

Japan's top chipmaker Toshiba posts record loss

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In this photo taken on Dec. 11, 2008, a man walks by a corporate logo of Japan's top chipmaker Toshiba Corp. at the latest environmentally friendly technologies and products fair "Eco-Products Exhibition 2008" in Tokyo. Toshiba tumbled to a record annual loss amid sinking global demand that has forced it to cut thousands of jobs. Toshiba reported Friday, May 8, 2009, a 343.6 billion yen (\$3.5 billion) net loss for the fiscal year ended March, compared with a 127.4 billion yen profit a year earlier. It was the company's biggest loss ever and its first annual net loss in seven years. (AP Photo/Katsumi Kasahara)

(AP) -- Japan's top chipmaker Toshiba Corp. tumbled to a record annual loss amid sinking global demand that has forced it to cut thousands of jobs.

Toshiba reported Friday a 343.6 billion yen (\$3.5 billion) net loss for the fiscal year ended March, compared with a 127.4 billion yen profit in the previous year. It was the company's biggest loss ever and its first annual

net loss in seven years.

The Tokyo-based company's annual sales declined 13 percent to 6.65 trillion yen (\$67.2 billion) largely due to faltering business in semiconductors as well as digital equipment and home electronics.

For the January-March quarter alone, the company suffered a net loss of 184.0 billion yen (\$1.9 billion) on sales totaling 1.67 trillion yen (\$185.7 billion).

The company blamed "the shrinkage of the overall market caused by the fast-spreading [global recession](#), steeper than expected declines in semiconductor prices" and the yen's sharp appreciation.

Toshiba expects to stay in the red for another year. It is projecting a net loss of 50 billion yen (\$505 million) for the fiscal year ending March 2010. The company forecasts sales to rise modestly, to 6.8 trillion yen (\$68.7 billion) on an improvement in the mobile phone and chip businesses, as well as home appliances.

"Projections indicate that the business environment will remain in severe condition" throughout the year, Toshiba said in a statement.

Toshiba earlier projected a 280 billion yen loss, but said last month it was expecting a much bigger loss from writing off 85 billion yen in deferred tax assets.

But Japan's top chipmaker said its operating loss was a smaller-than-expected 250.2 billion yen (\$2.53 billion) versus 246.4 billion-yen profit a year earlier, cushioned by the stabilization of prices of [flash memory](#) chips used for music players and digital cameras.

Hit by a plunge in demand amid the global [economic slump](#), Toshiba

said in January it would cut 4,500 contract workers by the end of March this year and delay or cancel investments in new chip plants. Toshiba also plans to cut 3,900 more contract jobs through March 2010, company spokesman Keisuke Omori said.

The company said Friday it will push harder to return to profitability by slashing as much as 300 billion yen (\$3 billion) of research and development, investment and personnel costs.

Toshiba also plans to raise its capital by about 500 billion yen (\$5.1 billion) through a public stock offering and issuance of subordinated bonds to strengthen its financial standing, Omori said.

"We want to improve our financial standing as quickly as possible so that we can focus on growth," he said.

In March, Toshiba picked a new president, Norio Sasaki, 59, who will take the helm in June following approval at a meeting of shareholders.

In a bid to solidify its hard disk drive operation and strengthen its financial standing, the company in April finalized a 30 billion yen deal with computer maker Fujitsu Ltd.

[Toshiba](#) shares rose 1.4 percent to 361 yen on the Tokyo Stock Exchange, which closed just before the company released its earnings results.

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