



Royal Philips Electronics

Q2

Quarterly report

July 14, 2008

Forward-looking statements

This document contains certain forward-looking statements with respect to the financial condition, results of operations and business of Philips and certain of the plans and objectives of Philips with respect to these items, in particular the outlook paragraph in this report. Examples of forward-looking statements include statements made about our strategy, estimates of sales growth, future EBITA and future developments in our organic business. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances and there are many factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.

These factors include but are not limited to domestic and global economic and business conditions, the successful implementation of our strategy and our ability to realize the benefits of this strategy, our ability to develop and market new products, changes in legislation, legal claims, changes in exchange and interest rates, changes in tax rates, pension costs, raw materials and employee costs, our ability to identify and complete successful acquisitions and to integrate those acquisitions into our business, our ability to successfully exit certain businesses or restructure our operations, the rate of technological changes, political, economic and other developments in countries where Philips operates, industry consolidation and competition. As a result, Philips' actual future results may differ materially from the plans, goals and expectations set forth in such forward-looking statements.

Statements regarding market share, including those regarding Philips' competitive position, contained in this document are based on outside sources such as specialized research institutes, industry and dealer panels in combination with management estimates. Where information is not yet available to Philips, those statements may also be based on estimates and projections prepared by outside sources or management. Rankings are based on sales unless otherwise stated.

Use of non-US GAAP information

In presenting and discussing the Philips Group's financial position, operating results and cash flows, management uses certain non-US GAAP financial measures. These non-US GAAP financial measures should not be viewed in isolation as alternatives to the equivalent US GAAP measure(s) and should be used in conjunction with the most directly comparable US GAAP measure(s). A discussion of the non-US GAAP measures included in this document and a reconciliation of such measures to the most directly comparable US GAAP measure(s) are contained in this document.

Use of fair-value measurements

In presenting the Philips Group's financial position, fair values are used for the measurement of various items in accordance with the applicable accounting standards. These fair values are based on market prices, where available, and are obtained from sources that are deemed to be reliable. Readers are cautioned that these values are subject to changes over time and are only valid at the balance sheet date. When a readily determinable market value does not exist, fair values are estimated using valuation models which we believe are appropriate for their purpose. They require management to make significant assumptions with respect to future developments which are inherently uncertain and may therefore deviate from actual developments. In certain cases, independent valuations are obtained to support management's determination of fair values.

Philips reports strong sales of EUR 6.5 billion, up 6% year-on-year; EBITA rises to EUR 413 million

- Strong comparable sales growth of 6%, fueled by 16% growth in emerging markets.
- EBITA increased to EUR 413 million from EUR 386 million in Q2 2007, mainly driven by higher earnings at Lighting.
- Strong contribution to results from recent acquisitions, both in Home Healthcare Solutions and in Professional Luminaires.
- Consumer Lifestyle performed well in a weaker environment; plans to improve the Television business remain well on track.
- Net income of EUR 720 million includes a gain of EUR 780 million on the sale of TSMC shares and an impairment charge of EUR 299 million for NXP. Net income for Q2 2007 included a EUR 1.2 billion gain in respect of TSMC.

Gerard Kleisterlee, President and CEO of Royal Philips Electronics:

“Our second quarter results are a reflection of both the quality and the resilience of our overall business portfolio in a rapidly deteriorating macro-economic environment. Revenue growth was excellent, with currency-corrected nominal growth of 14% and comparable growth of 6%, well ahead of both last year as well as the previous quarter. Also profitability developed positively, as increased contribution from the business, including the latest acquisitions, more than offset the impact of incidental results. We also

continued to successfully expand our strong position in high-growth emerging markets.

Our Healthcare sector posted strong results in Home Healthcare Solutions, Patient Monitoring and Clinical Care Systems. Imaging Systems posted lower results but continued to increase its order book backlog, with a better product mix, which gives us confidence for the full year. In a much-weakened consumer environment our Consumer Lifestyle business continued to perform well, and the implementation of our Television strategy of rightsizing and selective growth is ahead of plan. Also, Lighting continued to deliver, helped by their balanced exposure to different end markets, both from an application and a geographic perspective.

The execution of our plans kept us well on track with regard to the implementation of our Vision 2010 strategy and ambition.”

Highlights in the quarter

Net income

in millions of euros unless otherwise stated

	Q2 2007	Q2 2008
Sales	6,033	6,463
EBITA	386	413
as a % of sales	6.4	6.4
EBIT	337	325
as a % of sales	5.6	5.0
Financial income and expenses	1,335	494
Income tax expense	(112)	(97)
Results equity-accounted investees	56	4
Minority interests	(2)	(2)
Income from continuing operations	1,614	724
Discontinued operations	(45)	(4)
Net income	1,569	720
Per common share (in euros) - basic	1.43	0.71

Sales by sector

in millions of euros unless otherwise stated

	Q2 2007	Q2 2008	% change	
			nominal	comparable
Healthcare	1,625	1,800	11	3
Consumer Lifestyle	2,786	2,787	0	7
Lighting	1,464	1,739	19	6
I&EB	110	103	(6)	8
GM&S	48	34	(29)	(27)
Philips Group	6,033	6,463	7	6

Net income

- Income from continuing operations was lower than in Q2 2007, primarily due to EUR 440 million lower gains on the sale of TSMC shares and a EUR 299 million impairment charge for NXP. Additionally, Q2 2007 included dividend income from TSMC of EUR 139 million; this year's TSMC dividend income – approximately EUR 24 million – is expected to be recorded in Q3.
- Results relating to equity-accounted investees were below Q2 2007, when LG Display was presented as an equity-accounted investee.
- The improvement in results from discontinued operations was mainly due to a EUR 35 million impairment of the stake in MedQuist in Q2 2007.

Sales by sector

- Sales amounted to EUR 6,463 million, a nominal increase of 7% compared to Q2 2007. Excluding portfolio changes (8%) and a negative currency impact of 7%, comparable sales grew by 6%, driven by Consumer Lifestyle and Lighting, moderated by 3% growth at Healthcare.
- Healthcare** sales grew 11% nominally on the back of the acquisition of Respironics. On a comparable basis, sales grew 3%, driven by solid growth at Customer Services, Home Healthcare Solutions, Clinical Care Systems and Patient Monitoring.
- Consumer Lifestyle** sales increased by 7% on a comparable basis, led by strong double-digit growth at Health & Wellness and Television.
- Lighting** sales increased 19% nominally, driven by both strong organic growth and the acquisition of Genlyte. Comparable sales grew 6%, led by good growth at Lamps and Professional Luminaires.

Sales per market cluster

in millions of euros unless otherwise stated

	Q2		% change	
	2007	2008	nominal	comparable
Western Europe	2,356	2,276	(3)	(1)
North America	1,653	2,036	23	5
Other mature markets	284	284	0	6
Total mature markets	4,293	4,596	7	2
Emerging markets	1,740	1,867	7	16
Philips Group	6,033	6,463	7	6

EBITA

in millions of euros unless otherwise stated

	Q2	Q2
	2007	2008
Healthcare	218	195
Consumer Lifestyle	106	83
Lighting	161	202
Innovation & Emerging Businesses	(36)	(41)
Group Management & Services	(63)	(26)
Philips Group	386	413
as a % of sales	6.4	6.4

EBITA

as a % of sales

	Q2	Q2
	2007	2008
Healthcare	13.4	10.8
Consumer Lifestyle	3.8	3.0
Lighting	11.0	11.6
Innovation & Emerging Businesses	(32.7)	(39.8)
Group Management & Services	(131.3)	(76.5)
Philips Group	6.4	6.4

EBIT

in millions of euros unless otherwise stated

	Q2	Q2
	2007	2008
Healthcare	185	138
Consumer Lifestyle	101	79
Lighting	150	175
Innovation & Emerging Businesses	(36)	(41)
Group Management & Services	(63)	(26)
Philips Group	337	325
as a % of sales	5.6	5.0

Sales per market cluster

- Double-digit comparable sales growth was visible in most of the emerging markets, most notably Latin America, Eastern Europe and India, driven mainly by Lighting and Consumer Lifestyle.
- Sales in mature markets overall showed limited comparable growth, impacted by weaker market conditions in Western Europe, albeit solid growth was seen in a few major economies.

Earnings

- **EBITA** amounted to EUR 413 million, which was EUR 27 million higher than in Q2 2007. It included restructuring, acquisition and integration-related charges of EUR 121 million, which were more than offset by improved earnings from new acquisitions, a EUR 56 million gain on the sale of the Set-Top Box activity and a EUR 39 million gain on the sale of real estate in Taiwan.
- **Healthcare** EBITA of EUR 195 million included EUR 35 million of acquisition and integration-related charges, largely offsetting the contribution from recent acquisitions.
- **Consumer Lifestyle** EBITA included restructuring charges totaling EUR 66 million and a EUR 56 million gain on the sale of the Set-Top Box activity. Earnings from operating activities improved year-on-year, thanks to Television and Video & Multimedia Applications.
- **Lighting** EBITA benefited from the addition of earnings at Genlyte and improved margins at Consumer Luminaires, partly offset by lower earnings at Lamps.
- **I&EB** EBITA declined slightly, reflecting additional investments in Research and in the Healthcare Incubator.
- **GM&S** EBITA improved by EUR 37 million compared to Q2 2007, mainly due to gains at the Real Estate Service Unit.

Financial income and expenses

in millions of euros

	Q2 2007	Q2 2008
Interest expenses, net	(26)	(30)
TSMC		
Sale of securities	1,220	780
Dividend	139	-
NXP impairment	-	(299)
TPV option fair-value adjustment	8	5
Other	(6)	38
	1,335	494

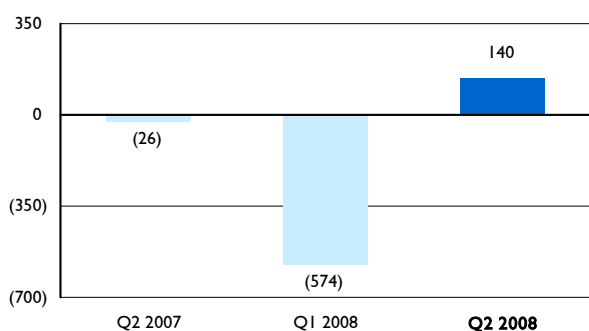
Cash balance

in millions of euros

	Q2 2007	Q2 2008
Cash of continuing operations	5,779	4,657
Cash of discontinued operations	127	98
Beginning balance	5,906	4,755
Net cash from operating activities	(26)	140
Gross capital expenditures	(237)	(214)
Acquisitions/divestments	(233)	(54)
Other cash from investing activities	1,936	1,290
Repurchase of treasury shares	(358)	(1,116)
Changes in debt/other	(117)	(1,601)
Dividend paid	(639)	(698)
Net cash flow discontinued operations	29	(12)
Ending balance	6,261	2,490
Less cash of discontinued operations	131	94
Cash of continuing operations	6,130	2,396

Cash flows from operating activities

in millions of euros



Financial income and expenses

- The further sale of TSMC shares resulted in a gain of EUR 780 million, compared to a gain of EUR 1.2 billion in Q2 2007. The Q2 2007 results also included a dividend on TSMC shares of EUR 139 million.
- Due to deteriorating market conditions, a EUR 299 million impairment was recorded on the stake in NXP.

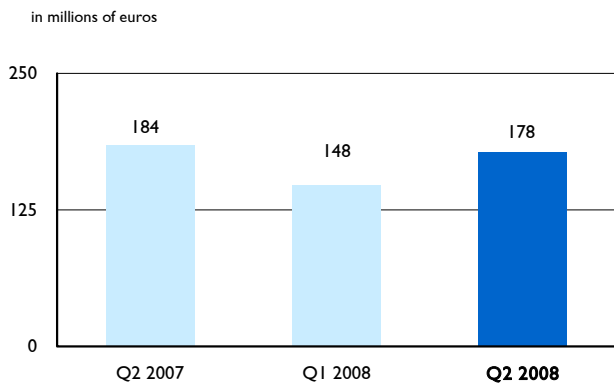
Cash balance

- The Group cash balance declined by EUR 2.3 billion in the quarter, mainly due to repayment of debt (EUR 1.6 billion), share buy-backs (EUR 1.1 billion) and payment of the annual dividend to shareholders (EUR 698 million), partly offset by EUR 1.2 billion in proceeds from the further sale of shares in TSMC.

Cash flows from operating activities

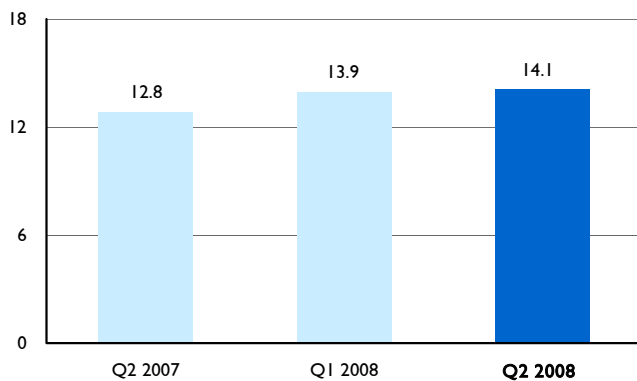
- Operating activities generated EUR 140 million in cash during the quarter, compared to an outflow of EUR 26 million in Q2 2007, largely thanks to improved working capital at Healthcare (mainly a reduction in accounts receivable following the implementation of a new IT system), partly offset by higher working capital requirements at Lighting and Consumer Lifestyle.

Gross capital expenditures (PPE*)

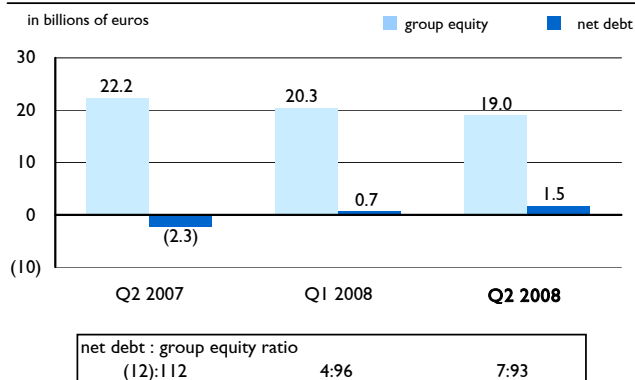


* Capital expenditures on property, plant and equipment only

Inventories as a % of sales



Net debt and group equity



Gross capital expenditures

- Gross capital expenditures for property, plant and equipment were EUR 6 million lower than in Q2 2007. Higher investments at Lighting were more than offset by lower expenditures in all other sectors, most notably in Group Management & Services (Real Estate).

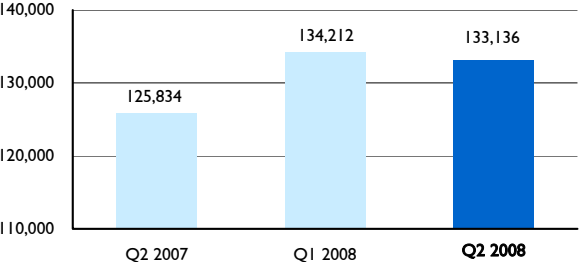
Inventories

- Inventories increased from 12.8% of sales in Q2 2007 to 14.1% at the end of Q2 2008, largely due to the integration of Genlyte and Respironics in Q1 2008 and proportionally higher stock levels at Consumer Lifestyle and Lighting.

Net debt and group equity

- At the end of June, the Group had a EUR 1.5 billion net debt position (EUR 2.4 billion of cash and EUR 3.9 billion of debt), compared to a net cash position of EUR 2.3 billion in Q2 2007. The change was mainly due to EUR 6.0 billion in acquisition-related cash outflows, EUR 2.9 billion in share repurchases and a EUR 0.7 billion dividend payment, partly offset by EUR 4.5 billion proceeds from the sale of securities, mainly TSMC and LG Display.
- Compared to Q2 2007, group equity declined by EUR 3.2 billion, as the equity reduction from share buy-backs and currency translation differences were largely offset by retained earnings (net of dividend) and the accounting reclassification of LG Display (to available-for-sale securities).

Number of employees (FTEs) *



* of which discontinued operations 6,344 end Q2 2007, 5,597 end Q1 2008, and 5,252 end Q2 2008.

Employment

- The decline in the number of employees compared to Q1 2008 was primarily due to a seasonal reduction in temporary employees, mainly at Lighting.
- The higher number of employees compared to Q2 2007 was mainly due to the recent acquisitions of Genlyte, Respiroics and VISICU.

Healthcare

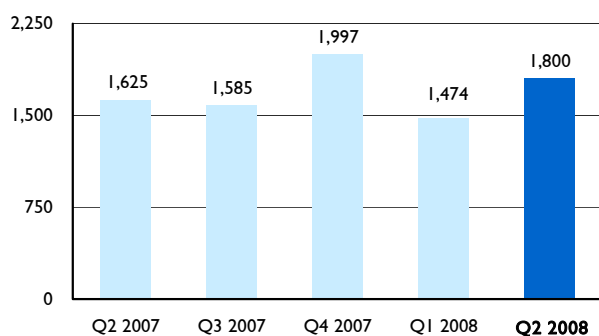
Key data

in millions of euros unless otherwise stated

	Q2 2007	Q2 2008
Sales	1,625	1,800
Sales growth		
% nominal	2	11
% comparable	4	3
EBITA	218	195
as a % of sales	13.4	10.8
EBIT	185	138
as a % of sales	11.4	7.7
Net operating capital (NOC)	4,857	8,382
Number of employees (FTEs)	28,114	35,087

Sales

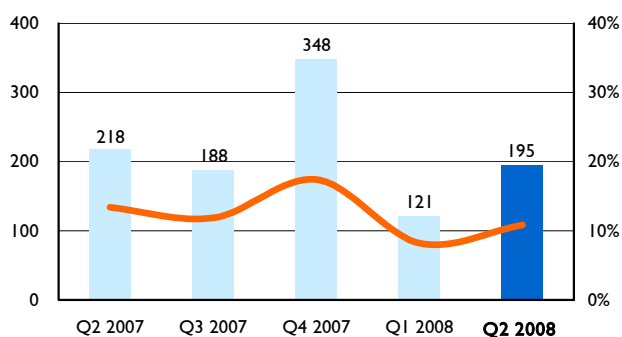
in millions of euros



EBITA

■ EBITA in millions of euros

■ EBITA as a % of sales



Business highlights

- Philips significantly strengthened its presence in two key emerging markets through the acquisition of Brazilian patient monitoring and critical care company Dixtal Biomédica e Tecnologia and Chinese patient monitoring company Shenzhen Goldway Industrial. This represents a further step towards the creation of a low-cost global supply base for value-segment products.
- Philips' cutting-edge Brilliance iCT scanner has been installed in a few selected healthcare facilities across the globe, and full commercial delivery will start in the second half of the year.
- The Ultrasound business announced the launch of the CX50 Compact Extreme, our first entry into the high-growth compact ultrasound market, which is estimated to be worth USD 700 million in 2008.
- Philips launched the latest addition to its nuclear medicine product portfolio with the introduction of the BrightView XCT, which delivers high-resolution CT images while exposing patients to only low radiation doses.

Financial performance

- Equipment order intake grew 4% on a currency-comparable basis, further strengthening the order book backlog. Strong growth was seen at Patient Monitoring and Clinical Care Systems, while Imaging Systems showed modest growth.
- Sales grew by 11% nominally, driven by strong performance of our recent acquisition Respironics. Sales growth was 3% on a comparable basis, driven by solid growth at Customer Services, Home Healthcare Solutions, Clinical Care Systems and Patient Monitoring. Imaging Systems saw strong growth in Magnetic Resonance and Nuclear Medicine more than offset by a decline in Computed Tomography as a result of a lower-value mix, partly in anticipation of commercial delivery of the new Brilliance iCT scanner later in the year.
- EBITA amounted to EUR 195 million, or 10.8% of sales, including EUR 35 million of acquisition and integration-related charges, mainly for Respironics. Higher earnings were reported at Home Healthcare Solutions, Healthcare Informatics (driven by higher margins) and Clinical Care Systems (thanks to a favorable product mix).
- Net operating capital increased by EUR 3.5 billion compared to Q2 2007, mainly due to acquisitions.

Looking ahead

- The expectation for the Healthcare sector's full-year results remains in line with plan. Consequently, we expect sales and margins to improve during the second half of the year.
- For 2008, acquisition and integration charges related to Respironics, VISICU and Emergin are estimated at approximately EUR 100 million, of which around EUR 30 million is expected to impact EBITA in Q3.

Consumer Lifestyle

Key data

in millions of euros unless otherwise stated

	Q2 2007	Q2 2008
Sales	2,786	2,787
<i>of which Television</i>	1,258	1,359
Sales growth		
% nominal	(8)	0
% comparable	(6)	7
<i>Sales growth excl. Television</i>		
% nominal	3	(7)
% comparable	5	2
EBITA	106	83
<i>of which Television</i>	(69)	(112)
as a % of sales	3.8	3.0
EBIT	101	79
<i>of which Television</i>	(69)	(112)
as a % of sales	3.6	2.8
Net operating capital (NOC)	1,551	1,499
<i>of which Television</i>	46	48
Number of employees (FTEs)	24,558	21,661
<i>of which Television</i>	7,691	7,038

Business highlights

- Philips reached an agreement with TPV on key terms and conditions to enter into a brand-licensing agreement under which it will transfer its PC monitors business – IT Displays – to TPV. Philips will receive revenue-based royalties as part of the agreement.
- Philips and Swarovski launched the 2008 Active Crystals range. This is the 2nd generation of this line of fashionable lifestyle technology accessories, including USB sticks and Bluetooth headsets.
- Philips completed the sale of its Set-Top Box activity to UK-based Pace Micro Technology.

Financial performance

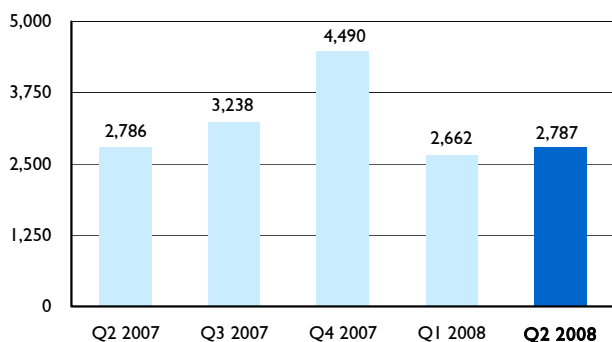
- Consumer Lifestyle's comparable sales grew 7% year-on-year, driven by double-digit growth in emerging markets.
- Most businesses contributed to the year-on-year sales growth, in particular Health & Wellness, Television and Domestic Appliances.
- Comparable sales growth at Television reached 14%, driven by strong growth in emerging markets and supported somewhat by demand from soccer's Euro 2008 championship.
- EBITA included restructuring charges of EUR 66 million – mainly at Television in connection with ongoing actions to improve profitability – and a EUR 56 million gain on the sale of the Set-Top Box activity.

Looking ahead

- New product launches scheduled for the third quarter include the Senseo Latte and a new mid-range shaver series.
- The brand license agreements with Funai and TPV are expected to close in Q3 and Q4 respectively.
- Television-related restructuring charges are expected to amount to EUR 125 million for the full year, of which EUR 40 million in Q3.

Sales

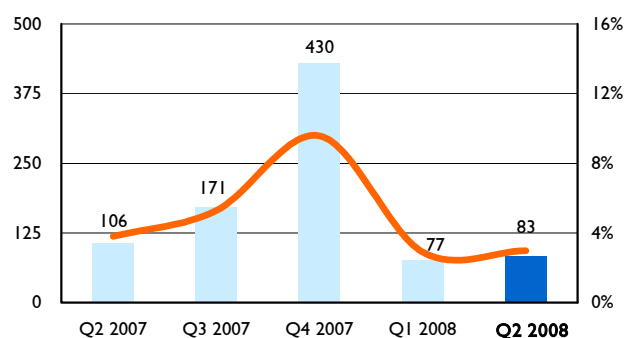
in millions of euros



EBITA

■ EBITA in millions of euros

■ EBITA as a % of sales



Lighting

Key data

in millions of euros unless otherwise stated

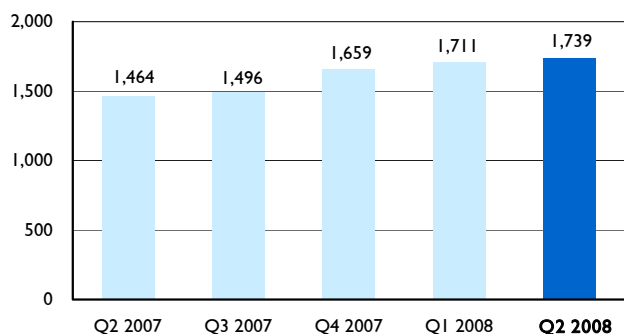
	Q2 2007	Q2 2008
Sales	1,464	1,739
Sales growth		
% nominal	13	19
% comparable	6	6
EBITA	161	202
as a % of sales	11.0	11.6
EBIT	150	175
as a % of sales	10.2	10.1
Net operating capital (NOC)	3,578	6,120
Number of employees (FTEs)	53,500	59,788

Business highlights

- Philips has launched a license program for LED-based luminaires intended for general illumination as well as for architectural and theatrical lighting, in order to unleash the full potential of new LED lighting solutions.
- French insurer Generali will be the first company worldwide to have an entire office building lit by LED lighting, with Philips being the sole supplier for this innovative project in Paris.
- British Gas has instigated one of the biggest green initiatives of its kind by distributing no fewer than 52 million energy-saving bulbs from Philips to some 13 million households in the UK.

Sales

in millions of euros



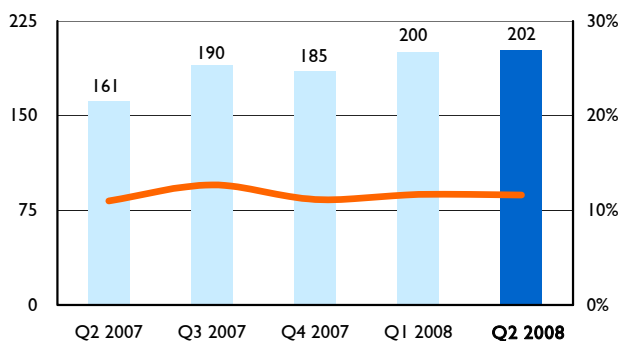
Financial performance

- Lighting sales increased by EUR 275 million compared to Q2 2007, driven by the good performance of Genlyte. On a comparable basis, sales rose 6% thanks to 16% growth in energy-efficient lighting solutions – including Lumileds – and 18% growth in emerging markets, partly tempered by softening markets in Western Europe and North America.
- The EUR 41 million year-on-year increase in EBITA was supported by the recent acquisitions of Genlyte and Color Kinetics and profitable growth in energy-efficient lighting solutions. Restructuring and acquisition-related charges amounted to EUR 20 million, compared to EUR 18 million in Q2 2007.
- The increase in both net operating capital and employees was primarily a result of the Genlyte and Color Kinetics acquisitions.

EBITA

■ EBITA in millions of euros

■ EBITA as a % of sales



Looking ahead

- Lighting will continue to drive both growth and profitability – including from recent acquisitions – in line with Vision 2010 targets.
- Restructuring and integration-related charges are expected to amount to approximately EUR 85 million for the full year 2008, of which EUR 15 million in Q3.

Innovation & Emerging Businesses

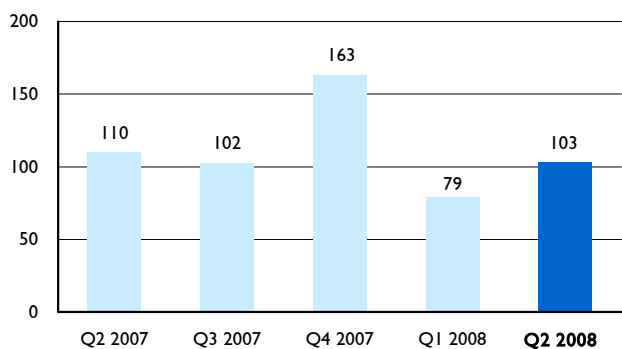
Key data

in millions of euros unless otherwise stated

	Q2 2007	Q2 2008
Sales	110	103
Sales growth		
% nominal	(70)	(6)
% comparable	37	8
EBITA Technologies / Incubators	(32)	(35)
EBITA others	(4)	(6)
EBITA	(36)	(41)
EBIT	(36)	(41)
Net operating capital (NOC)	189	189
Number of employees (FTEs)	6,358	5,534

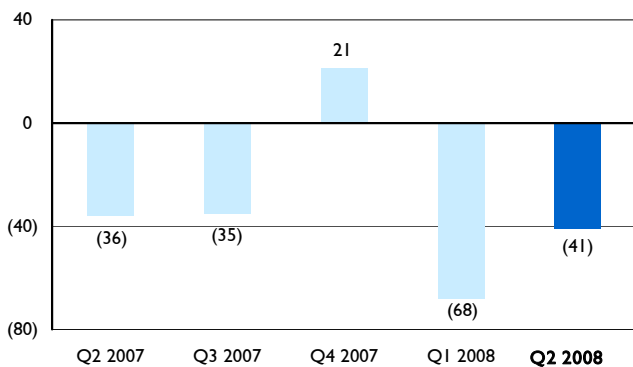
Sales

in millions of euros



EBITA

in millions of euros



Business highlights

- At its annual Corporate Research Exhibition, Philips Research showcased new, innovative Organic Light-Emitting Diode (OLED) lighting solutions for future use in homes, workplaces, stores, public areas and cars.
- Philips joined forces with Axel Springer, combining Philips' Aprico software with Axel Springer's TV program information, thus allowing viewers to create their own Internet TV channels.
- Philips signed a letter of intent to set up a clinical research partnership with the Maastricht University Medical Centre and the University Medical Center Aachen in the fields of cardiovascular disease and cancer treatment.

Financial performance

- EBITA of Innovation & Emerging Businesses was in line with expectation, albeit slightly lower than in Q2 2007 due to additional investments in innovative healthcare technologies.

Looking ahead

- Investment in Research and the Incubators is expected to remain at a quarterly run-rate of EUR 40 million for the second half of the year, with a higher spend expected in Q3.

Group Management & Services

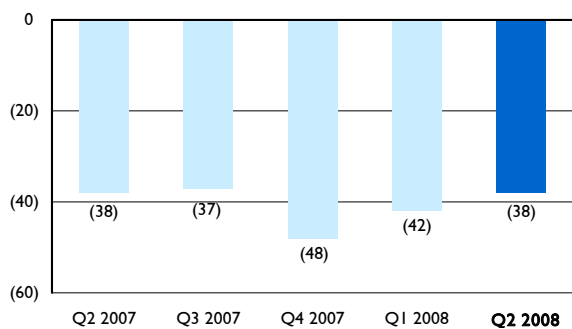
Key data

in millions of euros unless otherwise stated

	Q2 2007	Q2 2008
Sales	48	34
Sales growth		
% nominal	33	(29)
% comparable	61	(27)
EBITA Corporate & Regional Costs	(38)	(38)
EBITA Brand Campaign	(29)	(14)
EBITA Service Units, Pensions and Other	4	26
EBITA	(63)	(26)
EBIT	(63)	(26)
Net operating capital (NOC)	567	1,115
Number of employees (FTEs)	6,960	5,814

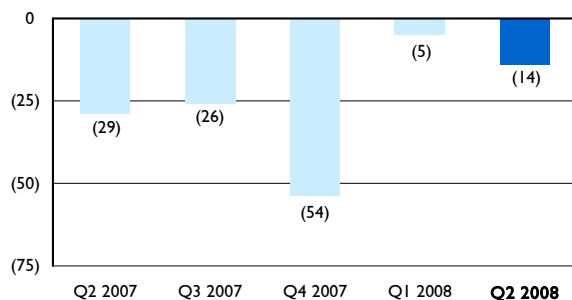
EBITA: Corporate & Regional Costs

in millions of euros



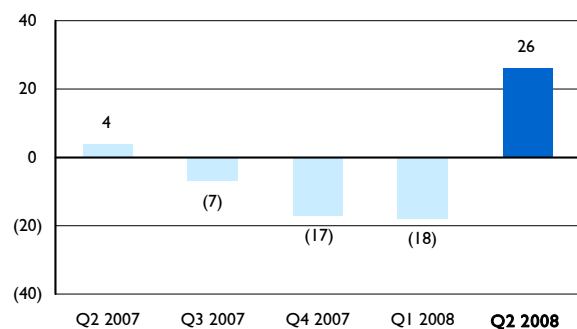
EBITA: Brand campaign

in millions of euros



EBITA: Service Units, Pensions and Other

in millions of euros



Business highlights

- Philips was recognized as one of the 'Worlds Most Ethical Companies' for 2008 by the Ethisphere Institute, a US-based think tank that studies business ethics and corporate responsibility.
- Philips Singapore's Toa Payoh Complex has been awarded a Green Mark Gold Award by the Building and Construction Authority of Singapore. This award is given to sustainable buildings – based on energy efficiency, water efficiency and management criteria – and is recognition of Philips' commitment to further increase the energy efficiency of its operations.
- Philips came top in a Dutch corporate reputation study by Erasmus University and Reputation Institute, winning the Reputation Institute Award 2008.

Financial performance

- Investment in the global brand campaign was lower than expected due to a shift in seasonal spend pattern.
- Compared to Q2 2007, EBITA at the Service Units was positively impacted by higher gains on the sale of real estate.
- Costs of pensions and other post-retirement benefits were broadly in line with Q2 2007.
- The increase in net operating capital mainly relates to increased prepaid pension assets in the Netherlands.

Looking ahead

- Corporate and Regional overhead costs are expected to decrease in the second half of 2008 thanks to ongoing cost-reduction initiatives.
- Costs of pensions and other post-retirement benefit plans allocated to Group Management & Services are expected to total approximately EUR 40 million for the full year 2008.

Highlights in the 1st six months

The 1st six months of 2008

- Comparable sales were 3% higher than in the 1st half of 2007, supported by Healthcare (4%) and Lighting (4%).
- Income from continuing operations declined by EUR 1,510 million to EUR 956 million due to lower gains on the sale of stakes in TSMC.
- EBITA amounted to EUR 678 million, 10% lower than in the corresponding period of 2007 due to restructuring, acquisition and integration-related charges.
- Results relating to equity-accounted investees increased by EUR 57 million, driven by improved results from LG Display in the first quarter.

Net income

in millions of euros unless otherwise stated

	January-June	
	2007	2008
Sales	11,963	12,428
EBITA	756	678
as a % of sales	6.3	5.5
EBIT	649	500
as a % of sales	5.4	4.0
Financial income and expenses	2,016	540
Income tax expense	(204)	(146)
Results equity-accounted investees	7	64
Minority interests	(2)	(2)
Income from continuing operations	2,466	956
Discontinued operations	(22)	(17)
Net income	2,444	939
Per common share (in euros) - basic	2.22	0.91

Management summary

- Income from continuing operations amounted to EUR 956 million, a decline of EUR 1,510 million compared to the first six months of 2007. This decline was largely attributable to a EUR 1,476 million reduction in financial income and expenses, which included lower proceeds from the sale of stakes in TSMC, higher impairment charges and lower income from LG Display.
- Sales for the first half-year totaled EUR 12,428 million, 3% higher than in the corresponding period of 2007 on a comparable basis. Order intake at Healthcare rose 6%, which is 2 percentage points above the first half of 2007. Sales at Healthcare showed moderate comparable growth of 4% compared with the first half of 2007. On the back of 6% comparable Television sales growth, Consumer Lifestyle's comparable sales increased by 3%. Lighting's comparable sales grew 4% year-on-year.
- EBITA in the first six months was EUR 678 million, 10% lower than in the corresponding period of 2007, mainly due to higher incidental charges at Consumer Lifestyle and acquisition-related charges at Healthcare and Lighting, partly offset by the gain on the sale of the Set-Top Box activity.
- Net income in the first half of 2008 decreased by EUR 1,505 million compared to the first half of 2007. This reduction is attributable to EUR 149 million lower EBIT and a EUR 1,476 million decline in financial income mainly related to lower proceeds from the sale of TSMC shares and the EUR 299 million impairment in respect of NXP.
- Cash flows from operating activities showed an earnings-related EUR 214 million decline compared to the first half of 2007.
- Net operating capital increased by EUR 6.6 billion compared to Q2 2007, largely due to EUR 5.8 billion of intangible assets from acquisitions made during the past year and EUR 0.3 billion of additional working capital.

Outlook

Our second-quarter sales growth and profitability underscored the resilience of Philips' portfolio of global businesses in the face of weaker economic conditions in many of our mature markets. While the full magnitude and duration of the current economic downturn in Europe and North America has yet to become clear, we expect the growth in emerging markets to continue – supporting sales in all three sectors during the second half of the year.

We will continue to execute our 2008 management agenda, most importantly the further integration of recent acquisitions as well as actions to improve the future profitability of our Television business. We remain confident that 2008 will be a year in which we make progress towards realizing our Vision 2010 objectives.

Amsterdam, July 14, 2008

Board of Management

Consolidated statements of income

all amounts in millions of euros unless otherwise stated

	2nd quarter		January to June	
	2007	2008	2007	2008
Sales	6,033	6,463	11,963	12,428
Cost of sales	(3,945)	(4,295)	(7,884)	(8,287)
Gross margin	2,088	2,168	4,079	4,141
Selling expenses	(1,183)	(1,284)	(2,295)	(2,427)
General and administrative expenses	(193)	(251)	(405)	(487)
Research and development expenses	(401)	(413)	(804)	(822)
Other business income and expenses	26	105	74	95
Income from operations	337	325	649	500
Financial income and expenses	1,335	494	2,016	540
Income before taxes	1,672	819	2,665	1,040
Income tax expense	(112)	(97)	(204)	(146)
Income after taxes	1,560	722	2,461	894
Results relating to equity-accounted investees	56	4	7	64
Minority interests	(2)	(2)	(2)	(2)
Income from continuing operations	1,614	724	2,466	956
Discontinued operations	(45)	(4)	(22)	(17)
Net income	1,569	720	2,444	939
Weighted average number of common shares				
outstanding (after deduction of treasury				
stock) during the period (in thousands):				
• basic	1,099,261	1,011,602	1,099,684	1,030,017
• diluted	1,110,900	1,019,557	1,111,066	1,038,849
Net income per common share in euros:				
• basic	1.43	0.71	2.22	0.91
• diluted	1.41	0.71	2.20	0.90
Ratios				
Gross margin as a % of sales	34.6	33.5	34.1	33.3
Selling expenses as a % of sales	(19.6)	(19.9)	(19.2)	(19.5)
G&A expenses as a % of sales	(3.2)	(3.9)	(3.4)	(3.9)
R&D expenses as a % of sales	(6.6)	(6.4)	(6.7)	(6.6)
EBIT or Income from operations	337	325	649	500
as a % of sales	5.6	5.0	5.4	4.0
EBITA	386	413	756	678
as a % of sales	6.4	6.4	6.3	5.5

Consolidated balance sheets

in millions of euros unless otherwise stated

	June 30, 2007	December 31, 2007	June 30, 2008
Current assets:			
Cash and cash equivalents	6,130	8,769	2,396
Receivables	4,448	4,670	4,835
Current assets of discontinued operations	198	169	170
Inventories	3,365	3,203	3,846
Other current assets	1,338	1,020	1,286
Total current assets	15,479	17,831	12,533
Non-current assets:			
Investments in equity-accounted investees	2,891	1,886	255
Other non-current financial assets	5,006	3,183	2,902
Non-current receivables	162	84	82
Non-current assets of discontinued operations	195	164	136
Other non-current assets	3,471	3,726	3,482
Property, plant and equipment	3,212	3,180	3,427
Intangible assets excluding goodwill	2,152	2,154	3,807
Goodwill	4,010	4,135	7,357
Total assets	36,578	36,343	33,981
Current liabilities:			
Accounts and notes payable	2,860	3,372	2,978
Current liabilities of discontinued operations	53	46	38
Accrued liabilities	3,169	2,984	2,856
Short-term provisions	619	377	397
Other current liabilities	529	509	444
Short-term debt	2,474	2,345	759
Total current liabilities	9,704	9,633	7,472
Non-current liabilities:			
Long-term debt	1,334	1,212	3,152
Non-current liabilities of discontinued operations	124	111	100
Long-term provisions	2,564	2,727	3,243
Other non-current liabilities	696	934	1,008
Total liabilities	14,422	14,617	14,975
Minority interests	49	42	43
Stockholders' equity	22,107	21,684	18,963
Total liabilities and equity	36,578	36,343	33,981
Number of common shares outstanding (after deduction of treasury stock)			
at the end of period (in thousands)	1,087,178	1,064,893	983,963
Ratios			
Stockholder's equity per common share in euros	20.33	20.36	19.27
Inventories as a % of sales	12.8	12.0	14.1
Net debt (cash): group equity	(12):112	(32):132	7:93
Net operating capital	10,742	10,586	17,305
Employees at end of period	125,834	123,801	133,136
of which discontinued operations	6,344	5,703	5,252

Consolidated statements of cash flows

all amounts in millions of euros unless otherwise stated

	2nd quarter		January to June	
	2007	2008	2007	2008
Cash flows from operating activities:				
Net income	1,569	720	2,444	939
(Income) loss discontinued operations	45	4	22	17
Adjustments to reconcile net income to net cash provided by (used for) operating activities:				
Depreciation and amortization	204	264	408	516
Impairment of goodwill, equity-accounted investees and other non-current financial assets	-	299	39	299
Net gain on sale of assets	(1,217)	(891)	(1,991)	(960)
(Income) loss from equity-accounted investees (net of dividends received)	(60)	(3)	27	(12)
Minority interests (net of dividends paid)	2	2	2	2
(Increase) decrease in working capital/other current assets	(619)	(146)	(1,216)	(1,148)
(Increase) decrease in non-current receivables/other assets/other liabilities	277	(143)	(10)	(201)
Increase (decrease) in provisions	(262)	(22)	(182)	56
Proceeds from sales of trading securities	-	-	182	-
Other items	35	56	55	58
Net cash provided by (used for) operating activities	(26)	140	(220)	(434)
Cash flows from investing activities:				
Purchase of intangible assets	(53)	(36)	(72)	(64)
Capital expenditures on property, plant and equipment	(184)	(178)	(336)	(326)
Proceeds from disposals of property, plant and equipment	24	68	34	72
Cash from (to) derivatives	24	71	9	255
Proceeds from sale (purchase) of other non-current financial assets	1,888	1,151	3,029	1,888
Proceeds from sale (purchase) of businesses	(233)	(54)	(720)	(5,267)
Net cash provided by (used for) investing activities	1,466	1,022	1,944	(3,442)
Cash flows from financing activities:				
Increase (decrease) in debt	(113)	(1,595)	(111)	364
Treasury stock transactions	(358)	(1,116)	(664)	(2,083)
Dividend paid	(639)	(698)	(639)	(698)
Net cash provided by (used for) financing activities	(1,110)	(3,409)	(1,414)	(2,417)
Net cash provided by (used for) continuing operations	330	(2,247)	310	(6,293)
Cash flows from discontinued operations:				
Net cash provided by (used for) operating activities	(14)	(11)	(97)	(32)
Net cash provided by (used for) investing activities	43	(1)	43	(1)
Net cash provided by (used for) financing activities	-	-	-	-
Net cash provided by (used for) discontinued operations	29	(12)	(54)	(33)
Net cash provided by (used for) continuing and discontinued operations	359	(2,259)	256	(6,326)
Effect of change in exchange rates on cash positions	(4)	(6)	(18)	(61)
Cash and cash equivalents at beginning of period	5,906	4,755	6,023	8,877
Cash and cash equivalents at end of period	6,261	2,490	6,261	2,490
Less cash of discontinued operations at end of period	131	94	131	94
Cash of continuing operations at end of period	6,130	2,396	6,130	2,396

For a number of reasons, principally the effects of translation differences, certain items in the statements of cash flows do not correspond to the differences between the balance sheet amounts for the respective items.

Ratio

Cash flows before financing activities	1,440	1,162	1,724	(3,876)
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Consolidated statement of changes in stockholders' equity

all amounts in millions of euros

	accumulated other comprehensive income (loss)										January to June 2008	
	common stock	capital in excess of par value	retained earnings	currency translation differences	unrealized gain (loss) on available-for-sale securities	pensions (FAS 158)	changes in fair value of cash flow hedges	total	treasury shares at cost	total stockholders' equity		
Balance as of December 31, 2007	228	-	25,559	(2,373)	1,048	(590)	28	(1,887)	(2,216)	21,684		
Net income			939							939		
Net current period change				(284)	204	49	43	12		12		
Reclassifications into income				11	(888)		(50)	(927)		(927)		
Total comprehensive income (loss), net of tax			939	(273)	(684)	49	(7)	(915)		24		
Dividend			(720)							(720)		
Cancellation of treasury stock	(19)		(2,591)						2,610	-		
Purchase of treasury stock									(2,113)	(2,113)		
Re-issuance of treasury stock		(51)	(17)						105	37		
Share-based compensation plans		51								51		
Balance as of June 30, 2008	209	-	23,170	(2,646)	364	(541)	21	(2,802)	(1,614)	18,963		

Sectors

all amounts in millions of euros unless otherwise stated

Sales and income from operations

	2nd quarter					
	2007			2008		
	sales	income from operations		sales	income from operations	
		amount	as % of sales		amount	as % of sales
Healthcare	1,625	185	11.4	1,800	138	7.7
Consumer Lifestyle*	2,786	101	3.6	2,787	79	2.8
Lighting	1,464	150	10.2	1,739	175	10.1
Innovation & Emerging Businesses	110	(36)	(32.7)	103	(41)	(39.8)
Group Management & Services	48	(63)	(131.3)	34	(26)	(76.5)
	6,033	337	5.6	6,463	325	5.0
* of which Television	1,258	(69)	(5.5)	1,359	(112)	(8.2)

	January to June					
	2007			2008		
	sales	income from operations		sales	income from operations	
		amount	as % of sales		amount	as % of sales
Healthcare	3,056	258	8.4	3,274	215	6.6
Consumer Lifestyle*	5,602	239	4.3	5,449	152	2.8
Lighting	2,938	327	11.1	3,450	333	9.7
Innovation & Emerging Businesses	270	(67)	(24.8)	182	(109)	(59.9)
Group Management & Services	97	(108)	(111.3)	73	(91)	(124.7)
	11,963	649	5.4	12,428	500	4.0
* of which Television	2,551	(120)	(4.7)	2,586	(207)	(8.0)

Sectors and main countries

all amounts in millions of euros

Sales and total assets				
	sales		total assets	
	January to June		June 30,	
	2007	2008	2007	2008
Healthcare	3,056	3,274	6,865	10,560
Consumer Lifestyle	5,602	5,449	4,277	4,247
Lighting	2,938	3,450	4,792	7,477
Innovation & Emerging Businesses	270	182	607	514
Group Management & Services	97	73	19,644	10,877
	11,963	12,428	36,185	33,675
Discontinued operations			393	306
			36,578	33,981

Sales and long-lived assets				
	sales		long-lived assets *	
	January to June		June 30,	
	2007	2008	2007	2008
United States	3,132	3,408	4,908	10,438
Germany	849	918	293	288
China	813	857	174	162
France	766	789	97	103
United Kingdom	555	534	792	677
Netherlands	505	513	1,195	1,252
Other countries	5,343	5,409	1,915	1,671
	11,963	12,428	9,374	14,591

* Includes property, plant and equipment and intangible assets

Pension costs

all amounts in millions of euros

Net periodic pension costs of defined-benefit plans

	2nd quarter		January to June 2008	
	Netherlands	other	Netherlands	other
Service cost	34	21	68	44
Interest cost on the projected benefit obligation	131	97	262	197
Expected return on plan assets	(192)	(92)	(384)	(186)
Net actuarial (gain) loss	(4)	14	(8)	29
Prior service cost (income)	(11)	3	(22)	5
Net periodic cost (income)	(42)	43	(84)	89

The net periodic pension costs in the second quarter of 2008 amounted to EUR 26 million, of which EUR 1 million related to defined-benefit (DB) plans (the Netherlands income of EUR 42 million, other countries cost of EUR 43 million) and EUR 25 million related to defined-contribution (DC) plans (the Netherlands cost of EUR 1 million, other countries cost of EUR 24 million)

Net periodic costs of postretirement benefits other than pensions

	2nd quarter		January to June 2008	
	Netherlands	other	Netherlands	other
Service cost	-	1	-	2
Interest cost on the accumulated postretirement benefit obligation	-	8	-	16
Translation obligation	-	1	-	2
Net actuarial loss	-	2	-	4
Net periodic cost	-	12	-	24

Consolidated statements of income in accordance with IFRS

all amounts in millions of euros unless otherwise stated

	2nd quarter		January to June	
	2007	2008	2007	2008
Sales	6,033	6,463	11,963	12,428
Cost of sales	(3,945)	(4,288)	(7,890)	(8,289)
Gross margin	2,088	2,175	4,073	4,139
Selling expenses	(1,184)	(1,284)	(2,296)	(2,426)
General and administrative expenses	(173)	(247)	(370)	(483)
Research and development expenses	(398)	(419)	(793)	(806)
Other business income and expenses	21	89	38	75
Income from operations	354	314	652	499
Financial income and expenses	1,512	516	2,191	635
Income before taxes	1,866	830	2,843	1,134
Income tax expense	(118)	(87)	(209)	(144)
Income after taxes	1,748	743	2,634	990
Results relating to equity-accounted investees	35	3	(11)	62
Minority interests	(3)	(3)	(3)	(3)
Income from continuing operations	1,780	743	2,620	1,049
Discontinued operations	(56)	(3)	(33)	(16)
Net income	1,724	740	2,587	1,033
Weighted average number of common shares outstanding (after deduction of treasury stock) during the period (in thousands):				
• basic	1,099,261	1,011,602	1,099,684	1,030,017
• diluted	1,111,257	1,019,561	1,111,890	1,039,126
Net income per common share in euros:				
• basic	1.57	0.73	2.35	1.00
• diluted	1.55	0.73	2.33	0.99
Ratios				
Gross margin as a % of sales	34.6	33.7	34.0	33.3
Selling expenses as a % of sales	(19.6)	(19.9)	(19.2)	(19.5)
G&A expenses as a % of sales	(2.9)	(3.8)	(3.1)	(3.9)
R&D expenses as a % of sales	(6.6)	(6.5)	(6.6)	(6.5)
EBIT or Income from operations	354	314	652	499
as a % of sales	5.9	4.9	5.5	4.0
EBITA	410	415	763	671
as a % of sales	6.8	6.4	6.4	5.4

Consolidated balance sheets in accordance with IFRS

in millions of euros unless otherwise stated

	June 30, 2007	December 31, 2007	June 30, 2008
Current assets:			
Cash and cash equivalents	6,130	8,769	2,396
Receivables	4,448	4,670	4,835
Current assets of discontinued operations	198	149	170
Inventories	3,365	3,203	3,846
Other current assets	679	622	690
Total current assets	14,820	17,413	11,937
Non-current assets:			
Investments in equity-accounted investees	2,771	1,817	256
Other non-current financial assets	5,006	3,183	2,871
Non-current receivables	155	78	78
Non-current assets of discontinued operations	179	170	122
Other non-current assets	2,503	2,610	2,786
Deferred tax assets	1,445	1,271	827
Property, plant and equipment	3,228	3,194	3,437
Intangible assets excluding goodwill	2,862	2,835	4,452
Goodwill	3,701	3,800	7,055
Total assets	36,670	36,371	33,821
Current liabilities:			
Accounts and notes payable	2,860	3,372	2,978
Current liabilities of discontinued operations	53	46	38
Accrued liabilities	3,139	2,975	2,829
Short-term provisions	608	382	409
Other current liabilities	529	509	443
Short-term debt	2,479	2,350	763
Total current liabilities	9,668	9,634	7,460
Non-current liabilities:			
Long-term debt	1,335	1,213	3,178
Long-term provisions	1,907	2,021	1,997
Deferred tax liabilities	663	667	1,042
Non-current liabilities of discontinued operations	38	32	27
Other non-current liabilities	718	894	966
Total liabilities	14,329	14,461	14,670
Minority interests *	140	127	122
Stockholders' equity	22,201	21,783	19,029
Total liabilities and equity	36,670	36,371	33,821
Number of common shares outstanding (after deduction of treasury stock)			
at the end of period (in thousands)	1,087,178	1,064,893	983,963
Ratios			
Stockholder's equity per common share in euros	20.42	20.46	19.34
Inventories as a % of sales	12.8	12.0	14.1
Net debt (cash): group equity	(12):112	(31):131	7:93
Employees at end of period	125,834	123,801	133,136
of which discontinued operations	6,344	5,703	5,252

* of which discontinued operations EUR 86 million end of June 2007, EUR 79 million end of December 2007 and EUR 73 million end of June 2008

Reconciliation from US GAAP to IFRS

in millions of euros

Reconciliation of net income from US GAAP to IFRS				
	2nd quarter		January to June	
	2007	2008	2007	2008
Net income as per the consolidated statements of income on a				
US GAAP basis	1,569	720	2,444	939
Adjustments to IFRS:				
Capitalized product development expenses	29	50	75	109
Amortization of product development assets	(17)	(58)	(64)	(93)
Pensions and other postretirement benefits	14	5	29	12
Amortization of intangible assets	(7)	(6)	(14)	(13)
Provisions	6	10	8	(1)
Financial income and expenses	177	22	175	95
Equity-accounted investees	(21)	(1)	(18)	(2)
Deferred income tax effects	(6)	10	(5)	2
Discontinued operations	(11)	1	(11)	1
Other differences in income	(9)	(13)	(32)	(16)
Net income in accordance with IFRS	1,724	740	2,587	1,033

Reconciliation of stockholders' equity from US GAAP to IFRS		
	June 30, 2007	June 30, 2008
Stockholders' equity as per the consolidated balance sheets on a		
US GAAP basis	22,107	18,963
Adjustments to IFRS:		
Product development expenses	515	504
Pensions and other postretirement benefits	(90)	(144)
Goodwill amortization (until January 1, 2004)	(294)	(243)
Goodwill capitalization (acquisition-related)	(29)	(59)
Acquisition-related intangibles	195	141
Investments in equity-accounted investees	(120)	1
Impairment of other non-current financial assets	-	(31)
Recognized results on sale-and-leaseback transactions	45	39
Provisions	60	(15)
Deferred income tax effects	(196)	(104)
Assets from discontinued operations	(16)	(14)
Other differences in equity	24	(9)
Stockholders' equity in accordance with IFRS	22,201	19,029

Reconciliation of non-US GAAP performance measures

all amounts in millions of euros unless otherwise stated

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

Sales growth composition (in %)

	January to June			
	comparable growth	currency effects	consolidation changes	nominal growth
2008 versus 2007				
Healthcare	3.6	(8.1)	11.6	7.1
Consumer Lifestyle	3.5	(4.6)	(1.6)	(2.7)
Lighting	4.5	(5.5)	18.4	17.4
Innovation & Emerging Businesses	(7.5)	(2.2)	(22.9)	(32.6)
Group Management & Services	(24.6)	(0.1)	-	(24.7)
Philips Group	3.3	(5.6)	6.2	3.9

EBITA to Income from operations (or EBIT)

	Philips Group		Consumer Lifestyle		I&EB	GM&S
	Healthcare	Lighting	Lifestyle	Lighting		
January to June 2008						
EBITA	678	316	160	402	(109)	(91)
Amortization intangibles (excl. software)	(159)	(96)	(8)	(55)	-	-
Write-off of acquired in-process R&D	(19)	(5)	-	(14)	-	-
Income from operations (or EBIT)	500	215	152	333	(109)	(91)
January to June 2007						
EBITA	756	337	247	347	(67)	(108)
Amortization intangibles (excl. software)	(97)	(69)	(8)	(20)	-	-
Write-off of acquired in-process R&D	(10)	(10)	-	-	-	-
Income from operations (or EBIT)	649	258	239	327	(67)	(108)

Composition of net debt and group equity

	June 30, 2007	June 30, 2008
Long-term debt	1,334	3,152
Short-term debt	2,474	759
Total debt	3,808	3,911
Cash and cash equivalents	6,130	2,396
Net debt (cash) (total debt less cash and cash equivalents)	(2,322)	1,515
Minority interests	49	43
Stockholders' equity	22,107	18,963
Group equity	22,156	19,006
Net debt and group equity	19,834	20,521
Net debt (cash) divided by net debt (cash) and group equity (in %)	(12)	7
Group equity divided by net debt (cash) and group equity (in %)	112	93

Reconciliation of non-US GAAP performance measures (continued)

all amounts in millions of euros unless otherwise stated

Net operating capital to total assets						
	Philips Group	Consumer			I&EB	GM&S
		Healthcare	Lifestyle	Lighting		
June 30, 2008						
Net operating capital (NOC)	17,305	8,382	1,499	6,120	189	1,115
Exclude liabilities comprised in NOC:						
- payables/liabilities	7,286	1,868	2,397	1,159	221	1,641
- intercompany accounts	-	28	77	35	(7)	(133)
- provisions 1)	2,389	229	272	152	29	1,707
Include assets not comprised in NOC:						
- investments in equity-accounted investees	255	53	2	11	82	107
- other non-current financial assets	2,902	-	-	-	-	2,902
- deferred tax assets	1,142	-	-	-	-	1,142
- liquid assets	2,396	-	-	-	-	2,396
Total assets of continuing operations	33,675	10,560	4,247	7,477	514	10,877
Assets of discontinued operations	306					
Total assets	33,981					

1) provisions on balance sheet EUR 3,640 million excluding deferred tax liabilities of EUR 1,252 million

June 30, 2007						
Net operating capital (NOC)	10,742	4,857	1,551	3,578	189	567
Exclude liabilities comprised in NOC:						
- payables/liabilities	7,254	1,696	2,355	1,019	260	1,924
- intercompany accounts	-	42	75	37	(10)	(144)
- provisions 2)	2,581	223	296	151	41	1,870
Include assets not comprised in NOC:						
- investments in equity-accounted investees	2,891	47	-	7	127	2,710
- other non-current financial assets	5,006	-	-	-	-	5,006
- deferred tax assets	1,581	-	-	-	-	1,581
- liquid assets	6,130	-	-	-	-	6,130
Total assets of continuing operations	36,185	6,865	4,277	4,792	607	19,644
Assets of discontinued operations	393					
Total assets	36,578					

2) provisions on balance sheet EUR 3,183 million excluding deferred tax liabilities of EUR 602 million

Composition of cash flows before financing activities - continuing operations				
	2nd quarter		January to June	
	2007	2008	2007	2008
Cash flows used for operating activities	(26)	140	(220)	(434)
Cash flows provided by (used for) investing activities	1,466	1,022	1,944	(3,442)
Cash flows before financing activities	1,440	1,162	1,724	(3,876)

Philips quarterly statistics

all amounts in millions of euros unless otherwise stated

	2007				2008			
	1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter	2nd quarter	3rd quarter	4th quarter
Sales	5,930	6,033	6,465	8,365	5,965	6,463		
% increase	(2)	(4)	4	4	1	7		
EBITA	370	386	444	865	265	413		
as a % of sales	6.2	6.4	6.9	10.3	4.4	6.4		
EBIT	312	337	393	810	175	325		
as a % of sales	5.3	5.6	6.1	9.7	2.9	5.0		
Net income	875	1,569	331	1,393	219	720		
per common share in euros	0.80	1.43	0.31	1.31	0.21	0.71		
	January- March	January- June	January- September	January- December	January- March	January- June	January- September	January- December
Sales	5,930	11,963	18,428	26,793	5,965	12,428		
% increase	(2)	(3)	(1)	-	1	4		
EBITA	370	756	1,200	2,065	265	678		
as a % of sales	6.2	6.3	6.5	7.7	4.4	5.5		
EBIT	312	649	1,042	1,852	175	500		
as a % of sales	5.3	5.4	5.7	6.9	2.9	4.0		
Net income	875	2,444	2,775	4,168	219	939		
per common share in euros	0.80	2.22	2.54	3.84	0.21	0.91		
Net income from continuing operations as a % of stockholders' equity (ROE)	17.4	24.5	18.1	21.0	4.6	19.1		
	period ended 2007				period ended 2008			
Inventories as a % of sales	11.7	12.8	14.2	12.0	13.9	14.1		
Net debt : group equity ratio	(9):109	(12):112	(7):107	(32):132	4:96	7:93		
Total employees (in thousands)	124	126	128	124	134	133		
of which discontinued operations	6	6	6	6	6	5		

Information also available on Internet, address: www.investor.philips.com

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