

RadioShack faces bankruptcy

NEW YORK, USA: RadioShack said it was seeking to restructure its finances and warned of possible bankruptcy as it reported a bigger loss for the second quarter.



RadioShack's Joseph Magnacca has warned that RadioShack may face bankruptcy as the company continues to lose money in the face of competition in the mobile and online markets. Image: [BizJournals](#)

The electronics retailer said it was in talks with lenders, bondholders, shareholders and landlords to refinance and restructure to compete in the fast-changing mobile technology sphere. Cash stood at just \$30.5m at the end of the quarter, down from \$179.8m at the end of 2013.

"There can be no assurance that we will be able to successfully implement a long-term solution," RadioShack said in a securities filing.

"As a result, we may be required to seek to implement an in-court proceeding under Chapter 11 of the United States Bankruptcy Code," it said.

With a corporate ancestry dating back to 1919, RadioShack operates nearly 5,400 retail stores and dealer outlets, most of which are in the US. The retailer has closed almost 200 outlets since last year.

The company grew as a popular source for electronics and electronic components, but has struggled to remain relevant in the mobile era and online sales.

RadioShack Chief Executive Joseph Magnacca noted some success with a programme that repairs mobile phones in

stores, but cited a persistent industry-wide decline in consumer electronics and a soft mobility market. for its difficulties.

"The post-paid mobility business drove the majority of the weak performance this quarter due to lack-lustre consumer interest in the current handset assortment, consumers waiting for an iconic handset launch this fall, and intense promotional activities by the wireless carriers," he said.

RadioShack reported a loss of \$137.4m for the second quarter, compared with a loss of \$80.2m a year ago. Sales fell from \$861.4m to \$673.8m.

Source: AFP via I-Net Bridge

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