

Sony to dissolve LCD panel deal with Sharp

TOKYO: Troubled electronics giants Sony and Sharp said on Thursday (24 May 2012) they would dissolve their liquid crystal display joint venture, as the sector in Japan struggles with a strong yen and cheaper foreign rivals.

SONY

The expected move comes two months after Sharp announced an \$808 million link-up with Taiwan's Hon Hai Precision.

Thursday's agreement will see Sony sell its entire stake of 7.04 percent in the venture -- Sharp Display Products -- for 10 billion yen (\$126 million), the same amount it spent at the time of the tie-up.

The payment is due by the end of June.

Sharp currently holds the remaining 92.96 percent in the joint venture, which operates the Sakai LCD factory in western Japan.

Sharp has announced in March plans to offer half of its shareholdings in the venture to Taiwan's Hon Hai Precision -- parent of Foxconn which builds iPads and iPhones -- as part of an LCD panel tie-up between the two companies.

Osaka-based Sharp suffered a net loss of \$4.7 billion for the year to March 2012 and warned it would remain in the red over the next year as global sales of its LCD televisions slumped.

Similarly, Sony posted a record full-year loss of \$5.7 billion as its TV segment also suffers.

Japanese companies have blamed tough competition from rivals including South Korea's Samsung, falling prices, slow demand, the impact of severe flooding in Thailand last year, and the high yen for their struggles.

The stronger yen hits Japanese exporters by making their products more expensive overseas, while eroding the value of foreign-earned profits.

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