Sony reduces loss on sales recovery, restructuring (Update)

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A man looks at Sony's Bravia flat panel TV sets on display at a Tokyo electronics store Thursday, Nov. 1, 2012. Sony Corp. reported Thursday a smaller flow of red ink for the fiscal second quarter on a sales recovery and restructuring efforts and stuck to its full year forecast for a return to profit from its worst loss in company history the previous year. The Japanese electronics and entertainment company recorded a 15.5 billion yen ($193 million yen) loss for the July-September period, much better than the 27 billion yen loss racked up the same period the previous year. (AP Photo/Shizuo Kambayashi)

(AP)—Sony Corp. reported Thursday a smaller flow of red ink for the fiscal second quarter on a sales recovery and restructuring efforts and stuck to its full year forecast for a return to profit from its worst loss in company history the previous year.

The Japanese electronics and entertainment company recorded a 15.5 billion yen ($193 million yen) loss for the July-September period, much better than the 27 billion yen loss racked up the same period the previous year. Quarterly sales improved 1.9 percent to 1.6 trillion yen ($20 billion).

The Tokyo-based maker of Bravia TVs and the PlayStation 3 game machine remains in deep trouble as does much of the Japanese electronics industry—slammed by cheaper competition in flat-panel TVs, and by Apple Inc. of the U.S. and South Korea's Samsung Electronics Co. in mobile devices.

Sony, which reported a record annual loss of 457 billion yen ($5.7 billion) for the fiscal year ended March 31, its fourth straight year of red ink, stuck to its forecast to eke out a 20 billion yen ($250 million) profit for the current fiscal year.

Separately, Japanese electronics maker Sharp Corp. reported its red ink for the fiscal first half jumped nearly 10-fold from the previous year to a 388 billion yen ($4.9 billion) loss.

Osaka-based Sharp did not break down quarterly results. It said it expects a 450 billion yen ($5.6 billion) loss for the full fiscal year through March 2013. That would follow massive losses it racked up the previous fiscal year.

On Wednesday, Panasonic Corp. also reported massive losses and forecast a 765 billion yen ($9.6 billion) loss for the fiscal year. That would mark the second straight fiscal year of massive losses for the maker of the Viera TVs and Lumix digital cameras.

That would be worse than the record loss of 772.2 billion yen ($9.6 billion) that Panasonic plummeted into for the fiscal year through March—already among the biggest in Japan's manufacturing history.

Panasonic shares nosedived 19 percent in Tokyo trading Thursday, on the disastrous results delivered the day before. Sony issues shed 4 percent. Sharp shares, which have lost about three-quarters of their value over the past year, edged down nearly 2 percent.

The plight of Japanese electronics makers underlines their failure to be nimble with innovation at a time when cheaper rivals are able to come out with similar products very quickly.

Panasonic tried to shift its operations to catering to other businesses such as solar panels and batteries, but even those sectors have been battered by price falls and aren't proving as profitable as initially hoped.

Sony has promised to reshape its sprawling business, which includes video games, movies and music, to focus more on certain sectors such as mobile devices, game machines and medical equipment.

Sony is becoming the top shareholder in Japanese medical equipment maker Olympus Corp. Olympus holds the top global market share in endoscopes, which are special devices that enter the body to look inside organs for checkups and surgery.

Olympus is mired in scandal after its British chief executive Michael Woodford became a whistleblower, and the company later acknowledged its involvement in a massive cover-up of investment losses spanning decades.

Sony said it had carried out cost cuts in its flat-panel TV operations and sales improved in its mobile phone segment, but sales faltered in its digital cameras because of the popularity of smartphones, according to the company. It continues to lose money in its TV business, now in its ninth straight year of losses.

Its game unit also suffered as the drop in hardware and software sales of the PlayStation 3 home console was not offset by the sales of the new PS Vita hand-held machine.

Sony's troubles were exacerbated last year by factory and supplier damage in northeastern Japan from the March earthquake and tsunami.

Sony is aiming for a comeback under Kazuo Hirai, appointed president in April, who headed the company's game division and built his career in the U.S.

For the latest quarter, Sony Pictures Entertainment got a perk from the strong performance of "The Amazing Spider-Man," offset by the less successful "Total Recall." In music, strong-sellers included P!nk's "The Truth about Love" and Michael Jackson's "Bad—25th Anniversary," it said.

As part of its turnaround efforts, Sony recently sold its chemical products business. It also acquired U.S.-based Gaikai Inc. to set up a new cloud service, which delivers massive virtual storage, to expand interactive entertainment offerings. Sony also plans to start selling a super TV next month called "4K" that has an 84-inch display delivering superior image quality.

Sony says it's hoping to take advantage of its digital imaging and sensor technology for security and medical markets. But analysts say it's unclear when the payoff for such forays will materialize.