

Philips Scraps Deal To Sell Audio Equipment Unit

The Associated Press

BRUSSELS, (Kyodo) -- Royal Philips NV said Friday it is terminating a deal to sell its home audio equipment unit to Japan's Funai Electric Co. due to what is said was Funai's breach of contract.

The Dutch electronics giant said Funai refused to take necessary steps to enable the completion of the transaction in the final stage. Philips has not disclosed what exactly happened.

Philips said it aims to seek damages from Funai through the Paris-based International Chamber of Commerce.

The two announced in January that Funai agreed to acquire the Philips unit for 150 million euros (about \$206.90). Philips had planned to establish a wholly owned company for Funai to acquire all of its shares. The transfer of the operations had been scheduled to be completed sometime during the second half of the year.

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