Mitsubishi Electric Profit Down On Overcharging

The Associated Press

TOKYO, Feb. 4 (Kyodo) — Mitsubishi Electric Corp. said Monday its group net profit in the April to December period dropped 40.1 percent from a year earlier to 49.14 billion yen due in part to expenses for refunds it paid for overcharging the Defense Ministry and others on defense-related contracts.

Mitsubishi Electric, one of Japan's leading defense contractors, said it booked refunds of 75.7 billion yen in nonoperating expenses. It said its group operating profit fell 30.0 percent to 113.23 billion yen on sales of 2.51 trillion yen, down 2.1 percent.

The electrical machinery manufacturer said sales of its mainstay factory automation systems business fell due to lower capital spending for semiconductor- and flat panel display-related investments in China, South Korea and Taiwan.

Sales in the home appliances segment also declined due partly to slumping demand for liquid crystal display televisions and blu-ray disc recorders in Japan, the company said.

Meanwhile, its automotive equipment business fared well, bolstered by a recovery in the North American auto market as well as government subsidies for eco-friendly cars in Japan that more than offset sluggish automobile sales in Europe, it said.

"While there are some bright moves such as a weakening yen and rising stocks, no clear developments for a recovery are seen at home or abroad, except for some solid markets including the United States," Executive Officer Hiroki Yoshimatsu told a news conference in Tokyo. "Severe conditions continue to prevail."

The company left its earnings forecast for the full business year through March unchanged, expecting a group net profit of 50 billion yen, down 55.4 percent from the previous year, and an operating profit of 150 billion yen, down 33.5 percent. It expects to post consolidated sales of 3.52 trillion yen, down 3.3 percent.

Source URL (retrieved on *08/30/2014 - 7:40am*):
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