

Segment reporting Philips Group 2004 restated

- all amounts in millions of euros unless otherwise stated
 - the data included in this report are unaudited
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- Philips has decided to reclassify Mobile Display Systems activities from Product Sector Semiconductors to Product Sector Other Activities effective January 1, 2005.
 - Consequently, the financial data of the quarterly press releases 2004 have been restated to reflect the transfer of the Mobile Display Systems activities from Product Sector Semiconductors to Product Sector Other Activities.
 - This regrouping has no effect on the overall Philips financials and on those of Medical Systems, DAP, Consumer Electronics, Lighting and Unallocated.
 - The tables below reflect this regrouping.

2004 restated data for transfer of MDS activities from Semiconductors to Other Activities

Sales by sector

in millions of euros	Q1	Q2	Q3	Q4	Full year
	2004	2004	2004	2004	2004
Medical Systems	1,258	1,428	1,408	1,790	5,884
DAP	393	456	450	745	2,044
Consumer Electronics	2,011	2,288	2,280	3,340	9,919
Lighting	1,077	1,079	1,105	1,265	4,526
Semiconductors	1,039	1,161	1,168	1,123	4,491
Other Activities	853	868	818	916	3,455
Philips Group	6,631	7,280	7,229	9,179	30,319

Income (loss) from operations by sector

in millions of euros	Q1	Q2	Q3	Q4	Full year
	2004	2004	2004	2004	2004
Medical Systems	92	132	164	(354)	34
DAP	44	46	82	151	323
Consumer Electronics	59	53	(15)	264	361
Lighting	165	135	142	149	591
Semiconductors	69	134	179	47	429
Other Activities	(57)	(46)	580	(90)	387
Unallocated	(154)	(98)	(113)	(153)	(518)
Philips Group	218	356	1,019	14	1,607

Net operating capital by sector

in millions of euros	March 31,	June 30,	Sept. 30,	Dec. 31,
	2004	2004	2004	2004
Medical Systems	3,803	3,763	3,815	2,862
DAP	522	528	571	393
Consumer Electronics	71	133	308	(161)
Lighting	1,614	1,641	1,679	1,493
Semiconductors	3,004	3,034	3,042	2,520
Other Activities	307	359	221	266
Unallocated	(763)	(396)	(423)	(181)
Philips Group	8,558	9,062	9,213	7,192

Number of employees by sector

full time equivalents	March 31,	June 30,	Sept. 30,	Dec. 31,
	2004	2004	2004	2004
Medical Systems	30,210	30,155	30,856	30,790
DAP	8,263	8,301	8,739	8,205
Consumer Electronics	17,893	17,716	18,996	16,993
Lighting	44,353	44,516	44,571	44,004
Semiconductors	32,693	33,448	33,369	32,580
Other Activities	29,226	28,823	27,676	26,405
Unallocated	2,674	2,656	2,600	2,609
Philips Group	165,312	165,615	166,807	161,586

2004 restated data for transfer of MDS activities from Semiconductors to Other Activities

Sales growth composition (in %)

	<u>Comparable growth</u>	<u>Currency effects</u>	<u>Consolidation changes</u>	<u>Nominal growth</u>
1st quarter 2004 versus 1st quarter 2003				
Medical Systems	4.4	(9.7)		(5.3)
DAP	(8.8)	(5.4)		(14.2)
Consumer Electronics	9.4	(5.9)		3.5
Lighting	0.3	(6.4)	(0.6)	(6.7)
Semiconductors	22.2	(10.0)	3.4	15.6
Other Activities	18.0	(7.3)	8.4	19.1
Philips Group	8.2	(7.5)	1.3	2.0
2nd quarter 2004 versus 2nd quarter 2003				
Medical Systems	2.7	(3.9)		(1.2)
DAP	2.2	(2.2)		0.0
Consumer Electronics	19.0	(3.4)		15.6
Lighting	7.5	(2.3)	(1.1)	4.1
Semiconductors	31.7	(3.7)	4.4	32.4
Other Activities	18.2	(3.6)	3.3	17.9
Philips Group	14.0	(3.3)	0.8	11.5
3th quarter 2004 versus 3th quarter 2003				
Medical Systems	4.5	(5.2)	0.3	(0.4)
DAP	0.2	(3.6)		(3.4)
Consumer Electronics	6.7	(3.9)	0.5	3.3
Lighting	6.5	(4.1)	(0.8)	1.6
Semiconductors	22.4	(6.0)	3.9	20.3
Other Activities	6.2	(4.6)	(4.6)	(3.0)
Philips Group	7.9	(4.5)	0.0	3.4
4th quarter 2004 versus 4th quarter 2003				
Medical Systems	4.0	(5.3)	0.6	(0.7)
DAP	1.9	(2.7)		(0.8)
Consumer Electronics	10.8	(3.3)	1.7	9.2
Lighting	6.3	(3.8)	(0.7)	1.8
Semiconductors	0.3	(5.2)	3.3	(1.6)
Other Activities	0.9	(4.2)	(7.2)	(10.5)
Philips Group	5.7	(4.0)	0.1	1.8
Full year 2004 versus full year 2003				
Medical Systems	3.9	(5.9)	0.2	(1.8)
DAP	(0.6)	(3.5)		(4.1)
Consumer Electronics	11.3	(4.0)	0.7	8.0
Lighting	5.1	(4.2)	(0.8)	0.1
Semiconductors	18.0	(6.2)	3.7	15.5
Other Activities	10.0	(4.8)	(1.1)	4.1
Philips Group	8.7	(4.8)	0.5	4.4

2004 restated data for transfer of MDS activities from Semiconductors to Other Activities

Reconciliation net operating capital to total assets

in millions of euros

	Philips Group	Medical Systems	DAP	Consumer Electronics	Lighting	Semi- conductors	Other Activities	Unallocated
March 31, 2004								
Net operating capital (NOC)	8,558	3,803	522	71	1,614	3,004	307	(763)
Eliminate liabilities comprised in NOC:								
– payables/liabilities	8,091	1,527	295	1,920	721	782	1,434	1,412
– intercompany accounts	-	22	5	53	15	16	(84)	(27)
– provisions ¹⁾	2,852	254	54	318	128	237	711	1,150
Include assets not comprised in NOC:								
– investments in unconsolidated comp.	5,506	45		21	27	275	5,078	60
– other non-current financial assets	1,322							1,322
– deferred tax assets	1,850							1,850
– liquid assets	3,105							3,105
Total assets	31,284	5,651	876	2,383	2,505	4,314	7,446	8,109

¹⁾ provisions on balance sheet EUR 2,994 million excluding deferred tax liabilities EUR 142 million

June 30, 2004

Net operating capital (NOC)	9,062	3,763	528	133	1,641	3,034	359	(396)
Eliminate liabilities comprised in NOC:								
– payables/liabilities	7,907	1,566	298	1,990	717	795	1,413	1,128
– intercompany accounts	-	20	6	50	16	29	(92)	(29)
– provisions ²⁾	2,725	245	56	307	131	215	715	1,056
Include assets not comprised in NOC:								
– investments in unconsolidated comp.	5,910	33		20	34	311	5,448	64
– other non-current financial assets	1,316							1,316
– deferred tax assets	1,868							1,868
– liquid assets	2,434							2,434
Total assets	31,222	5,627	888	2,500	2,539	4,384	7,843	7,441

²⁾ provisions on balance sheet EUR 2,898 million excluding deferred tax liabilities EUR 173 million

September 30, 2004

Net operating capital (NOC)	9,213	3,815	571	308	1,679	3,042	221	(423)
Eliminate liabilities comprised in NOC:								
– payables/liabilities	8,248	1,560	330	2,174	733	752	1,537	1,162
– intercompany accounts	-	22	6	48	15	(4)	(76)	(11)
– provisions ³⁾	2,744	254	55	306	133	222	710	1,064
Include assets not comprised in NOC:								
– investments in unconsolidated comp.	6,545	34		20	38	308	6,084	61
– other non-current financial assets	1,210							1,210
– deferred tax assets	1,717							1,717
– liquid assets	1,610							1,610
Total assets	31,287	5,685	962	2,856	2,598	4,320	8,476	6,390

³⁾ provisions on balance sheet EUR 2,928 million excluding deferred tax liabilities EUR 184 million

December 31, 2004

Net operating capital (NOC)	7,192	2,862	393	(161)	1,493	2,520	266	(181)
Eliminate liabilities comprised in NOC:								
– payables/liabilities	8,169	1,492	353	2,162	710	809	1,296	1,347
– intercompany accounts	-	35	10	62	26		(104)	(29)
– provisions ⁴⁾	2,670	240	60	314	138	224	620	1,074
Include assets not comprised in NOC:								
– investments in unconsolidated comp.	5,670	46		19	46	306	5,203	50
– other non-current financial assets	876							876
– deferred tax assets	1,797							1,797
– liquid assets	4,349							4,349
Total assets	30,723	4,675	816	2,396	2,413	3,859	7,281	9,283

⁴⁾ provisions on balance sheet EUR 2,898 million excluding deferred tax liabilities EUR 228 million