Sony Reports Record Annual Loss

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TOKYO (AP) — Sony Corp. racked up a record annual loss of 457 billion yen ($5.7 billion) in its fourth straight year of red ink as the once-glorious maker of the Walkman and PlayStation struggles toward a turnaround under a new president.

The electronics and entertainment company, which also makes "Spider-Man" movies, reported Thursday a loss of 255 billion yen ($3.2 billion) for the January-March period — its fifth straight quarterly net loss to round out a fiscal year that was the worst in its 66-year corporate history.

The latest red ink was worse than 1995, which followed Sony's ambitious but disastrous purchase of Hollywood studio Columbia Pictures.

Sony's recent troubles were worsened by factory and supplier damage in northeastern Japan, ravaged by the earthquake and tsunami last year. Sony also suffered production disruptions from the flooding in Thailand.

Quarterly sales inched up 1.2 percent on-year to 1.6 trillion yen ($20 billion). Annual sales plunged nearly 10 percent to 6.5 trillion yen ($81 billion), as unit sales slipped in flat-panel TVs, video and digital cameras, game machines and personal computers.

Sony has bled money for eight straight years in its core TV business, bashed by competition from Samsung Electronics Co. of South Korea and other Asian rivals.

And consumers are flocking to products from Apple Inc. like the iPhone and iPad instead of Sony gadgets.

A soaring yen that erodes the overseas earnings of Japanese exporters like Sony has also added to the damage.

Sony is aiming for a comeback under Kazuo Hirai, appointed president last month, who has headed the gaming division and built his career in the U.S.

Sony forecast a return to profit for the fiscal year through March 2013 at 30 billion yen ($375 million), banking on the growing smartphone and tablet business, as well as a recovery from last year's disasters.

Lasts month, Hirai said the company will cut 10,000 jobs, or about 6 percent of its global work force, and turn a profit in TVs in the next two years.

The job cuts come on top of a couple of rounds under Hirai's predecessor, Welsh-born Howard Stringer, who remains chairman and was the first foreigner to head Sony.

Yasunori Tateishi, author of "Farewell Our Sony," believes the long sought boon Sony executives promised from exploiting its electronics and entertainment operations has been illusive.

He said Sony was in a bind because, even when its electronics segment fared well, its results would be pulled down by entertainment problems — or the other way around.

"Synergy is something that might happen, but it's not something a company should go after," he said. "It instead turns into an obstacle."

Sony had recorded a 260 billion yen loss the previous fiscal year.

The latest results were better than the 520 billion yen ($6.5 billion) annual loss the Tokyo-based company had projected. Analysts surveyed by FactSet had estimated a more optimistic 430 billion yen ($5.3 billion) loss.

Sony said sales improved in its film business, lifted by television and video-on-demand for the "Spider-Man" series, but profits fell slightly, despite the popularity of "The Smurfs" and "Bad Teacher," offsetting the failure of "Arthur Christmas."

Sales and profit both dropped in its music business. Best-sellers included Adele's "21" and Beyonce's "4."

Chief Financial Officer Masaru Kato said fixing the electronics business remains critical, as revenue improves in entertainment this year with "The Amazing Spider-Man," ''Men in Black 3" and the new James Bond film "Skyfall," and music downloads start to make up for dropping CD sales.

"This year remains crucial for a recovery in our electronics business," Kato said, adding that the effort to reduce TV business losses was on track. "A fifth straight year of losses should never be tolerated."

Analysts say it remains to be seen whether Hirai can steer Sony's turnaround.

Prices come down so fast that the initial year or so — when an innovative product is taking off — is crucial. Sony fell behind when digital music players and flat TVs became hits.

Tateishi, the author, says Sony still has the lead in digital broadcasting, 3-D camcorders and other imagery technology and should pioneer new categories of products, if it hopes to survive.

Sony shares, which have lost about half their value over the past year, dipped 1.2 percent to 1,213 yen in Tokyo. Trading ended shortly before earnings were announced.

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