortised on a straight line basis over an expected useful life of 10 years, which is the period over which the company expects to benefit from the additional strategic value of the activities to which the goodwill relates

The company recognised an impairment charge of €2 1 million during the year to write down the goodwill in Sony Europe (Belgium) NV to €1 0 million The net realisable value is supported by a discounted cashflow analysis which applies a discount rate of 16% to projected cashflows for the period from 2015 to 2017, extrapolated using a growth rate of 1 5%.

During the year the company disposed of goodwill with zero net book value in Solus Electronics Ltd and Sony Precision Technology Europe, following closure of these businesses

Sony Europe Limited
Notes to the financial statements (continued)
Year ended 31 March 2014

10 Tangible fixed assets

	Freehold Land and buildings €m	Leasehold Land and buildings €m	Plant and machinery €m	Fixtures fittings tools and equipment €m	Total €m
Cost					
At 1 April 2013	80 2	11 4	13 6	128 5	233 7
Additions	-	3 9	1 8	17 1	22 8
Disposals	(0 1)	(0 6)	-	(35 9)	(36 6)
Disposal of business	(20 2)	-	(14 6)	(10 1)	(44 9)
Exchange difference	-	-	0 4	-	0 4
At 31 March 2014	59 9	14 7	1 2	99 6	175 4
Accumulated depreciation					
At 1 April 2013	24 6	10 7	11 8	80.2	127 3
Charge for the year	3 6	0 1	2 2	19 5	25 4
Disposals	-	(0 6)	-	(34 0)	(34 6)
Disposal of business	(19 4)	-	(13 9)	(9 9)	(43 2)
Exchange difference	-	-	0 4	-	0 4
At 31 March 2014	8 8	10 2	0 5	55 8	75 3
Net book value					
At 31 March 2014	51 1	4 5	0 7	43 8	100 1
At 31 March 2013	55 6	0 7	1 8	48 3	106 4

Historical cost of €36 6 million (2013 €25 1 million) of tangible assets with a net book value of €2 million (2013 €1 8 million) were written off or disposed of against proceeds of €0 4m (2013 1.1 million) resulting in a loss on disposal of €1 6 million (2013 €0 7 million)

11. Investments

	Shares in subsidiary undertakings €m
Cost	
At 1 April 2013	20 7
Disposals during the year	(0 1)
At 31 March 2014	20 6

The disposals during the year result from the closure of subsidiary companies HiFi Corner Ltd and Solus Electronics Ltd

The directors believe that the carrying value of investments is supported either by their underlying net assets or by discounted cashflow

The company has shares in the following companies

Subsidiary undertakings	Business	Country of registration and operation	Proportion of nominal value of ordinary shares and voting rights held
Sony Professional Solutions Middle East (Jordan) L L C FZ	Dormant	Jordan	100%
Sony Austria GmbH	Dormant	Austria	100%
Hawk-Eye (Holdings) Limited	Trading	England	100%
Pulse Innovations Limited	Trading	England	100%
Sony (U K) Pension Trust Limited	Non-trading	England	100%
Other investments			
Fundacion para la Gestion Medioambiental de Pilas	Trading	Spain	14%
Fundacion Innovacion Espana	Trading	Spain	14%
Foxconn Slovakia spols r o	Trading	Slovakia	10%
Asekols r o	Trading	Czech Republic	9%
Screlec SA	Trading	France	17%
Ecophilias Lda	Trading	Portugal	17%
ERP Poland Sp z o o	Trading	Poland	25%
Ecopar SA	Trading	France	0 4%

12. Stocks

	2014 €m	2013 €m
Raw materials and consumables	3.8	7.2
Work in progress	14.5	11.1
Finished goods and goods for resale	254.7	233.3
	273.0	251.6

The directors believe that the carrying value of stocks is not materially different from replacement cost

13. Debtors

	2014 €m	2013 €m
Trade debtors	321.7	447.1
Amounts owed by group undertakings	181.6	98.8
Corporation tax receivable	1.0	0.3
Intercompany receivable (corporation tax group relief)	12.2	37.3
Other debtors	61.8	56.6
Deferred tax asset (excluding that related to pension liability) (note 8)	40.0	26.6
Prepayments and accrued income	44.8	43.9
VAT receivable	22.6	22.9
	685.7	733.5

Amounts owed by other Sony global group undertakings are unsecured, interest free and are predominantly on 60 day terms

14 Creditors: amounts falling due within one year

	2014 €m	2013 €m
Trade creditors	52.5	167.8
Amounts owed to group undertakings	958.0	1,401.7
Other creditors	113.1	125.4
Other taxation and social security	30.5	18.8
Accruals and deferred income	372.8	310.9
Corporation tax payable	6.8	4.9
	1,533.7	2,029.5

The 2013 amount owed to group undertakings included a secured long term loan of €800 million This loan has been renewed during 2014 and is now falling due after more than one year (see note 15) The remainder of amounts owed to group undertakings are unsecured, interest free and are predominantly on 60 day terms

15. Creditors: amounts fallmg due after more than one year

	2014 €m	2013 €m
Amounts owed to group undertakings	800 0	-
Accruals and deferred income	21 6	4 0
	821 6	4 0

The amount owed to group undertakings is a secured long term loan, from SGTS, for 2 years from 27 March 2014, with an interest rate of 1 595%. In 2013 an equivalent loan amount was reported as falling due within one year (see note 14)

16. Provisions for liabilities

	Restructuring Provision €m	Warranty Provision €m	Royalty Provision €m	Other €m	Total €m
At 1 April 2013	54 4	84 2	7 8	5 1	151 5
Charge for the year	132 5	60 9	-	11 3	204 7
Utilised during year	(102 8)	(53 2)	-	(9 0)	(165 0)
Released during year	-	(18 0)	(7 8)	(3 5)	(29 3)
At 31 March 2014	84 1	73 9	-	3 9	161 9

A provision of €84 1million (2013 €54 4 million) has been recognised for the estimated liability arising on the restructuring of SEU Included in this amount is a provision of €52 7million for outgoing employees affected by the termination of the Vaio (PC) business, announced during the year, and a remaining provision of €22 7m for outgoing employees as a result of other restructuring plans

A provision of €73 9million (2013 €84 2 million) has been recognised for expected warranty claims on products sold during the last three financial years It is expected that most of this expenditure will be incurred in the next financial year, and all will be incurred within three years of the balance sheet date The warranty provision is calculated with reference to latest average repair costs, historical fault rates by key product category and actual product sales made Allowance is made for the time lag between SEU sale and the purchase by the end customer, and where applicable a weighting is applied for the expected phasing of fault identification The estimates used in the calculation are based on historical experience and averages by product groupings, and the actual cost and timing may vary as product failure patterns and repair costs evolve

The other provisions held by the company at 31 March 2014 include a provision of €2 2million (2013 €2 2 million) for the estimated liability relating to the Waste Electrical Equipment (WEEE) directive and a provision for €1 7million (2013 €2 9 million) recognised in respect of the probable payment of costs to other manufacturing companies for the value of product and materials held by them relating to end of life ("EOL") television models The provision has been calculated based on the EOL on hand stock value as well as related claims and expected future claims from suppliers, and applying a best estimate percentage claim risk The full value of the EOL product may not be recharged to SEU, depending on the other company's ability to utilise the materials elsewhere

17. Called up share capital

	2014 €m	2013 €m
Authorised		
60,000,000 (2013 60,000,000) ordinary shares of €1 10 each (2013 €1 10 each)	66 0	66 0
Issued and fully paid		
51,451,201 (2013 51,451,201) ordinary shares of €1 10 each (2013 €1 10 each)	56 6	56 6

18. Reconciliation of movements in reserves and shareholders' deficit

	2014			Total shareholders' deficit	
	Called up share capital €m	Share premium account €m	Profit and loss account €m	2014 €m	2013 €m
At 1 April 2013	56 6	1,515 7	(2,683 0)	(1,110 7)	(691 9)
Loss for the financial year			(329 9)	(329.9)	(318 3)
Reserves acquired on reorganisation					
Actuarial loss on pension scheme			(16 0)	(16 0)	(100 9)
Contribution from parent share-based incentive scheme (notes 1 and 3)			0 3	0 3	0 4
Currency translation gains on foreign currency net investments			0 9	0 9	-
Net reduction to shareholders' funds	-	-	(344 7)	(344 7)	(418 8)
At 31 March 2014	56 6	1,515 7	(3,027 7)	(1,455 4)	(1,110 7)
Pension liability (note 21)			76 2		
Profit and loss reserve excluding pension liability			(2,951 5)		

19. Lease obligations

Obligations under non-cancellable operating leases payable within the following 12 months relate to leases expiring as follows

	Land and buildings		Other		Total	
	2014	2013	2014	2013	2014	2013
	€m	€m	€m	€m	€m	€m
Within 1 year	0 8	1 1	2 8	3 3	3 6	4 4
Between 1 - 5 years	6 7	14 4	8 3	10 2	15 0	24 6
After 5 years	15 0	11 2	-	-	15 0	11 2
	22 5	26 7	11 1	13 5	33 6	40 2

Not included in the above lease obligations at 31 March 2014 is the lease obligation relating to an operating business lease effective 1 February 2011 between Sony Deutschland GmbH and the company Under the terms of the agreement, the company will make an annual lease payment totalling 0 4% of prior calendar year net sales for the right to operate the German sales and marketing business previously conducted by Sony Deutschland GmbH For the current year, the company has included a leasing expense of €2 8 million (2013 €3 3 million), which represents twelve months (2013 twelve months) leasing obligation under the agreement The lease, whilst renewable, has an initial five year term

20 Capital commitments

At 31 March 2014 the company did not have any capital expenditure contracted for but not provided in the financial statements (2013 nil)

21. Pension fund commitments

The company operates the following voluntary pension schemes, namely the Sony United Kingdom Limited Pension Scheme (formed from the merging of the Sony UK Pension and Life Assurance Scheme and the Sony (Basingstoke) Pension Plan on 6 April 2001), the Sony Ireland Pension and Life Assurance Scheme, the Sony UK Pension and Life Assurance Scheme (Supplemental), the Sony France Pension Scheme, the Sony Benelux Pension Scheme, the Sony Dutch Pension Scheme, the Sony Swiss Pension Scheme and the Sony Norway Pension Scheme The assets of the schemes are held separately from those of the group in separate trustee administered funds The company also has responsibility for the Sony German Pension Scheme during the term of the business lease agreement with Sony Deutschland GmbH

The Sony United Kingdom Limited Pension Scheme and the Sony Ireland Pension and Life Assurance Schemes are each comprised of a defined benefit section, being funded final salary pension schemes closed to new members, and a defined contribution section During the year ended 31 March 2011, the Sony United Kingdom Limited Pension Scheme plan was closed to future accruals as ratified by the plan trustees

The Sony UK Pension and Life Assurance Scheme (Supplemental) is comprised of a defined benefit section which is a funded final salary scheme and is closed to new members

The Sony Benelux Pension Scheme is comprised of a defined benefit section which is a funded final salary scheme and is open to new members The Sony France Pension scheme and Sony German Pension scheme are unfunded and are open to new members

All other plans are comprised of a defined benefit section which is funded final salary schemes that are active

Sony Europe Limited
Notes to the financial statements (continued)
Year ended 31 March 2014

21. Pension fund commitments (continued)

During the year the company contributed €20 0 million (2013· €21 5 million) to the defined benefit schemes The contributions by the company during the year ending 31 March 2014 are expected to be €20 1 million

The defined contribution scheme's pension costs are equal to the contributions paid by the company to the fund managers and amounted to €6 9 million (2013 €10 6 million) There were no outstanding or prepaid contributions (2013 none) to the defined contribution scheme at the balance sheet date

Also included in staff costs are pension costs of €1 1m relating to incoming expatriate employees' membership of schemes operated by other Sony global group companies

The disclosures required under Financial Reporting Standard 17 'Retirement Benefits' have been calculated by an independent actuary based on the most recent full actuarial valuation updated to 31 March 2014

The results of their calculations and the assumptions they have adopted are outlined in this note

Principal actuarial assumptions

	2014 % pa	2013 % pa
Discount rate	2 0 – 4 4	1 9 – 4 5
Salary growth	0 0 – 4 5	1 5 – 4 5
Pension increases	0 0 – 3 0	0 0 – 3 3
Social security increases	0 0 – 3 5	1 5 – 3 3
Inflation	0 0 – 3 4	1 5 – 3 4
Expected rate of return on plan assets	3 0 – 5 5	3 5 – 5 6

Sony United Kingdom Limited Pension Scheme and Sony UK Pension and Life Assurance Scheme (Supplemental) - post retirement mortality.

Base table	SAPS Pensioners with Long Cohort improvements for the period from 2002 to 2006 and Medium Cohort improvements for the period from 2006 to 2010 Various "multipliers" have been applied to different categories and sections of members, based on any analysis of members' post codes SAPS Pensioners Male is used for the Supplemental Scheme with Long Cohort improvements from 2002 to 2010 and a multiplier of 0 92 applied
Future improvements	Core CMI (2009) projections with a long-term rate of 1 5% per annum

Sony Ireland Pension and Life Assurance Scheme - post retirement mortality

Base Table	00 lives table with CSO improvements with a 1 year age rating and a multiplier of 108% to the underlying mortality rates No further allowance for future improvements has been made

Sony Benelux Pension Scheme and Sony Dutch Pension Scheme - post retirement mortality

Base Table	AG Prognosetafel 2010-2060 with H age correction tables

21. Pension fund commitments (continued)

Sony Swiss Pension Scheme - post retirement mortality

Base Table BVG 2000 plus a 5 0% adjustment to reflect future increase in longevity

Sony United Kingdom Limited Pension Scheme and Sony UK Pension and Life Assurance Scheme (Supplemental) - commutation allowance

Allowance for 20% of members' pension at retirement to be taken as cash

The overall expected return on assets assumption as at 31 March 2014 has been determined with the aim of reflecting the average rate of growth expected on the funds invested having regard to the weighted average of the expected return from each of the main asset classes The expected return for each asset class reflects a combination of historical performance analysis and the forward looking views of the financial markets (as suggested by the yields available) The company pension scheme does not hold any of the company's own financial instruments or any property occupied by, or other assets used by the company

Actual return on scheme assets	**2014 €m**	**2013 €m**
Expected return on plan assets	31 6	31.1
Asset gain	1 9	32 3
Actual return on plan assets	33 5	63.4

Composition of the total fair value of scheme assets	**2014 €m**	**2013 €m**
Equities	259 9	234 8
Bonds	337 2	319 9
Property	27 0	13 6
Other assets	51 1	44 7
Total	675 2	613 0

Reconciliation to the balance sheet	**2014 €m**	**2013 €m**
Total fair value of scheme assets	675 2	613 0
Present value of scheme liabilities	(751 4)	(694 8)
Deficit in the scheme	(76 2)	(81 8)
Deferred tax on pension liability	-	-
Pension liability recognised in the balance sheet	(76 2)	(81 8)

21. Pension fund commitments (continued)

Reconciliation of Scheme asset and liability balance movements

Change in present value of Scheme liabilities

	2014 €m	2013 €m
Defined benefit obligation at 1 April	694 8	554 7
Defined benefit obligation acquired	11 8	-
Employer service cost	3 3	3 6
Interest cost	29 4	29 7
Scheme participants' contributions	0 7	0 8
Curtailment gain	(0 4)	(2 8)
Settlements	-	(1 2)
Actuarial loss	19 3	111 8
Benefits paid from scheme assets	(18 2)	(16 9)
Adjustment for revision of foreign exchange impact on prior year actuarial gain	(11 6)	22 3
Exchange differences on foreign plans	22 3	(7 2)
Defined benefit obligation unfunded	28.4	30 4
Defined benefit obligation funded	723 0	664 4
Defined benefit obligation at 31 March	751 4	694 8

Change in fair value of Scheme assets

	2014 €m	2013 €m
Fair value of assets at 1 April	613 0	551 8
Acquisitions	15 9	
Settlements	-	(1 2)
Expected return on assets	31 6	31 1
Actuarial gain on assets	1 9	32 3
Employer contributions	20 0	21 5
Scheme participants' contributions	0 7	0 8
Benefits paid	(18.2)	(16 9)
Adjustment for revision of foreign exchange impact on prior year actuarial gain	(10.8)	-
Exchange differences on foreign plans	21 1	(6 4)
Fair value of assets at 31 March	675 2	613 0

21. Pension fund commitments (continued)

The following amounts have been recognised in the performance statements for the year ending 31 March 2014, and comparatives shown for the year ending 31 March 2013

	2014 €m	2013 €m
Operating profit – staff costs		
Current service cost	4 2	3 6
Past service cost	(0 9)	-
Gain on curtailment	(0 4)	(2 8)
Total charged to operating profit (staff costs)	2 9	0 8

	2014 €m	2013 €m
Other finance income		
Interest on pension scheme liabilities	(29 4)	(29 7)
Expected return on assets in the pension scheme	31 6	31 1
Net credit to other finance income	2 2	1 4

The total charged to operating profit in the current year includes a curtailment gain of €0 4 million recognised in the current year for the Sony France Pension Scheme These gains are the result of restructuring exercises that took place during the year

The total charged to operating profit in the prior year includes a curtailment gain of €2 8 million recognised for the Belgium, France and Netherlands defined benefit plans These gains were the result of restructuring exercises that took place during the prior year in these countries

Statement of total recognised gains and losses (STRGL)

	2014 €m	2013 €m
Gain on asset	(1 9)	(32 3)
Experience gain arising on the scheme liabilities	(3 9)	(2 1)
Losses on change of assumptions (financial and demographic)	23 2	113 8
Actuarial loss	17 4	79 4
Exchange (gains)/losses on foreign plans - currency translation	(1 4)	21 5
Total loss recognised in STRGL	16 0	100 9

Cumulative actuarial loss recognised through the STRGL

	2014 €m	2013 €m
Cumulative actuarial loss recognised through the STRGL since 31 March 2003	205 4	189 4

21. Pension fund commitments (continued)

History of amounts recognised for the current and previous four accounting periods

	2014 €m	2013 €m	2012 €m	2011 €m	2010 €m
Present value scheme liabilities	(751 4)	(694 8)	(554 7)	(548 1)	(440 0)
Fair value of scheme assets	675 2	613 0	551 8	516 9	352 2
Deficit in the scheme	(76 2)	(81 8)	(2 9)	(31 2)	(87 8)
Experience adjustments arising on					
scheme assets	(1 9)	(32 3)	(2 5)	3 0	(66 8)
scheme liabilities	(3 9)	(2 1)	(1.1)	(19 7)	1 1

22. Derivative financial instruments

SEU's functional currency is Euro, but it also transacts significant amounts of sales and purchases in other currencies In order to reduce the resulting foreign exchange risk Sony Europe Limited enters into forward exchange contracts solely with Sony Global Treasury Services plc

Group and company	2014 €m	2013 €m
Fair value of forward exchange contracts	0 4	0 8

23. Ultimate parent undertaking and controlling party

The company's ultimate parent undertaking and ultimate controlling party is Sony Corporation which is incorporated in Japan The company's immediate parent undertaking is Sony Overseas Holding BV incorporated in the Netherlands, which is itself a wholly owned subsidiary of Sony Corporation The smallest and largest group to consolidate the financial statements of SEU would be Sony Corporation

Consolidated financial statements for Sony Corporation are publicly obtainable from The Heights, Brooklands, Weybridge, Surrey, KT13 0XW

24 Cash flow statements

The company has taken advantage of the dispensation under FRS1 not to prepare its own cash flow statement as it is a 100% owned subsidiary, and the Sony Corporation consolidated financial statements in which it is consolidated are publicly available (note 23)

25. Related party transactions

In accordance with FRS8, the company is exempt from the requirement to disclose related party transactions as they are all made within the group in which the company is a 100% owned subsidiary, and the consolidated financial statements of the parent, Sony Corporation, are publicly available (note 23)

Company Registration No. 02422874

Sony Europe Limited

Directors' Report and Financial Statements

31 March 2013

Sony Europe Limited

Contents

Sony Europe Limited
Year ended 31 March 2013
Directors' report

The directors present their annual report and the audited financial statements of the company for the year ended 31 March 2013

Principal activities

Sony Europe Limited ("SEU") is the distributor in Europe of Sony branded products, which are principally electronic goods for the domestic, leisure, business and professional markets. The company distributes Sony branded TV, video, audio and computer systems for commercial and professional use, and media peripheral products and devices, as well as semiconductor products, for use throughout Europe The company also manufactures broadcast camera equipment for domestic and export markets at its facilities in South Wales and car audio equipment and repair services at its facilities in Alsace, France.

SEU has branches in the following EU countries: Austria, Belgium, Bulgaria, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden.

Results and dividends

The company's turnover for the financial year was €4,541 2 million (2012 €5,864 5 million) The company's loss for the financial year was €318 3 million (2012· €873 2 million), which will be deducted from reserves. The directors do not recommend the payment of a dividend (2012· €nil)

Review of business

During the year to 31 March 2013 SEU instigated and implemented a significant restructuring of its operations, in response to the economic environment, to improve efficiency, customer focus and to reduce its fixed cost base This activity, called "Shaping Our Future" programme, is being executed and the cost is estimated at €100 million of which €78 9 million has been utilised in the year (see note 16)

The year on year reduction in sales is primarily due to the continued worldwide economic downturn and lack of confidence in the Euro, which has caused deterioration in the consumer electronics market.

In relation to product category, sales decreased mainly in the consumer categories such as LCD television, Personal Computer (PC). Compact digital camera and Camcorder, primarily due to factors mentioned above.

The losses referred to above have principally arisen in the television business, in which unit sales have significantly decreased

Although it is worthy to note reducing turnover, operating profit % is improving as focus moves to higher margin product compensating for lower sales

Consumer categories

Within the Personal Computer (PC) product category the European market has shrunk in volume terms, even though Windows 8 launched in the last autumn SEU unit sales decreased during the year due to the market decline whilst HDD supply constraints also occurred following the floods in Thailand which further reduced sales

The compact digital camera and camcorder markets have continued to decline considerably in Europe which, coupled with the economic slowdown, resulted in difficult trading conditions and a fall in sales. The sales in NEX series and Alpha mounted cameras grew because of the market growth

The decrease in LCD television sales was driven by lower unit sales and price declines. mainly resulting from market contractions and from the new strategy focusing not on pursuing unit sales but on improving profitability

Profitability was still negative but has significantly improved, primarily due to the new strategy in TV noted above

Professional categories

Sales decreased mainly due to a decrease in component sales because the small- and medium-sized display businesses were transferred to Japan Display Inc. (an independent company in which Sony Corporation has a <10% interest) The sales growth in the continuing business is primarily due to the supply recovery following the natural disaster in the last year and the demand growth in the professional product and solutions business and the lithium ion battery for mobile phones

Operating profit in this category has decreased primarily due to the transfer of the small- and medium-sized display businesses noted above

Future developments

Despite the continued difficult trading conditions experienced during the year and high uncertainty over the speed, timing and extent of economic recovery, the directors believe SEU is well placed to rapidly take advantage of growth opportunities as market conditions improve, and anticipate that the company's profitability will recover in the future

The unique breadth of the range of innovative products and content available within the Sony brand, including those offered by SEU's sister companies (including games, film and music), coupled with an increasingly networked and connected customer offering, will be leveraged by SEU to drive future sales growth

A notable success for Professional Solutions Business was winning the contract to provide goal-line technology in the Barclays English Premier League. The contract commences with the 2013/14 season and is worth £8m over 5 years

SEU will also continue to differentiate itself from its competitors through highly effective advertising and promotion of the unique features of the Sony brand and product range as well as its high quality pre and post sales service support

Post balance sheet events

On 18th July 2013, SEU signed a treaty with a third party to enter into partnership with regard to the Alsace Plant based in France From 1st September 2013, Sony will retain 51% of the shareholding of a new subsidiary company (having divested 49% to the 3rd Party) Currently, Alsace Plant provides service and repair solutions for electronics products in a number of European markets

Strategy

SEU follows the strategic direction of Sony Corporation in striving to become the leading network entertainment and business solutions company

A number of key strategic objectives are in place.

- Amaze consumers, business and professional customers with Sony's outstanding range of innovative products and services, uniting hardware, content and network services,
- Advertise and promote these products and services using the globally consistent "make believe" strapline. Focus on providing entertainment experiences which are both unique and user friendly;
- Invest in best practice workforce support and training to maximise the alignment of employee activities towards the business objectives,
- On-going cost containment and rationalisation of operations to support profit margins; and
- Continued commitment to environmental and health and safety best practice

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks

Competition risk

The electronics market is subject to the continuing threats of new entrants and price erosion, as well as the ever increasing sophistication of consumers SEU works to mitigate this risk through differentiating itself using informative advertising and promotion material to leverage the power of the Sony brand, highlighting the innovative networked features of Sony products and services, differentiating its technologies and also through providing high quality pre and post sales service support. SEU also undertakes regular market research and detailed analysis of market activity

Employee risk

The attraction, retention and development of staff forms a key pillar in managing risks associated with staff turnover, under-performance, capability and open vacancies SEU has implemented a number of schemes designed to attract and retain key members of staff, along with a comprehensive development programme that covers key business activities such as employee-focused initiatives.

One such employee-focused initiative is called 'Worksmart', which is a culture change programme based on investing in the individual to build capacity and energy in order to create sustainable levels of high performance Other examples include an annual employee survey distributed to all employees as well as a range of health and safety policies designed to improve the well-being and working environment of the SEU workforce. During restructuring activities, redundancies may be unavoidable and retraining and outplacement support is provided to affected employees

Price risk

Price risk is managed within a framework of continuous monitoring of market conditions to enable a rapid response to adverse developments. Costs are regularly reviewed and efficiency programmes undertaken to support product margins.

Liquidity risk

The company's current liquidity position has been supported through a letter of comfort provided by Sony Global Treasury Services plc (another Sony Corporation group company) providing support to SEU in the settlement of its liabilities. The period of this support has been confirmed to run until 31 August 2014, at which time the position will be re-assessed.

Credit risk

The company's trade receivables are largely covered by credit insurance policies taken out through third party insurance providers Where uninsured risk is taken it is subject to a rigorous authorisation process. Credit limits are regularly reviewed

Credit risk relating to cash and deposits with financial institutions is managed through Sony Global Treasury Services plc

In July 2012, SEU began an accounts receivable assignment programme in conjunction with Sony Corporation (Sony Accounts Receivable Fund, 'SARF') This reduced year on year accounts receivable debtor balance and is expected to continue and increase in 2013/14.

Business continuity

There is a risk of disruption to business activities from external physical events such as natural disasters, a major epidemic or loss or theft of sensitive information SEU has implemented and fully communicated a business continuity planning framework to enable rapid recovery were such an event to occur Instructions outlining the steps that should be followed immediately after a major incident have been circulated to employees, and information channels put in place

SEU has also established a pandemic planning and response team, and has prepared contingency plans for business recovery in the specific event of a major pandemic

Sony Europe Limited
Year ended 31 March 2013
Directors' report (continued)

Principal risks & uncertainties (continued)

Reporting

SEU maintains its system of risk management and internal controls in accordance with Sony Group's internal control and governance framework. It is designed to identify, evaluate and manage risks that may impede the achievement of the Company's business objectives as well to ensure the effectiveness of internal control over financial reporting

As a wholly owned subsidiary of Sony Corporation, SEU is required to adhere to the control framework laid out by the Sarbanes Oxley Act, which requires SEU's senior management to sign a sub certification to support Sony Corporation's certifications accompanying the Sony Annual Report, that relate to the "fair presentation" of the financial statements, disclosure controls and procedures, and internal control over financial reporting

The main features of the risk management processes and system of internal control operated by SEU, which have been in place throughout the year under review and remain in place to date, are described below

Key risks identified and internal controls to mitigate those risks are registered in the Risk and Control Matrix, based on a standardised methodology used at Group and regional level by SEU The Risk and Control Matrix is reviewed regularly by Internal Audit in Europe and at company level.

Financial risk management

SEU transacts in a number of foreign currencies, and is therefore exposed to foreign exchange risk Policies adopted to reduce this risk are explained below.

The company executes financial transactions such as fund raising, foreign exchange transactions, making time deposits and intercompany cash settlement solely through Sony Global Treasury Services plc

The company enters into forward exchange contracts solely with Sony Global Treasury Services plc in order to reduce the risk of exchange fluctuations on purchase and sale transactions.

Foreign currency hedging is carried out for overseas branches and divisions, which matches off all currency assets against the liabilities where the net (positive or negative) value is smaller than €0 250 million equivalent Any over or under exposures will be matched with loans or deposits with Sony Global Treasury Services plc.

Borrowing agreements are generally limited to those undertaken with Sony Global Treasury Services plc. In the event that agreements are entered into with other parties, prior review is obtained from Sony Global Treasury Services plc.

The company deposits excess cash with Sony Global Treasury Services plc where legally permitted

Sony Europe Limited
Year ended 31 March 2013
Directors' report (continued)

Key performance indicators (KPIs)

The following KPIs are relevant in reviewing the performance of the company during the year ended 31 March 2013.

KPI	Definition and method of calculation	2013	2012
Growth in sales (%)	Year on year sales growth expressed as a percentage	(22 6%)	(12 6%)
Operating margin (%)	Operating margin is the ratio of operating loss on ordinary activities before interest to sales expressed as a percentage	(7 3%)	(11 8%)
Liquidity	Total current assets less stock expressed as a ratio of total current liabilities	0 38	0 88

Supporting analysis

- The percentage decrease in sales is primarily due to continued worldwide economic downturn, strong price competition in the market, in particular for LCD televisions, and natural disasters resulting in disruptions to shipment of goods
- The movement in operating margin versus prior year is primarily a manifestation of the company's strategic approach to revitalise the electronics division by using higher margin, high end type speciality products especially in the TV category
- The low liquidity position for SEU is mitigated through a letter of comfort as explained in the directors' confirmation of the group as a going concern. Working capital improvements are also being derived from the move to accounts receivable assignment with Sony Corporation (SARF).

Please also see the Employee Engagement note below for information on relevant KPIs

Additional areas under review

In addition to strong PL management, additional focus has been placed on:

- Cashflow management Reducing drastically AR DSO & closer emphasis on inventory management
- Growing sales by increasing market share in traditional categories such as TV, DI & VAIO, whilst expanding in newer segments such as smartphone and tablets
- Gaining greater efficiency in the sales and marketing organisation, by leveraging more effectively the key deliverables (shop front display & ranging)

Directors' confirmation of the company as a going concern

The company made a significant loss in the financial year. However, the directors feel that the long-term financial position of SEU is satisfactory, as a letter of comfort has been provided by Sony Global Treasury Services plc, providing support to SEU in the settlement of its liabilities The period of this support has been confirmed to run until 31 August 2014, at which time the position will be re-assessed.

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below

F Nishida (resigned 1 December 2012)
K Takeda
S Foucher
P Navarrete Sanz (resigned 22 May 2012)
G Pelliet (appointed 1 June 2012)
R Londema (appointed 1 June 2012)
M Tamagawa (appointed 1 July 2012)

Differences between market and balance sheet value of land

In the opinion of the directors, the difference between the market value and the balance sheet value of land is not material to these financial statements.

Sony Europe Limited
Year ended 31 March 2013
Directors' report (continued)

Directors' indemnities

During the year and up to the date of signing the financial statements, the company has maintained liability insurance for its directors and officers through a third party insurer In addition, as set out in the company's Articles of Association, the company also provides indemnity for its directors, secretary and officers through a qualifying third party indemnity provision as defined in the Companies Act 2006.

Research and development

The company undertakes research in the semiconductor and professional broadcast industries and investigates new innovations and techniques for television product improvement and functionality increase in preparation for future designs. Research and development expenditure totalled €16 1 million (2012 €15 2 million)

Policy and practice on payment of creditors

It is the company's policy in respect of all suppliers to agree payment terms in advance of the supply of goods and services, to ensure that suppliers are aware of the payment terms and to adhere to those terms SEU is a signatory of the Prompt Payment Code, further details of which can be found at www.promptpaymentcode.co uk.

Trade creditor days for the company for the year ended March 2013 were 58 days (2012 32 days), based on the ratio of company trade creditors at the end of the year to the amounts invoiced during the year by trade creditors. The majority of trade creditors are other Sony group companies.

Employees

The company's policy is to consult with employees and their representatives and to provide them with information via the internal website and email regarding business performance and other matters affecting them. This policy is carried out through line management channels and through regular meetings with representatives of employees. The company also encourages the involvement of employees in the performance of Sony by offering voluntary participation in a European employee share option scheme, which offers subsidised shares in Sony Corporation to employees.

The company gives full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities Where people became disabled during the course of their employment, every effort is made to retain their services and to provide retraining if necessary All employees are eligible for consideration for appropriate training, career development and promotional opportunities Disabled persons are not treated differently in this respect

SEU has continued to demonstrate its commitment to environmental and health and safety issues through on-going support to employees in areas such as workstation ergonomics, display screen and driver eye test compliance, occupational road risk driver training and personal safety advice.

SEU maintains a health, safety and environmental critical supplier questionnaire for the screening of new suppliers Moreover, SEU upheld its ISO14001 certification (environmental management system) at its manufacturing operations in Pencoed and Alsace as well as at its R&D facility in Stuttgart, among several activities actively pursuing recycling for all waste streams and working towards reducing greenhouse gas emissions including the application of 100% renewable electricity

Employee Engagement

The values of our company are built on the foundation of the innovation, commitment and loyalty of our workforce Therefore as a Company, we are focussed on engaging its people behind the visions and values, creating a high performance culture that delivers best service to customers and rewards success.

In order to achieve this, the Company has added to the existing Global Employee Survey (GES), which is driven by Sony Corporation Within the Company, two further "Pulse" surveys are conducted in addition to the GES which are used to drive actions to enhance the performance both of management and our teams across Europe

The remuneration packages to attract and retain the highest calibre workforce are tied to a measured program of performance review, company objectives, and individual excellence This is combined further with a package of flexible benefits that can be tailored to suit individual employees' preferences – pension, private healthcare, extra annual leave etc

Sony Europe Limited
Year ended 31 March 2013
Directors' report (continued)

Charitable donations

During the year the company has made donations to charitable organisations amounting to €0 2 million (2012: €0 3 million), split 10 % to sporting related charities with 90% to community based charities

Disclosure of information to auditors

Each of the persons who are a director at the date of approval of this report confirms that.

- So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- The director has taken all steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the annual general meeting

Approved by the Board of Directors
and signed on behalf of the Board

P Crowhurst

P Crowhurst
Company Secretary
28 August 2013

Sony Europe Limited
Year ended 31 March 2013
Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law, the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Sony Europe Limited
Independent auditors' report to the members of Sony Europe Limited

We have audited the financial statements of Sony Europe Limited for the year ended 31 March 2013 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 8 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of. whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the directors' report and financial statements to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Sony Europe Limited
Independent auditors' report to the members of Sony Europe Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Marco Amitrano

Marco Amitrano (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Uxbridge

28 August 2013

Sony Europe Limited

Profit and loss account
Year ended 31 March 2013

	Notes	2013 €m	2012 €m
Turnover	2	4,541 2	5,864 5
Other operating income		24 7	35.9
		4,565 9	5,900 4
Change in stocks of finished goods and work in progress		(89 1)	20 5
Raw materials and consumables		32.4	13 0
Other external charges		(3,780 2)	(5,366 6)
Staff costs	3	(431 9)	(434 3)
Depreciation and other amounts written off tangible and intangible fixed assets		(29 3)	(33.4)
Other operating charges		(601 3)	(798 6)
Loss on ordinary activities before interest		(333 5)	(699 0)
Interest receivable and similar income	4	4 7	5 7
Interest payable and similar charges	5	(19.3)	(35 4)
Other finance credit	6	1.4	2 5
Loss on ordinary activities before taxation	7	(346.7)	(726 2)
Taxation on loss on ordinary activities	8	28 4	(147 0)
Loss for the financial year	18	(318 3)	(873 2)

All amounts related to continuing operations

There is no material difference between the loss on ordinary activities before taxation and loss for the financial year stated above, and their historical cost equivalents.

Sony Europe Limited

Statement of total recognised gains and losses
Year ended 31 March 2013

	Notes	2013 €m	2012 €m
Loss for the financial year		(318 3)	(873 2)
Reserves acquired through mergers		-	(59 1)
Actuarial (loss)/gain on pension scheme	21	(100 9)	1 1
Currency translation gains on foreign currency net investments	18	-	73 8
Total recognised losses for the year		(419 2)	(857.4)

Sony Europe Limited

Balance sheet
As at 31 March 2013

	Notes	2013 €m	2012 €m
Fixed assets			
Intangible assets	9	11 2	13 0
Tangible assets	10	106 4	117 8
Investments	11	20.7	20 6
		138 3	151.4
Current assets			
Stocks	12	251 6	345 2
Debtors	13	733 5	1 428.7
Cash at bank and in hand		32 7	48.6
		1 017.8	1,822.5
Creditors: amounts falling due within one year	14	(2 029.5)	(1,682 6)
Net current (liabilities)/assets		(1,011 7)	139 9
Total assets less current liabilities		(873 4)	291 3
Creditors: amounts falling due after more than one year	15	(4 0)	(817.8)
Provision for liabilities	16	(151 5)	(162 5)
Net liabilities excluding pension liability		(1 028 9)	(689 0)
Pension liability	21	(81 8)	(2 9)
Net liabilities including pension liability		(1,110.7)	(691 9)
Capital and reserves			
Called up share capital	17	56 6	56.6
Share premium account	18	1.515 7	1,515 7
Profit and loss account	18	(2,683 0)	(2,264 2)
Total shareholders' deficit	18	(1.110 7)	(691.9)

The financial statements of Sony Europe Limited, registered number 02422874 were approved by the Board of Directors on 28 August 2013 The notes on pages 14 to 36 form part of these financial statements

Signed on behalf of the Board of Directors

武田和彦

K Takeda
Director

Sony Europe Limited

Notes to the financial statements
Year ended 31 March 2013

1. **Accounting policies**

Basis of accounting

These financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006, and applicable accounting standards in the United Kingdom The principal accounting policies set out below have been applied consistently throughout the year and preceding year

Consolidation

The financial statements contain information about SEU as an individual company and do not contain consolidated financial information as the parent of a group The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Sony Corporation. The consolidated financial statements of Sony Corporation are publicly available.

Going concern

The company made a significant loss during the year ended 31 March 2013 However the directors believe that the long term financial position of SEU is satisfactory, as a letter of comfort has been provided by Sony Global Treasury Services plc, providing support to Sony Europe Limited in the settlement of its liabilities. The letter of comfort currently extends to 31 August 2014, at which time it will be re-assessed

Turnover

Turnover for the year represents the invoiced value of goods sold and services supplied to third party and intercompany customers, exclusive of value added tax and net of trade discounts, sales incentives and anticipated returns Turnover from product sales is recognised upon delivery, which is considered to have occurred when the customer has taken title to the product and the risk and rewards of ownership have been substantively transferred. Turnover from service contracts are recognised when the service is provided Turnover on long term fixed price contracts are recognised on a percentage of completion basis

Other operating income

Other operating income relates primarily to intercompany service provision (information systems services and product design) Also included are commissions received for extended warranties, rebates received for the sale of energy efficient products and also intercompany commission received on the generation of sales of semiconductors and devices to manufacturing customers Income from services provided is recognised in line with the timing of the provision of the service Income from commissions is recognised in relation to the sales generated for the period

Business combinations and goodwill

Goodwill arising on the acquisition of businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its estimated useful economic life. In the year of acquisition a full year amortisation is charged to the profit and loss account. Goodwill is reviewed for impairment at the end of the first full financial year after acquisition Subsequently, goodwill is reviewed for impairment indicators by management on an annual basis during the fourth financial quarter, and between annual tests whenever an impairment indicator is noted. Provision is made for any impairment and the expense is recognised through the profit and loss Goodwill is amortised over 5-20 years

Where the company has acquired the right to use the assets and employees through a lease agreement, the on-going lease payments are recorded as an operating lease unless the lease is finance in nature

The estimated useful economic lives above represent the periods over which the directors believe that the company will benefit from the use of the asset

1. Accounting policies (continued)

Tangible assets and depreciation

Tangible assets are stated at historic purchase cost including incidental expenses, less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use Depreciation is charged on tangible assets, other than land and construction in progress, over the periods set out below, calculated on a straight line basis on cost to write them off over their estimated useful economic lives less residual value The cost of minor capital expenditure (individual items under £500 excluding monitors) is written off as it is incurred.

Freehold buildings	30 – 45 years
Short leasehold buildings	Depreciated over the life of the lease
Plant and machinery	3 – 10 years
Fixtures, fittings tools and equipment	3 – 10 years

Investments

Investments in subsidiary undertakings are shown at historic cost, less provision for impairment Other investments are shown at historic cost adjusted for the impact of any profit or loss arising from the performance of the investment for the year, less provision for impairment Senior management review investments for impairment indicators annually

Leased assets

Operating lease rentals are charged to the profit and loss account over the period of each lease on a straight line basis

Stock, work in progress and long term contracts

Stock is stated at the lower of cost and net realisable value, and is valued using a moving weighted average Cost includes all attributable expenses of importation and delivery to the company's premises Work in progress manufactured by the company includes labour and appropriate overhead costs Slow moving, obsolete and defective stocks are devalued and provision is made using set rules based on future sales forecast information and management review

Long term contract balances are stated at cost less amounts taken to cost of sales, provisions for foreseeable losses and progress payments received on account Turnover is assessed in a manner appropriate to the stage of completion of the long term contracts and attributable profit is taken at that time

Research and development

Expenditure on research and development is charged to the profit and loss account in the year in which it is incurred

1. Accounting policies (continued)

Deferred tax

Full provision for deferred taxation is made on all timing differences Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred at the balance sheet date.

Deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured at the average tax rate that is expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax assets and liabilities recognised have not been discounted

Foreign currencies

Foreign currency transactions are translated into the local currencies at the rates of exchange prevailing at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are converted to Euros at the relevant rates at the balance sheet date, with resulting gains and losses being charged to the profit and loss account.

Profits and losses of SEU divisions who keep their books of accounts denominated in local currencies other than Euro are translated from the local currency into Euro at the average rates prevailing at month end throughout the year. Assets and liabilities are translated into Euro at the rates ruling at the year end Due to the local currency of some divisions and overseas branches of the company being the currencies other than Euro, the closing rate method has been used to translate the results of these divisions Under this method, resulting exchange differences are dealt with in reserves

Foreign currency hedging is carried out by Sony Global Treasury Services plc on behalf of SEU. Natural hedging is applied which matches off all currency assets against the liabilities where the net (positive or negative) value is smaller than €0 250 million equivalent Any over or under exposures will be matched with loans or deposits with Sony Global Treasury Services plc SEU enters into derivative contracts (forward exchange contracts) solely with Sony Global Treasury Services plc in order to reduce foreign currency risk The derivatives relate primarily to sales and purchase transactions with other Sony companies, and are accounted for on an accruals basis whereby the underlying payables and receivables associated with the forward exchange contract are recorded at the forward rate, with any difference recorded in the profit and loss

Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation

1. Accounting policies (continued)

Pensions

The company operates voluntary pension schemes, which have defined benefit and defined contribution sections The assets of these schemes are held in separate independently administered funds The pension cost charge relating to the defined contribution sections are disclosed in note 21 and represent contributions payable by the group to the funds in respect of the accounting period.

Defined benefit pension sections assets are measured using current bid price. The pension schemes liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability

The increase in the present value of the liabilities of the company's defined benefit pension schemes expected to arise from employee service in the year is charged to operating profit The expected return on the schemes' assets and the increase during the year in the present value of the schemes' liabilities arising from the passage of time are included in other finance income Actuarial gains and losses and foreign exchange arising on translation of the non-Euro schemes are recognised in the statement of total recognised gains and losses

Pension scheme surpluses, to the extent that they are considered recoverable. or deficits are recognised in full and presented on the face of the balance sheet net of the related deferred tax.

Share based payments

Share options are granted directly from the ultimate parent undertaking (Sony Corporation) to selected key employees of SEU for the purposes of incentivisation and retention. These transactions are recorded as equity-settled share based payments to employees and are measured at the fair value of the share options granted at the date of the grant The fair value of the options granted is determined using a Black-Scholes pricing model and is expensed on a straight line basis over the vesting period subject to the company's estimation of the proportion of the options that will eventually vest The increase in equity resulting from the transaction is recorded as a contribution from the parent undertaking

Sony Europe Limited

Notes to the financial statements (continued)
Year ended 31 March 2013

2. Segmental information

Geographical analysis of turnover by destination:

	2013 €m	2012 €m
UK and Ireland	599.8	825 9
Western Europe	2,710 9	3,592 0
Eastern Europe	1 093 5	1,289 1
Middle East	29.4	71 8
Africa	7 6	9 6
Other	100 0	76 1
	4,541 2	5,864 5

Geographical analysis of turnover by origin:

	2013 €m	2012 €m
UK and Ireland	1,252 3	1,674.8
Western Europe	2,921 8	3,724 2
Eastern Europe	367.1	465 5
	4,541 2	5,864 5

Geographical analysis of net liabilities by origin:

	2013 €m	2012 €m
UK and Ireland	(1.051 8)	(618 9)
Western Europe	(75 0)	(93 5)
Eastern Europe	16 1	20 5
	(1,110.7)	(691.9)

Sony Europe Limited

Notes to the financial statements (continued)
Year ended 31 March 2013

3. Staff costs

	2013 €m	2012 €m
Directors		
Aggregate emoluments	2.8	2 8
	2.8	2 8
Highest paid director		
Aggregate emoluments	0.7	1 1
	0 7	1 1

No director is accruing retirement benefits (2012 nil) under a defined benefit scheme No director (2012: nil) is in a defined contribution scheme

During the year no directors (2012· nil) exercised options in the ultimate parent company's shares

Average monthly number of persons employed by the company during the year (including directors):

	2013 No.	2012 No.
UK and Ireland	1,350	1,368
Western Europe	2,876	3,271
Eastern Europe	367	423
	4,593	5,062

	2013 No.	2012 No.
Sales	1,287	1,442
Marketing	896	938
Business Support	2.410	2,682
	4.593	5,062

6 (2012· 90) employees who were transacted through the SEU payroll are excluded from the above figure for the year ended 31 March 2013 as they are fully recharged to other Sony entities and are not included in the figures below for staff costs

3. Staff costs (continued)

	2013 €m	2012 €m
Staff costs (including directors' remuneration)		
Wages and salaries	343 8	344 5
Social security costs	76 3	82 6
Other pension costs (note 21)	11.4	6 7
Equity-settled share based payments	0.4	0 5
	431 9	434 3

Since 1 April 2002, the 'Stock Acquisition Rights' (STAR) scheme has been in operation STAR provides selected key employees with the right to buy specified amounts of shares in the ultimate parent undertaking (Sony Corporation) The right extends for 10 years from the date of grant and the shares vest over three years with approximately one third vesting each year on the anniversary of the grant date There are no other vesting conditions Options may be exercised at any point after the vesting date as long as the market price exceeds the granted option price Upon exercise the shares are purchased at the option grant price and automatically sold the next day at market price No recharges for the costs of the scheme are made to SEU by Sony Corporation

Since November 2007 a proportion of options are granted using American Depositary Receipts, which enable shares in Sony Corporation (listed on the Tokyo stock exchange) to be traded via the New York Stock exchange.

On 4 December 2012, the company granted 9,200 options for the Tokyo exchange plan with an exercise price of 932 Yen (€8 69 equivalent at grant date) No options have been exercised during the year for the Tokyo exchange plan.

On 4 December 2012, the company granted 85,300 options for the New York exchange plan with an exercise price of 11 23 USD (€8 62 equivalent at grant date), which included 36,200 options granted to SEU employees. No options have been exercised during the year for the New York exchange plan

STAR scheme options granted during the year ending 31 March 2013 have been fair valued using a Black-Scholes model The fair value of share options granted during the year, as estimated at the date of grant, was 193 Yen (2012 347 Yen) for options exercisable on the Tokyo exchange, and 2 28 USD (2012 4 46 USD) for options exercisable on the New York exchange

4. Interest receivable and similar income

	2013 €m	2012 €m
Interest receivable from group undertakings	1 3	4.4
Other interest receivable from third party financial institutions	2.5	0 5
Foreign exchange gains on financing activities	0 9	0 8
	4 7	5.7

Group undertakings refer primarily to transactions with Sony Global Treasury Services plc.

5. Interest payable and similar charges

	2013 €m	2012 €m
Interest payable to group undertakings	15.7	35 4
Other interest payable	3 6	-
	19 3	35.4

Group undertakings refers primarily to transactions with Sony Global Treasury Services plc

6. Other finance credit

	2013 €m	2012 €m
Interest on pension scheme liabilities (note 21)	(29 7)	(29 6)
Expected return on assets in the pension scheme (note 21)	31.1	32 1
	1 4	2 5

7. Loss on ordinary activities before taxation

	2013 €m	2012 €m
This is stated after charging/(crediting):		
Other operating income	(24 7)	(35 9)
Depreciation (note 10)	27 5	30 4
Amortisation of goodwill (note 9)	1 8	3 0
Impairment of long-lived assets (note 9)	-	7 8
Other operating lease rentals – plant and machinery	4 5	4 9
Other operating lease rentals – other	40.8	44 2
Foreign exchange loss	9.9	23 9
Loss on disposal of tangible assets (note 10)	0.7	9 8
Research and development expenditure	16 1	15 2
Services provided by the company's auditors		
- fees payable for statutory audit	1.6	1.2

The research and development expenditure figure includes €13 2 million (2012· €12 6 million) of cost that is 100% funded by and recharged to Sony global group entities other than SEU.

8. Taxation on loss on ordinary activities

(a) Analysis of tax (credit)/charge in the year

	2013 €m	2012 €m
Current taxation		
UK corporation tax credit 24% (2012 26%)	(29 1)	(7.1)
Adjustment in respect of previous periods	(1 1)	8.6
Foreign tax		
Current tax on income for the year	7 6	5 4
Adjustments in respect of prior periods	2.6	3 7
Total current tax (credit)/charge	(20.0)	10 6
Deferred taxation		
Origination and reversal of timing differences	(8.4)	136 4
Total deferred tax	(8.4)	136 4
Tax (credit)/charge on loss on ordinary activities	(28.4)	147.0

Sony Europe Limited

Notes to the financial statements (continued)
Year ended 31 March 2013

8. Taxation on loss on ordinary activities (continued)

(b) Factors affecting tax for the year

The tax assessed for the year is higher (2012: higher) than the standard rate of corporation tax in the UK.

The differences are explained below:

	2013 €m	2012 €m
Loss on ordinary activities before taxation	(346.7)	(726 2)
Loss on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 24% (2012 26%)	(83 3)	(188 8)
Effects of		
Expenses not deductible for tax purposes	1.6	3 5
Adjustments in respect of previous periods	1 5	8 6
Impact of overseas taxes	7 6	(10 0)
Advanced Pricing Agreement adjustment (note A)	61.1	165 6
Deferred tax not recognised in year	(12 1)	30 0
Other	3.6	1 7
Current tax (credit)/charge for the year	(20 0)	10 6

Note A

This is a transfer pricing adjustment being negotiated between the UK and Japanese tax authorities

Factors which may affect future charges

The Directors have considered it prudent not to recognise a deferred tax asset for accumulated tax losses and other timing differences at 31 March 2013 due to the uncertainty over the recoverability of these losses in the future.

The main rate of corporation tax was reduced from 26% to 24% from 1 April 2012 and to 23% from 1 April 2013, enacted under Finance Act 2012

Further changes to the UK Corporation tax rates were substantively enacted as part of the Finance Bill 2013 on 2 July 2013 These include reductions to the main rate to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015 As the changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements

Sony Europe Limited

Notes to the financial statements (continued)
Year ended 31 March 2013

8. Taxation on loss on ordinary activities (continued)

(c) Deferred taxation asset

	2013 €m	2012 €m
The following deferred tax asset has been recognised		
At 1 April	18 2	154.6
Amounts credited/(charged) to the profit and loss account	8.4	(136 4)
At 31 March	26 6	18 2

The deferred tax assets analysed by major component are as follows

	2013 €m	2012 €m
Tax losses carried forward	26 6	18 2
Deferred tax excluding that relating to pension liability (note 13)	26.6	18 2
Pension liability	-	-
Total deferred tax asset recognised	26.6	18 2

As at 31 March 2013, there are potential deferred tax assets of €196 5 million (2012 €263.1m) relating to losses and other short term timing differences which are not been recognised due to insufficient certainty of recovery in line with UK GAAP principles

9. Intangible fixed assets

	Goodwill €m
Cost	
At 1 April 2012 and 31 March 2013	21 8
Accumulated amortisation	
At 1 April 2012	8.8
Charge for the year	1 8
At 31 March 2013	10 6
Net book value	
At 31 March 2013	11 2
At 31 March 2012	13 0

Goodwill is being amortised on a straight line basis over an expected useful life of 5-20 years, which is the period over which the company expects to benefit from the additional strategic value of the activities to which the goodwill relates.

Sony Europe Limited

Notes to the financial statements (continued)
Year ended 31 March 2013

10. Tangible fixed assets

	Land and buildings freehold & leasehold €m	Plant and machinery €m	Fixtures fittings tools and equipment €m	Total €m
Cost				
At 1 April 2012	92 6	17 8	130 7	241 1
Additions	0.3	1 0	16 7	18 0
Disposals	(1.3)	(4.9)	(18 9)	(25 1)
Exchange difference	-	(0.3)	-	(0.3)
At 31 March 2013	91 6	13 6	128 5	233 7
Accumulated depreciation				
At 1 April 2012	29 3	15 9	78 1	123 3
Charge for the year	6 9	1.0	19 6	27.5
Disposals	(0 9)	(4.9)	(17 5)	(23 3)
Exchange difference	-	(0 2)	-	(0.2)
At 31 March 2013	35.3	11 8	80 2	127 3
Net book value				
At 31 March 2013	56 3	1.8	48 3	106 4
At 31 March 2012	63.3	1 9	52 6	117 8

Historical cost of €25 1 million (2012: €36 5 million) of tangible assets with a net book value of €1 8 million (2012. €9 8 million) were written off or disposed of against proceeds of €1 1 million (2012· nil) resulting in a loss on disposal of €0 7 million (2012· €9.8 million)

11. Investments

	Shares in subsidiary undertakings €m
Cost	
At 1 April 2012	20 6
Additions in year	0 1
At 31 March 2013	20.7

The addition for the year is an increase in the carrying value of the investment held by the company in relation to the European Recycling Programme (ERP Poland Sp z o o)

The directors believe that the carrying value of investments is supported by their underlying net assets

The company has shares in the following companies

Subsidiary undertakings	Business	Country of registration and operation	Proportion of nominal value of ordinary shares and voting rights held
Sony Professional Solutions Middle East (Jordan) L L C FZ	Non-trading	Jordan	100%
Sony Austria GmbH	Non-trading	Austria	100%
Hawk-Eye (Holdings) Limited	Trading	England	100%
Pulse Innovations Limited	Trading	England	100%
Sony (U K.) Pension Trust Limited	Dormant	England	100%
Solus Electronics Limited	Trading	England	100%
Hi Fi Corner Limited	Trading	Ireland	76%
Other investments			
Fundacion para la Gestion Medioambiental de Pilas	Trading	Spain	14%
Fundacion Innovacion Espana	Trading	Spain	14%
Foxconn Slovakia spols r o	Trading	Slovakia	10%
Asekols r.o	Trading	Czech Republic	9%
Screlec SA	Trading	France	17%
Ecophilias Lda	Trading	Portugal	17%
ERP Poland Sp z.o o	Trading	Poland	25%

Sony Europe Limited

Notes to the financial statements (continued)
Year ended 31 March 2013

12. Stocks

	2013 €m	2012 €m
Raw materials and consumables	7.2	11.7
Work in progress	11.1	25.8
Finished goods and goods for resale	233.3	307.7
	251.6	345.2

The directors believe that the carrying value of stocks is not materially different from replacement cost

13. Debtors

	2013 €m	2012 €m
Trade debtors	447.1	621.2
Amounts owed by group undertakings	98.8	573.9
Corporation tax receivable	0.3	0.3
Inter-company receivable (corporation tax group relief)	37.3	62.1
Other debtors	56.6	57.5
Deferred tax asset (excluding that related to pension liability) (note 8)	26.6	18.2
Prepayments and accrued income	43.9	47.4
VAT receivable	22.9	48.1
	733.5	1,428.7

The deferred tax asset excludes amounts relating to the pension liability €nil (2012. €nil million) (note 8) Amounts owed by other Sony global group undertakings are unsecured and are predominantly on 60 day terms. Interest on amounts owed by Sony global group undertakings is charged based on rates provided by Sony Global Treasury Services plc, which ranged from 1% - 5% during the year

14. Creditors: amounts falling due within one year

	2013 €m	2012 €m
Trade creditors	187.3	215.7
Amounts owed to group undertakings	1,382.2	815.8
Other creditors	125.4	202.2
Accruals and deferred income	310.9	414.8
Other taxation and social security creditors	18.8	32.4
Corporation tax payable	4.9	1.7
	2,029.5	1,682.6

The amount owed to group undertakings includes a secured long term loan of €800 million (2012 nil – included in Creditors amounts falling due after more than one year) from SGTS. for 2 years from 27 March 2012, with an interest rate of 1.92% The remainder of amounts owed to group undertakings are unsecured and repayable on demand, with interest being incurred based on rates supplied by Sony Global Treasury Services plc These rates ranged from 1% to 5% during the year (2012 1% to 5%)

15. Creditors: amounts falling due after more than one year

	2013 €m	2012 €m
Accruals and deferred income	4.0	17.8
Amounts owed to group undertakings	-	800 0
	4.0	817.8

The amount owed to group undertakings at 31 March 2012 is a secured long term loan, from SGTS, for 2 years from 27 March 2012, with an interest rate of 1 92%. This loan is held within Creditors amounts falling due within one year as at 31 March 2013

16. Provisions for liabilities

	Restructuring Provision €m	Warranty Provision €m	Royalty Provision €m	Other €m	Total €m
At 1 April 2012	32 0	101.1	20 8	8 6	162 5
Charge for the year	104.5	56.7	28 5	11 6	201 3
Utilised during year	(78 9)	(64 3)	(39.8)	(12 7)	(195 7)
Released during year	(3.2)	(0 2)	(1 8)	(2 6)	(16 8)
Exchange difference	-	(0 1)	0 1	0 2	0 2
At 31 March 2013	54 4	84 2	7 8	5 1	151.5

A provision of €54 4 million (2012 €32 0 million) has been recognised for the estimated liability arising on the restructuring of SEU The increase in the restructuring provision relates to the provision for outgoing employees affected by the Shaping Our Future restructuring programme announced in the year.

A provision of €84 2 million (2012 €101 1 million) has been recognised for expected warranty claims on products sold during the last three financial years It is expected that most of this expenditure will be incurred in the next financial year, and all will be incurred within three years of the balance sheet date. The warranty provision is calculated with reference to latest average repair costs, historical fault rates by key product category and actual product sales made. Allowance is made for the time lag between SEU sale and the purchase by the end customer and where applicable a weighting is applied for the expected phasing of fault identification. The estimates used in the calculation are based on historical experience and averages by product groupings, and the actual cost and timing may vary as product failure patterns and repair costs evolve

A provision for €7.8 million (2012 €20 8 million) has been recognised in respect of the probable payment of costs to other companies in relation to royalty payments The provision has been calculated based on an estimated unit liability which may vary to the actual charge

The other provisions held by the company at 31 March 2013 include a provision of €2 2 million (2012 €3 0 million) for the estimated liability relating to the Waste Electrical Equipment (WEEE) directive, a provision of €nil (2012: €1 0 million) for the estimated liability for redemptions of Sony card reward points and a provision for €2 9 million (2012 €4 6 million) has been recognised in respect of the probable payment of costs to other manufacturing companies for the value of product and materials held by them relating to end of life ("EOL") television models The provision has been calculated based on the EOL on hand stock value as well as related claims and expected future claims from suppliers, and applying a best estimate percentage claim risk. The full value of the EOL product may not be recharged to SEU, depending on the other company's ability to utilise the materials elsewhere

17. Called up share capital

	2013 €m	2012 €m
Authorised		
60,000,000 (2012. 60,000,000) ordinary shares of €1 10 each (2012 €1.10 each)	66 0	66 0
Issued and fully paid		
51.451,201 (2012. 51,451,201) ordinary shares of €1.10 each (2012: €1 10 each)	56 6	56.6

18. Reconciliation of movements in shareholders' deficit

	2013 Called up share capital €m	Share premium account €m	Profit and loss account €m	Total shareholders' deficit 2013 €m	Total shareholders' deficit 2012 €m
At 1 April	56.6	1,515.7	(2,264.2)	(691 9)	(1,043 9)
Loss for the financial year			(318 3)	(318 3)	(873 2)
Issues of share capital			-	-	1,209.3
Redenomination of share capital			-	-	1.2
Reduction of share capital			-	-	(1 6)
Reserves acquired on reorganisation			-	-	(59 1)
Actuarial gain on pension scheme			(100 9)	(100 9)	1.1
Contribution from parent share-based incentive scheme (notes 1 and 3)			0 4	0 4	0 5
Reversal of prior year acquisition and share issuance charged to foreign currency translation reserve (note a)			-	-	76 8
Currency translation losses on foreign currency net investments			-	-	(3 0)
Net reduction to shareholders' funds			(418 8)	(418 8)	352 0
At 31 March	56.6	1,515.7	(2.683 0)	(1,110 7)	(691 9)
Pension liability (note 21)			81 8		
Profit and loss reserve excluding pension liability			(2,601 2)		

Note a

In 2011 cross border mergers and share issue were incorrectly charged to foreign currency translation reserve The entry has been corrected in 2012.

Sony Europe Limited

Notes to the financial statements (continued)
Year ended 31 March 2013

19. Lease obligations

Obligations under non-cancellable operating leases payable within the following 12 months relate to leases expiring as follows:

	Land and buildings		Other		Total	
	2013	2012	2013	2012	2013	2012
	€m	€m	€m	€m	€m	€m
Within 1 year	1 1	2 5	3 3	2.7	4 4	5 2
Between 1 - 5 years	14 4	15 2	10.2	8.4	24.6	23 6
After 5 years	11 2	6 8	-	-	11 2	6.8
	26 7	24 5	13.5	11.1	40 2	35.6

Not included in the above lease obligations at 31 March 2013 is the lease obligation relating to an operating business lease effective 1 February 2011 between Sony Deutschland GmbH and the company. Under the terms of the agreement, the company will make an annual lease payment totalling 0 4% of prior calendar year net sales for the right to operate the German sales and marketing business previously conducted by Sony Deutschland GmbH. For the current year, the company has included a leasing expense of €3.1 million (2012: €3.1 million), which represents twelve months (2012 twelve months) leasing obligation under the agreement The lease, whilst renewable, has an initial five year term

20. Capital commitments

At 31 March 2013 the company did not have any capital expenditure contracted for but not provided in the financial statements (2012 nil)

21 Pension fund commitments

The company operates the following voluntary pension schemes, namely the Sony United Kingdom Limited Pension Scheme (formed from the merging of the Sony UK Pension and Life Assurance Scheme and the Sony (Basingstoke) Pension Plan on 6 April 2001), the Sony Ireland Pension and Life Assurance Scheme, the Sony UK Pension and Life Assurance Scheme (Supplemental), the Sony France Pension Scheme, the Sony Benelux Pension Scheme, the Sony Dutch Pension Scheme, the Sony Swiss Pension Scheme, and the Sony Norway Pension Scheme The assets of the schemes are held separately from those of the group in separate trustee administered funds. The company also has responsibility for the Sony German Pension Scheme during the term of the business lease agreement with Sony Deutschland GmbH.

The Sony United Kingdom Limited Pension Scheme and the Sony Ireland Pension and Life Assurance Schemes are each comprised of a defined benefit section, being funded final salary pension schemes closed to new members, and a defined contribution section. During the year ended 31 March 2011, the United Kingdom Limited Pension Scheme plan was closed to future accruals as ratified by the plan trustees

The Sony UK Pension and Life Assurance Scheme (Supplemental) is comprised of a defined benefit section which is a funded final salary scheme and is closed to new members

The Sony Benelux Pension Scheme is comprised of a defined benefit section which is a funded final salary scheme and is open to new members The Sony France Pension scheme and Sony German Pension scheme are unfunded and are open to new members.

All other plans are comprised of a defined benefit section which is funded final salary schemes that are active

21. Pension fund commitments (continued)

During the year the company contributed €21 5 million (2012. €20 7 million) to the defined benefit sections of the schemes. The contributions by the company during the year ending 31 March 2014 are expected to be €20.7 million

The defined contribution section's pension costs are equal to the contributions paid by the company to the fund managers and amounted to €10.6 million (2012 €3 5 million). There were no outstanding or prepaid contributions to the defined contribution section at the balance sheet date.

The disclosures required under Financial Reporting Standard 17 'Retirement Benefits' have been calculated by an independent actuary based on the most recent full actuarial valuation updated to 31 March 2013.

The results of their calculations and the assumptions they have adopted are outlined in this note

Principal actuarial assumptions

	2013 % pa	2012 % pa
Discount rate	1 9 – 4.5	2 3 – 5.8
Salary growth	1 5 – 4.5	2 5 – 4 5
Pension increases	0 0 – 3.3	0.1 – 3.3
Social security increases	1.5 – 3 3	1 5 – 3 2
Inflation	1 5 – 3 4	1 8 – 3.3
Expected rate of return on plan assets	3 5 – 5 6	3 6 – 6 0

Sony United Kingdom Limited Pension Scheme and Sony UK Pension and Life Assurance Scheme (Supplemental) - post retirement mortality:

Base table.	SAPS Pensioners with Long Cohort improvements for the period from 2002 to 2006 and Medium Cohort improvements for the period from 2006 to 2010. Various "multipliers" have been applied to different categories and sections of members, based on any analysis of members' post codes SAPS Pensioners Male is used for the Supplemental Scheme with Long Cohort improvements from 2002 to 2010 and a multiplier of 0.92 applied
Future improvements	Core CMI (2009) projections with a long-term rate of 1 5% per annum

Sony Ireland Pension and Life Assurance Scheme - post retirement mortality

Base Table	00 lives table with CSO improvements with a 1 year age rating and a multiplier of 108% to the underlying mortality rates No further allowance for future improvements has been made

Sony Benelux Pension Scheme and Sony Dutch Pension Scheme - post retirement mortality

Base Table	AG Prognosetafel 2010-2060 with H age correction tables

21. Pension fund commitments (continued)

Sony Swiss Pension Scheme - post retirement mortality

Base Table BVG 2000 plus a 5 0% adjustment to reflect future increase in longevity

Sony United Kingdom Limited Pension Scheme and Sony UK Pension and Life Assurance Scheme (Supplemental) - commutation allowance

Allowance for 20% of members' pension at retirement to be taken as cash

The overall expected return on assets assumption as at 31 March 2013 has been determined with the aim of reflecting the average rate of growth expected on the funds invested having regard to the weighted average of the expected return from each of the main asset classes The expected return for each asset class reflects a combination of historical performance analysis and the forward looking views of the financial markets (as suggested by the yields available) The company pension scheme does not hold any of the company's own financial instruments, or any property occupied by, or other assets used by the company

Actual return on scheme assets	**2013 €m**	**2012 €m**
Expected return on plan assets	31 1	32 1
Asset gain	32.3	2 5
Actual return on plan assets	63 4	34.6

Composition of the total fair value of scheme assets	**2013 €m**	**2012 €m**
Equities	234.8	265.1
Bonds	319.9	222 2
Property	13 6	12 3
Other assets	44 7	52 2
Total	613 0	551 8

Reconciliation to the balance sheet	**2013 €m**	**2012 €m**
Total fair value of scheme assets	613 0	551 8
Present value of scheme liabilities	(694 8)	(554 7)
Deficit in the scheme	(81.8)	(2 9)
Deferred tax on pension liability	-	-
Pension liability recognised in the balance sheet	(81 8)	(2 9)

Sony Europe Limited

Notes to the financial statements (continued)
Year ended 31 March 2013

21. Pension fund commitments (continued)

Reconciliation of Scheme asset and liability balance movements

Change in present value of Scheme liabilities

	2013 €m	2012 €m
Defined benefit obligation at 1 April	554 7	548 1
Defined benefit obligation acquired	-	6.9
Employer service cost	3 6	3 5
Interest cost	29.7	29 6
Scheme participants' contributions	0.8	0 8
Curtailment gain	(2 8)	(0 3)
Settlements	(1.2)	-
Actuarial loss	111 8	6 3
Benefits paid from scheme assets	(16 9)	(16 3)
Adjustment for revision of foreign exchange impact on prior year actuarial gain	22 3	-
Exchange differences on foreign plans	(7 2)	(23.9)
Defined benefit obligation unfunded	30 4	23 1
Defined benefit obligation funded	664.4	531 6
Defined benefit obligation at 31 March	694 8	554 7

Change in fair value of Scheme assets

	2013 €m	2012 €m
Fair value of assets at 1 April	551 8	516 8
Settlements	(1.2)	-
Expected return on assets	31 1	32 1
Actuarial gain on assets	32 3	2 5
Employer contributions	21 5	20 7
Scheme participants' contributions	0 8	0.8
Benefits paid	(16.9)	(16 3)
Exchange differences on foreign plans	(6 4)	(4.8)
Fair value of assets at 31 March	613.0	551.8

Notes to the financial statements (continued)
Year ended 31 March 2013

21. Pension fund commitments (continued)

The following amounts have been recognised in the performance statements for the year ending 31 March 2013, and comparatives shown for the year ending 31 March 2012.

	2013 €m	2012 €m
Operating profit – staff costs		
Current service cost	3.6	3 5
Gain on curtailment	(2 8)	(0 3)
Total charged to operating profit (staff costs)	0 8	3 2

	2013 €m	2012 €m
Other finance income		
Interest on pension scheme liabilities	(29 7)	(29 6)
Expected return on assets in the pension scheme	31 1	32.1
Net credit to other finance income	1 4	2 5

Total charged to operating profit in the current year includes a curtailment gain of €2 8 million recognised in the current year for the Belgium, France and Netherlands defined benefit plans. These gains are the result of restructuring exercises that took place during the year in these countries

The total charged to operating profit in the prior year includes a curtailment gain of €0 3 million recognised for the UK defined benefit plan. The gain is the result of the plan amendment to discontinue future accruals

Statement of total recognised gains and losses (STRGL)

	2013 €m	2012 €m
Gain on asset	(32 3)	(2 5)
Experience gain arising on the scheme liabilities	(2 1)	(1.1)
Losses on change of assumptions (financial and demographic)	113 8	7 3
Actuarial loss	79 4	3 7
Exchange differences on foreign plans - currency translation	21 5	(4 8)
Total loss/(gain) recognised in STRGL	100 9	(1 1)

Cumulative actuarial loss recognised through the STRGL

	2013 €m	2012 €m
Cumulative actuarial loss recognised through the STRGL since 31 March 2003	189 4	88.5

Sony Europe Limited

Notes to the financial statements (continued)
Year ended 31 March 2013

21. Pension fund commitments (continued)

History of amounts recognised for the current and previous four accounting periods

	2013	2012	2011	2010	2009
	€m	€m	€m	€m	€m
Present value scheme liabilities	(694 8)	(554 7)	(548 1)	(440 0)	(307 9)
Fair value of scheme assets	613 0	551.8	516 9	352 2	254 5
Deficit in the scheme	(81 8)	(2 9)	(31 2)	(87 8)	(53 4)
Experience adjustments arising on					
scheme assets	(32 3)	(2 5)	3 0	(66 8)	63 0
scheme liabilities	(2 1)	(1 1)	(19 7)	1.1	0 4

22. Derivative financial instruments

SEU's functional currency is Euro, but it also transacts significant amounts of (mainly intercompany) sales and purchases in other currencies In order to reduce the resulting foreign exchange risk Sony Europe Limited enters into forward exchange contracts solely with Sony Global Treasury Services plc

Group and company	**2013** €m	**2012** €m
Fair value of forward exchange contracts	0 8	4 1

23. Ultimate parent undertaking and controlling party

The company's ultimate parent undertaking and ultimate controlling party is Sony Corporation which is incorporated in Japan The company's immediate parent undertaking is Sony Overseas Holding BV, incorporated in the Netherlands, which is itself a wholly owned subsidiary of Sony Corporation The smallest and largest group to consolidate the financial statements of SEU would be Sony Corporation

Consolidated financial statements for Sony Corporation are publicly obtainable from The Heights, Brooklands, Weybridge, Surrey, KT13 0XW.

24. Cash flow statements

The company has taken advantage of the dispensation under FRS1 not to prepare its own cash flow statement as it is a 100% owned subsidiary, and the Sony Corporation consolidated financial statements in which it is consolidated are publicly available

25. Related party transactions

In accordance with FRS8. the company is exempt from the requirement to disclose related party transactions as they are all made within the group in which the company is a 100% owned subsidiary, and the consolidated financial statements of the parent, Sony Corporation, are publicly available

26. Post balance sheet events

On 18th July 2013, SEU signed a treaty with a third party to enter into partnership with regard to the Alsace Plant based in France From 1st September 2013, Sony will retain 51% of the shareholding of a new subsidiary company (having divested 49% to the 3rd Party) Currently, Alsace Plant provides service and repair solutions for electronics products in a number of European markets

Company Registration No. 02422874

Sony Europe Limited

Report and Financial Statements

31 March 2012

Sony Europe Limited

Contents

Sony Europe Limited
Year ended 31 March 2012
Directors' report

The directors present their annual report and the audited financial statements of the company for the year ended 31 March 2012

Principal activities

Sony Europe Limited (SEU) is the distributor in Europe of Sony branded products, which are principally electronic goods for the domestic, leisure, business and professional markets The company distributes Sony branded TV, video, audio and computer systems for commercial and professional use, and media peripheral products and devices, as well as semiconductor products, for use throughout Europe The company also manufactures broadcast camera equipment for domestic and export markets at its facilities in South Wales andcar audio equipment and repair services at its facilities in Alsace, France

The reporting currency of the company changed from Sterling to Euro effective from 1 April 2011 as the majority of turnover and expenses are now earned/ incurred in Euro member countries All balance sheet and profit and loss comparatives have been translated into Euro using an exchange rate of £1/€1 17123 at the date of this change

Overseas branches

During the year to 31 March 2012, the company established a number of additional branches throughout Europe which completed the reorganisation of Sony's operations in Europe

Results and dividends

The company's turnover for the financial year was €5,864 5 million (2011 €6,710 6 million) The company's loss for the financial year was €873 2 million (2011 €497 0 million), which will be deducted from reserves The directors do not recommend the payment of a dividend (2011 nil)

On 28 December 2011, the directors resolved to issue 1 ordinary share with a nominal value of €1 10 per share, resulting in an increase in the share premium account of € 1 2 billion

Review of business

During the year to 31 March 2012SEU has stabilised from the impact from the significant restructuring of its operations in response to the economic environment in order to improve efficiency, customer focus and to reduce its fixed cost base, which was initiated during the year to 31 March 2012 At the same time, the cost reduction from the restructuring activities, as part of our "Shaping Our Future" programme, is progressing as expected, and an estimated liability of €100 million has been announced as a subsequent event as reported on April 19th 2012 as part of a Pan-European restructuring exercise

The presentation reporting currency of the company changed from GBP to Euro, effective from 1 April 2011 All balance sheet and profit and loss comparatives have been translated in Euro using an exchange rate of Euro £1/€1 17123

The year on year reduction in sales was primarily due to the continued worldwide economic downturn and lack of confidence in the Euro which has cause deterioration in the consumer electronics market, along with the Japanese earthquake and subsequent tsunami which caused shipments to Europe to cease over a period Additionally the floods in Thailand caused disruptions of goods shipment and a backlog to the market

In relation to product category, sales decreased in all categories primarily due to above mentioned factors, other than the Reader category

The losses referred to above have principally arisen in the consumer categories, with the majority being noted in the television business which hascontinued to suffer from pricing pressures in market

Consumer categories

Within the Personal Computer (PC) product category the European market grew in volume terms, although price competition intensified SEU unit sales decreased during the year, due to HDD supply constraint from the floods in Thailand There was however, growth in demand for SEU's configure to order proposition, which allows customers to customise several aspects of their PC purchase

Consumer Categories(continued)

The compact digital camera and camcorder markets saw a lull in replacement demand in Europe which, coupled with the economic slowdown and natural disasters mentioned above, resulted in difficult trading conditions and a fall in sales The introduction of the new NEX series and Alfa mounted cameras were promising, gaining high share in a growing segment of the market

The decrease in LCD television sales reflects lower unit sales and price declines, mainly resulting frommarket contractions and from the new strategy focusing not on pursuing unit sales but on improving profitability

Profitability deterioration was primarily due to a decrease in gross profit from the lowersales noted above, and deterioration in the cost of sales ratio resulting from a higher cost base due to demand constraints caused by natural disasters

Professional categories

Sales decreased mainly due to a decrease in component sales, primarily due to the impact of the Earthquake on batteriesand storage media, with margin deterioration compounded by higher cost base due to the demand constraints caused by natural disasters in Thailand Other than this impact, the professional product and solutions business enjoyed strong sales in the customer solution build category while also continuing to grow its digital cinema business

Operating profit, in this category was recorded despite gross profit decrease from suppressed sales, through a decrease in selling, general and administrative expenses Although gross profit decreased control of selling, general and administrative expenses resulted in an operating profit

Future developments

Despite the continued difficult trading conditions experienced during the year and high uncertainty over the speed, timing and extent of economic recovery the directors believe SEU is well placed to rapidly take advantage of growth opportunities as market conditions improve, and anticipate that the company's profitability will recover in the future

The unique breadth of the range of innovative products and content available within the Sony brand, including those offered by SEU's sister companies (including games, film and music), coupled with an increasingly networked and connected customer offering, will be leveraged by SEU to drive future sales growth

SEU will also continue to differentiate itself from its competitors through highly effective advertising and promotion of the unique features of the Sony brand and product range as well as its high quality pre and post sales service support

Strategy

SEU follows the strategic direction of Sony Corporation in striving to become the leading network entertainment and business solutions company

A number of key strategic objectives are in place

- Amaze consumers, business and professional customers with Sony's outstanding range of innovative products and services, uniting hardware, content and network services
- Advertise and promote these products and services using the globally consistent "make believe" strapline Focus on providing entertainment experiences which are both unique and user friendly
- Invest in best practice workforce support and training to maximise the alignment of employee activities towards the business objectives,
- Ongoing cost containment and rationalisation of operations to support profit margins, and
- Continued commitment to environmental and health and safety best practice

Sony Europe Limited
Year ended 31 March 2012
Directors' report

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks

Competition risk

The electronics market is subject to the continuing threats of new entrants and price erosion, as well as the ever increasing sophistication of consumers SEU works to mitigate this risk through differentiating itself using informative advertising and promotion material to leverage the power of the Sony brand, highlight the innovative networked features of Sony products and services, differentiate its technologies and also through providing high quality pre and post sales service support SEU also undertakes regular market research and detailed analysis of market activity

Employee risk

The attraction, retention and development of staff forms a key pillar in managing risks associated with staff turnover, under-performance, capability and open vacancies SEU has implemented a number of schemes designed to attract and retain key members of staff, along with a comprehensive development programme that covers key business activities as employee-focused initiatives

One such employee-focused initiative is called 'Worksmart', which is a culture change programme based on investing in the individual to build capacity and energy in order to create sustainable levels of high performance Other examples include an annual employee survey distributed to all employees as well as a range of health and safety policies designed to improve the well-being and working environment of the SEU workforce During restructuring activities, redundancies may be unavoidable and retraining and outplacement support is provided to affected employees

Price risk

Price risk is managed within a framework of continuous monitoring of market conditions to enable a rapid response to adverse developments Costs are regularly reviewed and efficiency programmes undertaken to support product margins

Liquidity risk

The company's current liquidity position has been supported through a letter of comfort provided by Sony Global Treasury Services plc (another Sony Corporation group company) providing support to SEU in the settlement of its liabilities The period of this support has been confirmed to run until 30September 2013, at which time the position will be re-assessed

Credit risk

The company's trade receivables are largely covered by credit insurance policies taken out through third party insurance providers Where uninsured risk is taken it is subject to a rigorous authorisation process Credit limits are regularly reviewed

Credit risk relating to cash and deposits with financial institutions is managed through Sony Global Treasury Services plc

Business continuity

There is a risk of disruption to business activities from external physical events such as natural disasters, a major epidemic or loss or theft of sensitive information SEU has implemented and fully communicated a business continuity planning framework to enable rapid recovery were such an event to occur Instructions outlining the steps that should be followed immediately after a major incident have been circulated to employees, and information channels put in place

SEU has also established a pandemic planning and response team and has prepared contingency plans for business recovery in the specific event of a major pandemic

Sony Europe Limited
Year ended 31 March 2012
Directors' report

Principal risks & uncertainties (continued)

Reporting

Sony Europe maintains its system of risk management and internal controls in accordance with Sony Group's internal control and governance framework It is designed to identify, evaluate and manage risks that may impede the achievement of the Company's business objectives as well to ensure the effectiveness of internal controlover financial reporting

As a wholly owned subsidiary of Sony Corporation, SEU is required to adhere to the control framework laid out by the Sarbanes Oxley act, which requires Sony Europe's senior management to sign a sub certification to support Sony Corporation's certifications accompanying the Sony Annual Report, that relate to the "fair presentation" of thefinancial statements, disclosure controls and procedures, and internal control over financial reporting

The main features of the risk management processes and system of internal control operated by Sony Europe which have been in place throughout the year under review and remain in place to date, are described below

Key risks identified and internal controls to mitigate those risks are registered in the Risk and Control Matrix, based on a standardised methodology used at Group and regional level by Sony Europe to identify The Risk and Control Matrix are reviewed regularly by Internal Audit in Europe and at company level

Financial risk management

SEU transacts in a number of foreign currencies, and is therefore exposed to foreign exchange risk Policies adopted to reduce this risk are explained below

The company executes financial transactions such as fund raising, foreign exchange transactions, making time deposits and intercompany cash settlement solely through Sony Global Treasury Services plc

The company enters into forward exchange contracts solely with Sony Global Treasury Services plc in order to reduce the risk of exchange fluctuations on purchase and sale transactions

Natural foreign currency hedging is carried out for overseas branches and divisions, which matches off all currency assets against the liabilities where the net (positive or negative) value is smaller than €0 250 million equivalent. Any over or under exposures will be matched with loans or deposits with Sony Global Treasury Services plc

Borrowing agreements are generally limited to those undertaken with Sony Global Treasury Services plc In the event that agreements are entered into with other parties, prior review is obtained from Sony Global Treasury Services plc

The company deposits excess cash with Sony Global Treasury Services Plc where legally permitted

Key performance indicators (KPIs)

The following KPIs are relevant in reviewing the performance of the company during the year ended 31 March 2011

KPI	Definition and method of calculation	2012	2011
Growth in sales (%)	Year on year sales growth expressed as a percentage	(12 6%)	25 6%
Operating margin (%)	Operating margin is the ratio of operating loss on ordinary activities before interest to sales expressed as a percentage	(11 8%)	(7 1%)
Liquidity	Total current assets less stock expressed as a ratio of total current liabilities	0 88	0 67

Supporting analysis

- Thepercentage decrease in sales is primarily due to continued worldwide economic downturn, strong price competition in the market in particular for LCD televisions and natural disasters resulting disruptions to shipment of goods
- The movement in operating margin versus prior year is primarily a reflection of the decrease in sales
- The low liquidity position for SEU is mitigated through a letter of comfort as explained in the directors confirmation of the group as a going concern

Sony Europe Limited
Year ended 31 March 2012
Directors' report

Directors' confirmation of the company as a going concern

The company made a significant loss in the financial year However, the directors feel that the long-term financial position of SEU is satisfactory, as a letter of comfort has been provided by Sony Global Treasury Services plc, providing support to SEU in the settlement of its liabilities The period of this support has been confirmed to run until 30 September 2013, at which time the position will be re-assessed

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below

F Nishida
K Takeda
S Foucher
P Navarette (appointed 1 May 2011, resigned 22 May 2012)
G Pelliet (resigned 1 May 2011, appointed 1 June 2012)
R Londema (appointed 1 June 2012)
M Tamagawa (appointed 1 July 2012)

Sony Europe Limited
Year ended 31 March 2012
Directors' report

Differences between market and balance sheet value of land

In the opinion of the directors, the difference between the market value and the balance sheet value of land is not significant

Directors' indemnities

The company maintains liability insurance for its directors and officers through a third party insurer In addition, as set out in the company's Articles of Association, the company also provides indemnity for its directors, secretary and officers through a qualifying third party indemnity provision as defined in the Companies Act 2006

Research and development

The company undertakes research in the semiconductor and professional broadcast industries and investigates new innovations and techniques for television product improvement and functionality increase in preparation for future designs Research and development expenditure totalled €15 2 million (2011 €14 6 million)

Post balance sheet events

On 12 April 2012, Sony Corporation moved to strengthen its core business and shift resources to growth areas by announcing a comprehensive global restructuring to further enhance operational efficiencies As a result of this SEU will be impacted by a reduction of its headcount, and a provision of €92 9 million has been recognised for this estimated liability

Policy and practice on payment of creditors

It is the company's policy in respect of all suppliers to agree payment terms in advance of the supply of goods and services, to ensure that suppliers are aware of the payment terms and to adhere to those terms SEU is a signatory of the Prompt Payment Code, further details of which can be found at www promptpaymentcode co uk

Trade creditor days for the company for the year ended March 2012were32 days (2011 35 days), based on the ratio of company trade creditors at the end of the year to the amounts invoiced during the year by trade creditors The majority of trade creditors are other Sony group companies

Employees

The company's policy is to consult with employees and their representatives and to provide them with information via the internal website and email regarding business performance and other matters affecting them This policy is carried out through line management channels and through regular meetings with representatives of employees The company also encourages the involvement of employees in the performance of Sony by offering voluntary participation in a European employee share option scheme, which offers subsidised shares in Sony Corporation to employees

As part of the European reorganisation discussed in the review of business, the company is committed to the standardisation and harmonisation of employee programmes, tools, policies and processes throughout Europe

The company gives full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities Where people became disabled during the course of their employment, every effort is made to retain their services and to provide retraining if necessary All employees are eligible for consideration for appropriate training, career development and promotional opportunities Disabled persons are not treated differently in this respect

SEU has continued to demonstrate its commitment to environmental and health and safety issues through ongoing support to employees in areas such as workstation ergonomics, display screen and driver eye test compliance, occupational road risk driver training and personal safety advice

SEU maintains a health safety and environmental critical supplier questionnaire for the screening of new suppliers, maintained its ISO14001 (environmental management system) accreditation, actively pursues recycling for all waste streams and works towards reducing CO_2

Sony Europe Limited
Year ended 31 March 2012
Directors' report

Charitable donations

During the year the company has made donations to charitable organisations amounting to €0 3 million (2011 €0 1 million), split 24% to sporting related charities with 76% to community based charities

Disclosure of information to auditors

Each of the persons who are a director at the date of approval of this report confirms that

- So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- The director has taken all steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the annual general meeting

Approved by the Board of Directors
and signed on behalf of the Board

P Crowhurst
Company Secretary

28 September 2012

Sony Europe Limited
Year ended 31 March 2012
Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law, the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Independent auditors' report to the members of

Sony Europe Limited

We have audited the financial statements of Sony Europe Limited for the year ended 31 March 2012 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 8 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company s affairs as at 31 March 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or

Independent auditors' report to the members of Sony Europe Limited (continued)

- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Marco Amitrano

Marco Amitrano (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge
28 September 2012

Sony Europe Limited

Profit and loss account
Year ended 31 March 2012

	Notes	2012 €m	Restated 2011 €m
Turnover	2	5,864 5	6,710 6
Other operating income		35 9	42 4
		5,900 4	6,753 0
Change in stocks of finished goods and work in progress		20 5	111 0
Raw materials and consumables		13 0	(19 5)
Other external charges		(5,366 6)	(6,329 9)
Staff costs	3	(434 3)	(191 7)
Depreciation and other amounts written off tangible and intangible fixed assets		(33 4)	(17 4)
Other operating charges		(798 6)	(785 0)
Loss on ordinary activities before interest		(699 0)	(479 5)
Interest receivable and similar income	4	5 7	8 4
Interest payable and similar charges	5	(35 4)	(33 4)
Other finance credit	6	2 5	0 7
Loss on ordinary activities before taxation	7	(726 2)	(503 8)
Taxation on loss on ordinary activities	8	(147 0)	6 8
Loss for the financial year	19	(873 2)	(497 0)

All amounts related to continuing operations

There is no material difference between the loss on ordinary activities before taxation and loss for the financial year stated above, and their historical cost equivalents

Restatement of Prior Year Financial Results

The presentational reporting currency of SEU changed 1 April 2011 from Sterling to Euro Consequently, all assets and liabilities of the company are now recorded in Euro in the financial statements Prior year balance sheet and profit and loss comparative amounts have been translated at £1/€1 17123, the prevailing exchange rate at 1 April 2011 Foreign currency transactions are translated into the local currencies at the rates of exchange prevailing at the transaction dates

Sony Europe Limited

Statement of total recognised gains and losses
Year ended 31 March 2012

	Notes	2012 €m	Restated (note 1) 2011 €m
Loss for the financial year		(873 2)	(497 0)
Reserves acquired through mergers	11	(59 1)	103 9
Actuarial gain on pension scheme	22	1 1	34 7
Movement on deferred tax resulting from actuarial gain	8	-	8 3
Currency translation gains on foreign currency net investments	19	73 8	16 2
Total recognised losses for the year		(857 4)	(333 9)

Sony Europe Limited

Balance sheet
As at 31 March 2012

	Notes	2012 €m	Restated 2011 €m
Fixed assets			
Intangible assets	9	13 0	24 1
Tangible assets	10	117 8	111 7
Investments	12	20 6	155 9
		151 4	291 7
Current assets			
Stocks	13	345 2	341 3
Debtors	14	1,428 7	3,021 2
Cash at bank and in hand		48 6	60 5
		1,822 5	3,423 0
Creditors: amounts falling due within one year	15	(1,682 6)	(4,572 6)
Net current assets / liabilities		139 9	(1,149 6)
Total assets less current liabilities		291 3	(857 9)
Creditors amounts falling due after more than one year	16	(817 8)	(13 8)
Provision for liabilities	17	(162 5)	(147 3)
Net liabilities excluding pension liability		(689 0)	(1,019 0)
Pension liability	22	(2 9)	(24 9)
Net liabilities including pension liability		(691 9)	(1,043 9)
Capital and reserves			
Called up share capital	18	56 6	60 3
Share premium account	19	1,515 7	308 3
Profit and loss account	19	(2,264 2)	(1,412 5)
Shareholders' deficit	19	(691 9)	(1,043 9)

Restatement of Prior Year Financial Results

The presentational reporting currency of SEU changed 1 April 2011 from Sterling to Euro Consequently, all assets and liabilities of the company are now recorded in Euro in the financial statements Prior year balance sheet and profit and loss comparative amounts have been translated at £1/€1 17123, the prevailing exchange rate at 1 April 2011 Foreign currency transactions are translated into the local currencies at the rates of exchange prevailing at the transaction dates

The financial statements of Sony Europe Limited, registered number 02422874 were approved by the Board of Directors on 27thSeptember 2012 The notes on pages 14 to 38 form part of these financial statements

Signed on behalf of the Board of Directors

K Takeda
Director

J Schmitz

1. **Accounting policies (continued)**

Business combinations and goodwill

Acquisitions of trade and assets from other group entities for fair value consideration are accounted for using acquisition accounting principles

Intra-group cross border mergers are accounted for using merger accounting principles prospectively from the date on which the company takes control of the underlying trade and assets The difference between the value of the net identifiable assets acquired and the previous cost of investment in the subsidiary undertaking is taken to reserves in the company's financial statements. The legacy entities then cease to exist by law

Where the company has acquired the right to use the assets and employees through a lease agreement, the ongoing lease payments are recorded as an operating lease unless the lease is finance in nature

Goodwill arising on the acquisition of businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its estimated useful economic life In the year of acquisition a full year amortisation is charged to the profit and loss account Goodwill is reviewed for impairment at the end of the first full financial year after acquisition Subsequently, goodwill is reviewed for impairment indicators by management on an annual basis during the fourth financial quarter, and between annual tests whenever an impairment indicator is noted Provision is made for any impairment and the expense is recognised through the profit and loss Goodwill is amortised over 5-20 years

The estimated useful economic lives above represent the periods over which the directors believe that the group will benefit from the use of the asset

Tangible assets and depreciation

Tangible assets are stated at historic purchase cost including incidental expenses, less accumulated depreciation Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use Depreciation is charged on tangible assets, other than land and construction in progress, over the periods set out below, calculated on a straight line basis on cost to write them off over their estimated useful economic lives less residual value The cost of minor capital expenditure (individual items under £500 excluding monitors) is written off as it is incurred

Freehold buildings	30 – 45 years
Short leasehold buildings	Depreciated over the life of the lease
Plant and machinery	3 – 10 years
Fixtures, fittings tools and equipment	3 – 10 years

Internally generated software development costs that are directly attributable to bringing computer systems into working condition for use within the business are capitalised as tangible fixed assets and depreciated over their useful lives of 3 – 5 years

Investments

Investments are shown at historic cost, less provision for impairment Senior management review investments for impairment indicators annually

Leased assets

Operating lease rentals are charged to the profit and loss account over the period of each lease on a straight line basis

1 **Accounting policies (continued)**

Stock, work in progress and long term contracts

Stock is stated at the lower of cost and net realisable value, and is valued using a moving weighted average. Cost includes all attributable expenses of importation and delivery to the company's premises Work in progress manufactured by the company includes labour and appropriate overhead costs Slow moving, obsolete and defective stocks are devalued and provision is made using set rules based on future sales forecast information and management review

Long term contract balances are stated at cost less amounts taken to cost of sales, provisions for foreseeable losses and progress payments received on account Turnover is assessed in a manner appropriate to the stage of completion of the long term contracts and attributable profit is taken at that time

Research and development

Expenditure on research and development is charged to the profit and loss account in the year in which it is incurred

Deferred tax

Full provision for deferred taxation is made on all timing differences Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred at the balance sheet date.

Deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured at the average tax rate that is expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax assets and liabilities recognised have not been discounted

Foreign currencies

Foreign currency transactions are translated into the local currencies at the rates of exchange prevailing at the transaction dates Monetary assets and liabilities denominated in foreign currencies are converted to Euros at the relevant rates at the balance sheet date, with resulting gains and losses being charged to the profit and loss account

Profits and losses of SEU divisions who keep their books of accounts denominated in local currencies other than Euro,are translated from the local currency into Euroat the average rates prevailing at month end throughout the year Assets and liabilities are translated into Euro at the rates ruling at the year end Due to the local currency of some divisions and overseas branches of the company being the currencies other than Euro, the closing rate method has been used to translate the results of these divisions Under this method, resulting exchange differences are dealt with in reserves

Foreign currency hedging is carried out by Sony Global Treasury Services plc on behalf of SEU Natural hedging is applied which matches off all currency assets against the liabilities where the net (positive or negative) value is smaller than €0 250 million equivalent Any over or under exposures will be matched with loans or deposits with Sony Global Treasury Services plc SEU enters into derivative contracts (forward exchange contracts) solely with Sony Global Treasury Services plc in order to reduce foreign currency risk The derivatives relate primarily to sales and purchase transactions with other Sony companies and are accounted for on an accruals basis whereby the underlying payables and receivables associated with the forward exchange contract are recorded at the forward rate, with any difference recorded in the profit and loss

Sony Europe Limited

Notes to the financial statements (continued)
Year ended 31 March 2012

1. **Accounting policies (continued)**

Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation

Pensions

The company operates voluntary pension schemes, which have defined benefit and defined contribution sections The assets of these schemes are held in separate independently administered funds The pension cost charge relating to the defined contribution sections are disclosed in note 22and represent contributions payable by the group to the funds in respect of the accounting period

Defined benefit pension sections assets are measured using current bid price The pension schemes liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability

The increase in the present value of the liabilities of the company's defined benefit pension schemes expected to arise from employee service in the year is charged to operating profit The expected return on the schemes' assets and the increase during the year in the present value of the schemes' liabilities arising from the passage of time are included in other finance income Actuarial gains and losses and foreign exchange arising on translation of the non-Euro schemes are recognised in the statement of total recognised gains and losses

Pension scheme surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet net of the related deferred tax

Share based payments

Share options are granted directly from the ultimate parent undertaking (Sony Corporation) to selected key employees of SEU for the purposes of incentivisation and retention These transactions are recorded as equity-settled share based payments to employees and are measured at the fair value of the share options granted at the date of the grant The fair value of the options granted is determined using a Black-Scholes pricing model and is expensed on a straight line basis over the vesting period subject to the company's estimation of the proportion of the options that will eventually vest The increase in equity resulting from the transaction is recorded as a contribution from the parent undertaking

Sony Europe Limited

Notes to the financial statements (continued)
Year ended 31 March 2012

2. Turnover

Geogı aphical analysis by destınatıon:

	2012 €m	Restated (note 1) 2011 €m
UK and Ireland	825 9	1,508 6
Western Europe	3,592 0	3,857 3
Eastern Europe	1,289 1	783 1
Middle East	71 8	68 4
Afrıca	9 6	24 8
Otheı	76 1	468 4
	5,864 5	6,710 6

Turnover orıgınates prıncıpally from the UK and Europe, and relates to electronıc pıoduct sales

3. Staff costs

	2012 €m	Restated (note 1) 2011 €m
Dırectors		
Aggregate emoluments	2 8	1 8
	2 8	1 8
Hıghest paıd dırector		
Aggıegate emoluments	1 1	0 9
	1 1	0 9

No dırector ıs accruıng retırement benefits (2011 nıl) under a defined benefit scheme Nodırector (2011 nıl) ıs in a defined contııbutıon scheme

Durıng the year nıl(2011 nıl) dırectors exercısed options ın the ultımate parent company's shares

A proportıon of the emoluments of some of the dırectors aıe rechaıged out of SEU to other Sony legal entıtıes The above figures represent the gross emoluments

Sony Europe Limited

Notes to the financial statements (continued)
Year ended 31 March 2012

3. Staff costs (continued)

Average monthly number of persons employed by the company during the year (including directors)

	2012	2011
UK and Ireland	1,368	1,365
Continental Europe	3,694	705
Others	-	61
	5,062	2,131

90(2011 89)employees who were transacted through the SEU payroll are excluded from the above figure for the year ended 31 March 2012 as they are fully recharged to other Sony entities and are not included in the figures below for staff costs

	2012 €m	Restated (note 1) 2011 €m
Staff costs (including directors' remuneration)		
Wages and salaries	344 5	168 2
Social security costs	82 6	17 7
Other pension costs (note 22)	6 7	5 4
Equity-settled share based payments	0 5	0 4
	434 3	191 7

Since 1 April 2002, the 'Stock Acquisition Rights' (STAR) scheme has been in operation STAR provides selected key employees with the right to buy specified amounts of shares in the ultimate parent undertaking (Sony Corporation) The right extends for 10 years from the date of grant, and the shares vest over three years with approximately one third vesting each year on the anniversary of the grant date There are no other vesting conditions Options may be exercised at any point after the vesting date as long as the market price exceeds the granted option price Upon exercise the shares are purchased at the option grant price and automatically sold the next day at market price No recharges for the costs of the scheme are made to SEU by Sony Corporation

Since November 2007 a proportion of options are granted using American Depositary Receipts, which enable shares in Sony Corporation (listed on the Tokyo stock exchange) to be traded via the New York Stock exchange

On 22November 2011 the company granted 16,000 options for the Tokyo exchange plan with an exercise price of 1,523Yen (€14 71 equivalent at grant date) No options have been exercised during the year for the Tokyo exchange plan

On 22November 2011, the company granted 93,000 options for the New York exchange plan with an exercise price of 19 44 USD (€14 40 equivalent at grant date), which included 40,200 options granted to SEU employees No options have been exercised during the year for the New York exchange plan

STAR scheme options granted during the year ending 31 March 2012have been fair valued using a Black-Scholes model The fair value of share options granted during the year, as estimated at the date of grant, was347 Yen (2011 1,004Yen) for options exercisable on the Tokyo exchange. and 4 46 USD (2011 12 64 USD) for options exercisable on the New York exchange

Sony Europe Limited

Notes to the financial statements (continued)
Year ended 31 March 2012

4 Interest receivable and similar income

	2012 €m	Restated (note 1) 2011 €m
Interest receivable from group undertakings	4 4	7 4
Other interest receivable from third party financial institutions	0 5	0 9
Foreign exchange gains on financing activities	0 8	0 1
	5 7	8 4

Group undertakings refer primarily to transactions with Sony Global Treasury Services plc

5. Interest payable and similar charges

	2012 €m	Restated (note 1) 2011 €m
Interest payable to group undertakings	35 4	33 4
	35 4	33 4

Group undertakings refers primarily to transactions with Sony Global Treasury Services plc

6 Other finance credit

	2012 €m	Restated (note 1) 2011 €m
Interest on pension scheme liabilities (note 22)	(29 6)	(29 6)
Expected return on assets in the pension scheme (note 22)	32 1	30 3
	2 5	0 7

Sony Europe Limited

Notes to the financial statements (continued)
Year ended 31 March 2012

7 Loss on ordinary activities before taxation

	2012 €m	Restated (note 1) 2011 €m
This is stated after charging/(crediting)		
Other operating income	(35 9)	(42 4)
Depreciation (note 10)	30 4	13 8
Amortisation of goodwill (note 9)	3 0	3 6
Impairment of long-lived assets (note 9)	7 8	-
Other operating lease rentals	49 1	16 4
Foreign exchange loss	23 9	11 9
Loss on disposal of tangible assets (note 10)	9 8	5 2
Research and development expenditure	15 2	14 6
Services provided by the company's auditor		
- fees payable for statutory audit	1 2	1 5

The research and development expenditure figure includes €12 6million(2011 €10 2 million)of cost that is 100% funded by and recharged to Sony global group entities other than SEU

8. Taxation on loss on ordinary activities

(a) Analysis of tax credit in the year

	2012 €m	Restated (note 1) 2011 €m
Current taxation		
UK corporation tax credit 26% (2011 28%)	(7 1)	(21 6)
Adjustment in respect of previous periods	8 6	25 9
Foreign tax		
Current tax on income for the period	5 4	(3 1)
Adjustments in respect of prior periods	3 7	-
Total current tax charge	10 6	1 2
Deferred taxation		
Origination and reversal of timing differences	136 4	15 9
Adjustment to prior year periods	-	(23 9)
Total deferred tax	136 4	(8 0)
Tax credit on loss on ordinary activities	147 0	(6 8)

8. Taxation on loss on ordinary activities (continued)

(b) Factors affecting tax for the year

The tax assessed for the period is higher(2011 higher)than the standard rate of corporation tax in the UK

The differences are explained below

	2012 €m	Restated (note 1) 2011 €m
Loss on ordinary activities before tax	(726 2)	(503 8)
Loss on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 26% (2011 28%)	(188 8)	(141 0)
Effects of		
Expenses not deductible for tax purposes	3 5	5 2
Depreciation for the year in excess of capital allowances	-	3 6
Other short term timing differences	-	0 4
Adjustments to tax in respect of prior years	8 6	25 9
Other timing differences	-	(10 6)
Pension contributions made in excess of profit and loss charge for period	-	(8 2)
Impact of overseas taxes	(10 0)	(3 1)
Remeasurement of deferred tax-charge in UK tax rate	-	12 2
Advanced Pricing Agreement adjustment (note A)	165 6	116 8
Deferred tax not recognised in year	30 0	-
Other	1 7	-
Current tax charge for the period	10.6	1 2

Note A

This is a transfer pricing adjustment being negotiated between the UK and Japanese tax authorities

Factors which may affect future charges

The Directors' have considered it prudent not to recognise a deferred tax asset for accumulated tax losses and other timing differences at 31 March 2012 due to the uncertainty over the recoverability of these losses in the future

On 26 March 2012 a resolution passed by Parliament reduced the main corporation tax from 26% to 24% effective 1 April 2012 This change was announced in the March 2012 Budget Statement together with the intention to reduce the main rate of corporation tax 22%

Legislation to reduce the main rate of corporation tax from 24% to 23% effective from 1 April 2013 is included in the Finance Act 2012 The rate of reduction from 24% to 22% had not been substantively enacted at the balance sheet date, and therefore is not included in these financial statements

Sony Europe Limited

Notes to the financial statements (continued)
Year ended 31 March 2012

8. Taxation on loss on ordinary activities (continued)

(c) Deferred taxation asset

	2012 €m	Restated (note 1) 2011 €m
The following deferred tax asset has been recognised		
At 1 April (Restated note1)	154 6	154 9
Amounts (charged)/ credited to the profit and loss account	(136 4)	8 0
Amounts chargedto the statement of total recognised gains and losses	-	(8 3)
At 31 March	18 2	154 6

The deferred tax assets analysed by major component are as follows

	2012 €m	Restated (note 1) 2011 €m
Capital allowances	-	31 4
Tax losses carried forward	18 2	115 4
Other timing	-	1 6
Deferred tax excluding that relating to pension liability (note 14)	18 2	148 4
Pension liability	-	6 2
Total deferred tax asset recognised	18 2	154 6

As at 31 March 2012, there are potential deferred tax assets of €263 1 million relating to losses and other short term timing differences which are not been recognised due to insufficient certainty of recovery in line with UK GAAP principles

The proposed reductions of the main rate of the corporation tax by 1% per year to 22% by 1 April 2014 are expected to be enacted separately each year

Sony Europe Limited

Notes to the financial statements (continued)
Year ended 31 March 2012

9 **Intangible fixed assets**

	Goodwill €m
Cost	
At 1 April 2011 (Restated note1)	30 2
Disposal	(0 4)
Impairment	(7 8)
Exchange difference arising due to change of presentation currency	(0 2)
At 31 March 2012	21 8
Accumulated amortisation	
At 1 April 2011(Restated note1)	6 1
Charge for the year	3 0
Disposal	(0 4)
Exchange difference arising due to change of presentation currency	0 1
At 31 March 2012	8 8
Net book value	
At 31 March 2012	13 0
At 31 March 2011 Restated (note 1)	24 1

Goodwill is being amortised on a straight line basis over an expected useful life of 5-20 years, which is the period over which the company expects to benefit from the additional strategic value of the activities to which the goodwill relates

The company recognised an impairment charge of €7 8 million during the year to write down the goodwill in Sony Europe (Belgium) NV to €5 2 million

During the year the company disposed of goodwill held by Sony Central and Southeast Europe Kft acquired as a part of the European reorganisation as the companies were non-trading

Sony Europe Limited

Notes to the financial statements (continued)
Year ended 31 March 2012

10. Tangible fixed assets

	Land and buildings freehold €	Plant and machinery €	Fixtures fittings tools and equipment €	Other €	Total €
Cost					
At 1 April 2011 Restated (note 1)	89 4	21 1	124 0	0 8	235 3
Acquisitions on reorganisation	2 5	0 5	2 6	0 6	6 2
Additions	5 0	1 0	21 9	-	27 9
Transfers	4 2	-	(4 2)	-	-
Disposals	(7 5)	(5 7)	(23 3)	-	(36 5)
Exchange difference arising due to change in presentational and local currency	(1 0)	0 9	8 5	(0 2)	8 2
At 31 March 2012	92 6	17 8	129 5	1 2	241 1
Accumulated depreciation					
At 1 April 2011 Restated (note 1)	34 1	19 9	69 5	0 1	123 6
Charge for the year	2 6	1 2	26 4	0 2	30 4
Transfers	-	-	-	-	-
Disposals	(6 5)	(5 7)	(14 5)	-	(26 7)
Exchange difference arising due to change in presentational and local currency	(0 9)	0 5	(3 6)	-	(4 0)
At 31 March 2012	29 3	15 9	77 8	0 3	123 3
Net book value					
At 31 March 2012	63 3	1 9	51 7	0 9	117 8
At 31 March 2011 Restated (note 1)	55 3	1 2	54 5	0 7	111 7

Internally generated software costs that have not yet been completed and are directly attributable to bringing computer systems to working condition for their intended use within the company are included within the other category The value of completed internally generated software along with the related accumulated depreciation is shown within fixtures, fittings, tools and equipment

Historical cost of €36 5million(2011 €6 0 million)of tangible assets with a net book value of €9 8 million(2011 €5 2 million)were written off or disposed of against proceeds of € nil(2011. nil) resulting in a loss on disposal of €9 8million(2011 €5 2 million)

11 Acquisitions

On 30 June 2011, SEU acquired an additional 12% of the share capital of Solus Electronics Limited and has been capitalised as an investment SEU now owns 100%of the share capital of Solus Electronics Limited

European reorganisation activity

During the year ended 31 March 2012, the companyentered a series of cross-border mergers to acquire the ongoing trade of the European subsidiaries' sales businesses which are now carried through branches of SEU

European reorganisation activity – share purchase agreements

As part of the reorganisation, the company entered into a share purchase agreement with its parent company, Sony Europe Holding B V (SEHBV) to acquire the shares of the remaining European operating company that had previously been held by SEHBV for total consideration equal to the book value of the investments held by SEHBV

- 23April 2011, the company acquired full ownership of Sony HungariaKft for consideration totalling €9 3 million with the issuance of 53 shares in SEU

The company also completed the following cross border mergers with certain of its newly acquired subsidiaries

	Merger date	Investment value €m	Value of net assets €m	Difference taken to reserves €m
Sony Italia SpA	1April 2011	41 4	7 8	33 6
Sony Portugal Lda	1April 2011	14 4	0 4	14 0
Sony Poland Sp z o o	1April 2011	1 3	10 7	(9 4)
Sony France SA	1April2011	24 7	21 4	3 3
Sony HungariaKft	15December 2011	9 3	(8 3)	17 6
Total		91 1	32 0	59 1

The completion of these mergersof Sony Italia Spa, Sony Portugal Lda, Sony Poland Sp z o o , Sony France SA and Sony HungariaKft resulted in an increase to the company s net assets of€32 0 million a debit to profit and loss reserve of €59 1million and a corresponding decrease in the investment in these entities from €91 1 million to nil

Sony Europe Limited

Notes to the financial statements (continued)
Year ended 31 March 2012

12 Investments

	Shares in subsidiary undertakings €m
Cost	
At 1 April 2011 (Restated note 1)	155 9
Additions in year	9 8
Subsidiaries merged into SEU	(91 1)
Disposal	(52 2)
Exchange difference arising due to change in presentation currency	(1 8)
At 31 March 2012	20 6

The directors believe that the carrying value of investments is supported by their underlying net assets

Re-org 1 Limited was dissolved on 3 May 2011, resulting in a disposal of investment of €52 2million, for no gain or loss

The company has shares in the following companies

Subsidiary undertakings	Business	Country of registration and operation	Proportion of nominal value of ordinary shares and voting rights held
Sony Professional Solutions Middle East (Jordan) L L C FZ	Non-trading	Jordan	100%
Sony Austria GmbH	Non-trading	Austria	100%
Hawk-Eye (Holdings) Limited	Trading	England	100%
Pulse Innovations Limited	Trading	England	50%
Sony (U K) Pension Trust Limited	Trading	England	100%
Solus Electronics Limited	Trading	England	100%
Hi Fi Corner Limited	Trading	Ireland	76%
Other investments			
Fundacionpara la GestionMedioambiental de Pilas	Trading	Spain	14%
FundacionInnovacionEspana	Trading	Spain	14%
Foxconn Slovakia spols r o	Trading	Slovakia	10%
Asekols r o	Trading	Czech Republic	9%
Screlec SA	Trading	France	17%
EcophihasLda	Trading	Portugal	17%
ERP Poland Sp z o o	Trading	Poland	25%

13 Stocks

	2012 €m	Restated (note 1) 2011 €m
Raw materials and consumables	11 7	28 2
Work in progress	25 8	13 6
Finished goods and goods for resale	307 7	299 5
	345 2	341 3

14 Debtors

	2012 €m	Restated (note 1) 2011 €m
Trade debtors	621 2	598 1
Amounts owed by group undertakings	573 9	2,019 7
Corporation tax receivable	0 3	0 3
Inter-company receivable (corporation tax group relief)	62 1	79 0
Other debtors	57 5	60 6
Deferred tax asset (excluding that related to pension liability) (note 8)	18 2	148 4
Prepayments and accrued income	47 4	30 9
VAT receivable	48 1	84 2
	1,428 7	3 021 2

Prepayments and accrued income includes €16 0million(2011 €18 8 million) falling due after more than one year The deferred tax asset excludes amounts relating to the pension liability €nil (2011 €6 2million) (note 8) Amounts owed by other Sony global group undertakings are unsecured and are predominantly on 60 day terms Interest on amounts owed by Sony global group undertakings is charged based on rates provided by Sony Global Treasury Services plc, which ranged from 1% - 5% during the year

Sony Europe Limited

Notes to the financial statements (continued)
Year ended 31 March 2012

15 Creditors: amounts falling due within one year

	2012 €m	Restated (note 1) 2011 €m
Trade creditors	215 7	101 6
Amounts owed to group undertakings	815 8	3,661 9
Other taxation and social security	32 4	74 0
Corporation tax payable	1 7	-
Other creditors	202 2	432 9
Accruals and deferred income	414 8	302 2
	1,682 6	4,572 6

Amounts owed to group undertakings are unsecured and repayable on demand, with interest being incurred based on rates supplied by Sony Global Treasury Services plc These rates ranged from 1% to 5% during the year

16 Creditors amounts falling due after more than one year

	2012 €m	Restated (note 1) 2011 €m
Accruals and deferred income	17 8	13 8
Amounts owed to group undertakings	800 0	-
	817 8	13 8

On 28 March 2012, the company secured from SGTS a long term loan for 2 years, with an interest rate of 1 92%

17. Provisions for liabilities

	End of Life Provision €m	Warranty provision €m	Royalty Provision €m	Other €m	Total €m
At 1 April 2011(Restatednote 1)	9 5	101 2	22 0	14 6	147 3
Acquisition on reorganisation	-	22 7	-	25 2	47 9
Charge for the year	4 8	77 4	31 1	62 2	175 5
Utilised during year	(8 3)	(83 6)	(22 0)	(66 1)	(180 0)
Released during year	(1 4)	(16 4)	(10 3)	-	(28 1)
Exchange difference arising due to change of presentation currency	-	(0 2)	-	0 1	(0 1)
At 31 March 2012	4 6	101 1	20 8	36 0	162 5

17 Provisions for liabilities (continued)

A provision for €4 6million (2011 €9 5 million) has been recognised in respect of the probable payment of costs to other manufacturing companies for the value of product and materials held by them relating to end of life ("EOL") television models The provision has been calculated based on the EOL on hand stock value as well as related claims and expected future claims from suppliers, and applying a best estimate percentage claim risk The full value of the EOL product may not be recharged to SEU, depending on the other company's ability to utilise the materials elsewhere

A provision of €101 1million (2011 €101 2 million) has been recognised for expected warranty claims on products sold during the last three financial years It is expected that most of this expenditure will be incurred in the next financial year, and all will be incurred within three years of the balance sheet date The warranty provision is calculated with reference to latest average repair costs, historical fault rates by key product category and actual product sales made Allowance is made for the time lag between SEU sale and the purchase by the end customer, and where applicable a weighting is applied for the expected phasing of fault identification The estimates used in the calculation are based on historical experience and averages by product groupings, and the actual cost and timing may vary as product failure patterns and repair costs evolve

A provision for €20 8million (2011 €22 0 million) has been recognised in respect of the probable payment of costs to other companies in relation to royalty payments The provision has been calculated based on an estimated unit liability which may vary to the actual charge

The other provisions held by the company at 31 March 2012 include a provision of €3 0 million (2011 €3 8 million) for the estimated liability relating to the Waste Electrical Equipment (WEEE) directive, a provision of €1 0 million (2011 €1 4 million) for the estimated liability for redemptions of Sony card reward points and a provision of €32 0 million (2011, €9 4 million) for the estimated liability arising on the restructuring of SEU

18 Called up share capital

	2012 €m	Restated (note 1) 2011 €m
Authorised		
60,000,000 (2011 60,000,000) ordinary shares of €1 10 each (2011 , £1 00 each)	66 0	60 0
Issued and fully paid		
51,451,201 (2011 51,451,141) ordinary shares of €1 10 each (2011 , £1 00 each)	56 6	60 3

In accordance with the share-purchase agreements discussed in note 11, the company had one share issue before redenomination of the currency of the shares from Sterling to Euro, followed by two share issues during the year to 31 March 2012 SEHBV

- 24 April 2011, the directors resolved to issue 53 ordinary shares with a nominal value of £1 per share paying £149,395 per share (€175,923 equivalent at share issue date), resulting in an increase in share premium of £7 9million (€9 3m equivalent at share issue date)
- 27 September 2011, the directors resolved to redenominate 51,451,194 shares from a nominal value of £1 per share to €1 13159422 per share The total number of shares in issue 51,451 194 redenominated resulting in an aggregate nominal value of issue share capital of €58 2million
- 27 September 2011, the directors resolved to issue a notice of reduction in capital following redenomination, this resulted in the reduction of the aggregate nominal value from €58 2million to €56 4million, a reduction in the share capital of €1 6million

Sony Europe Limited

Notes to the financial statements (continued)
Year ended 31 March 2012

18 Called up share capital (continued)

- 11 October 2011, the directors resolved to issue 6 ordinary shares with a nominal value of €1.10 per share
- 28 December 2011, the directors resolved to issue 1 ordinary share with a nominal value of €1.10 per share, resulting in an increase in the share premium account of €1.2billion

19 Reconciliation of movements in shareholders' deficit

	2012 Called up share capital €m	2012 Share premium account €m	2012 Profit and loss account €m	Total shareholders' deficit 2012 €m	Total shareholders' deficit Restated (note 1) 2011 €m
At 1 April (Restated note 1)	60.3	308.3	(1,412.5)	(1,043.9)	(871.0)
Loss for the financial year			(873.2)	(873.2)	(497.0)
Issues of share capital(notes 11 and 18)		1,209.3		1,209.3	209.6
Redenomination of share capital (note 18)	(2.1)	3.3		1.2	-
Reduction of share capital (note 18)	(1.6)			(1.6)	-
Reserves acquired on reorganisation (note 11)			(59.1)	(59.1)	103.9
Actuarial gain on pension scheme			1.1	1.1	34.7
Movement on deferred tax				-	(8.3)
Contribution from parent share-based incentive scheme (notes 1 and 3)			0.5	0.5	0.4
Reversal of prior year acquisition and share issuance charged to foreign currency translation reserve (note a)			76.8	76.8	-
Currency translation losses on foreign currency net investments		(5.2)	2.2	(3.0)	(16.2)
Net reduction to shareholders' funds	(3.7)	1,207.4	(851.7)	352.0	(172.9)
At 31 March	56.6	1,515.7	(2,264.2)	(691.9)	(1,043.9)
Pension liability			2.9		
Profit and loss reserve excluding pension liability			(2,261.3)		

Note a

In the prior year cross border mergers and share issue were incorrectly charged to foreign currency translation reserve. The entry has been corrected in the current year.

20. **Lease obligations**

Obligations under non-cancellable operating leases payable within the following 12 months relate to leases expiring as follows

	Land and buildings		Other		Total	
		Restated (note 1)		Restated (note 1)		Restated (note 1)
	2012	2011	2012	2011	2012	2011
	€m	€m	€m	€m	€m	€m
Within 1 year	23 9	8 9	11 1	8 1	35 0	17 0
Between 1 - 5 years	63 4	33 9	15 0	8 6	78 4	42 5
After 5 years	33 2	80 1	-	-	33 2	80 1
	120 5	122 9	26 1	16 7	146 6	139 6

Not included in the above lease obligations at 31 March 2012 is the lease obligation relating to an operating business lease effective 1 February 2011 between Sony Deutschland GmbH and the company Under the terms of the agreement, the company will make an annual lease payment totalling 0 4% of prior calendar year net sales for the right to operate the German sales and marketing business previously conducted by Sony Deutschland GmbH For the current year, the company has included a leasing expense of€3 1 million (2011 €0 6million), which represents twelve months (2011 two months) leasing obligation under the agreement The lease, whilst renewable has an initial five year term

21. **Capital commitments**

At 31 March 2012 (2011 nil) the company did not have any capital expenditure contracted for but not provided in the accounts

22 **Pension fund commitments**

The company operates the following voluntary pension schemes, namely the Sony United Kingdom Limited Pension Scheme (formed from the merging of the Sony UK Pension and Life Assurance Scheme and the Sony (Basingstoke) Pension Plan on 6 April 2001), the Sony Ireland Pension and Life Assurance Scheme, the Sony UK Pension and Life Assurance Scheme (Supplemental) Additionally, as part of the European reorganisation discussed in the directors report, the company purchased the following pension plans operated by entities that were migrated during the year, namely the Sony France Pension Scheme and during the year ended 31 March 2011 the Sony Benelux Pension Scheme, the Sony Dutch Pension Scheme, the Sony Swiss Pension Scheme, and the Sony Norway Pension Scheme The assets of the schemes are held separately from those of the group in separate trustee administered funds The company also assumed responsibility for the Sony German Pension Scheme during the term of the business lease agreement with Sony Deutschland GmbH

The Sony United Kingdom Limited Pension Scheme and the Sony Ireland Pension and Life Assurance Schemes are each comprised of a defined benefit section, being funded final salary pension schemes closed to new members, and a defined contribution section During the year ended 31 March 2011, the United Kingdom Limited Pension Scheme plan was closed to future accruals as ratified by the plan trustees

The Sony UK Pension and Life Assurance Scheme (Supplemental) is comprised of a defined benefit section which is a funded final salary scheme and is closed to new members

The Sony Benelux Pension Scheme is comprised of a defined benefit section which is a funded final salary scheme and is open to new members The Sony France Pension scheme and Sony German Pension scheme are unfunded and are open to new members

All other plans are comprised of a defined benefit section which is funded final salary schemes that are active

Sony Europe Limited

Notes to the financial statements (continued)
Year ended 31 March 2012

22. Pension fund commitments (continued)

During the year the company contributed €20 7 million (2011 €23 3million) to the defined benefit sections of the schemes The contributions by the company during the year ending 31 March 2013 are expected to be €20 7million

The defined contribution section's pension costs are equal to the contributions paid by the company to the fund managers and amounted to €3 5 million (2011 €8 2 million) There were no outstanding or prepaid contributions to the defined contribution section at the balance sheet date

The disclosures required under Financial Reporting Standard 17 'Retirement Benefits' have been calculated by an independent actuary based on the most recent full actuarial valuation updated to 31 March 2012

The results of their calculations and the assumptions they have adopted are outlined in this note

Principal actuarial assumptions

	2012 % pa	2011 % pa
Discount rate	2 3 – 5 8	3 0 – 5 5
Salary growth	2 5 – 4 5	1 5 – 4 0
Pension increases	0 1 – 3 3	0 0 – 3 8
Social security increases	1 5 – 3 2	0 0 – 3 8
Inflation	1 8 – 3 3	1 5 – 3 5
Expected rate of return on plan assets	3 6 – 6 0	4 0 – 6 9

Sony United Kingdom Limited Pension Scheme and Sony UK Pension and Life Assurance Scheme (Supplemental) - post retirement mortality·

Base table	SAPS Pensioners with Long Cohort improvements for the period from 2002 to 2006 and Medium Cohort improvements for the period from 2006 to 2010 Various 'multipliers" have been applied to different categories and sections of members, based on any analysis of members' post codes SAPS Pensioners Male is used for the Supplemental Scheme with Long Cohort improvements from 2002 to 2010 and a multiplier of 0 92 applied
Future improvements	Core CMI (2009) projections with a long-term rate of 1 5% per annum

Sony Ireland Pension and Life Assurance Scheme - post retirement mortality

Base Table	00 lives table with CSO improvements with a 1 year age rating and a multiplier of 108% to the underlying mortality rates No further allowance for future improvements has been made

Sony Benelux Pension Scheme and Sony Dutch Pension Scheme - post retirement mortality

Base Table	AG Prognosetafel 2010-2060 with H age correction tables

Sony Europe Limited

Notes to the financial statements (continued)
Year ended 31 March 2012

22. Pension fund commitments (continued)

Sony Swiss Pension Scheme - post retirement mortality

Base Table — BVG 2000 plus a 5 0% adjustment to reflect future increase in longevity

Sony United Kingdom Limited Pension Scheme and Sony UK Pension and Life Assurance Scheme (Supplemental) - commutation allowance

Allowance for 20% of members' pension at retirement to be taken as cash

The overall expected return on assets assumption as at 31 March 2012 has been determined with the aim of reflecting the average rate of growth expected on the funds invested having regard to the weighted average of the expected return from each of the main asset classes The expected return for each asset class reflects a combination of historical performance analysis and the forward looking views of the financial markets (as suggested by the yields available) The company pension scheme does not hold any of the company's own financial instruments, or any property occupied by, or other assets used by the company

Actual return on scheme assets

	2012 €m	Restated (note 1) 2011 €m
Expected return on plan assets	32 1	30 3
Asset gain/(loss)	2 5	(3 0)
Actual return on plan assets	34.6	27.3

Composition of the total fair value of scheme assets

	2012 €m	Restated (note 1) 2011 €m
Equities	265 1	300 6
Bonds	222 2	196 3
Property	12 3	15 7
Other assets	52 2	4 3
Total	551 8	516 9

Sony Europe Limited

Notes to the financial statements (continued)
Year ended 31 March 2012

22. Pension fund commitments (continued)

Reconciliation to the balance sheet

	2012 €m	Restated (note 1) 2011 €m
Total fair value of scheme assets	551 8	516 9
Present value of scheme liabilities	(554 7)	(548 1)
Deficit in the scheme	(2 9)	(31 2)
Deferred tax on pension liability	-	6 3
Pension liability recognised in the balance sheet	(2 9)	(24 9)

Reconciliation of Scheme asset and liability balance movements

Change in present value of Scheme liabilities

	2012 €m	Restated (note 1) 2011 €m
Defined benefit obligation at 1 April	548 1	440 0
Defined benefit obligation acquired	6 9	136 7
Employer service cost	3 5	8 2
Interest cost	29 6	29 6
Scheme participants' contributions	0 8	2 6
Curtailment gain	(0 3)	(11 0)
Actuarial loss/ (gain)	6 3	(37 5)
Benefits paid from scheme assets	(16 3)	(16 5)
Exchange differences on foreign plans	(23 9)	(4 0)
Defined benefit obligation unfunded	23 1	14 0
Defined benefit obligation funded	531 6	534 1
Defined benefit obligation at 31 March	554 7	548 1

22. Pension fund commitments (continued)

Change in fair value of Scheme assets

	2012 €m	Restated (note 1) 2011 €m
Fair value of assets at 1 April	516 8	352 2
Fair value of assets acquired	-	132 4
Expected return on assets	32 1	30 3
Actuarial gain/(loss) on assets	2 5	(3 0)
Employer contributions	20 7	23 3
Scheme participants' contributions	0 8	2 6
Benefits paid	(16 3)	(16 5)
Exchange differences on foreign plans	(4 8)	(4 5)
Fair value of assets at 31 March	551 8	516 8

The following amounts have been recognised in the performance statements for the year ending 31 March 2012, and comparatives shown for the year ending 31 March 2011

	2012 €m	Restated (note 1) 2011 €m
Operating profit – staff costs		
Current service cost	3 5	8 2
Gain on curtailment	(0 3)	(11 0)
Total charged to operating profit (staff costs)	3 2	(2 8)

	2012 €m	Restated (note 1) 2011 €m
Other finance income		
Interest on pension scheme liabilities	(29 6)	(29 6)
Expected return on assets in the pension scheme	32 1	30 3
Net credit to other finance income	2 5	0 7

Total charged to operating profit in the current year includes a curtailment gainof €0 3 million recognised in the current year for the UK defined benefit plan The gain is the result of the current year plan amendment to discontinue future accruals

22 **Pension fund commitments (continued)**

Statement of total recognised gains and losses (STRGL)

	2012 €m	Restated (note 1) 2011 €m
(Gain)/loss on asset	(2 5)	3 0
Experience gain arising on the scheme liabilities	(1 1)	(19 7)
Losses/(gains) on change of assumptions (financial and demographic)	7 3	(18 6)
Actuarial loss/(gain)	3 7	(35 3)
Exchange differences on foreign plans - currency translation	(4 8)	0 4
Total /gain recognised in STRGL	(1 1)	(34 7)

Cumulative actuarial loss recognised through the STRGL

	2012 €m	Restated (note 1) 2011 €m
Cumulative actuarial loss recognised through the STRGL since 31 March 2003	88 5	89 6

History of amounts recognised for the current and previous four accounting periods

	2011 €m	Restated (note 1) 2011 €m	Restated (note 1) 2010 €m	Restated (note 1) 2009 €m	Restated (note 1) 2008 €m
Present value scheme liabilities	(554 7)	(548 1)	(440 0)	(307 9)	(320 8)
Fair value of scheme assets	551 8	516 9	352 2	254 5	278 8
Deficit in the scheme	(2 9)	(31 2)	(87 8)	(53 4)	(42 0)
Experience adjustments arising on					
scheme assets	(2 5)	3 0	(66 8)	63 0	23 7
scheme liabilities	(1 1)	(19 7)	1 1	0 4	8 1

23. Derivative financial instruments

SEU's functional currency is Euro, but it also transacts significant amounts of (mainly intercompany) sales and purchases in other currencies In order to reduce the resulting foreign exchange risk Sony Europe Limited enters into forward exchange contracts solely with Sony Global Treasury Services plc

Group and company	2011 €m	Restated (note 1) 2011 €m
Fair value of forward exchange contracts	4 1	3 1

24 Ultimate parent undertaking and controlling party

The company's ultimate parent undertaking and ultimate controlling party is Sony Corporation which is incorporated in Japan The company's immediate parent undertaking is Sony Overseas Holding BV, incorporated in the Netherlands, which is itself a wholly owned subsidiary of Sony Corporation The smallest and largest group to consolidate the financial statementsof SEU would be Sony Corporation

Consolidated financial statements for Sony Corporation are publicly obtainable from The Heights, Brooklands, Weybridge, Surrey KT13 0XW

25 Cash flow statements

The company has taken advantage of the dispensation under FRS1 not to prepare its own cash flow statement as it is a 100% owned subsidiary, and the Sony Corporation consolidated financial statements in which it is consolidated are publicly available

26 Related party transactions

In accordance with FRS8, the company is exempt from the requirement to disclose related party transactions as they are all made within the group in which the company is a 100% owned subsidiary, and the consolidated financial statements of the parent, Sony Corporation, are publicly available

27 Consolidated financial statements

The company has elected to take the exemption available under section 401 of Companies Act 2006 and has not issued group financial statements As stated in note 24, the company is a 100% owner subsidiary, and the consolidated financial statements of the parent, Sony Corporation,1-7-1, Konan, Minato-ku, Tokyo registered in Japan, are publicly available

28. Post balance sheet events

On 12 April 2012, Sony Corporation moved to strengthened its core business and shift resources to growth areas by announcing a comprehensive global restructuring to further enhance operational efficiencies As a result of this SEU will be impacted by a reduction of its headcount, and a provision of €92 9 million has been recognised for this estimated liability

SCHEDULE 2

Annual audited accounts of SSCSE for the years ending 31 March 2014, 31 March 2013 and 31 March 2012

Annual report
Sony Supply Chain Solutions (Europe) B.V.
For the year ended March 31, 2014

PricewaterhouseCoopers
Accountants N V
For identification
purposes only

Table of contents

Directors' report

Directors' report

Management hereby submits its report and accounts for the year ended 31 March 2014. Sony Supply Chain Solutions (Europe) B V, including its branch office at Nitra (Slovakia), concluded with an operational loss before tax amounting to € 2 9 million As in previous years the Company is primarily financed with equity As per 31 March 2014 the Company has short term borrowings amounting to € 5.0 million with Sony Treasury. No changes are anticipated in the financing structure during the fiscal year 2014.

Sony Supply Chain Solution (Europe) B V.'s turnover improved by approximately 5% versus the previous fiscal year as a result of sales by its customers This year the volume shipped also increased compared to the previous fiscal year, helped by the launch of the PS4 However, the logistics costs also increased, as due to a bigger volume shipped, resulting in the above mentioned loss.

This year no investments were made by Sony Supply Chain Solutions (Europe) B.V.

During the year the board of Supervisory Directors changed. Mr T Miyake and Mr K Takeda resigned per 1 March 2014. As per that same date Mr A Kobayashi and Mr S Kawasaki were appointed as the new Supervisory Directors.

With regards to gender diversity in the board of directors, Sony Supply Chain Solutions (Europe) B V does not meet these standards per 31 March 2014 and there is no specific policy in place to actively strive for the gender diversity as mentioned in this provision in the law. When filling vacant board positions, the main consideration is and has been to select candidates on their suitability taking into account all aspects of the specific role, including relevant experience. No candidates have been excluded based on gender

Headcount will decrease by some 5 FTE during the FY14 A rigorous cost reduction programme will be conducted in order to bring the costs in line with revenues.

For the coming fiscal year, starting 1 April 2014, no significant increase of revenues is expected and further substantial cost reductions are targeted.

GD de Witt
Managing Director

4 July 2014

Financial statements

Balance sheet as at March 31, 2014

(before proposed profit appropriation)

Assets	Ref	March 31, 2014		March 31, 2013	
		€ 000		€ 000	
Fixed assets					
Tangible fixed assets	5 1	31		109	
Financial fixed assets		0		2	
Intangible fixed assets	5 2	986		1,380	
			1,017		1,491
Current assets					
Receivables from group companies		27,768		26,522	
Taxes and social security contributions		2,096		2,777	
Prepayments and other receivables		698		774	
			30,562		30,073
Cash at bank and in hand			3,071		1,630
			34,650		33,194

Shareholders' equity and liabilities	Ref	March 31, 2014		March 31, 2013	
		€ 000		€ 000	
Shareholders' equity					
Share capital	6 1	7,760		7,760	
Accumulated other comprehensive income	6 2	(2,633)		(2,540)	
Retained earnings	6 3	5,766		7,213	
Current year's result		(2,168)		(1,802)	
			8,725		10,631
Provisions					
Pensions	7.1	918		928	
Jubilee	7.2	35		40	
Restructuring	7 3	700		0	
			1,653		968
Current liabilities					
Bankoverdraft intercompany		4,978		7,353	
Trade creditors		3,572		2,188	
Payables to group companies		167		423	
Social security contributions		73		146	
Other liabilities and accruals	8	15,482		11,485	
			24,272		21,595
			34,650		33,194

Profit and loss account for the year ended March 31, 2014

	Ref	2013 / 2014		2012 / 2013	
		€ 000		€ 000	
Turnover	10	86,034		81,854	
Operating expenses	11	(88,755)		(83,962)	
Operating Profit			(2,721)		(2,108)
Net financial expense	13		(180)		(288)
Result before taxation			(2,901)		(2,396)
Tax on result	14		733		595
Net result			(2,168)		(1,801)

Notes to the balance sheet and profit and loss account

1 General

1.1 Activities

The activities of Sony Supply Chain Solutions (Europe) B.V. (SSCS-E B.V.) performed at Dongenseweg 200 in Tilburg, The Netherlands, consist of being the logistical interface between the Sony production facilities and the sales companies and business groups SSCS-E B.V. is charging the business for logistics services rendered. Almost all logistics services are rendered to Sony companies

The related cost base is invoiced by CEPL (3rd party logistics provider).

The activities of Sony Supply Chain Solutions (Europe) B.V performed in Nitra, Slovakia, also consist of logistics activities These activities are performed by a branch office

1 2 Group structure

Sony Supply Chain Solutions (Europe) B V , with its statutory seat in Utrecht, the Netherlands, belongs to the Sony Group and is a wholly owned subsidiary of Sony Overseas Holding B V , Badhoevedorp, the Netherlands The ultimate parent company of the Sony Group is Sony Corporation, Tokyo, Japan. The financial statements of Sony Supply Chain Solutions (Europe) B V. are included in the consolidated financial statements of Sony Corporation

As the consolidated financial statements of the ultimate parent company, Sony Corporation, are publicly available, advantage has been taken from the exemption in Dutch Accounting Standards Board Guideline 360 for preparing and presenting a cash flow statement Sony Supply Chain Solutions (Europe) B.V is also part of the fiscal unity Sony Overseas Holding B V

1 3 Accounting policies

The financial statements were prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board

2 Accounting policies for the balance sheet (principles of valuation of assets and liabilities)

2 1 General

Assets and liabilities are stated at the amounts at which they were acquired or incurred, unless indicated otherwise. The balance sheet and profit and loss account include references to the notes Compared with the previous year, there have been no changes in the accounting policies applied.

2 2 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing at the balance sheet date. Transactions conducted in the year under review which are denominated in foreign currencies are recognised at the rates of settlement. The resulting exchange differences are credited or charged to the profit and loss account

2 3 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation provided on the straight line method at rates to depreciate the assets over their estimated useful lives, as follows

Equipment 3 - 5 years

2 4 Financial fixed assets

Derivative financial instruments not quoted in an active market and not designated as hedging instruments are stated at cost after initial recognition at fair value. Changes in the value of these derivative instruments are recognized directly in the income statement

2.5 Intangible fixed assets

Software licenses acquired are capitalized at acquisition cost and amortized over their estimated future useful lives in 3-5 years. Costs associated with maintaining computer software and research expenditure are recognised in the income statement.

2 6 Impairment

At each balance sheet date, the Company tests whether there are any indications of assets being subject to impairment If any such indications exist, the recoverable amount of the asset is determined If this proves to be impossible, the recoverable amount of the cash-generating unit to which the asset belongs is identified. An asset is subject to impairment if its carrying amount exceeds its recoverable amount, the recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Fair value less costs to sell is determined based on the active market price

2.7 Debtors

Debtors are stated at face value less any required provisions for bad debts. Debtors are of a short term nature unless stated otherwise

2 8 Cash and cash equivalents

Cash represents cash in hand, bank balances and deposits with a maturity of less than 12 months. Current account overdrafts at banks are included under bank overdrafts under the heading current liabilities

2 9 Provisions

Provisions are formed for legally enforceable or constructive obligations existing on the balance sheet date, the settlement of which is likely to require an outflow of resources whose extent can be reliably estimated.

Provisions are measured on the basis of the best estimate of the amounts required to settle the obligations as at the balance sheet date. Provisions are stated at the discounted value of the expenditure expected to be required to settle the obligations.

Pension provision

The company has a defined benefit scheme in place This provides defined pension benefits to staff upon reaching retirement age, the amount of which depends on age, salary and years of service The pension provision carried on the balance sheet is the present value of pension benefit obligations under the defined benefit scheme net of the fair value of plan assets The required pension provision is measured annually by independent actuaries

The present value of the obligation is computed by discounting estimated future cash flows, using interest rates applying to high quality corporate bonds with a term roughly consistent with the term of the related pension obligation.

Actuarial gains and losses arising from changes in actuarial assumptions exceeding 10% of the higher of pension benefit obligations and the fair value of plan assets at the opening of the financial year are credited or charged to the profit and loss account over the expected average future years of service of the employees concerned

Unrecognized past service costs are taken directly to the profit and loss account unless the changes in the pension scheme depend on the employees remaining in service for a specific period (the qualifying period). In that case, the past service costs are recognized on a straight-line basis over the qualifying period Actuarial gains and losses and past service costs are recognized as components of other comprehensive income included in equity.

2 10 Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognized in respect of timing differences between valuation of the assets and liabilities according to fiscal provisions on the one hand and the valuation principles as used in these financial statements on the other Deferred tax assets and liabilities are calculated based on the ruling tax rates as at year-end or future applicable rates, insofar as already decreed by law Deferred taxes are valued at nominal value

2 11 Operational lease

Lease contracts for which a large part of the risk and rewards incidental to ownership of the assets does not lie with the company, are recognized on a straight-line basis in the profit and loss account over the term of the contract, taking into account reimbursement received from the lessor

2 12 Current liabilities

Current liabilities are stated at face value Current liabilities are of a short term nature unless stated otherwise.

3 Accounting policies for the profit and loss account

3 1 General

Profit is determined as the balance of the realizable value of the services rendered and the costs and other charges for the year. Profits on transactions are recognized in the year in which they are realized, losses are taken as soon as they are foreseeable.

3.2 Turnover

Turnover consists of the proceeds of services rendered during the year in connection with the inventory handling and administration for group companies, after deducting turnover tax.

3 3 Costs

Costs are based on the historical cost convention and allocated to the financial year to which they relate

3 4 Personnel remuneration

Salaries, wages and social security costs are charged to the profit and loss account when due, and in accordance with employment contracts and obligations

3 5 Financial income and expense

Exchange differences arising upon the settlement of monetary items are recognized in the income statement in the period that they arise

3 6 Tax on profit/(loss) on ordinary activities

Corporate income tax is calculated on the profit/(loss) before taxation in the profit and loss account, taking into account any tax-exempt items and non-deductible expenses, using current tax rates Sony Supply Chain Solutions (Europe) B.V. is part of fiscal unity Sony Overseas Holding B.V. Receivables or liabilities related to corporate income taxes are included in the intercompany account with Sony Overseas Holding B.V.

4 Financial instruments and risk management

4.1 Currency risk

Sony Supply Chain Solutions (Europe) B V has limited currency risks on current positions with trading partners. The currency risks are reduced by using derivatives closed with Sony Treasury. The Company has entered into two foreign exchange contracts (US Dollar and Japanese Yen). The values as per March 31, 2014 (EUR 1,000, credit, included under other liabilities and accruals) and as per March 31, 2013 (EUR 2,000 ,debit, included under financial fixed assets) represent revaluation against month end rates versus contract rates.

4.2 Credit risk

Sony Supply Chain Solutions (Europe) B V does not have any significant concentrations of credit risk

Almost all services are rendered to Sony companies.

Notes to the balance sheet

5 Fixed assets

5 1 Tangible fixed assets

Movements in tangible fixed assets can be broken down as follows.

	Equipment	Assets under construction	Total
	€ 000	€ 000	€ 000
Balance as at April 1, 2013			
Cost	1,309	0	1,309
Accumulated depreciation	(1,200)	0	(1,200)
	109	0	109
Movements			
Acquired	0	0	0
Disposed	(28)	0	(28)
Depreciated	(50)	0	(50)
Acc Depreciation disposed	0	0	0
	(78)	0	(78)
Balance as at March 31, 2014			
Cost	1,281	0	1,281
Accumulated depreciation	(1,250)	0	(1,250)
	31	0	31

5.2 Intangible fixed assets

Movements in intangible fixed assets can be broken down as follows

	Software
	€ 000
Balance as at April 1, 2013	
Cost	2,528
Accumulated amortization	(1,148)
	1,380
Movements	
Acquired	15
Amortization	(409)
	(394)
Balance as at March 31, 2014	
Cost	2,543
Accumulated amortization	(1,557)
	986

6 Shareholders' equity

6 1 Share capital

The authorised share capital of Sony Supply Chain Solutions (Europe) B V is € 9,075,604 and consists of 20,000 shares of € 453 78 each. of which 17,100 shares have been issued and fully paid

6 2 Accumulated other comprehensive income

	2013/ 2014
	€ 000
Balance beginning financial year	(2,540)
Movement relating to pension obligations	(93)
Balance ending financial year	(2,633)

6.3 Retained earnings

	2013 / 2014	2012 / 2013
	€ 000	€ 000
Balance beginning financial year	7,213	7,334
Profit appropriation prior year	(1,802)	233
Movement relating to pension obligations	355	(354)
Balance ending financial year	5,766	7,213

7 Provisions

7.1 Pension provision

Movements in the pension provision for defined benefit schemes are as follows:

	2013 / 2014	2012 / 2013
	€ 000	€ 000
Balance beginning financial year	(928)	(521)
Attributed pension costs for defined benefit schemes	(428)	(349)
Pension contributions paid	240	198
Actuarial gains/ (losses)	17	(417)
Amortization of prior service cost	(8)	(8)
Impact of New Plan Amendments	5	0
Amortization of actuarial gains / (losses)	184	169
Balance ending financial year	(918)	(928)

The net pension obligation as at March 31, 2014 can be analysed as follows:

	March 31, 2014	March 31, 2013
	€ 000	€ 000
Fair value of pension benefit obligation	(8,833)	(8,154)
Fair value of plan assets	7,915	7,226
	(918)	(928)

The movement in the pension obligations can be analysed as follows

	2013 / 2014	2012 / 2013
	€ 000	€ 000
Balance beginning financial year	8,154	7,219
Service costs	178	62
Interest costs	285	281
Employee contributions	54	59
Actuarial (gains) / losses	174	540
Benefits paid	(7)	(7)
Plan Amendment	(5)	0
Balance ending financial year	8,833	8,154

The movement in the fair value of the plan assets can be analysed as follows

	2013 / 2014	2012 / 2013
	€ 000	€ 000
Balance beginning financial year	7,226	6,697
Actual return on plan assets	402	278
Employer contributions	240	199
Employee contributions	54	59
Benefits paid	(7)	(7)
Settlements	0	0
Balance ending financial year	7,915	7,226

Plan assets break down by category.

	2013 / 2014	2012 / 2013
	%	%
Other	100	100

The main actuarial assumptions are as follows:

	2013 / 2014	2012 / 2013
	%	%
Discount rate	3.40	3.50
Expected return on plan assets	3 40	3 50
Expected salary increases	2 00	2 00
Expected indexation of pensions	2 00	2 00

7 2 Jubilee provision

	2013/ 2014
	€ 000
Balance beginning financial year	(40)
Movement 2013-2014	5
Balance ending financial year	(35)

The jubilee provision relates to the jubilee obligation for staff of Sony Supply Chain Solutions (Europe) BV The obligation is valued based on actuarial calculations

7 3 Restructuring

	2013/ 2014
	€ 000
Balance beginning financial year	0
Additions 2013-2014	(700)
Balance ending financial year	(700)

The restructuring provision is intended to cover costs directly to restructuring in progress. The restructuring provision is formed at the moment a detailed plan to reorganise is formalised and communicated to those affected

8 Other liabilities and accruals

	2013 / 2014	2012 / 2013
	€ 000	€ 000
Accrual warehousing	7,800	4,556
Accrual freight	3,004	2,158
Accrual Import Duties	4,016	4,334
Other liabilities and accruals	662	437
	15,482	11,485

9 Off-balance sheet items

9.1 Bank credit facilities

The company has bank credit facilities totaling € 11,000,000 with its bankers

9 2 Guarantees

The company has, through its bankers, given the following guarantees which are included within bank credit facilities

- a guarantee of € 4,126,890 to the Dutch State for payment of import duties and VAT
- a guarantee of € 5,500,000 to Slovakian customs for payment of import duties and VAT

9 3 Capital and lease commitments

The company has contractual obligations which have not been included in the balance sheet as per 31 March 2014. These items concerns.

	< 1 year	1 – 5 year	> 5 years	Total
	€ 000	€ 000	€ 000	€ 000
Lease contracts cars	78	128	0	206
	78	128	0	206

9 4 Corporate Tax

The company (Tilburg entity) forms an income tax group with Sony Overseas Holding B V. Under the standard conditions, the members of the tax group are jointly and severally liable for any taxes payable by the Group.

Notes to the profit and loss account

10 Turnover

	2013 / 2014	2012 / 2013
	€ 000	€ 000
EU	80,186	75,150
Other EU		1,396
Other	5,848	5,308
	86,034	81,854

Most European Sony entities are now branches under the umbrella of legal entity Sony Europe Ltd.

11 Operating expenses

		2013 / 2014	2012 / 2013
		€ 000	€ 000
Wages and salaries		2,475	2,029
Social charges		217	220
Pension expenses	11 1	428	349
Rent		1,300	1,937
Net depreciation of fixed assets		482	482
Freight expenses		39,654	33,339
Storage related expenses		43,529	43,592
Other operating expenses		669	2,014
		88,755	83,962

11 1 Pension expenses

Pension expenses can be analysed as follows·

	2013 / 2014	2012 / 2013
	€ 000	€ 000
Service costs	178	62
Interest costs	285	281
Expected return on plan assets	(211)	(155)
Recognised actuarial gains / (losses) attributed	184	169
Recognised past service costs	(8)	(8)
	428	349

12 Audit fees

	2013 / 2014	2012 / 2013
	€ 000	€ 000
Audit of financial statements	36	42
	36	42

13 Net financial income and expense

	2013 / 2014	2012 / 2013
	€ 000	€ 000
Interest income from group companies	37	43
Interest and similar income	13	10
Interest expenses to group companies	(213)	(314)
Interest and similar expenses	(9)	(13)
Exchange rate differences	(8)	(14)
	(180)	(288)

14 Tax on result

The income tax expense can be broken down as follows:

	2013 / 2014	2012 / 2013
	€ 000	€ 000
Result before taxation	(2,901)	(2,397)
Income tax expense	(733)	595
Effective tax rate	25.3%	24 8%
Applicable tax rate	22.0%	22.0%

The effective tax rate is different from the applicable tax rate due to deferred income tax asset for the Slovakian branch

15 Information on personnel and remuneration

15.1 Average number of employees

During the year the average number of employees was
-Tilburg site. 26 (previous year. 28)
-Nitra site: 1 (previous year. 1)

15.2 Remuneration of Managing and Supervisory Boards

In accordance with the provisions of Article 383 of the Dutch Civil Code the remuneration of the Directors has not been disclosed The Supervisory Directors did not receive any remuneration during the year ended March 31, 2014 (2012/2013 nil)

Tilburg, 4 July 2014

G D de Witt
Managing Director

S.G Paparelli
Director

T. Miyake
Supervisory Director
(resigned 1 March 2014)

K. Takeda
Supervisory Director
(resigned 1 March 2014)

A. Kobayashi
Supervisory Director
(appointed 1 March 2014)

S Kawasaki
Supervisory Director
(appointed 1 March 2014)

Other information

Independent auditors' report

The report of the independent auditors, PricewaterhouseCoopers Accountants N V., is included on the next page.

Statutory appropriation of results

According to Article 12 of the articles of association, the result for the year is at the disposal of the General Meeting of Shareholders

Proposed result appropriation

In the forthcoming General Meeting of Shareholders it will be proposed to debit the loss for the year, amounting to € 2,167,921 to the retained earnings

pwc

Independent auditor's report

To: the general meeting of Sony Supply Chain Solutions (Europe) B.V.

Report on the financial statements

We have audited the accompanying financial statements 2013/2014 of Sony Supply Chain Solutions (Europe) B.V., Tilburg, which comprise the balance sheet as at 31 March 2014, the profit and loss account for the year then ended and the notes, comprising a summary of accounting policies and other explanatory information.

Board of directors' responsibility

The board of directors is responsible for the preparation and fair presentation of these financial statements and for the preparation of the directors' report, both in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board of directors is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Ref.: e0330246

PricewaterhouseCoopers Accountants N V., Flight Forum 840, 5657 DV Eindhoven, P.O. Box 6365, 5600 HJ Eindhoven, The Netherlands
T: +31 (0) 88 792 00 40, F +31 (0) 88 792 94 13, www pwc nl

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Sony Supply Chain Solutions (Europe) B.V. as at 31 March 2014, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2 393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the directors' report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2: 392 sub 1 at b-h has been annexed. Further we report that the directors' report, to the extent we can assess, is consistent with the financial statements as required by Section 2: 391 sub 4 of the Dutch Civil Code

Eindhoven, 4 July 2014
PricewaterhouseCoopers Accountants N V.

A.H.M van Bree RA

Annual report
Sony Supply Chain Solutions (Europe) B.V.
For the year ended March 31, 2013

Table of contents

Directors' report

Directors Report

Management hereby submits its report and accounts for the year ended 31 March 2013 Sony Supply Chain Solutions (Europe) BV, including its branch office at Nitra (Slovakia), concluded with an operational loss before tax amounting to € 2 4 million As in previous years the Company is primarily financed with equity As per 31 March 2013 the Company has short term borrowings amounting to € 7.4 million with Sony Treasury No changes are anticipated in the financing structure during the fiscal year 2013
The Company has limited currency risks on current positions with trading partners The currency risks are reduced by using derivatives As in previous years, the Company has entered into two foreign exchange contracts (US Dollars and Japanese Yen)

Sony Supply Chain Solution (Europe) BV's turnover deteriorated by approximately 21% versus the previous fiscal year as a result of disappointing sales by its customers Although operating expenses also reduced significantly, this reduction was not sufficient to prevent a negative result

This year no significant investments were made by Sony Supply Chain Solutions (Europe) BV

As per 1 June 2012 Mr S Paparelli was appointed as Director and Mr T Miyake as Supervisory Director of the Company

With regards to gender diversity in the board of directors, Sony Supply Chain Solutions (Europe) B V. does not meet these standards per 31 March 2013 and there is no specific policy in place to actively strive for the gender diversity as mentioned in this provision in the law. When filling vacant board positions, the main consideration is and has been to select candidates on their suitability taking into account all aspects of the specific role, including relevant experience No candidates have been excluded based on gender
Considering the very recent introduction of this statutory provision, the company will evaluate the newly introduced standards over the coming year with the aim to decide if and how selection criteria should be amended

Headcount will not change significantly during this fiscal year

For the coming fiscal year, starting 1 April 2013, no significant increase of revenues is expected and further substantial cost reductions are targeted

GD de Witt
Managing Director

18 September 2013

Financial statements

Balance sheet as at March 31, 2013

(before proposed profit appropriation)

Assets	Ref	March 31, 2013		March 31, 2012	
		€ 000		€ 000	
Fixed assets					
Tangible fixed assets	5 1	109		201	
Financial fixed assets		2		0	
Intangible fixed assets	5 2	1,380		1,704	
			1,491		1,905
Current assets					
Receivables from group companies		26,522		30,068	
Taxes and social security contributions		2,777		2,442	
Prepayments and other receivables		774		971	
			30,073		33,481
Cash at bank and in hand			1,630		3,594
			33,194		38,980

Shareholders' equity and liabilities	Ref	March 31, 2013		March 31, 2012	
		€ 000		€ 000	
Shareholders' equity					
Share capital	6 1	7,760		7,760	
Accumulated other comprehensive income	6 2	(2 540)		(2,638)	
Retained earnings	6 3	7,213		7,334	
Current year's result		(1,802)		233	
			10,631		12,690
Provisions					
Pensions	7 1	928		521	
Jubilee	7 2	40		42	
			968		563
Current liabilities					
Bankoverdraft intercompany		7,353		10,602	
Trade creditors		2,188		4,415	
Payables to group companies		423		778	
Social security contributions		146		52	
Other liabilities and accruals		11,485		9,880	
			21,595		25,727
			33,194		38,980

Profit and loss account for the year ended March 31, 2013

	Ref	2012 / 2013		2011 / 2012	
		€ 000		€ 000	
Turnover	9	81,854		104,353	
Operating expenses	10	(83,962)		(103,721)	
Operating Profit			(2,108)		632
Net financial income / (expense)	12		(288)		(335)
Result before taxation			(2,397)		297
Tax on result	13		595		(64)
Net result			(1,802)		233

Notes to the balance sheet and profit and loss account

1 General

1 1 Activities
The activities of Sony Supply Chain Solutions (Europe) B V. (SSCS-E B V) performed at Dongenseweg 200 in Tilburg, The Netherlands, consist of being the logistical interface between the Sony production facilities and the sales companies and business groups SSCS-E BV is charging the business for logistics services rendered Almost all logistics services are rendered to Sony companies

The related cost base is invoiced by CEPL (3rd party logistics provider)

The activities of Sony Supply Chain Solutions (Europe) B V performed in Nitra, Slovakia, also consist of logistics activities. These activities are performed by a branch office

1 2 Group structure
Sony Supply Chain Solutions (Europe) B V , with its statutory seat in Utrecht, the Netherlands, belongs to the Sony Group and is a wholly owned subsidiary of Sony Overseas Holding B V , Badhoevedorp, the Netherlands The ultimate parent company of the Sony Group is Sony Corporation, Tokyo, Japan The financial statements of Sony Supply Chain Solutions (Europe) B V. are included in the consolidated financial statements of Sony Corporation

As the consolidated financial statements of the ultimate parent company, Sony Corporation, are publicly available, advantage has been taken from the exemption in Dutch Accounting Standards Board Guideline 360 for preparing and presenting a cash flow statement Sony Supply Chain Solutions (Europe) B V is also part of the fiscal unity Sony Overseas Holding B V.

1 3 Accounting policies
The financial statements were prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board

2 Accounting policies for the balance sheet (principles of valuation of assets and liabilities)

2 1 General
Assets and liabilities are stated at the amounts at which they were acquired or incurred, unless indicated otherwise The balance sheet and profit and loss account include references to the notes Compared with the previous year, there have been no changes in the accounting policies applied

2 2 Foreign currencies
Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing at the balance sheet date Transactions conducted in the year under review which are denominated in foreign currencies are recognised at the rates of settlement The resulting exchange differences are credited or charged to the profit and loss account

2 3 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation provided on the straight line method at rates to depreciate the assets over their estimated useful lives, as follows·

Equipment	3 - 5 years

2 4 Financial fixed assets

Derivative financial instruments not quoted in an active market and not designated as hedging instruments are stated at cost after initial recognition at fair value Changes in the value of these derivative instruments are recognized directly in the income statement

2 5 Intangible fixed assets

Software licenses acquired are capitalized at acquisition cost and amortized over their estimated future useful lives in 3-5 years Costs associated with maintaining computer software and research expenditure are recognised in the income statement

2 6 Impairment

At each balance sheet date, the Company tests whether there are any indications of assets being subject to impairment If any such indications exist, the recoverable amount of the asset is determined If this proves to be impossible, the recoverable amount of the cash-generating unit to which the asset belongs is identified An asset is subject to impairment if its carrying amount exceeds its recoverable amount, the recoverable amount is the higher of an asset's fair value less costs to sell and value in use Fair value less costs to sell is determined based on the active market price.

2 7 Debtors

Debtors are stated at face value less any required provisions for bad debts Debtors are of a short term nature unless stated otherwise

2 8 Cash and cash equivalents

Cash represents cash in hand, bank balances and deposits with a maturity of less than 12 months Current account overdrafts at banks are included under bank overdrafts under the heading current liabilities

2 9 Provisions

Provisions are formed for legally enforceable or constructive obligations existing on the balance sheet date, the settlement of which is likely to require an outflow of resources whose extent can be reliably estimated

Provisions are measured on the basis of the best estimate of the amounts required to settle the obligations as at the balance sheet date. Provisions are stated at the discounted value of the expenditure expected to be required to settle the obligations

Pension provision
The company has a defined benefit scheme in place This provides defined pension benefits to staff upon reaching retirement age, the amount of which depends on age, salary and years of service. The pension provision carried on the balance sheet is the present value of pension benefit obligations under the defined benefit scheme net of the fair value of plan assets The required pension provision is measured annually by independent actuaries

The present value of the obligation is computed by discounting estimated future cash flows, using interest rates applying to high quality corporate bonds with a term roughly consistent with the term of the related pension obligation

Actuarial gains and losses arising from changes in actuarial assumptions exceeding 10% of the higher of pension benefit obligations and the fair value of plan assets at the opening of the financial year are credited or charged to the profit and loss account over the expected average future years of service of the employees concerned.

Unrecognized past service costs are taken directly to the profit and loss account unless the changes in the pension scheme depend on the employees remaining in service for a specific period (the qualifying period) In that case, the past service costs are recognized on a straight-line basis over the qualifying period. Actuarial gains and losses and past service costs are recognized as components of other comprehensive income included in equity

2 10 Deferred tax assets and liabilities
Deferred tax assets and liabilities are recognized in respect of timing differences between valuation of the assets and liabilities according to fiscal provisions on the one hand and the valuation principles as used in these financial statements on the other Deferred tax assets and liabilities are calculated based on the ruling tax rates as at year-end or future applicable rates, insofar as already decreed by law. Deferred taxes are valued at nominal value

2 11 Operational lease
Lease contracts for which a large part of the risk and rewards incidental to ownership of the assets does not lie with the company, are recognized on a straight-line basis in the profit and loss account over the term of the contract, taking into account reimbursement received from the lessor

2 12 Current liabilities
Current liabilities are stated at face value Current liabilities are of a short term nature unless stated otherwise

3 Accounting policies for the profit and loss account

3 1 General
Profit is determined as the balance of the realizable value of the services rendered and the costs and other charges for the year Profits on transactions are recognized in the year in which they are realized, losses are taken as soon as they are foreseeable.

3 2 Turnover

Turnover consists of the proceeds of services rendered during the year in connection with the inventory handling and administration for group companies, after deducting turnover tax

3 3 Costs

Costs are based on the historical cost convention and allocated to the financial year to which they relate.

3 4 Personnel remuneration

Salaries, wages and social security costs are charged to the profit and loss account when due, and in accordance with employment contracts and obligations

3 5 Financial income and expense

Exchange differences arising upon the settlement of monetary items are recognized in the income statement in the period that they arise

3 6 Tax on profit/(loss) on ordinary activities

Corporate income tax is calculated on the profit/(loss) before taxation in the profit and loss account, taking into account any tax-exempt items and non-deductible expenses, using current tax rates Sony Supply Chain Solutions (Europe) BV is part of fiscal unity Sony Overseas Holding B.V Receivables or liabilities related to corporate income taxes are included in the intercompany account with Sony Overseas Holding B.V

4 Financial instruments and risk management

4 1 Currency risk

Sony Supply Chain Solutions (Europe) B V has limited currency risks on current positions with trading partners The currency risks are reduced by using derivatives closed with Sony Treasury The Company has entered into two foreign exchange contracts (US Dollar and Japanese Yen) The values as per March 31, 2013 (EUR 2 000 ,debit, included under financial fixed assets) and as per March 31, 2012 (EUR 12.000 ,credit, included under other liabilities) represent revaluation against month end rates versus contract rates

4 2 Credit risk

Sony Supply Chain Solutions (Europe) B V does not have any significant concentrations of credit risk

Almost all services are rendered to Sony companies

Notes to the balance sheet

5 Fixed assets

5 1 Tangible fixed assets

Movements in tangible fixed assets can be broken down as follows·

	Equipment	Assets under construction	Total
	€ 000	€ 000	€ 000
Balance as at April 1, 2012			
Cost	1,321	5	1,326
Accumulated depreciation	(1,125)	-	(1,125)
	196	5	201
Movements			
Acquired	-	-	-
Disposed	(12)	(5)	(17)
Depreciated	(84)	-	(84)
Acc depreciation disposed	9	-	9
	(87)	(5)	(92)
Balance as at March 31, 2013			
Cost	1,309	-	1,309
Accumulated depreciation	(1,200)	-	(1,200)
	109	-	109

5 2 Intangible fixed assets

Movements in intangible fixed assets can be broken down as follows

	Software
	€ 000
Balance as at April 1, 2012	
Cost	2,453
Accumulated amortization	(749)
	1 704
Movements	
Acquired	75
Amortization	(399)
	(324)
Balance as at March 31, 2013	
Cost	2,528
Accumulated amortization	(1,148)
	1,380

6 Shareholders' equity

6 1 Share capital

The authorised share capital of Sony Supply Chain Solutions (Europe) B V is € 9,075,604 and consists of 20,000 shares of € 453 78 each, of which 17,100 shares have been issued and fully paid

6 2 Accumulated other comprehensive income

	2012/ 2013
	€ 000
Balance beginning financial year	(2,638)
Movement relating to pension obligations	98
Balance ending financial year	(2,540)

6 3 Retained earnings

	2012 / 2013	2011 / 2012
	€ 000	€ 000
Balance beginning financial year	7,334	7,685
Profit appropriation prior year	233	(351)
Movement relating to pension obligations	(354)	0
Balance ending financial year	7,213	7,334

7 Provisions

7 1 Pension provision

Movements in the pension provision for defined benefit schemes are as follows

	2012 / 2013	2011 / 2012
	€ 000	€ 000
Balance beginning financial year	(521)	(1,934)
Attributed pension costs for defined benefit schemes	(349)	(379)
Pension contributions paid	198	1,055
Actuarial gains / (losses)	(417)	437
Curtailment	0	127
Amortization of prior service cost	(8)	(8)
Amortization of actuarial gains / (losses)	169	181
Balance ending financial year	(928)	(521)

The net pension obligation as at March 31, 2013 can be analysed as follows

	March 31, 2013	March 31, 2012
	€ 000	€ 000
Fair value of pension benefit obligation	(8,154)	(7,218)
Fair value of plan assets	7,226	6,697
	(928)	(521)

The movement in the pension obligations can be analysed as follows

	2012 / 2013	2011 / 2012
	€ 000	€ 000
Balance beginning financial year	7,219	12,492
Service costs	62	111
Interest costs	281	237
Employee contributions	59	59
Actuarial (gains) / losses	540	2,193
Benefits paid	(7)	(7)
Settlements	0	(7,866)
Balance ending financial year	8,154	7,219

The movement in the fair value of the plan assets can be analysed as follows

	2012 / 2013	2011 / 2012
	€ 000	€ 000
Balance beginning financial year	6,697	10,558
Actual return on plan assets	278	2 768
Employer contributions	199	1,055
Employee contributions	59	62
Benefits paid	(7)	(7)
Settlements	0	(7 738)
Balance ending financial year	7,226	6,698

Plan assets break down by category

	2012 / 2013	2011 / 2012
	%	%
Other	100	100

The main actuarial assumptions are as follows

	2012 / 2013	2011 / 2012
	%	%
Discount rate	3 50	3 90
Expected return on plan assets	3 50	3 50
Expected salary increases	2 00	2 00
Expected indexation of pensions	2 00	2 00

7 2 Jubilee provision

	2012/ 2013
	€ 000
Balance beginning financial year	(42)
Movement 2012-2013	2
Balance ending financial year	(40)

The jubilee provision relates to the jubilee obligation for staff of Sony Supply Chain Solutions (Europe) BV The obligation is valued based on actuarial calculations

8 Off-balance sheet items

8 1 Bank credit facilities

The company has bank credit facilities totaling € 11,000,000 with its bankers

8 2 Guarantees

The company has, through its bankers, given the following guarantees which are included within bank credit facilities·

- a guarantee of € 3,126,890 to the Dutch State for payment of import duties and VAT
- a guarantee of € 5,500,000 to Slovakian customs for payment of import duties and VAT

8 3 Capital and lease commitments

The company has contractual obligations which have not been included in the balance sheet as per 31 March 2013 These items concerns

	< 1 year	1 – 5 year	> 5 years	Total
	€ 000	€ 000	€ 000	€ 000
Lease contracts cars	54	70	-	124
	54	70	-	124

8 4 Corporate Tax

The company (Tilburg entity) forms an income tax group with Sony Overseas Holding B V Under the standard conditions, the members of the tax group are jointly and severally liable for any taxes payable by the Group

Notes to the profit and loss account

9 Turnover

	2012 / 2013	2011 / 2012
	€ 000	€ 000
United Kingdom	75,150	97,801
Other EU	1,396	1,190
Other	5,308	5,362
	81,854	104,353

Most European Sony entities are now branches under the umbrella of legal entity Sony Europe Ltd.

10 Operating expenses

		2012 / 2013	2011 / 2012
		€ 000	€ 000
Wages and salaries		2,029	3,140
Social charges		220	253
Pension expenses	10 1	349	380
Rent		1,937	1,876
Net depreciation of fixed assets		482	517
Freight expenses		33,339	50,976
Storage related expenses		43 592	46,207
Other operating expenses		2 014	372
		83,962	103,721

10 1 Pension expenses

Pension expenses can be analysed as follows

	2012 / 2013	2011 / 2012
	€ 000	€ 000
Service costs	62	111
Interest costs	281	237
Expected return on plan assets	(155)	(141)
Recognised actuarial gains / (losses) attributed	169	181
Recognised past service costs	(8)	(8)
	349	380

11 Audit fees

	2012 / 2013	2011 / 2012
	€ 000	€ 000
Audit of financial statements	42	47
	42	47

12 Financial income and expense

	2012 / 2013	2011 / 2012
	€ 000	€ 000
Interest income from group companies	43	64
Interest and similar income	10	61
Interest expenses to group companies	(314)	(503)
Interest and similar expenses	(13)	0
Exchange rate differences	(14)	43
	(288)	(335)

13 Tax

The income tax expense can be broken down as follows

	2012 / 2013	2011 / 2012
	€ 000	€ 000
Result before taxation	(2,397)	297
Income tax expense	595	(64)
Effective tax rate	24 8%	21 5%
Applicable tax rate	22 0%	25 0%

The effective tax rate is different from the applicable tax rate due to deferred income tax asset for the Slovakian branch

14 Information on personnel and remuneration

14 1 Average number of employees

During the year the average number of employees was
-Tilburg site 28 (previous year· 31)
-Nitra site· 1 (previous year 1)

14 2 Remuneration of Managing and Supervisory Boards

In accordance with the provisions of Article 383 of the Dutch Civil Code the remuneration of the Managing Director has not been disclosed The Supervisory Directors did not receive any remuneration during the year ended March 31, 2013 (2011/2012· nil)

Tilburg, 18 September 2013

G D de Witt
Managing Director

S G. Paparelli
Director
(appointed 1 June 2012)

Y Ezure
Supervisory Director
(resigned 1 June 2012)

K Takeda
Supervisory Director

T Miyake
Supervisory Director
(appointed 1 June 2012)

Other information

Auditors' Report

The report of the auditors, PricewaterhouseCoopers Accountants N V , is included on the next page

Statutory appropriation of results

According to Article 12 of the articles of association, the result for the year is at the disposal of the General Meeting of Shareholders

Proposed result appropriation

In the forthcoming General Meeting of Shareholders it will be proposed to debit the loss for the year, amounting to € 1,801,763 to the retained earnings

pwc

Independent auditor's report

To: the general meeting of Sony Supply Chain Solutions (Europe) B V.

Report on the financial statements

We have audited the accompanying financial statements 2012/2013 of Sony Supply Chain Solutions (Europe) B.V , Tilburg, which comprise the balance sheet as at 31 March 2013, the profit and loss account for the year then ended and the notes, comprising a summary of accounting policies and other explanatory information

Board of directors' responsibility

The board of directors is responsible for the preparation and fair presentation of these financial statements and for the preparation of the directors' report, both in accordance with Part 9 of Book 2 of the Dutch Civil Code Furthermore, the board of directors is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the financial statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

PricewaterhouseCoopers Accountants N V , Flight Forum 840, 5657 DV Eindhoven, P O Box 6365, 5600 HJ Eindhoven, The Netherlands
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pwc

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Sony Supply Chain Solutions (Europe) B V as at 31 March 2013, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2 393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the directors' report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2 392 sub 1 at b-h has been annexed. Further we report that the directors' report, to the extent we can assess, is consistent with the financial statements as required by Section 2. 391 sub 4 of the Dutch Civil Code

Eindhoven, 18 September 2013
PricewaterhouseCoopers Accountants N V

Original has been signed by
drs A H M van Bree RA

(1)

Annual report
Sony Supply Chain Solutions (Europe) B.V.
For the year ended March 31, 2012

Table of contents

Directors' report

Directors Report

Management hereby submits its report and accounts for the year ended 31 March 2012.
Sony Supply Chain Solutions (Europe) BV, including its branch office Nitra (Slovakia) concluded the year with a sound operational profit amounting to € 0.3 million. As in previous years the Company is mainly financed with equity. As per 31 March 2012 the Company has short term borrowings in amount of € 10.6 million with Sony Treasury. No changes are to be expected in the financing structure with 2012.
The Company has limited currency risks on current positions with trading partners. The currency risks are reduced by using derivatives. As in previous years, the Company has entered into two foreign exchange contracts (US Dollar and Japanese Yen).

Sony Supply Chain Solutions (Europe) BV's turnover deteriorated by some 20%, as a result of disappointing sales by its customers.

This year no substantial investments were made by Sony Supply Chain Solutions (Europe) BV.

In line with corporate strategy the logistics operation was outsourced to a French logistics provider named CEPL effective 1 April 2011. As per that date, 273 staff were transferred to CEPL. A small team of 29 employees remained on the Sony payroll.

With regards to the contractual structure, Sony Supply Chain Solutions (Europe) has continued to be the interface to the sales companies and business groups. For this reason Sony Supply Chain Solutions (Europe) will continue charging the business for logistics services rendered. The related cost base will be invoiced to Sony Supply Chain Solutions (Europe) by CEPL.

For the coming fiscal year, starting on 1 April 2012, no significant increase of revenues is expected and further cost reductions must be achieved. Part of these cost reductions will be realised by a higher level of efficiency to be achieved by CEPL. For this reason CEPL has started to implement a new Warehouse Management System.
It is not expected that headcount will change during this fiscal year.

Management therefore expects that a breakeven result will be achieved for FY12.

As per ~~26 April 2012~~ Mr. J-L.D. Duquesne resigned as Director of the Company.
29 FEBRUARY 2012

G.D. de Witt
Managing Director

Tilburg, 12 June 2012

Financial statements

Balance sheet as at March 31, 2012

(before proposed profit appropriation)

Assets	Ref	March 31, 2012		March 31, 2011	
		€ 000		€ 000	
Fixed assets					
Tangible fixed assets	5.1	201		1,419	
Financial fixed assets		0		7	
Intangible fixed assets	5.2	1,704		1,771	
			1,905		3,197
Current assets					
Receivables from groupcompanies		30,068		27,332	
Taxes and social security contributions		2,442		2,204	
Prepayments and other receivables		971		1,802	
			33,481		31,338
Cash at bank and in hand			3,594		6,096
			38,980		40,631

Shareholders' equity and liabilities	Ref	March 31, 2012		March 31, 2011	
		€ 000		€ 000	
Shareholders' equity					
Share capital	6.1	7,760		7,760	
Accumulated other comprehensive income	6.2	(2.638)		(3,376)	
Retained earnings	6.3	7,334		7,685	
Current year's result		233		(351)	
			12,690		11,718
Provisions					
Pensions	7.1	521		1,934	
Jubilee	7.2	42		196	
			563		2,130
Current liabilities					
Bankoverdraft intercompany		10,602		7,057	
Trade creditors		4,415		5,073	
Payables to group companies		778		1,196	
Social security contributions		52		361	
Other liabilities and accruals		9,880		13,096	
			25,727		26,783
			38,980		40,631

Profit and loss account for the year ended March 31, 2012

	Ref	2011 / 2012		2010 / 2011	
		€ 000		€ 000	
Turnover	9	104,353		131,156	
Operating expenses	10	(103,721)		(131,394)	
Operating Profit			632		(238)
Net financial income / (expense)	12		(335)		(208)
Result before taxation			297		(446)
Tax on result	13		(64)		95
Net result			233		(351)

Notes to the balance sheet and profit and loss account

1 General

1 1 Activities
The activities of Sony Supply Chain Solutions (Europe) B.V (SSCS-E B.V.) performed at Dongenseweg 200 in Tilburg, The Netherlands, consist of being the logistical interface between the Sony production facilities and the sales companies and business groups. SSCS-E BV is charging the business for logistics services rendered. Almost all logistics services are rendered to Sony companies.

The related cost base is invoiced by CEPL (3rd party logistics provider).

The activities of Sony Supply Chain Solutions (Europe) B.V. performed in Nitra, Slovakia, also consist of logistics activities. These activities are performed by a branch office.

1.2 Group structure
Sony Supply Chain Solutions (Europe) B.V., with its statutory seat in Utrecht, the Netherlands, belongs to the Sony Group and is a wholly owned subsidiary of Sony Overseas Holding B.V., Badhoevedorp, the Netherlands. The ultimate parent company of the Sony Group is Sony Corporation, Tokyo, Japan. The financial statements of Sony Supply Chain Solutions (Europe) B.V. are included in the consolidated financial statements of Sony Corporation.

As the consolidated financial statements of the ultimate parent company, Sony Corporation, are publicly available, advantage has been taken from the exemption in Dutch Accounting Standards Board Guideline 360 for preparing and presenting a cash flow statement. Sony Supply Chain Solutions (Europe) B.V. is also part of the fiscal unity Sony Overseas Holding B.V.

1 3 Accounting policies
The financial statements were prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board.

2 Accounting policies for the balance sheet (principles of valuation of assets and liabilities)

2.1 General
Assets and liabilities are stated at the amounts at which they were acquired or incurred, unless indicated otherwise. The balance sheet and profit and loss account include references to the notes. Compared with the previous year, there have been no changes in the accounting policies applied. Expect for the reclassification of the assets under construction from tangible fixed assets to intangible fixed assets, the accounting policies applied are consistent with those applied for the prior year. For comparability purposes, the comparative figures have been reclassified consistently.

2 2 Foreign currencies
Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing at the balance sheet date. Transactions conducted in the year under review which are

denominated in foreign currencies are recognised at the rates of settlement. The resulting exchange differences are credited or charged to the profit and loss account.

2.3 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation provided on the straight line method at rates to depreciate the assets over their estimated useful lives, as follows:

Equipment 3 - 5 years

2.4 Financial fixed assets

Derivative financial instruments not quoted in an active market and not designated as hedging instruments are stated at cost after initial recognition at fair value. Changes in the value of these derivative instruments are recognized directly in the income statement.

2 5 Computer software

Software licenses acquired are capitalized at acquisition cost and amortized over their estimated future useful lives in 3-5 years. Costs associated with maintaining computer software and research expenditure are recognised in the income statement.

2 6 Impairment

At each balance sheet date, the Company tests whether there are any indications of assets being subject to impairment. If any such indications exist, the recoverable amount of the asset is determined If this proves to be impossible, the recoverable amount of the cash-generating unit to which the asset belongs is identified. An asset is subject to impairment if its carrying amount exceeds its recoverable amount; the recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Fair value less costs to sell is determined based on the active market price.

2.7 Debtors

Debtors are stated at face value less any required provisions for bad debts Debtors are of a short term nature unless stated otherwise.

2.8 Cash and cash equivalents

Cash represents cash in hand, bank balances and deposits with a maturity of less than 12 months. Current account overdrafts at banks are included under bank overdrafts under the heading current liabilities.

2 9 Provisions

Provisions are formed for legally enforceable or constructive obligations existing on the balance sheet date, the settlement of which is likely to require an outflow of resources whose extent can be reliably estimated.

Provisions are measured on the basis of the best estimate of the amounts required to settle the obligations as at the balance sheet date. Provisions are stated at the discounted value of the expenditure expected to be required to settle the obligations.

Pension provision

The company has a defined benefit scheme in place. This provides defined pension benefits to staff upon reaching retirement age, the amount of which depends on age, salary and years of service. The pension provision carried on the balance sheet is the present value of pension benefit obligations under the defined benefit scheme net of the fair value of plan assets. The required pension provision is measured annually by independent actuaries.

The present value of the obligation is computed by discounting estimated future cash flows, using interest rates applying to high quality corporate bonds with a term roughly consistent with the term of the related pension obligation.

Actuarial gains and losses arising from changes in actuarial assumptions exceeding 10% of the higher of pension benefit obligations and the fair value of plan assets at the opening of the financial year are credited or charged to the profit and loss account over the expected average future years of service of the employees concerned.

Unrecognized past service costs are taken directly to the profit and loss account unless the changes in the pension scheme depend on the employees remaining in service for a specific period (the qualifying period). In that case, the past service costs are recognized on a straight-line basis over the qualifying period. Actuarial gains and losses and past service costs are recognized as components of other comprehensive income included in equity.

2.10 Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognized in respect of timing differences between valuation of the assets and liabilities according to fiscal provisions on the one hand and the valuation principles as used in these financial statements on the other. Deferred tax assets and liabilities are calculated based on the ruling tax rates as at year-end or future applicable rates, insofar as already decreed by law.Deferred taxes are valued at nominal value.

2.11 Operational lease

Lease contracts for which a large part of the risk and rewards incidental to ownership of the assets does not lie with the company, are recognized on a straight-line basis in the profit and loss account over the term of the contract, taking into account reimbursement received from the lessor.

2 12 Current liabilities

Current liabilities are stated at face value. Current liabilities are of a short term nature unless stated otherwise.

3 Accounting policies for the profit and loss account

3.1 General

Profit is determined as the balance of the realizable value of the services rendered and the costs and other charges for the year Profits on transactions are recognized in the year in which they are realized; losses are taken as soon as they are foreseeable.

3.2 Turnover

Turnover consists of the proceeds of services rendered during the year in connection with the inventory handling and administration for group companies, after deducting turnover tax. Turnover on rendering of services is recognized based on services rendered until the balance sheet date.

3.3 Costs

Costs are based on the historical cost convention and allocated to the financial year to which they relate.

3.4 Personnel remuneration

Salaries, wages and social security costs are charged to the profit and loss account when due, and in accordance with employment contracts and obligations.

3.5 Financial income and expense

Exchange differences arising upon the settlement of monetary items are recognized in the income statement in the period that they arise.

3.6 Tax on profit/(loss) on ordinary activities

Corporate income tax is calculated on the profit/(loss) before taxation in the profit and loss account, taking into account any tax-exempt items and non-deductible expenses, using current tax rates. Sony Supply Chain Solutions (Europe) BV is part of fiscal unity Sony Overseas Holding B.V. Receivables or liabilities related to corporate income taxes are included in the intercompany account with Sony Overseas Holding B.V.

4 Financial instruments and risk management

4.1 Currency risk

Sony Supply Chain Solutions (Europe) B.V has limited currency risks on current positions with trading partners. The currency risks are reduced by using derivatives closed with Sony Treasury. The Company has entered into two foreign exchange contracts (US Dollar and Japanese Yen). The values as per March 31, 2012 (EUR 12.000 ,credit, included under other liabilities) and as per March 31, 2011 (EUR 7.000 ,debet, included under financial fixed assets) represent revaluation against month end rates versus contract rates.

4.2 Credit risk

Sony Supply Chain Solutions (Europe) B.V. does not have any significant concentrations of credit risk. Almost all services are rendered to Sony companies.

Notes to the balance sheet

5 Fixed assets

5.1 Tangible fixed assets

Movements in tangible fixed assets can be broken down as follows:

	Buildings	Equipment	Assets under construction	Total
	€ 000	€ 000	€ 000	€ 000
Balance as at April 1, 2011				
Cost	3,675	7,801	9	11,485
Accumulated depreciation	(3,231)	(6,914)	-	(10,145)
	444	887	9	1,340
Movements				
Acquired	-	-	5	5
Disposed	(3,675)	(6,479)	(9)	(10,163)
Depreciated	-	(177)	-	(177)
Acc. depreciation disposed	3,231	5,965	-	9,196
	(444)	(691)	(4)	(1,139)
Balance as at March 31, 2012				
Cost	-	1,321	5	1,326
Accumulated depreciation	-	(1,125)	-	(1,125)
	-	196	5	201

Assets with a net book value of € 988.000 have been sold to CEPL at book value.

5.2 Intangible fixed assets

Movements in intangible fixed assets can be broken down as follows:

	Software
	€ 000
Balance as at April 1, 2011	
Cost	2,259
Accumulated depreciation	(409)
	1.850
Movements	
Acquired	194
Disposed	-
Depreciated	(340)
Acc. depreciation disposed	-
	(146)
Balance as at March 31, 2012	
Cost	2,453
Accumulated depreciation	(749)
	1,704

Included is software under construction with a book value of € 241.000. This software is not yet utilized, therefore not depreciated.

6 Shareholders' equity

6.1 Share capital

The authorised share capital of Sony Supply Chain Solutions (Europe) B.V. is € 9,075,604 and consists of 20,000 shares of € 453.78 each, of which 17,100 shares have been issued and fully paid.

6.2 Accumulated other comprehensive income

	2011/ 2012
	€ 000
Balance beginning financial year	(3,376)
Movement relating to pension obligations	738
Balance ending financial year	(2,638)

6 3 Retained earnings

	2011 / 2012	2010 / 2011
	€ 000	€ 000
Balance beginning financial year	7,685	5,985
Profit appropriation prior year	(351)	1,700
Balance ending financial year	7,334	7,685

7 Provisions

7.1 Pension provision

Movements in the pension provision for defined benefit schemes are as follows:

	2011 / 2012	2010 / 2011
	€ 000	€ 000
Balance beginning financial year	(1,934)	(2,642)
Attributed pension costs for defined benefit schemes	(379)	(1,356)
Pension contributions paid	1,055	1,241
Actuarial gains / (losses)	437	202
Curtailment	127	383
Amortization of prior service cost	(8)	(8)
Amortization of actuarial gains / (losses)	181	246
Balance ending financial year	(521)	(1,934)

The net pension obligation as at March 31, 2012 can be analysed as follows:

	March 31, 2012	March 31, 2011
	€ 000	€ 000
Fair value of pension benefit obligation	(7,218)	(12,492)
Fair value of plan assets	6,697	10,558
	(521)	(1,934)

The movement in the pension obligations can be analysed as follows:

	2011 / 2012	2010 / 2011
	€ 000	€ 000
Balance beginning financial year	12,492	12,361
Service costs	111	722
Interest costs	237	592
Employee contributions	59	302
Actuarial (gains) / losses	2,193	(1,061)
Benefits paid	(7)	(41)
Settlements	(7.866)	-
Curtailment	-	(383)
Balance ending financial year	7,219	12,492

The movement in the fair value of the plan assets can be analysed as follows:

	2011 / 2012	2010 / 2011
	€ 000	€ 000
Balance beginning financial year	10,558	9,720
Actual return on plan assets	2.768	(691)
Employer contributions	1,055	1,240
Employee contributions	62	330
Benefits paid	(7)	(41)
Settlements	(7.738)	-
Balance ending financial year	6,698	10,558

The settlement relates to the transfer of the pension rights of employees from SSCS(E) to CEPL.

Plan assets break down by category:

	2010 / 2011	2010 / 2011
	%	%
Equity security funds	-	8
Others	100	92

The main actuarial assumptions are as follows:

	2011 / 2012	2010 / 2011
	%	%
Discount rate	3.90	5.15
Expected return on plan assets	3 50	5.15
Expected salary increases	2.00	2.00
Expected indexation of pensions	2 00	2 00

7 2 Jubilee provision

	2011/ 2012
	€ 000
Balance beginning financial year	(196)
Movement relating to transfer staff to CEPL	154
Balance ending financial year	(42)

The jubilee provision relates to the jubilee obligation for staff of Sony Supply Chain Solutions (Europe) BV. The obligation is valued based on actuarial calculations.

8 Off-balance sheet items

8.1 Bank credit facilities

The company has bank credit facilities totaling € 11,000,000 with its bankers.

8 2 Guarantees

The company has, through its bankers, given the following guarantees which are included within bank credit facilities:

- a guarantee of € 3,126,890 to the Dutch State for payment of import duties and VAT
- a guarantee of € 5,500,000 to Slovakian customs for payment of import duties and VAT

8 3 Capital and lease commitments

The company has contractual obligations which have not been included in the balance sheet as per 31 March 2012. These items concerns:

	< 1 year	1 – 5 year	> 5 years	Total
	€ 000	€ 000	€ 000	€ 000
Lease contracts cars	80	37	-	116
	80	37	-	116

8.4 Corporate Tax

The company (Tilburg entity) forms an income tax group with Sony Overseas Holding B.V. Under the standard conditions, the members of the tax group are jointly and severally liable for any taxes payable by the Group.

Notes to the profit and loss account

9 Turnover

	2011 / 2012 € 000	2010 / 2011 € 000
United Kingdom	97,801	65,353
France	-	14,072
Spain	-	16,688
The Netherlands	-	2,467
Germany	-	10,302
Hungary	-	3,264
Slovakia	-	3,968
Poland	-	2,573
Other EU	1,190	3,158
Rest of Europe	-	78
Other	5,362	9,233
	104,353	131,156

Most European entities are now branches under the umbrella of legal entity Sony Europe Ltd.

10 Operating expenses

		2011 / 2012 € 000	2010 / 2011 € 000
Wages and salaries		3,140	16,387
Social charges		253	2,870
Pension expenses	9.1	380	1,356
Rent		1,876	7,314
Net depreciation of fixed assets		517	1,357
Freight expenses		50,976	70,058
Storage related expenses		46 207	12,074
Other operating expenses		372	19,978
		103,721	131,394

10.1 Pension expenses

Pension expenses can be analysed as follows:

	2011 / 2012 € 000	2010 / 2011 € 000
Service costs	111	722
Interest costs	237	592
Expected return on plan assets	(141)	(196)
Recognised actuarial gains / (losses) attributed	181	246
Recognised past service costs	(8)	(8)
	380	1,356

11 Audit fees

	2011 / 2012	2010 / 2011
	€ 000	€ 000
Audit of financial statements	47	50
	47	50

12 Financial income and expense

	2011 / 2012	2010 / 2011
	€ 000	€ 000
Interest income from group companies	64	23
Interest and similar income	61	8
Interest expenses to group companies	(503)	(270)
Interest and similar expenses	0	(5)
Exchange rate differences	43	36
	(335)	(208)

13 Tax

The income tax expense can be broken down as follows:

	2011 / 2012	2010 / 2011
	€ 000	€ 000
Result before taxation	297	(446)
Income tax expense	64	95
Effective tax rate	21,5%	21.3%
Applicable tax rate	25.0%	25.4%

The effective tax rate is different from the applicable tax rate due to deferred income tax asset for the Slovakian branch.

14 Information on personnel and remuneration

14 1 Average number of employees

During the year the average number of employees was:
-Tilburg site: 31 (previous year: 316)
-Nitra site: 1

14 2 Remuneration of Managing and Supervisory Boards

President J-L.D.M. Duquesne is not on the payroll of Sony Supply Chain Solutions (Europe) B.V. In accordance with the provisions of Article 383 of the Dutch Civil Code the remuneration of the Managing Director has not been disclosed. The Supervisory Directors did not receive any remuneration during the year ended March 31, 2012 (2010/2011: nil).

Tilburg, June 12, 2012

G.D. de Witt
Managing Director

K. Takeda
Supervisory Director

Y. Ezure
Supervisory Director

Other information

Auditors' Report

The report of the auditors, PricewaterhouseCoopers Accountants N.V., is included on the next page.

Statutory appropriation of results

According to Article 12 of the articles of association, the result for the year is at the disposal of the General Meeting of Shareholders.

Proposed result appropriation

In the forthcoming General Meeting of Shareholders it will be proposed to add the profit for the year, amounting to € 233,707 to the retained earnings.

pwc

Independent auditor's report

To: the General Meeting of Shareholders of Sony Supply Chain Solutions (Europe) B.V.

Report on the financial statements

We have audited the accompanying financial statements 2011/2012 as set out on pages 5 to 20 of Sony Supply Chain Solutions (Europe) B V , Tilburg, which comprise the balance sheet as at 31 March 2012, the profit and loss account for the year then ended and the notes, comprising a summary of accounting policies and other explanatory information.

Board of directors' responsibility

The board of directors is responsible for the preparation and fair presentation of these financial statements and for the preparation of the directors' report, both in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board of directors is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers Accountants N.V., Flight Forum 840, 5657 DV Eindhoven, P.O. Box 6365, 5600 HJ Eindhoven, The Netherlands
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30117832/TvB/e0255199/zm

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Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Sony Supply Chain Solutions (Europe) B.V. as at 31 March 2012, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2: 393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the directors' report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2. 392 sub 1 at b-h has been annexed. Further we report that the directors' report, to the extent we can assess, is consistent with the financial statements as required by Section 2: 391 sub 4 of the Dutch Civil Code.

Eindhoven, 12 June 2012
PricewaterhouseCoopers Accountants N.V.

Original has been signed by
drs. A.H.M van Bree RA

SCHEDULE 3

Interim accounts of SEU and SSCSE as at 31 October 2014

Sony Europe Limited - Interim Accounts to October 31 2014

	Year To Date Oct-14	Year To Date Sep-14	Difference
Turnover	2,296,258,519	1,872,565,463	423,693,056
Other operating income	49,528,717	47,514,250	2,014,467
	2,444,844,670	2,015,108,213	429,736,457
Cost of Sales and other operating Revenue	1,880,227,396	1,529,143,692	351,083,704
Gross Profit	**465,559,840**	390,936,021	74,623,819
Staff Costs	162,181,010	145,265,127	16,915,883
Other Sales and General Admin Expenses	274,138,810	227,001,501	47,137,309
Depreciation and other amounts written off tangible and intangible Fixed assets	14,764,555	11,876,883	2,887,672
Other operating (income) expense	4,465,849	2,865,931	1,599,918
Operating Income	**10,009,616**	3,926,579	6,083,037
Interest Receivable and similar Income	4,836,396	- 9,317,085	14,153,481
Interest payable and similar charges	20,249,891	2,354,117	17,895,774
Loss on ordinary activities before taxation	**- 5,403,879**	- 7,744,623	2,340,744
Taxation on Loss on ordinary Activities	26,495,231	26,350,002	145,229
Loss for the Financial Year to date	**- 31,899,110**	- 34,094,625	2,195,515

Sony Europe Limited - Balance Sheet as at October 31 2014

	FY13 - 2014	YTD Oct 2014
Fixed Assets		
Intangible assets	8 8	27 8
Tangible assets	100 1	74 6
Investments	20 6	5 4
	129 5	107 8
Current Assets		
Stocks	273	340 8
Debtors	685 7	1029 4
Cash at bank and in hand	49 80	21 4
	1008 5	1391 6
Creditors Amounts falling due within one year	-1533 7	-1872 6
Net Current Liabilities	-525 2	- 481 0
Total Assets less Current liabilities	-395 7	- 373 2
Creditors Amounts dalling due after one year	-821 6	-836 8
Provision for Liabilities	-161 9	-118
Net Liabilities excluding pension liability	-1379 2	- 1,328 0
Pension Liability	-76 2	-69 2
Net Liabilities including pension liability	**-1455.4**	- **1,258.8**
Capital and reserves		
Called up share capital	56 6	56 6
Share Pemium account	1515 7	1515 7
Profit and loss account	-3027 7	-2831 1
Total Shareholders Deficit	**-1455.4**	- **1,258.8**

SSCSE B V. Interim accounts - Profit and Loss Statement - to October 31 2014

	Year To Date Oct-04 Consolidated	Year To Date Sep-14 Consolidated	Difference	Year To Date Oct-14
Turnover	**54,740,249.00**	**44,744,118.00**	**9,996,131.00**	**54,740,249.00**
Operating Expenses	54,784,120 00	45,105,889 00	9,678,231 00	54,784,120 00
Other operating (income) expense	-3,829,499 00	-3,829,499 00	0 00	-3,829,499 00
Operating Profit	**3,785,628.00**	**3,467,728.00**	**317,900.00**	**3,785,628.00**
Other financial income	105,129 00	83,741 00	21,388 00	105,129 00
Other financial expenses	-265,857 00	-261,674 00	-4,183 00	-265,857 00
Result before Taxation	**3,624,900.00**	**3,289,795.00**	**335,105.00**	**3,624,900.00**
Tax on Result	-52,304 00	-135,786 00	83,482 00	-52,304 00
Net Result	**3,677,204.00**	**3,425,581.00**	**251,623.00**	**3,677,204.00**

COMPANY NO. 02422874

THE COMPANIES ACTS 1985 TO 2006

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

SONY EUROPE LIMITED

(Adopted by special resolution passed on 19 March 2010)

SONY EUROPE LIMITED

INDEX TO THE ARTICLES

PART 1

PRELIMINARY

1. ARTICLES OF ASSOCIATION

These artıcles constıtute the artıcles of associatıon of the company No regulatıons contaıned ın any statute or subordınate legıslation, ıncludıng the regulatıons contaıned ın the Schedule 1 to the Companıes (Model Artıcles) Regulatıons 2008 (as amended), apply to the company

INTERPRETATION AND LIMITATION OF LIABILITY

2. DEFINED TERMS

In the artıcles, unless the context requıres otherwıse

"alternate" or **"alternate director"** has the meanıng gıven ın artıcle 24,

"appointor" has the meanıng gıven ın artıcle 24,

"artıcles" means the company's artıcles of assocıatıon,

"auditors" means the audıtors of the company,

"bankruptcy" ıncludes ındıvıdual ınsolvency proceedıngs ın a jurısdıctıon other than England and Wales or Northern Ireland whıch have an effect sımılar to that of bankruptcy,

"call" has the meanıng gıven ın artıcle 37,

"call notice" has the meanıng gıven ın artıcle 37,

"chairman" has the meaning gıven ın artıcle 13,

"chairman of the meetıng" has the meanıng gıven ın artıcle 62,

"Companies Acts" means the Companıes Acts (as defined ın section 2 of the Companıes Act 2006), in so far as they apply to the company,

"company's lien" has the meanıng gıven in artıcle 35,

"director" means a dırector of the company, and ıncludes any person occupyıng the posıtıon of dırector, by whatever name called and **"directors"** means the dırectors or any of them actıng as the board of dırectors of the company,

"distribution recipient" has the meanıng gıven ın artıcle 53,

"document" ıncludes, unless otherwıse specıfied, any document sent or supplıed ın electronıc form,

"electronic form" has the meaning gıven ın sectıon 1168 of the Companıes Act 2006,

"fully paid" ın relatıon to a share, means that the nomınal value and any premıum to be paıd to the company ın respect of that share have been paıd to the company,

"hard copy form" has the meanıng gıven ın sectıon 1168 of the Companıes Act 2006,

"holder" ın relatıon to shares means the person whose name ıs entered ın the regıster of members as the holder of the shares, "**instrument**" means a document ın hard copy form,

"**lien enforcement notice**" has the meanıng gıven ın artıcle 36,

"**member**" has the meanıng gıven ın sectıon 112 of the Companıes Act 2006,

"**office**" means the regıstered office of the company,

"**ordinary resolutıon**" has the meanıng gıven ın sectıon 282 of the Companıes Act 2006,

"**paid**" means paıd or credıted as paıd,

"**parent company**" means a company (wherever ıncorporated) whıch ıs the holder of not less than nınety per cent of the issued shares of the company,

"**participate**", ın relatıon to a dırectors' meetıng, has the meanıng gıven ın artıcle 11,

"**partly paid**" in relatıon to a share means that part of that share's nomınal value or any premıum at whıch ıt was ıssued has not been paıd to the company,

"**proxy notice**" has the meanıng gıven ın artıcle 68,

"**secretary**" means the secretary of the company or any other person appoınted to perform the dutıes of the secretary of the company, ıncludıng a joınt, assıstant or deputy secretary,

"**shares**" means shares ın the company,

"**special resolutıon**" has the meanıng gıven ın sectıon 283 of the Companıes Act 2006,

"**subsidiary**" has the meanıng gıven ın sectıon 1159 of the Companıes Act 2006,

"**transmittee**" means a person entıtled to a share by reason of the death or bankruptcy of a member, or ın consequence of the merger or consolıdatıon of any member being a corporatıon, or otherwıse by operatıon of law, and

"**writing**" means the representatıon or reproductıon of words, symbols or other ınformatıon ın a vısıble form by any method or combınatıon of methods, whether sent or supplıed ın electronıc form or otherwıse

Unless the context otherwıse requıres, other words or expressıons contaıned ın these artıcles bear the same meanıng as ın the Companıes Act 2006 as ın force on the date when these artıcles become bındıng on the company

Unless expressly provıded otherwıse, a reference to a statute, statutory provısıon or subordınate legıslatıon ıs a reference to ıt as ıt ıs ın force from tıme to tıme, takıng account of

(a) any subordınate legıslatıon from tıme to tıme made under ıt, and

(b) any amendment or re-enactment and ıncludes any statute, statutory provısıon or subordınate legıslatıon whıch ıt amends or re-enacts

Clause and paragraph headıngs are ınserted for ease of reference only and shall not affect constructıon

3. LIABILITY OF MEMBERS

The lıabılıty of the members ıs lımıted to the amount, ıf any, unpaıd on the shares held by them

PART 2

DIRECTORS

DIRECTORS' POWERS AND RESPONSIBILITIES

4. DIRECTORS' GENERAL AUTHORITY

Subject to the articles, the directors are responsible for the management of the company's business, for which purpose they may exercise all the powers of the company

5. MEMBERS' RESERVE POWER

5 1 The members may, by special resolution, direct the directors to take, or refrain from taking, specified action

5 2 No such direction invalidates anything which the directors have done before the passing of the resolution

6. DIRECTORS MAY DELEGATE

6 1 Subject to the articles, the directors may delegate any of the powers which are conferred on them under the articles

(a) to such person or management committee,

(b) by such means (including by power of attorney),

(c) to such an extent,

(d) in relation to such matters or territories, and

(e) on such terms and conditions,

as they think fit, and that any such person or management committee to which the directors delegate powers may include individual directors

6 2 Any such delegation shall, in the absence of express provision to the contrary in the terms of delegation, be deemed to include authority to sub-delegate all or any of the powers delegated

6 3 The directors may revoke any delegation or sub-delegation in whole or part, or alter its terms and conditions

7. ASSOCIATE DIRECTORS

The directors may appoint any person to any office or employment having a designation or title including the word "director" and/or may attach such a designation or title to any existing office or employment with the company and may terminate any such appointment or the use of any such designation or title The inclusion of the word "director" in the designation or title of any such office or employment shall in no way imply that the holder is a director of the company, and the holder shall not thereby be empowered in any respect to act as, or be deemed to be, a director of the company for any of the purposes of the articles

DECISION-MAKING BY DIRECTORS

8. DIRECTORS TO TAKE DECISIONS COLLECTIVELY

8 1 The general rule about decision-making by directors is that any decision of the directors must be either a majority decision at a meeting or a decision taken in accordance with article 9

8 2 If.

(a) the company only has one director, and

(b) no provision of the articles requires it to have more than one director,

the general rule does not apply, and the director may take decisions without regard to any of the provisions of the articles relating to directors' decision-making, save that he shall comply with the requirements of article 18

9. UNANIMOUS DECISIONS

9 1 A decision of the directors is taken in accordance with this article when all eligible directors indicate to each other by any means that they share a common view on a matter

9 2 Such a decision may take the form of a resolution in writing where each eligible director has signed one or more copies of it, or to which each eligible director has otherwise indicated agreement in writing

9 3 References in this article to eligible directors are to directors who would have been entitled to vote on the matter had it been proposed as a resolution at a directors' meeting (but excluding any director whose vote is not to be counted in respect of the particular matter).

9 4 A decision may not be taken in accordance with this article if the eligible directors would not have formed a quorum at such a meeting

10. CALLING A DIRECTORS' MEETING

10 1 Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the secretary (if any) to give such notice

10 2 Notice of any directors' meeting must indicate

(a) its proposed date and time,

(b) where it is to take place, and

(c) if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting

10 3 Notice of a directors' meeting must be given to each director, but need not be in writing

10 4 Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the company not more than 7 days after the date on which the meeting is held Where such notice

is gıven after the meetıng has been held, that does not affect the valıdıty of the meetıng, or of any busıness conducted at ıt

11. PARTICIPATION IN DIRECTORS' MEETINGS

11 1 Subject to the artıcles, dırectors partıcıpate ın a dırectors' meetıng, or part of a dırectors' meetıng, when·

(a) the meetıng has been called and takes place ın accordance wıth the artıcles, and

(b) they can each communıcate to the others any ınformatıon or opınıons they have on any partıcular item of the busıness of the meetıng

11 2 In determınıng whether dırectors are partıcıpatıng ın a dırectors' meetıng, ıt ıs ırrelevant where any dırector ıs or how they communıcate wıth each other

11 3 If all the dırectors partıcıpatıng ın a meetıng are not ın the same place, they may decıde that the meetıng ıs to be treated as takıng place wherever any of them ıs In default of such a decısıon, the meetıng shall be deemed to take place where the largest group of those partıcıpatıng ıs assembled, or, ıf there ıs no such group, where the chaırman of the meetıng ıs

12. QUORUM FOR DIRECTORS' MEETINGS

12.1 At a dırectors' meetıng, unless a quorum ıs partıcıpatıng, no proposal ıs to be voted on, except a proposal to call another meetıng

12 2 The quorum for dırectors' meetıngs may be fixed from tıme to tıme by a decısıon of the dırectors, but ıt must never be less than two, and unless otherwıse fixed ıt ıs two

12 3 If the total number of dırectors for the tıme beıng ıs less than the quorum requıred, the dırectors must not take any decısıon other than a decısıon

(a) to appoınt further dırectors, or

(b) to call a general meetıng so as to enable the members to appoınt further dırectors

13. CHAIRING OF DIRECTORS' MEETINGS

13 1 The dırectors may appoınt a dırector to chaır theır meetıngs

13 2 The person so appoınted for the tıme beıng ıs known as the chaırman

13 3 The dırectors may terminate the chaırman's appoıntment at any tıme

13 4 If the chaırman ıs not partıcıpatıng ın a dırectors' meetıng wıthın ten mınutes of the tıme at whıch ıt was to start, the partıcıpatıng dırectors must appoınt one of themselves to chaır ıt

14. VOTING AT DIRECTORS' MEETINGS: GENERAL RULES

14 1 Subject to the artıcles, each dırector partıcıpatıng ın a dırectors' meetıng has one vote

14 2 Subject to such dısclosure as ıs requıred by law and the artıcles, a dırector who ıs ınterested ın an actual or proposed transactıon or arrangement wıth the company ıs to

be counted as participating in the decision making process (including for this purpose any directors' meeting or part of a directors' meeting) for quorum and voting purposes

15. CHAIRMAN'S CASTING VOTE AT DIRECTORS' MEETINGS

15 1 If the numbers of votes for and against a proposal are equal, the chairman or other director chairing the meeting has a casting vote

15 2 But this does not apply if, in accordance with the articles, the chairman or other director is not to be counted as participating in the decision-making process for quorum or voting purposes

16. ALTERNATES VOTING AT DIRECTORS' MEETINGS

A director who is also an alternate director has an additional vote on behalf of each appointor who is

(a) not participating in a directors' meeting, and

(b) would have been entitled to vote if they were participating in it

17. CONFLICTS OF INTEREST

17 1 Subject to the articles, and provided that he has declared the nature and extent of his interest in accordance with the requirements of the Companies Acts, a director notwithstanding his office

(a) may be a party to, or otherwise interested in, any transaction or arrangement with the company or in which the company is otherwise interested,

(b) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the company or in which the company is otherwise interested, and

(c) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any parent undertaking or subsidiary undertaking of the company, or any subsidiary undertaking of any parent undertaking of the company, or any body corporate in which any such parent undertaking or subsidiary undertaking is interested

and

(i) unless the directors decide otherwise shall not, by reason of his office, be accountable to the company for any remuneration or other benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit,

(ii) shall not infringe his duty to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the company as a result of holding any such office or employment with or being a party to any such transaction or arrangement or otherwise being interested in any such body corporate,

(iii) shall not be required to disclose to the company, or use in performing his duties as a director of the company, any information relating to any such office or employment if to make such a disclosure or use would result in a breach of a duty or obligation of confidence owed by him in relation to or in connection with that office, employment, transaction, arrangement or interest, and

(iv) may absent himself from discussions, whether in meetings of the directors or otherwise, and exclude himself from the receipt or use of information, which will or may relate to that office, employment, transaction, arrangement or interest

17 2 The directors may authorise (subject to such terms and conditions, if any, as they may think fit to impose from time to time, and subject always to their right to vary or terminate such authorisation), to the fullest extent permitted by law

(a) any matter which would otherwise result in a director infringing his duty to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the company and which may reasonably be regarded as likely to give rise to a conflict of interest (including a conflict of interest and duty or conflict of duties), and

(b) a director to accept or continue in any office, employment or position in addition to his office as a director of the company (not being an office, employment or position which the director is authorised to hold pursuant to article 17(1)(b) and article 17(1)(c))

and may authorise the manner in which a conflict of interest arising out of such matter, office, employment or position may be dealt with, either before or at the time that such a conflict of interest arises

17 3 Any authorisation pursuant to article 17(2) is effective only if

(a) the matter in question was proposed in writing for consideration at a directors' meeting, in accordance with normal procedures or in such other manner as the directors may approve,

(b) any requirement as to the quorum at the meeting at which the matter is considered is met without counting the director in question or any other interested director, and

(c) the matter was agreed to without their voting or would have been agreed to if their votes had not been counted

17 4 In relation to any matter, office, employment or position that has been authorised pursuant to article 17(2) (subject to such terms and conditions, if any, as the directors may think fit to impose from time to time, and subject always to their right to vary or terminate such authorisation or the permissions set out below)

(a) the director shall not be required to disclose to the company, or use in performing his duties as a director of the company, any information relating to such matter, or such office, employment or position, if to make such a disclosure or use would result in a breach of a duty or obligation of confidence owed by him in relation to or in connection with that matter, or that office, employment or position,

(b) the director may absent himself from discussions, whether in directors' meetings or otherwise, and exclude himself from the receipt or use of information, which will or may relate to that matter, or that office, employment or position, and

(c) the director shall not, by reason of his office as a director of the company, be accountable to the company for any remuneration or other benefit which he derives from any such matter, or from any such office, employment or position

18. RECORDS OF DECISIONS TO BE KEPT

The directors must ensure that the company keeps a record, in writing, for at least 10 years from the date of the decision recorded, of every unanimous or majority decision taken by the directors

19. DIRECTORS' DISCRETION TO MAKE FURTHER RULES

Subject to the articles, the directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to directors

APPOINTMENT OF DIRECTORS

20. METHODS OF APPOINTING AND REMOVING DIRECTORS

20 1 The parent company (if any) may at any time and from time to time appoint any person who is willing to act as a director, and is permitted by law to do so, to be a director, either to fill a vacancy or as an additional director, and may remove any director from office

20 2 Any appointment or removal of a director in accordance with article 20(1) must be effected by notice in writing to the company signed by the person making the appointment or removal or in any other manner approved by the directors

21. TERMINATION OF DIRECTOR'S APPOINTMENT

A person ceases to be a director as soon as

(a) that person ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law,

(b) a bankruptcy order is made against that person,

(c) a composition is made with that person's creditors generally in satisfaction of that person's debts,

(d) a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months,

(e) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have,

(f) notification is received by the company from the director that the director is resigning from office as director, and such resignation has taken effect in accordance with its terms,

(g) that person is convicted of a criminal offence involving fraud or dishonesty and the directors resolve that he shall for that reason cease to be a director;

(h) that person is removed as a director in accordance with article 20(1), or

(i) that person is requested to resign in writing by all of the other directors In calculating the number of directors who are required to make such a request to the director

(A) an alternate director appointed by him acting in his capacity as such shall be excluded, and

(B) a director and any alternate director appointed by him and acting in his capacity as such shall constitute a single director for this purpose, so that the signature of either shall be sufficient

22. DIRECTORS' REMUNERATION

22 1 Directors, provided that they have obtained the approval of the parent company (if any), may undertake any services for the company that the directors decide

22 2 Directors, provided that they have obtained the approval of the parent company (if any), are entitled to such remuneration as the directors determine

(a) for their services to the company as directors, and

(b) for any other service which they undertake for the company

22 3 Subject to the articles, a director's remuneration may

(a) take any form, and

(b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director

22 4 Unless the directors decide otherwise, directors' remuneration accrues from day to day

23. DIRECTORS' EXPENSES

The company may pay any reasonable expenses which the directors properly incur in connection with their attendance at

(a) meetings of directors or committees of directors,

(b) general meetings, or

(c) separate meetings of the holders of any class of shares or of debentures of the company,

or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company

ALTERNATE DIRECTORS

24. APPOINTMENT AND REMOVAL OF ALTERNATES

24 1 Any director (the "**appointor**") may appoint as an alternate any other director, or any other person who is willing to act as a director, and is permitted by law to do so, and who has been approved by decision of the directors, to

(a) exercise that director's powers, and

(b) carry out that director's responsibilities,

in relation to the taking of decisions by the directors in the absence of the alternate's appointor.

24 2 Any appointment or removal of an alternate must be effected by notice in writing to the company signed by the appointor or in any other manner approved by the directors

25. RIGHTS AND RESPONSIBILITIES OF ALTERNATE DIRECTORS

25 1 An alternate director may act as alternate director for more than one director and has the same rights in relation to any decision of the directors as the alternate's appointor

25 2 Except as the articles specify otherwise, alternate directors

(a) are deemed for all purposes to be directors,

(b) are liable for their own acts and omissions,

(c) are subject to the same restrictions as their appointors, and

(d) are not deemed to be agents of or for their appointors

25 3 A person who is an alternate director and also a director is entitled, in the absence of his appointor, to a separate vote on behalf of his appointor, in addition to his own vote, on any decision of the directors, but shall not be counted as more than one director for the purposes of determining whether a quorum is present

25 4 A person who is an alternate director but not a director

(a) may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's appointor is not participating),

(b) may participate in taking a decision in accordance with article 9 (but only if that person's appointor has not so participated), and

(c) shall not be counted as more than one director for the purposes of articles 25(4)(a) and 25(4)(b).

25 5 An alternate director is not entitled to receive any remuneration from the company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing made to the company

26. TERMINATION OF ALTERNATE DIRECTORSHIP

An alternate director's appointment as an alternate terminates

(a) when the alternate's appointor revokes the appointment by notice to the company in writing specifying when it is to terminate,

(b) on the occurrence in relation to the alternate of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a director,

(c) on the death of the alternate's appointor,

(d) when the alternate's appointor's appointment as a director terminates, or

(e) when the alternate director resigns his office by notice to the company

SECRETARY

27. APPOINTMENT AND REMOVAL OF SECRETARY

27 1 Subject to the articles, the secretary may be appointed by the parent company (if any) or the directors for such term, at such remuneration and upon such conditions as they may think fit and any secretary so appointed may be removed by such appointor(s)

27 2 In the case that two or more joint secretaries have been appointed pursuant to the provisions of this article 27, each shall have full authority to act alone and independently of the other

PART 3

SHARES AND DISTRIBUTIONS

ISSUE OF SHARES

28. POWERS TO ISSUE DIFFERENT CLASSES OF SHARE

28 1 Subject to the articles, but without prejudice to the rights attached to any existing share, the company may issue shares with such rights or restrictions as may be determined by ordinary resolution or, subject to and in default of such determination, as the directors may determine

28 2 The company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the company or the holder, and the directors may determine the terms, conditions and manner of redemption of any such shares

29. POWER TO ALLOT SHARES

29 1 None of the requirements of sections 561 and 562 of the Companies Act 2006 shall apply to the company

29 2 The directors shall not exercise any power of the company to allot shares, or to grant rights to subscribe for or to convert any security into shares, except with the prior approval of the parent company (if any) save that no such approval shall be required in respect of any allotment or grant to the parent company (if any)

30. PAYMENT OF COMMISSIONS ON SUBSCRIPTION FOR SHARES

30 1 The company may pay any person a commission in consideration for that person

(a) subscribing, or agreeing to subscribe, for shares, or

(b) procurıng, or agreeıng to procure, subscrıptıons for shares

30 2 Any such commıssıon may be paid

(a) ın cash, or ın fully paıd or partly paıd shares or other securıtıes, or partly ın one way and partly ın the other, and

(b) ın respect of a condıtıonal or an absolute subscrıptıon

INTERESTS IN SHARES

31. COMPANY NOT BOUND BY LESS THAN ABSOLUTE INTERESTS

Except as requıred by law, no person ıs to be recognısed by the company as holdıng any share upon any trust, and except as otherwıse requıred by law or the artıcles, the company ıs not ın any way to be bound by or recognıse any ınterest ın a share other than the holder's absolute ownershıp of ıt and all the rıghts attaching to ıt

SHARE CERTIFICATES

32. CERTIFICATES TO BE ISSUED

32 1 The company must ıssue each member wıth one or more certıficates ın respect of the shares whıch that member holds

32 2 Except as otherwıse specıfied ın the artıcles, all certıficates must be ıssued free of charge

32.3 No certıficate may be ıssued ın respect of shares of more than one class

32 4 If more than one person holds a share, only one certıficate may be ıssued ın respect of ıt

33. CONTENTS AND EXECUTION OF SHARE CERTIFICATES

33 1 Every certıficate must specıfy

(a) ın respect of how many shares, of what class, ıt ıs ıssued,

(b) the nomınal value of those shares,

(c) the amount paıd up on them, and

(d) any dıstınguıshıng numbers assıgned to them

33 2 Certıficates must

(a) have affixed to them the company's common seal, or

(b) be otherwıse executed ın accordance wıth the Companıes Acts

34. REPLACEMENT SHARE CERTIFICATES

34 1 If a certıficate ıssued ın respect of a member's shares ıs

(a) damaged or defaced, or

(b) saıd to be lost, stolen or destroyed, that member is entitled to be issued with a replacement certificate in respect of the same shares

34 2 A member exercising the right to be issued with such a replacement certificate

(a) may at the same time exercise the right to be issued with a single certificate or separate certificates;

(b) must return the certificate which is to be replaced to the company if it is damaged or defaced, and

(c) must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the directors decide

PARTLY PAID SHARES

35. COMPANY'S LIEN OVER PARTLY PAID SHARES

35 1 The company has a lien (the "**company's lien**") over every share which is partly paid for any part of

(a) that share's nominal value, and

(b) any premium at which it was issued,

which has not been paid to the company, and which is payable immediately or at some time in the future, whether or not a call notice has been sent in respect of it

35 2 The company's lien over a share

(a) takes priority over any third party's interest in that share, and

(b) extends to any dividend or other money payable by the company in respect of that share and (if the lien is enforced and the share is sold by the company) the proceeds of sale of that share.

35 3 The directors may at any time decide that a share which is or would otherwise be subject to the company's lien shall not be subject to it, either wholly or in part

36. ENFORCEMENT OF THE COMPANY'S LIEN

36 1 Subject to the provisions of this article, if

(a) a lien enforcement notice has been given in respect of a share, and

(b) the person to whom the notice was given has failed to comply with it,

the company may sell that share in such manner as the directors decide

36 2 A lien enforcement notice

(a) may only be given in respect of a share which is subject to the company's lien, in respect of which a sum is payable and the due date for payment of that sum has passed,

(b) must specify the share concerned,

(c) must require payment of the sum payable within 14 days of the notice,

(d) must be addressed either to the holder of the share or to a transmittee of that holder, and

(e) must state the company's intention to sell the share if the notice is not complied with

36 3 Where shares are sold under this article

(a) the directors may authorise any person to execute an instrument of transfer of the shares to the purchaser or to a person nominated by the purchaser, and

(b) the transferee is not bound to see to the application of the consideration, and the transferee's title is not affected by any irregularity in or invalidity of the process leading to the sale

36 4 The net proceeds of any such sale (after payment of the costs of sale and any other costs of enforcing the lien) must be applied

(a) first, in payment of so much of the sum for which the lien exists as was payable at the date of the lien enforcement notice,

(b) second, to the person entitled to the shares at the date of the sale, but only after the certificate for the shares sold has been surrendered to the company for cancellation or a suitable indemnity has been given for any lost certificates, and subject to a lien equivalent to the company's lien over the shares before the sale for any money payable in respect of the shares after the date of the lien enforcement notice

36 5 A statutory declaration by a director or the secretary (if any) that the declarant is a director or the secretary and that a share has been sold to satisfy the company's lien on a specified date

(a) is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share, and

(b) subject to compliance with any other formalities of transfer required by the articles or by law, constitutes a good title to the share

37. CALL NOTICES

37 1 Subject to the articles and the terms on which shares are allotted, the directors may send a notice (a "**call notice**") to a member requiring the member to pay the company a specified sum of money (a "**call**") which is payable in respect of shares which that member holds at the date when the directors decide to send the call notice

37 2 A call notice·

(a) may not require a member to pay a call which exceeds the total sum unpaid on that member's shares (whether as to the share's nominal value or any amount payable to the company by way of premium),

(b) must state when and how any call to which it relates it is to be paid, and

(c) may permit or require the call to be paid by instalments

37 3 A member must comply with the requirements of a call notice, but no member is obliged to pay any call before 14 days have passed since the notice was sent

37 4 Before the company has received any call due under a call notice the directors may

(a) revoke it wholly or in part, or

(b) specify a later time for payment than is specified in the notice,

by a further notice in writing to the member in respect of whose shares the call is made.

38. LIABILITY TO PAY CALLS

38 1 Liability to pay a call is not extinguished or transferred by transferring the shares in respect of which it is required to be paid

38 2 Joint holders of a share are jointly and severally liable to pay all calls in respect of that share

38 3 Subject to the terms on which shares are allotted, the directors may, when issuing shares, provide that call notices sent to the holders of those shares may require them

(a) to pay calls which are not the same, or

(b) to pay calls at different times

39. WHEN CALL NOTICE NEED NOT BE ISSUED

39 1 A call notice need not be issued in respect of sums which are specified, in the terms on which a share is issued, as being payable to the company in respect of that share (whether in respect of nominal value or premium)

(a) on allotment,

(b) on the occurrence of a particular event, or

(c) on a date fixed by or in accordance with the terms of issue

39 2 But if the due date for payment of such a sum has passed and it has not been paid, the holder of the share concerned is treated in all respects as having failed to comply with a call notice in respect of that sum, and is liable to the same consequences as regards the payment of interest and forfeiture

40. FAILURE TO COMPLY WITH CALL NOTICE: AUTOMATIC CONSEQUENCES

40 1 If a person is liable to pay a call and fails to do so by the call payment date

(a) the directors may issue a notice of intended forfeiture to that person, and

(b) until the call is paid, that person must pay the company interest on the call from the call payment date at the relevant rate

40 2 For the purposes of this article

(a) the **"call payment date"** is the time when the call notice states that a call is payable, unless the directors give a notice specifying a later date, in which case the "call payment date" is that later date,

(b) the **"relevant rate"** is

(i) the rate fixed by the terms on which the share in respect of which the call is due was allotted,

(ii) such other rate as was fixed in the call notice which required payment of the call, or has otherwise been determined by the directors, or

(iii) if no rate is fixed in either of these ways, 5 per cent per annum

40 3 The relevant rate must not exceed by more than 5 percentage points the base lending rate most recently set by the Monetary Policy Committee of the Bank of England in connection with its responsibilities under Part 2 of the Bank of England Act 1998

40 4 The directors may waive any obligation to pay interest on a call wholly or in part

41. NOTICE OF INTENDED FORFEITURE

A notice of intended forfeiture

(a) may be sent in respect of any share in respect of which a call has not been paid as required by a call notice,

(b) must be sent to the holder of that share or to a transmittee of that holder,

(c) must require payment of the call and any accrued interest and all expenses that may have been incurred by the company by reason of such non-payment by a date which is not less than 14 days after the date of the notice,

(d) must state how the payment is to be made, and

(e) must state that if the notice is not complied with, the shares in respect of which the call is payable will be liable to be forfeited

42. DIRECTORS' POWER TO FORFEIT SHARES

If a notice of intended forfeiture is not complied with before the date by which payment of the call is required in the notice of intended forfeiture, the directors may decide that any share in respect of which it was given is forfeited, and the forfeiture is to include all dividends or other moneys payable in respect of the forfeited shares and not paid before the forfeiture

43. EFFECT OF FORFEITURE

43 1 Subject to the articles, the forfeiture of a share extinguishes

(a) all interests in that share, and all claims and demands against the company in respect of it, and

(b) all other rights and liabilities incidental to the share as between the person whose share it was prior to the forfeiture and the company

43 2 Any share which is forfeited in accordance with the articles

(a) is deemed to have been forfeited when the directors decide that it is forfeited,

(b) is deemed to be the property of the company, and

(c) may be sold, re-allotted or otherwise disposed of as the directors think fit

43 3 If a person's shares have been forfeited

(a) the company must send that person notice that forfeiture has occurred and record it in the register of members;

(b) that person ceases to be a member in respect of those shares,

(c) that person must surrender the certificate for the shares forfeited to the company for cancellation,

(d) that person remains liable to the company for all sums payable by that person under the articles at the date of forfeiture in respect of those shares, including any interest (whether accrued before or after the date of forfeiture), and

(e) the directors may waive payment of such sums wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal

43 4 At any time before the company disposes of a forfeited share, the directors may decide to cancel the forfeiture on payment of all calls, interest and expenses due in respect of it and on such other terms as they think fit

44. PROCEDURE FOLLOWING FORFEITURE

44 1 If a forfeited share is to be disposed of by being transferred, the company may receive the consideration for the transfer and the directors may authorise any person to execute the instrument of transfer

44 2 A statutory declaration by a director or the secretary (if any) that the declarant is a director or the secretary and that a share has been forfeited on a specified date

(a) is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share, and

(b) subject to compliance with any other formalities of transfer required by the articles or by law, constitutes a good title to the share

44 3 A person to whom a forfeited share is transferred is not bound to see to the application of the consideration (if any) nor is that person's title to the share affected by any irregularity in or invalidity of the process leading to the forfeiture or transfer of the share

44 4 If the company sells a forfeited share, the person who held it prior to its forfeiture is entitled to receive from the company the proceeds of such sale, net of any commission, and excluding any amount which

(a) was, or would have become, payable, and

(b) had not, when that share was forfeited, been paid by that person in respect of that share

but no interest is payable to such a person in respect of such proceeds and the company is not required to account for any money earned on them

45. SURRENDER OF SHARES

45 1 A member may surrender any share

(a) in respect of which the directors may issue a notice of intended forfeiture,

(b) which the directors may forfeit, or

(c) which has been forfeited

45 2 The directors may accept the surrender of any such share

45 3 The effect of surrender on a share is the same as the effect of forfeiture on that share

45 4 A share which has been surrendered may be dealt with in the same way as a share which has been forfeited

TRANSFER AND TRANSMISSION OF SHARES

46. TRANSFERS OF SHARES

46.1 Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the directors, which is executed by or on behalf of

(a) the transferor, and

(b) (if any of the shares is partly paid) the transferee

46 2 No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share

46 3 The company may retain any instrument of transfer which is registered

46 4 The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it

46 5 The directors shall register a transfer of shares which is·

(a) lodged at the office or such other place as the directors have appointed,

(b) accompanied by the certificate for the shares to which it relates, or such other evidence as the directors may reasonably require to show the transferor's right to make the transfer, or evidence of the right of someone other than the transferor to make the transfer on the transferor's behalf, and

(c) presented for registration duly stamped or is an exempt transfer within the Stock Transfer Act 1982,

and may, in their absolute discretion, refuse to register any other transfer of shares

46 6 If the directors refuse to register the transfer of a share, the instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent

47. TRANSMISSION OF SHARES

47 1 If title to a share passes to a transmittee, the company may only recognise the transmittee as having any title to that share

47 2 Nothing in these articles releases the estate of a deceased member from any liability in respect of a share solely or jointly held by that member

48. TRANSMITTEES' RIGHTS

48 1 A transmittee who produces such evidence of entitlement to shares as the directors may properly require

(a) may, subject to the articles, choose either to become the holder of those shares or to have them transferred to another person, and

(b) subject to the articles, and pending any transfer of the shares to another person, has the same rights as the holder had

48 2 But transmittees do not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of shares to which they are entitled, by reason of the holder's death or bankruptcy or otherwise, unless they become the holders of those shares

49. EXERCISE OF TRANSMITTEES' RIGHTS

49 1 Transmittees who wish to become the holders of shares to which they have become entitled must notify the company in writing of that wish

49 2 If the transmittee wishes to have a share transferred to another person, the transmittee must execute an instrument of transfer in respect of it

49 3 Any transfer made or executed under this article is to be treated as if it were made or executed by the person from whom the transmittee has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred

50. TRANSMITTEES BOUND BY PRIOR NOTICES

If a notice is given to a member in respect of shares and a transmittee is entitled to those shares, the transmittee is bound by the notice if it was given to the member before the transmittee's name has been entered in the register of members

DISTRIBUTIONS

51. PROCEDURE FOR DECLARING DIVIDENDS

51 1 The company may by ordinary resolution declare dividends

51 2 A dividend must not be declared unless the directors have made a recommendation as to its amount Such a dividend must not exceed the amount recommended by the directors

51 3 No dividend may be declared or paid unless it is in accordance with members' respective rights

51 4 Unless the members' resolution to declare a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each member's holding of shares on the date of the resolution or decision to declare or pay it

51 5 If the company's share capital is divided into different classes, no dividend may be declared on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear

51 6 If the directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of a dividend on shares with deferred or non-preferred rights

52. CALCULATION OF DIVIDENDS

52 1 Except as otherwise provided by the articles or the rights attached to shares, all dividends must be·

(a) declared and paid according to the amounts paid up on the shares on which the dividend is paid; and

(b) apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid

52 2 If any share is issued on terms providing that it ranks for dividend as from a particular date, that share ranks for dividend accordingly

53. PAYMENT OF DIVIDENDS AND OTHER DISTRIBUTIONS

53 1 Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means

(a) transfer to a bank or building society account specified by the distribution recipient either in writing or as the directors may otherwise decide,

(b) sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the share), or (in any other case) to an address specified by the distribution recipient either in writing or as the directors may otherwise decide,

(c) sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the directors may otherwise decide, or

(d) any other means of payment as the directors agree with the distribution recipient either in writing or by such other means as the directors decide

53 2 In the articles, the "**distribution recipient**" means, in respect of a share in respect of which a dividend or other sum is payable

(a) the holder of the share, or

(b) if the share has two or more joint holders, whichever of them is named first in the register of members, or

(c) if the holder is no longer entitled to the share by reason of death or bankruptcy, or in consequence of the merger or consolidation of any holder being a corporation, or otherwise by operation of law, the transmittee

54. DEDUCTIONS FROM DISTRIBUTIONS IN RESPECT OF SUMS OWED TO THE COMPANY

54 1 If

(a) a share is subject to the company's lien, and

(b) the directors are entitled to issue a lien enforcement notice in respect of it,

they may, instead of issuing a lien enforcement notice, deduct from any dividend or other sum payable in respect of the share any sum of money which is payable to the company in respect of that share to the extent that they are entitled to require payment under a lien enforcement notice

54 2 Money so deducted must be used to pay any of the sums payable in respect of that share

54 3 The company must notify the distribution recipient in writing of

(a) the fact and amount of any such deduction,

(b) any non-payment of a dividend or other sum payable in respect of a share resulting from any such deduction, and

(c) how the money deducted has been applied

55. NO INTEREST ON DISTRIBUTIONS

The company shall not be obliged to pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by

(a) the terms on which the share was issued, or

(b) the provisions of another agreement between the holder of that share and the company.

56. UNCLAIMED DISTRIBUTIONS

56 1 All dividends or other sums which are

(a) payable in respect of shares, and

(b) unclaimed after having been declared,

may be invested or otherwise made use of by the directors for the benefit of the company until claimed

56 2 The payment of any such dividend or other sum into a separate account does not make the company a trustee in respect of it

56 3 If

(a) twelve years have passed from the date on which a dividend or other sum became due for payment, and

(b) the distribution recipient has not claimed it,

the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the company

57. NON-CASH DISTRIBUTIONS

57 1 Subject to the terms of issue of the share in question the company may, by ordinary resolution, on the recommendation of the directors decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company)

57 2 For the purposes of paying a non-cash distribution, the directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution

(a) fixing the value of any assets,

(b) paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients, and

(c) vesting any assets in trustees

58. WAIVER OF DISTRIBUTIONS

Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the company notice in writing to that effect, but if

(a) the share has more than one holder, or

(b) more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,

the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share

CAPITALISATION OF PROFITS

59. AUTHORITY TO CAPITALISE AND APPROPRIATION OF CAPITALISED SUMS

59 1 Subject to the articles, the directors may, if they are so authorised by an ordinary resolution

(a) decide to capitalise any profits of the company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the company's share premium account or capital redemption reserve, and

(b) appropriate any sum which they so decide to capitalise (a "**capitalised sum**") to the persons who would have been entitled to it if it were distributed by way of dividend (the "**persons entitled**") and in the same proportions

59 2 Capitalised sums must be applied

(a) on behalf of the persons entitled, and

(b) in the same proportions as a dividend would have been distributed to them

59 3 Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct

59 4 A capitalised sum which was appropriated from profits available for distribution may be applied

(a) in or towards paying up any amounts unpaid on existing shares held by the persons entitled, or

(b) in paying up new debentures of the company which are then allotted credited as fully paid to the persons entitled or as they may direct

59 5 Subject to the articles, the directors may

(a) apply capitalised sums in accordance with paragraphs (3) and (4) partly in one way and partly in another,

(b) make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this article (including the issuing of fractional certificates or the making of cash payments); and

authorise any person to enter into an agreement with the company on behalf of all the persons entitled which is binding on them in respect of the allotment of shares and debentures to them under this article

PART 4

DECISION-MAKING BY MEMBERS

ORGANISATION OF GENERAL MEETINGS

60. ATTENDANCE AND SPEAKING AT GENERAL MEETINGS

60 1 A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting

60 2 A person is able to exercise the right to vote at a general meeting when

(a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and

(b) that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting

60 3 The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it

60 4 In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other

60 5 Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them

61. QUORUM FOR GENERAL MEETINGS

61 1 No business other than the appointment of the chairman of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum

61 2 Save in the case of a company having only one member, two qualifying persons present at a meeting shall be a quorum, unless each is a qualifying person only because

(a) he is duly authorised to act as the representative of a corporation in relation to the meeting and they are representatives of the same corporation, or

(b) he is appointed as proxy of a member in relation to the meeting and they are proxies of the same member

61 3 In the case of a company having only one member, one qualifying person present at a meeting shall be a quorum

61 4 In this article, a "**qualifying person**" means

(a) an individual who is a member of the company,

(b) a person duly authorised to act as the representative of a corporation in relation to the meeting, or

(c) a person appointed as a proxy of a member in relation to the meeting

62. CHAIRING GENERAL MEETINGS

62 1 If the directors have appointed a chairman, the chairman shall chair general meetings if present and willing to do so

62 2 If the directors have not appointed a chairman, or if the chairman is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start:

(a) the directors present, or

(b) (if no directors are present), the meeting,

must appoint a director or member to chair the meeting, and the appointment of the chairman of the meeting must be the first business of the meeting

62 3 The person chairing a meeting in accordance with this article is referred to as the "**chairman of the meeting**"

63. ATTENDANCE AND SPEAKING BY DIRECTORS AND NON-MEMBERS

63 1 Directors may attend and speak at general meetings, whether or not they are members

63 2 The chairman of the meeting may permit other persons who are not

(a) members of the company, or

(b) otherwise entitled to exercise the rights of members in relation to general meetings,

to attend and speak at a general meeting

64. ADJOURNMENT

64 1 If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chairman of the meeting must adjourn it

64 2 The chairman of the meeting may adjourn a general meeting at which a quorum is present if

(a) the meeting consents to an adjournment, or

(b) it appears to the chairman of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner

64 3 The chairman of the meeting must adjourn a general meeting if directed to do so by the meeting

64 4 When adjourning a general meeting, the chairman of the meeting must

(a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors, and

(b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting

64 5 If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given)

(a) to the same persons to whom notice of the company's general meetings is required to be given, and

(b) containing the same information which such notice is required to contain

64 6 No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place

VOTING AT GENERAL MEETINGS

65. VOTING: GENERAL

65 1 A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the articles

65 2 Subject to any rights or restrictions attached to any shares, on a show of hands every member (being an individual) present in person or by proxy or (being a corporation) present by a duly authorised representative or by proxy has one vote, unless the proxy (in either case) or the representative is himself a member entitled to vote

65 3 Subject to any rights or restrictions attached to any shares, on a poll every member has one vote for every share of which he is the holder

66. ERRORS AND DISPUTES

66.1 No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid

66 2 Any such objection must be referred to the chairman of the meeting, whose decision is final

67. POLL VOTES

67 1 A poll on a resolution may be demanded

(a) in advance of the general meeting where it is to be put to the vote, or

(b) at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared

67 2 A poll may be demanded by

(a) the chairman of the meeting,

(b) the directors, or

(c) any member (being an individual) present in person or by proxy or (being a corporation) present by a duly authorised representative or by proxy and having the right to vote on the resolution

67 3 A demand for a poll may be withdrawn if

(a) the poll has not yet been taken, and

(b) the chairman of the meeting consents to the withdrawal

67 4 Polls must be taken at such time and in such manner as the chairman of the meeting directs

68. CONTENT OF PROXY NOTICES

68 1 Proxies may only validly be appointed by a notice in writing (a "**proxy notice**") which

(a) states the name and address of the member appointing the proxy,

(b) identifies the person appointed to be that member's proxy and the general meeting in relation to which that person is appointed,

(c) is signed by or on behalf of the member appointing the proxy, or is authenticated in such manner as the directors may determine, and

(d) is delivered to the company in accordance with the articles and any instructions contained in the notice of the general meeting to which they relate

68 2 The company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes

68 3 Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions

68 4 Unless a proxy notice indicates otherwise, it must be treated as

(a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting, and

(b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself

69. DELIVERY OF PROXY NOTICES

69 1 A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the company by or on behalf of that person

69 2 Subject to articles 69(3) and 69(4), a proxy notice must be delivered to the company or to such other place within the United Kingdom as is specified in the notice convening the meeting or in any instrument of proxy sent out by the company in relation to the meeting not less than 48 hours before the start of the meeting or adjourned meeting to which it relates

69 3 In the case of a poll taken more than 48 hours after it is demanded, the notice must be delivered to the company or to such other place within the United Kingdom as is specified in the notice convening the meeting or in any instrument of proxy sent out by the company in relation to the meeting not less than 24 hours before the time appointed for the taking of the poll

69 4 In the case of a poll not taken during the meeting but taken not more than 48 hours after it was demanded, the proxy notice must be delivered in accordance with article 69(2) or at the meeting at which the poll was demanded to the chairman, the secretary (if any) or any director

69 5 An appointment under a proxy notice may be revoked by delivering to the company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given

69 6 A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates

69 7 If a proxy notice is not signed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who signed it to sign it on the appointor's behalf

70. AMENDMENTS TO RESOLUTIONS

70 1 An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if

(a) notice of the proposed amendment is given to the company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chairman of the meeting may determine), and

(b) the proposed amendment does not, in the reasonable opinion of the chairman of the meeting, materially alter the scope of the resolution.

70 2 A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if

(a) the chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and

(b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution

70 3 If the chairman of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chairman's error does not invalidate the vote on that resolution

RESTRICTIONS ON MEMBERS' RIGHTS

71. NO VOTING OF SHARES ON WHICH MONEY OWED TO COMPANY

No voting rights attached to a share may be exercised at any general meeting, at any adjournment of it, or on any poll called at or in relation to it, unless all amounts payable to the company in respect of that share have been paid

APPLICATION OF RULES TO CLASS MEETINGS

72. CLASS MEETINGS

The provisions of the articles relating to general meetings apply, with any necessary modifications, to meetings of the holders of any class of shares.

PART 5

ADMINISTRATIVE ARRANGEMENTS

73. MEANS OF COMMUNICATION TO BE USED

73 1 Subject to the articles, anything sent or supplied by or to the company under the articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the company

73 2 Subject to the articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being

73 3 A director may agree with the company that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours

74. COMPANY SEALS

74 1 Any common seal may only be used by the authority of the directors

74 2 The directors may decide by what means and in what form any common seal is to be used