

# Sharp rebounds to profit but cuts forecast

TOMOKO A. HOSAKA - Associated Press - Associated Press

A strong yen forced Japan's Sharp Corp. to cut its earnings forecast even as first-half profit rebounded on improved sales of home appliances, Blu-ray disc players and flat-screen TVs.

In another sign that the rising yen is hurting Japan's big exporters, the Osaka-based electronics company slashed its full-year profit projection by 40 percent, warning of "increasingly severe" business conditions.

Sharp said it booked a net profit of 14.3 billion yen (\$175.2 million) for the six months through September, compared with a 17.7 billion yen loss the previous year. Revenue rose 16.7 percent to 1.5 trillion yen.

The company, one of the world's largest makers of LCD TVs and panels, said it responded to a tough economy by bolstering its product lineup and adopting a new business model to make products locally for individual markets. It also worked to expand its green technology business.

To recover from last year's downturn, Sharp implemented deep companywide cost cuts that have paid off. So far this year, Sharp has launched new Aquos-brand TVs using a color technology called Quattron and released mobile handsets based on open-source operating systems. It announced a foray into the e-reader market with its "Galapagos" tablet.

It agreed to buy Recurrent Energy, a U.S. solar project developer, and signed a deal to establish one of the world's largest solar power generation plants in Thailand, Sharp said.

For the full fiscal year through March 2011, Sharp expects net profit 30 billion yen, down from its previous forecast of 50 billion yen. It forecasts operating income of 90 billion yen instead of 120 billion yen.

Sharp said it lowered its forecasts to reflect the "production adjustment" of LCD TVs due to sharp decline in demand for large-size LCDs.

"The revision also reflects the estimate that the severe business environment will continue from the third quarter onward, with price declines in large-size LCDs, stronger-than-expected appreciation of the yen, and other factors," the company said.

Its new forecast is based on an exchange rate of 82 yen to the dollar.

Before the earnings release, Sharp shares rose 0.2 percent to 844 yen.

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Published on Electronic Component News (<http://www.ecnmag.com>)

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**Source URL (retrieved on 07/22/2014 - 10:46am):**

<http://www.ecnmag.com/news/2010/10/sharp-rebounds-profit-cuts-forecast>