

# Honda Profit Jumps, Lowers Forecasts On China Woes

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TOKYO (AP) — Honda's quarterly profit surged 36 percent as Japanese automakers bounced back from last year's tsunami disaster in northeastern Japan, but the company lowered its annual forecasts Monday because of a sales plunge in China.

Honda Motor Co. raked in an 82.2 billion yen (\$1 billion) net profit for the July-September quarter. Sales jumped 20 percent to 2.27 trillion yen.

Honda has recovered strongly after being hit hard by the March 2011 earthquake and tsunami disaster that disrupted car production, and the floods in Thailand later that year.

But the Tokyo-based manufacturer of the Accord sedan, Fit compact and Asimo humanoid robot lowered its forecasts for the business year through March 2013. It cited the recent sales drop in China sparked by a territorial dispute that has set off violent protests in parts of China and a call to boycott Japanese goods.

It now expects to sell 4.1 million vehicles in the year through March 2013, down about 180,000 from the earlier projection to sell 4.3 million vehicles.

Still, that number is an improvement of more than a million vehicles over the 3.1 million Honda sold globally in the previous disaster-struck year.

Honda sold 996,000 vehicles during the fiscal second quarter, up from 678,000 vehicles a year earlier.

Honda said it must factor in the "recent situation in China," as well as declining sales in Europe and South America, in forecasts for the full year.

The negative effect of an unfavorable currency is also expected to weigh, Honda said. A strong yen hurts the earnings of Japanese exporters such as Honda. The dollar did not change that much against the yen in the second quarter, but the yen surged against the euro.

Honda now expects a 375 billion yen (\$4.7 billion) net profit for the full fiscal year, sharply lower than the initial forecast for a 470 billion yen (\$5.9 billion) profit. But even the new forecast will represent a 78 percent rebound from the 211.4 billion yen profit recorded in the previous year.

The company lowered its full year sales forecast to 9.8 trillion yen (\$122 billion) from 10.3 trillion yen (\$129 billion). Compared with the previous year, sales are now forecast to rise 23 percent.

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