

## Restated segment reporting Philips Group 2006

- all amounts in millions of euros unless otherwise stated
  - the data included in this report are unaudited
  - financial reporting according to US GAAP unless otherwise stated
  - restated to present the Semiconductor business as a discontinued operation
- 
- On September 29, Philips announced that it had completed the sale of an 80.1% stake in its Semiconductors business to a private equity consortium led by Kohlberg Kravis Roberts & Co. (KKR). The business has meanwhile been renamed 'NXP Semiconductors'.
  - As of the Q3 2006 quarterly report, the Semiconductor business is reported as a discontinued operation, and previous periods have been restated accordingly.
  - This restatement has no effect on the financials of the Divisions Medical Systems, DAP, Consumer Electronics and Lighting.
  - The tables below reflect the key restated financial data of the last 7 quarters.

## Net income – Philips Group

restated to present the Semiconductor business as a discontinued operation

in millions of euros	2005 per quarter				2005	2006 per quarter			2006
	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	Jan.-Dec.	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	Jan.-Sept.
Sales	5,480	5,839	6,265	8,191	25,775	6,155	6,380	6,313	18,848
EBITA	215	154	379	829	1,577	279	290	71	640
as a % of sales	3.9	2.6	6.0	10.1	6.1	4.5	4.5	1.1	3.4
EBIT	193	131	353	795	1,472	246	247	25	518
as a % of sales	3.5	2.2	5.6	9.7	5.7	4.0	3.9	0.4	2.7
Financial income and expenses	(48)	(57)	190	23	108	(23)	127	32	136
Income before taxes	145	74	543	818	1,580	223	374	57	654
Income taxes	(40)	90	(71)	(485)	(506)	(60)	(56)	27	(89)
Results unconsolidated companies	35	836	929	(46)	1,754	(17)	(89)	(81)	(187)
Minority interests	(2)	(7)	-	12	3	(7)	(1)	(2)	(10)
Income from continuing operations	138	993	1,401	299	2,831	139	228	1	368
Discontinued operations	(21)	(10)	35	33	37	21	73	4,241	4,335
Net income	117	983	1,436	332	2,868	160	301	4,242	4,703

## Key data – per sector

restated to present the Semiconductor business as a discontinued operation

in millions of euros	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Full year 2005	Q1 2006	Q2 2006	Q3 2006	YTD Q3 2006
<b>Sales by sector</b>									
Medical Systems	1,285	1,498	1,531	2,029	6,343	1,469	1,630	1,575	4,674
DAP	427	461	519	787	2,194	496	572	614	1,682
Consumer Electronics	2,153	2,259	2,541	3,469	10,422	2,423	2,484	2,407	7,314
Lighting	1,128	1,116	1,185	1,346	4,775	1,345	1,296	1,370	4,011
Other Activities	487	505	489	560	2,041	422	398	347	1,167
Philips Group	5,480	5,839	6,265	8,191	25,775	6,155	6,380	6,313	18,848

### EBITA by sector

Medical Systems	121	177	180	292	770	122	228	213	563
DAP	57	45	93	168	363	64	71	106	241
Consumer Electronics	46	62	164	234	506	58	46	54	158
Lighting	149	120	131	164	564	204	164	149	517
Other Activities	(58)	(60)	(61)	24	(155)	(67)	(57)	(326)	(450)
Unallocated	(100)	(190)	(128)	(53)	(471)	(102)	(162)	(125)	(389)
Philips Group	215	154	379	829	1,577	279	290	71	640

### EBIT by sector

Medical Systems	100	157	155	267	679	99	199	186	484
DAP	56	44	91	167	358	62	66	94	222
Consumer Electronics	46	62	164	234	506	58	45	54	157
Lighting	149	120	130	157	556	195	158	141	494
Other Activities	(59)	(60)	(61)	24	(156)	(67)	(57)	(327)	(451)
Unallocated	(99)	(192)	(126)	(54)	(471)	(101)	(164)	(123)	(388)
Philips Group	193	131	353	795	1,472	246	247	25	518

in millions of euros	March 31, 2005	June 30, 2005	Sept. 30, 2005	Dec. 31, 2005	March 31, 2006	June 30, 2006	Sept. 30, 2006
<b>Net operating capital by sector</b>							
Medical Systems	3,058	3,287	3,506	3,400	3,362	3,387	3,330
DAP	460	511	569	370	1,126	1,071	1,885
Consumer Electronics	108	232	212	(296)	78	5	192
Lighting	1,617	1,702	1,721	2,491	2,665	2,652	2,697
Other Activities	282	527	395	272	361	290	(272)
Unallocated	(266)	(441)	(491)	(559)	383	901	1,128
Philips Group	5,259	5,818	5,912	5,678	7,975	8,306	8,960

## Sales growth composition (in %) – per sector

restated to present the Semiconductor business as a discontinued operation

	Comparable growth	Currency effects	Consolidation changes	Nominal growth
<b>1<sup>st</sup> quarter 2006 versus 1<sup>st</sup> 2005</b>				
Medical Systems	8.2	6.4	(0.3)	14.3
DAP	9.5	5.4	1.4	16.3
Consumer Electronics	15.6	6.5	(9.6)	12.5
Lighting	7.6	5.1	6.5	19.2
Other Activities	(15.7)	3.1	(0.9)	(13.5)
Philips Group	8.8	5.7	(2.2)	12.3
<b>2<sup>nd</sup> quarter 2006 versus 2<sup>nd</sup> 2005</b>				
Medical Systems	8.5	0.1	0.3	8.9
DAP	12.9	1.0	10.1	24.0
Consumer Electronics	17.4	1.2	(8.6)	10.0
Lighting	8.7	(0.1)	7.5	16.1
Other Activities	(10.2)	(0.3)	(10.7)	(21.2)
Philips Group	10.8	0.5	(2.0)	9.3
<b>3<sup>rd</sup> quarter 2006 versus 3<sup>rd</sup> 2005</b>				
Medical Systems	5.9	(3.0)	(0.1)	2.8
DAP	8.7	(1.8)	11.3	18.2
Consumer Electronics	(0.7)	(1.5)	(3.1)	(5.3)
Lighting	10.2	(2.2)	7.7	15.7
Other Activities	18.1	(3.7)	(43.1)	(28.7)
Philips Group	4.9	(2.1)	(2.0)	0.8
<b>Jan.-Sept. 2006 versus Jan.-Sept. 2005</b>				
Medical Systems	7.6	0.7	0.0	8.3
DAP	10.3	1.3	7.9	19.5
Consumer Electronics	10.2	1.7	(6.7)	5.2
Lighting	8.8	1.0	7.2	17.0
Other Activities	(4.6)	0.5	(17.1)	(21.2)
Philips Group	8.2	1.2	(2.2)	7.2

## Reconciliation of non-US GAAP performance measures

restated to present the sale of the Semiconductor business as a discontinued operation

Certain non-US GAAP financial measures are presented when discussing the Philips Group's performance. In the following tables, a reconciliation to the most directly comparable US GAAP performance measure is made.

### EBITA and EBIT to income before taxes

in millions of euros

	Philips Group	Medical Systems	DAP	Consumer Electronics	Lighting	Other Activities	Unallocated
<b>January to March 2005</b>							
EBITA	215	121	57	46	149	(58)	(100)
Eliminate amortization of intangibles	(22)	(21)	(1)	-	-	(1)	1
EBIT or Income from operations	193	100	56	46	149	(59)	(99)
Eliminate financial income and expenses	(48)						
Income before taxes	145						
<b>April to June 2005</b>							
EBITA	154	177	45	62	120	(60)	(190)
Eliminate amortization of intangibles	(23)	(20)	(1)	-	-	-	(2)
EBIT or Income from operations	131	157	44	62	120	(60)	(192)
Eliminate financial income and expenses	(57)						
Income before taxes	74						
<b>July to September 2005</b>							
EBITA	379	180	93	164	131	(61)	(128)
Eliminate amortization of intangibles	(26)	(25)	(2)	-	(1)	-	2
EBIT or Income from operations	353	155	91	164	130	(61)	(126)
Eliminate financial income and expenses	190						
Income before taxes	543						
<b>October to December 2005</b>							
EBITA	829	292	168	234	164	24	(53)
Eliminate amortization of intangibles	(34)	(25)	(1)	-	(7)	-	(1)
EBIT or Income from operations	795	267	167	234	157	24	(54)
Eliminate financial income and expenses	23						
Income before taxes	818						
<b>January to March 2006</b>							
EBITA	279	122	64	58	204	(67)	(102)
Eliminate amortization of intangibles	(33)	(23)	(2)	-	(9)	-	1
EBIT or Income from operations	246	99	62	58	195	(67)	(101)
Eliminate financial income and expenses	(23)						
Income before taxes	223						
<b>April to June 2006</b>							
EBITA	290	228	71	46	164	(57)	(162)
Eliminate amortization of intangibles	(43)	(29)	(5)	(1)	(6)	-	(2)
EBIT or Income from operations	247	199	66	45	158	(57)	(164)
Eliminate financial income and expenses	127						
Income before taxes	374						
<b>July to September 2006</b>							
EBITA	71	213	106	54	149	(326)	(125)
Eliminate amortization of intangibles	(46)	(27)	(12)	-	(8)	(1)	2
EBIT or Income from operations	25	186	94	54	141	(327)	(123)
Eliminate financial income and expenses	32						
Income before taxes	57						

## Reconciliation of non-US GAAP performance measures (continued)

restated to present the sale of the Semiconductor business as a discontinued operation

### Reconciliation net operating capital to total assets

in millions of euros

	Philips Group	Medical Systems	DAP	Consumer Electronics	Lighting	Other Activities	Unallocated
<b>March 31, 2005</b>							
Net operating capital (NOC)	5,259	3,058	460	108	1,617	282	(266)
Eliminate liabilities comprised in NOC:							
– payables/liabilities	6,721	1,541	305	1,886	724	971	1,294
– intercompany accounts	-	33	13	74	40	(134)	(26)
– provisions <sup>1)</sup>	2,477	245	57	305	139	630	1,101
Include assets not comprised in NOC:							
– investments in unconsolidated comp.	5,702	55	-	20	56	5,521	50
– other non-current financial assets	867						867
– deferred tax assets	1,870						1,870
– liquid assets	3,210						3,210
<b>Total assets</b>	<b>26,106</b>	<b>4,932</b>	<b>835</b>	<b>2,393</b>	<b>2,576</b>	<b>7,270</b>	<b>8,100</b>
Discontinued operations	4,250						
<b>Total</b>	<b>30,356</b>						
<b>June 30, 2005</b>							
Net operating capital (NOC)	5,818	3,287	511	232	1,702	527	(441)
Eliminate liabilities comprised in NOC:							
– payables/liabilities	7,012	1,594	339	2,021	748	957	1,353
– intercompany accounts	-	22	4	63	37	(136)	10
– provisions <sup>2)</sup>	2,473	254	57	291	127	610	1,134
Include assets not comprised in NOC:							
– investments in unconsolidated comp.	5,717	60	-	20	64	5,523	50
– other non-current financial assets	924						924
– deferred tax assets	2,098						2,098
– liquid assets	3,005						3,005
<b>Total assets</b>	<b>27,047</b>	<b>5,217</b>	<b>911</b>	<b>2,627</b>	<b>2,678</b>	<b>7,481</b>	<b>8,133</b>
Discontinued operations	4,260						
<b>Total</b>	<b>31,307</b>						
<b>September 30, 2005</b>							
Net operating capital (NOC)	5,912	3,506	569	212	1,721	395	(491)
Eliminate liabilities comprised in NOC:							
– payables/liabilities	7,650	1,672	391	2,312	779	1,014	1,482
– intercompany accounts	-	20	19	87	33	(136)	(23)
– provisions <sup>3)</sup>	2,471	259	54	305	131	583	1,139
Include assets not comprised in NOC:							
– investments in unconsolidated comp.	5,563	62	-	20	73	5,262	146
– other non-current financial assets	573						573
– deferred tax assets	2,109						2,109
– liquid assets	4,344						4,344
<b>Total assets</b>	<b>28,622</b>	<b>5,519</b>	<b>1,033</b>	<b>2,936</b>	<b>2,737</b>	<b>7,118</b>	<b>9,279</b>
Discontinued operations	4,181						
<b>Total</b>	<b>32,803</b>						
<b>December 31, 2005</b>							
<i>(does not reconcile with restated 2005 report)</i>							
Net operating capital (NOC)	5,678	3,400	370	(296)	2,491	272	(559)
Eliminate liabilities comprised in NOC:							
– payables/liabilities	8,499	1,712	456	2,540	956	1,017	1,818
– intercompany accounts	-	34	13	64	42	(100)	(53)
– provisions <sup>4)</sup>	2,385	299	57	335	134	582	978
Include assets not comprised in NOC:							
– investments in unconsolidated comp.	5,399	66	-	22	20	5,179	112
– other non-current financial assets	673						673
– deferred tax assets	2,005						2,005
– liquid assets	5,293						5,293
<b>Total assets</b>	<b>29,932</b>	<b>5,511</b>	<b>896</b>	<b>2,665</b>	<b>3,643</b>	<b>6,950</b>	<b>10,267</b>
Discontinued operations	3,973						
<b>Total</b>	<b>33,905</b>						

1) provisions on balance sheet EUR 2,697 million excluding deferred tax liabilities EUR 220 million

2) provisions on balance sheet EUR 2,684 million excluding deferred tax liabilities EUR 211 million

3) provisions on balance sheet EUR 2,781 million excluding deferred tax liabilities EUR 310 million

4) provisions on balance sheet EUR 2,710 million excluding deferred tax liabilities EUR 325 million

## Reconciliation of non-US GAAP performance measures (continued)

restated to present the sale of the Semiconductor business as a discontinued operation

### Reconciliation net operating capital to total assets

in millions of euros

	Philips Group	Medical Systems	DAP	Consumer Electronics	Lighting	Other Activities	Unallocated
<b>March 31, 2006</b>							
Net operating capital (NOC)	7,975	3,362	1,126	78	2,665	361	383
Eliminate liabilities comprised in NOC:							
– payables/liabilities	7,906	1,741	418	2,200	926	1,044	1,577
– intercompany accounts	-	35	16	69	38	(158)	-
– provisions <sup>1)</sup>	2,362	253	56	294	134	573	1,052
Include assets not comprised in NOC:							
– investments in unconsolidated comp.	3,448	70	-	19	20	3,220	119
– other non-current financial assets	7,436						7,436
– deferred tax assets	2,001						2,001
– liquid assets	3,389						3,389
<b>Total assets</b>	<b>34,517</b>	<b>5,461</b>	<b>1,616</b>	<b>2,660</b>	<b>3,783</b>	<b>5,040</b>	<b>15,957</b>
<b>Discontinued operations</b>	<b>3,864</b>						
<b>Total</b>	<b>38,381</b>						
<b>June 30, 2006</b>							
Net operating capital (NOC)	8,306	3,387	1,071	5	2,652	290	901
Eliminate liabilities comprised in NOC:							
– payables/liabilities	7,589	1,724	423	2,071	925	1,017	1,429
– intercompany accounts	-	25	27	80	35	(195)	(28)
– provisions <sup>2)</sup>	2,302	244	56	286	138	543	1,035
Include assets not comprised in NOC:							
– investments in unconsolidated comp.	3,322	70	-	37	22	3,062	131
– other non-current financial assets	6,654						6,654
– deferred tax assets	1,940						1,940
– liquid assets	2,538						2,538
<b>Total assets</b>	<b>32,651</b>	<b>5,450</b>	<b>1,577</b>	<b>2,479</b>	<b>3,772</b>	<b>4,717</b>	<b>14,656</b>
<b>Discontinued operations</b>	<b>3,662</b>						
<b>Total</b>	<b>36,313</b>						
<b>September 30, 2006</b>							
Net operating capital (NOC)	8,960	3,330	1,885	192	2,697	(272)	1,128
Eliminate liabilities comprised in NOC:							
– payables/liabilities	8,052	1,665	521	2,329	993	1,404	1,140
– intercompany accounts	-	28	20	72	31	(129)	(22)
– provisions <sup>3)</sup>	2,610	245	60	279	150	846	1,030
Include assets not comprised in NOC:							
– investments in unconsolidated comp.	4,067	72	-	36	14	3,822	123
– securities	173						173
– other non-current financial assets	6,564						6,564
– deferred tax assets	1,677						1,677
– liquid assets	7,272						7,272
<b>Total assets</b>	<b>39,375</b>	<b>5,340</b>	<b>2,486</b>	<b>2,908</b>	<b>3,885</b>	<b>5,671</b>	<b>19,085</b>

1) provisions on balance sheet EUR 2,828 million excluding deferred tax liabilities EUR 466 million

2) provisions on balance sheet EUR 2,766 million excluding deferred tax liabilities EUR 464 million

3) provisions on balance sheet EUR 3,471 million excluding deferred tax liabilities EUR 861 million