

TATAS TAKEOVER BID GETS EU APPROVAL

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AUTOMOBILES

Tata's takeover bid gets EU approval

Brussels The European Commission gave the greenlight yesterday to Indian group Tata Motors' takeover of Jaguar and Land Rover from US car-maker Ford. Europe's top antitrust watchdog gave its blessing to the deal after reviewing the deal for competition threats through a fast-track procedure reserved for transactions not expected to pose any problems. Tata Motors said in March it was buying the two British luxury icons Jaguar and Land Rover from ailing US car-maker Ford for \$2.3 billion.

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Toshiba earnings nosedive 95% on HD-DVDs failure

Japan company counting on PCs and home appliances to drive growth

Tokyo (Reuters) Japanese electronics maker Toshiba posted yesterday a better-than-expected 95 per cent drop in quarterly profit amid tumbling chip prices and an exit from high-definition DVDs, and said it expected 2 per cent earnings growth this year.

The world's No. 2 NAND flash memory maker is counting on its PCs and home appliances to drive growth while it and its rivals wait for chip price falls to ease.

Toshiba, which also makes nuclear reactors and refrigerators, said it expected a net profit of 130 billion yen this year, reversing a 7.3 per cent profit decline it posted in the previous year to 127.4 billion yen. It was its first annual profit decline in three years.

Earnings in its chip business would stay flat, Toshiba Fumio Muraoka said, even while NAND price falls slow to an annual 40 per cent to 50 per cent this business year, from a fall of a little over 50 per cent in the year ended March. NAND chips are used in digital music players, mobile phones and digital cameras.



Fumio Muraoka

"Growth will be slow in our usual earnings drivers. What will count next year is cost cuts in our home electronics business and our exit from HD DVDs," corporate executive vice-president Fumio Muraoka told reporters.

Toshiba's semiconductor business would earn a profit of 90 billion yen this year, from 89 billion yen last year, he said, as NAND sales growth is muted by price falls and declines in its system chip sales.

The conglomerate tumbled to a net profit of 1.25 billion yen in January-March, against a 26.17 billion

yen profit a year ago, as earnings on its semiconductor unit fell 82 per cent.

Toshiba's earnings were also depleted by a 108.5 billion yen loss in its next-generation DVD business, after its HD DVD format lost out to Sony's Blu-ray technology. It was also hurt by slow sales of its panels for use in mobile phones.

However, it beat the average forecast from 14 analysts for a loss of 770 million yen, derived from subtracting Toshiba's nine-month results from their annual forecasts, thanks to strong laptop sales.

Slow growth in Toshiba's chip unit comes as it gears up to build two new chip plants in Japan.

Toshiba, which bought US nuclear power firm Westinghouse in 2006, is hoping nuclear power plant construction in the United States will fuel its long-term growth, given the rising cost of ramping up chip capacity to keep ahead of price falls.

Toshiba's capital expenditures would rise 6 per cent to 656 billion yen this year, it said. Of that amount, 367 billion yen would be used on semiconductors.