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The Associated Press

Mobile phone maker Sony Ericsson, which is soon to be part of the Sony empire, has reported a fourth-quarter loss on the back of higher costs and lower sales.

Its loss of euro207 million (\$265 million) compares with a profit of euro8 million a year ago.

Aside from weaker sales, which dropped 16 percent to euro1.29 billion, Sony Ericsson said margins were also severely squeezed by intense pricing competition on the smartphone market.

Sony Ericsson said Thursday it suffered from "macroeconomic challenges in advanced economies," and from component shortages following the big flooding in Thailand.

Sweden's LM Ericsson has announced it will sell its 50 percent stake in the company to Japan's Sony Corp. for euro1.05 billion. The deal is expected to close in the first quarter.

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