KONINKLIJKE PHILIPS ELECTRONICS NV
Form 6-K
April 20, 2005

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN ISSUER

Pursuant to Rule 13a-16 or 15d-16 of the
Securities Exchange Act of 1934

For the period commencing February 23, 2005 through April 18, 2005

KONINKLIJKE PHILIPS ELECTRONICS N.V.
(Exact name of registrant as specified in its charter)

Royal Philips Electronics

(Translation of registrant s name into English)

The Netherlands
(Jurisdiction of incorporation or organization)

Breitner Center, Amstelplein 2, 1096 BC Amsterdam, The Netherlands
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F þ Form 40-F o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ___

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ___

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes o No þ

Name and address of person authorized to receive notices
and communications from the Securities and Exchange Commission:

A. Westerlaken
Koninklijke Philips Electronics N.V.
Amstelplein 2
1096 BC Amsterdam The Netherlands

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This report comprises (i) a copy of the *Quarterly Report of the Philips Group* for the three months ended March 31, 2005, dated April 18, 2005, (ii) an English translation of the original Dutch text of the Articles of Association of Royal Philips Electronics as amended on April 1, 2005, pursuant to the resolution of the Annual Meeting of Shareholders held on March 31, 2005, and (iii) a copy of each of following press releases entitled:

Philips has introduced more than one hundred Green Flagship products , dated February 28, 2005;

Philips announces planned sale of stake in NAVTEQ , dated March 29, 2005;

Philips publishes financial information for year 2004 in accordance with international financial reporting standards , dated March 29, 2005; and

Philips reclassifies its Mobile Display Systems activities under Other Activities , dated April 15, 2005.

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf, by the undersigned, thereunto duly authorized at Amsterdam, on the 18th day of April 2005.

KONINKLIJKE PHILIPS ELECTRONICS N.V.

/s/ G.J. Kleisterlee
(President,
Chairman of the Board of Management)

/s/ J.H.M. Hommen
(Vice-Chairman of the Board of Management
and Chief Financial Officer)

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Report on the performance of the Philips Group

Q1 Quarterly report
April 18, 2005

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 (including, but not limited to, cost savings), in particular the outlook paragraph in this report.

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of 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, levels of consumer and business spending in major economies, changes in consumer tastes and preferences, changes in law, the performance of the financial markets, pension costs, the levels of marketing and promotional expenditures by Philips and its competitors, raw materials and employee costs, changes in exchange and interest rates (in particular changes in the euro and the US dollar can materially affect results), changes in tax rates and future business combinations, acquisitions or dispositions and the rate of technological changes, political and military developments in countries where Philips operates, the risk of a downturn in the semiconductor market, Philips ability to secure short-term profitability and invest in long-term growth in Lighting and product R&D in Medical Systems, and industry consolidation.

Statements regarding market share, including as to 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.

- 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
- includes restatement of Mobile Display Systems activities from Semiconductors to Other Activities

Philips reports net income of EUR 117 million and income from operations of EUR 193 million.

The first quarter of 2005

Philips recorded net income of EUR 117 million (EUR 0.09 per share), compared with net income of EUR 550 million (EUR 0.43 per share) in the corresponding period of 2004. The EUR 433 million decrease in net income was due to a EUR 435 million lower contribution from unconsolidated companies.

Sales amounted to EUR 6,635 million and were flat compared to Q1 2004. The weaker US dollar and dollar-related currencies, as well as various divestments, had a downward effect of 2%. On a comparable basis, sales increased by 2%.

Income from operations amounted to EUR 193 million, compared to EUR 218 million in the same period of 2004.

Financial income and expenses resulted in an expense of EUR 48 million, compared with an expense of EUR 66 million in Q1 2004.

Unconsolidated companies contributed EUR 22 million to net income. In Q1 2004, results from unconsolidated companies amounted to EUR 457 million, which included a dilution gain of EUR 156 million on Philips participation in Atos Origin. LG.Philips LCD s contribution to net income was a loss of EUR 34 million, compared to a profit of EUR 215 million in Q1 2004.

Cash flow from operating activities was an outflow of EUR 351 million. In Q1 2004, cash inflow from operating activities totaled EUR 404 million.

Inventories as a percentage of sales amounted to 11.9%, compared to 12.1% in Q1 2004.

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Gerard Kleisterlee,
Philips President and CEO:

It s encouraging to see another solid quarter, with steady performance and profitability in all our main businesses. I am pleased with the progress being made in Consumer Electronics, reflecting the successful implementation of our Business Renewal Program. The cyclicality of the technology sector had a negative impact, especially on our results from unconsolidated companies. Overall, we are on track with our management agenda. Our strong pipeline of market-driven, innovative products should position us well going forward.

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Philips Group

Net income
in millions of euros unless otherwise stated

	Q1 2004	**Q1 2005**
Sales	6,631	**6,635**
Income from operations	218	**193**
as a % of sales	3.3	**2.9**
Financial income and expenses	(66)	**(48)**
Income taxes	(46)	**(44)**
Results unconsolidated companies	457	**22**
Minority interests	(13)	**(6)**
Net income	550	**117**
Per common share basic	0.43	**0.09**

Sales by sector
in millions of euros unless otherwise stated

	Q1 2004	**Q1 2005**	**nominal**	**% change comparable**
Medical Systems	1,258	**1,285**	**2**	**5**
DAP	393	**427**	**9**	**9**
CE	2,011	**2,153**	**7**	**7**
Lighting	1,077	**1,128**	**5**	**6**
Semiconductors	1,039	**1,012**	**(3)**	**(2)**
Other Activities	853	**630**	**(26)**	**(15)**
Philips Group	6,631	**6,635**	**0**	**2**

Sales per region
in millions of euros unless otherwise stated

	Q1 2004	**Q1 2005**	**nominal**	**% change comparable**
Europe/Africa	2,939	**2,909**	**(1)**	**0**
North America	1,607	**1,669**	**4**	**8**
Latin America	274	**332**	**21**	**23**
Asia Pacific	1,811	**1,725**	**(5)**	**(1)**

Philips Group	6,631	**6,635**	**0**	**2**

Highlights in the quarter

Net income

Net income amounted to EUR 117 million (EUR 0.09 per share), compared to EUR 550 million (EUR 0.43 per share) in the same period of last year. The EUR 433 million decrease in net income was predominantly due to a EUR 435 million lower contribution from unconsolidated companies.

Sales by sector

Nominal sales for the Group were flat compared to Q1 2004. Adjusted for the 2% downward effect of the weaker US dollar and dollar-related currencies as well as various divestments, comparable sales growth was 2%.

Comparable sales at Medical Systems increased by 5%, driven by most businesses, especially Computed Tomography and Magnetic Resonance. The 9% comparable sales growth at Domestic Appliances and Personal Care (DAP) was fueled by new product ranges. Connected Displays and Home Entertainment were the drivers of CE s sales growth of 7%. At Lighting, all businesses supported the strong comparable sales growth of 6%. The comparable 2% decline at Semiconductors was spread across its various businesses. The decline in sales of Other Activities was mainly attributable to Mobile Display Systems (MDS).

Sales per region

In Europe/Africa, sales increased at Lighting, DAP and Medical Systems, while the other divisions showed declines.

In North America, Consumer Electronics and DAP were the main drivers of the growth.

In Latin America, all businesses except Medical Systems realized significant sales growth.

In Asia Pacific, the sales decline was primarily attributable to MDS and Licenses. Medical Systems, DAP and Lighting recorded 23%, 15% and 6% comparable growth respectively.

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Income (loss) from operations by sector
in millions of euros unless otherwise stated

	Q1 2004	**Q1 2005**
Medical Systems	92	**100**
DAP	44	**56**
CE	59	**46**
Lighting	165	**149**
Semiconductors	69	**14**
Other Activities	(57)	**(73)**
Unallocated	(154)	**(99)**
Philips Group	218	**193**
as a % of sales	3.3	**2.9**

Financial income and expenses
in millions of euros

	Q1 2004	**Q1 2005**
Interest expenses (net)	(66)	**(48)**
Income from non-current financial assets	1	
Other	(1)	
Total	(66)	**(48)**

Results unconsolidated companies
in millions of euros

	Q1 2004	**Q1 2005**
LG.Philips LCD	215	**(34)**
LG.Philips Displays		
- operational	6	**2**
- restructuring/impairments	(11)	**(18)**
Atos Origin dilution/gain	156	
Others	91	**72**
Total	457	**22**

Income from operations by sector

Income from operations for Q1 2005 was a profit of EUR 193 million, compared to a profit of EUR 218 million in the corresponding period last year. Restructuring and impairment charges amounted to EUR 45 million, compared with EUR 16 million in Q1 2004. Pension costs totaled EUR 59 million, compared to EUR 132 million in Q1 2004.

Income from operations at Medical Systems improved by EUR 8 million, due to higher sales and a better product mix, partially offset by higher costs.

Income from operations at DAP was 13.1% of sales, an increase of 1.9 percentage points compared to Q1 2004. Margins remained strong across all businesses.

At CE, higher sales coupled with increased margins and lower costs supported income from operations, mainly due to Connected Displays. License income declined by EUR 37 million compared to Q1 2004.

Lighting continued its solid performance, but income from operations was impacted by restructuring charges of EUR 27 million.

Results at Semiconductors were mainly impacted by the decline in sales and a lower utilization rate.

The operating loss of Other Activities increased, mainly due to the decline in sales at MDS.

The improvement within Unallocated was entirely attributable to lower pension costs compared with Q1 2004.

Financial income and expenses

Net interest expenses were EUR 18 million lower than in Q1 2004 due to the lower net debt position.

Results relating to unconsolidated companies

Results relating to unconsolidated companies in Q1 were EUR 435 million lower than in Q1 2004, and were significantly impacted by the EUR 249 million lower contribution from LG.Philips LCD compared to Q1 2004.

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Cash balance
in millions of euros

	Q1 2004	**Q1 2005**
Beginning balance	3,072	**4,349**
Net cash from operating activities	404	**(351)**
Gross capital expenditures	(272)	**(226)**
Acquisitions/divestments	(18)	**(74)**
Other cash from investing activities	27	**10**
Changes in debt/other	(108)	**(498)**
Ending balance	3,105	**3,210**

Cash balance

In Q1, the cash position decreased by EUR 1,139 million.

A payment of EUR 64 million was made for an additional investment in NAVTEQ (execution of an option).

In connection with the share repurchase program, a cash amount of EUR 252 million was used for capital reduction, and EUR 174 million to hedge long-term incentive and employee stock purchase programs.

Cash flows from operating activities

After a very strong cash inflow in Q4 2004, higher working capital needs (mainly due to lower accounts payable) in Q1 2005 led to a EUR 351 million cash outflow from operating activities.

Cash flow from operating activities was down on Q1 2004 across all product divisions, but in particular at Consumer Electronics (anticipated decline after the strong Q4 cash inflow), Semiconductors and Group Overheads and Services (pensions).

A dividend payment received from the unconsolidated company InterTrust Technologies Corp. had a positive impact of EUR 90 million on cash flow from operating activities.

Gross capital expenditures

Capital expenditures totaled EUR 79 million at Semiconductors, EUR 38 million at Lighting and EUR 71 million at Other Activities.

Primarily due to continued investments in innovative products, capital expenditures increased at Lighting.

Compared to Q1 2004, capital expenditures were reduced by EUR 46 million, mainly at Semiconductors.

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Inventories

Inventories as a percentage of sales amounted to 11.9%, a new record-low for the first quarter.

Compared to Q1 2004, inventories as a percentage of sales decreased in all divisions except Lighting and Medical Systems.

Net debt and group equity

During the quarter, net debt increased by EUR 1,123 million, primarily due to a EUR 641 million cash outflow before financing activities and a EUR 426 million cash outflow for the buy-back of shares.

Compared to Q4 2004, group equity decreased by EUR 332 million. This was largely due to the repurchase of shares and a charge of EUR 504 million for dividend to be paid in April, partly offset by positive translation differences.

Employment

The number of employees at the end of Q1 2005 was 160,857. Adjusted for a decrease of 554 in Other Activities in connection with the divestment of Philips High-Tech Plastics, the actual decrease during Q1 was 175.

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Medical Systems

Medical Systems: key data
in millions of euros unless otherwise stated

	Q1 2004	**Q1 2005**
Sales	1,258	**1,285**
Sales growth		
% nominal	(5)	**2**
% comparable	4	**5**
Income from operations	92	**100**
as a % of sales	7.3	**7.8**
Net operating capital (NOC)	3,803	**3,058**
Number of employees (FTEs)	30,210	**30,756**

Business highlights

Metro Health hospital in Grand Rapids, Michigan, has chosen the Philips Xtenity Enterprise information system, which supports a comprehensive electronic patient record accessible by physicians and patients alike, thus helping to increase clinical efficiency and improve the quality of care.

Philips introduced the HeartStart FRx the first defibrillator to transmit data wirelessly. The HeartStart FRx has an infrared data port that can transmit information wirelessly to palmOne personal digital assistants (PDAs).

Philips reaffirmed its leadership position in patient-friendly, non-claustrophobic medical equipment by installing its 100th 3.0 T Magnetic Resonance compact whole-body scanner the only product of its kind on the market.

Financial performance

Q1 order intake showed year-over-year comparable growth of 9%, mainly for products and systems.

Sales grew by 2% nominally and by 5% when adjusted for unfavorable currency movements. This growth was driven by most businesses, and in particular by double-digit increases in Computed Tomography and Magnetic Resonance, reflecting the successful introduction of innovative products.

Income from operations increased by EUR 8 million from Q1 2004 to EUR 100 million, largely due to higher sales and improved gross margins, partially offset by a EUR 10 million reduction in income at MedQuist. The latter was due to lower sales and increased costs (mainly legal fees). Income from operations as a percentage of sales increased by 0.5 percentage points to 7.8% in Q1 2005.

The Q1 year-over-year reduction in net operating capital was mainly due to impairment charges for MedQuist in 2004.

Looking ahead

With its strong order book, Medical Systems is expected to further improve its market share, and it will maintain its focus on innovation and operational excellence.

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Domestic Appliances and Personal Care

DAP: key data
in millions of euros unless otherwise stated

	Q1 2004	**Q1 2005**
Sales	393	**427**
Sales growth		
% nominal	(14)	**9**
% comparable	(9)	**9**
Income from operations	44	**56**
as a % of sales	11.2	**13.1**
Net operating capital (NOC)	522	**460**
Number of employees (FTEs)	8,263	**8,542**

Business highlights

In the first quarter, Philips passed the milestone of 1 million Senseo coffee machines sold in Belgium and 2 million sold in Germany.

Philips expanded its existing range of floor-cleaning products with the launch of a new easy-to-use bagless vacuum cleaner under the slogan cleaner made simpler .

Philips Ladyshave and the Senseo Aluminum coffee machine won prestigious 2005 European iF design awards for outstanding and innovative design.

Financial performance

Sales increased by 9% compared to Q1 2004, both on a nominal and a comparable basis. Comparable sales growth was mainly driven by Food & Beverage (Senseo coffee machine), followed by Shaving & Beauty and Oral Healthcare (IntelliClean). All regions contributed to the rise in comparable sales. In China, comparable sales showed a 17% increase.

Sales growth from new product introductions contributed to sustained strong margins which, combined with cost containment, led to a substantial improvement in profitability.

Income from operations amounted to 13.1% of sales, an increase of 1.9 percentage points compared to Q1 2004. The increase was mainly attributable to higher sales in Food & Beverage.

Net operating capital decreased by EUR 62 million, mainly driven by improvements in supply chain management and reductions in fixed assets.

Looking ahead

The focus will remain on launching innovative products, extending alliances and expanding retail channels into emerging markets.

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Consumer Electronics

Consumer Electronics: key data
in millions of euros unless otherwise stated

	Q1 2004	**Q1 2005**
Sales	2,011	**2,153**
Sales growth		
% nominal	3	**7**
% comparable	9	**7**
Income from operations	59	**46**
as a % of sales	2.9	**2.1**
Net operating capital (NOC)	71	**108**
Number of employees (FTEs)	17,893	**16,725**

Business highlights

Philips Ambilight Flat TV and the Key019 Digital Wearable Camcorder won 2005 European iF design awards for integrating advanced technologies into a consumer-friendly design.

Premiere, a leading German pay-TV operator, chose Philips as the exclusive supplier of set-top boxes for its high-definition television service.

In North America, Philips achieved strong placements in key retail stores, supporting sales growth in Flat TV, and recorded strong sales in digital set-top boxes.

Financial performance

Connected Displays and Home Entertainment were the main drivers of the 7% sales growth, both nominal and comparable, which was partly offset by a downturn in Licenses. Sales growth was particularly strong in North America (29%), mainly driven by TV displays and digital set-top boxes, and Latin America (44%).

Income from operations for Licenses amounted to EUR 32 million, compared to EUR 69 million in Q1 2004. Limited past-use license income and lower volumes in general resulted in a EUR 37 million decline in income from operations.

The strong performance of Connected Displays and the benefits of the Business Renewal Program were the main factors behind the Q1 income from operations (excluding Licenses) of EUR 14 million. In Q1, the operating margin was 1.5% (when adjusted for restructuring), on track to reach the target of 2 2.5% plus 2% from Licenses income by the end of 2005.

Income from operations included restructuring charges of EUR 19 million, compared to EUR 14 million last year.

Looking ahead

It is expected that the agreement with TPV Technology Limited to transfer the OEM sales, manufacturing and development of PC monitors and entry-level Flat TVs to TPV will be closed by early Q3 2005.

The Business Renewal Program is on track to exceed the EUR 400 million savings on a run-rate basis by year-end 2005.

In connection with the Business Renewal Program, restructuring charges of approximately EUR 20 million are expected in Q2 2005.

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Lighting

Lighting: key data
in millions of euros unless otherwise stated

	Q1 2004	**Q1 2005**
Sales	1,077	**1,128**
Sales growth		
% nominal	(7)	**5**
% comparable	0	**6**
Income from operations	165	**149**
as a % of sales	15.3	**13.2**
Net operating capital (NOC)	1,614	**1,617**
Number of employees (FTEs)	44,353	**44,429**

Business highlights

Capitalizing on the trend in shops of using lighting to create a unique look and feel, Philips introduced the MASTER Colour Elite the first dimmable lamp to recreate natural lighting at this year s EuroShop, the leading retail lighting trade fair, held in Düsseldorf.

The European Lamp Companies Federation which includes Philips presented the European Union with proposals for developing energy-efficient lighting technologies to help meet Kyoto CO_2 emissions targets.

The leading US industrial manufacturing magazine Plant Engineering named Philips energy-saving T8 tubular lamp Product of the Year in the lighting category in recognition of its energy efficiency and long life.

Financial performance

Compared to Q1 2004, sales increased 5% on a nominal basis and 6% on a comparable basis, driven by strong improvements across all businesses.

Strong profitable growth in sales of Lamps throughout Europe was driven by innovative products for shops and outdoor applications, offering better quality of light combined with lower energy consumption.

Compared with Q1 2004, income from operations was down EUR 16 million at EUR 149 million, which included restructuring charges of EUR 27 million.

Looking ahead

Slight weakness in certain markets (lighting for consumer applications and North America).

Continue to invest in innovative sectors via increased R&D and capital expenditures for solid-state lighting and consumer applications.

Further develop marketing expertise in order to deliver solutions to the market faster and more effectively.

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Semiconductors

Semiconductors: key data
in millions of euros unless otherwise stated

	Q1 2004	**Q1 2005**
Sales	1,039	**1,012**
Sales growth		
% nominal	16	**(3)**
% comparable	22	**(2)**
Income from operations	69	**14**
as a % of sales	6.6	**1.4**
Net operating capital (NOC)	3,004	**2,649**
Number of employees (FTEs)	32,693	**34,856**

Business highlights

Samsung announced its first GSM/GPRS/EDGE handsets based on Philips Nexperia Cellular System Solution. This solution enables high-speed wireless connectivity for video streaming and real-time audio.

Philips deployed radio frequency identification (RFID) in its supply chain in Asia the first major rollout in the semiconductor industry.

Philips unveiled a System-in-Package solution for TV on mobile phones. This solution, based on the DVB-H standard, will enable consumers to connect to live TV, as well as pictures, movies and music, all on the move.

Financial performance

The reporting on the activities of MDS has been transferred from Semiconductors to Other Activities, effective January 1, 2005. The figures for 2004 have been restated accordingly.

RF Solutions has been transferred to Semiconductors from Other Activities, effective January 1, 2005. The impact of this on Semiconductors in Q1 2005 was a 3% increase in sales, and EUR 3 million additional income from operations; it also increased headcount by 2,035 employees. The figures for 2004 have not been restated.

Nominal sales decreased by 3% compared to Q1 2004. Sequentially, sales declined by 9% in US dollar terms; this decline mainly related to Consumer and Connectivity (part of Communications) products, reflecting seasonality.

The utilization rate declined from 90% in Q1 2004 to 81% in Q4 2004 and 75% in Q1 2005.

The decline in income from operations compared with Q4 2004 was mainly attributable to lower sales, partly offset by lower sector costs and a build-down of inventories in Q4.

Compared with Q1 2004, the decrease in income from operations was mainly due to lower sales and a decline in the US dollar.

The book-to-bill ratio improved from 0.73 at the end of 2004 to 1.01 at the end of Q1 2005.

Looking ahead

Low-to-mid-single-digit sequential sales growth (in US dollar terms) is expected in Q2 2005.

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Other Activities

Other Activities: key data
in millions of euros unless otherwise stated

	Q1 2004	**Q1 2005**
Sales	853	**630**
Sales growth		
% nominal	19	**(26)**
% comparable	18	**(15)**
IFO Technology Cluster	(72)	**(70)**
IFO Corp. Investments and others	15	**(3)**
Income (loss) from operations	(57)	**(73)**
as a % of sales	(6.7)	**(11.6)**
Net operating capital (NOC)	308	**448**
Number of employees (FTEs)	29,226	**23,044**

Business highlights

At the 2005 International Forum Design in Hanover, Germany, Philips received 12 iF awards for a range of healthcare and lifestyle products. The awards recognize designs combining technological sense with user friendliness.

Philips Research, Eindhoven University of Technology, Maastricht University and Maastricht University Hospital signed a letter of intent to set up a Center for Molecular Medicine to explore molecular imaging, diagnostics and therapy.

Philips, InterTrust Technologies, Matsushita, Samsung and Sony formed the Marlin Joint Development Association to establish standard specifications for managing consumer electronics content.

Philips Research and New Venture Partners announced a partnership deal to identify and create spin-off businesses based on technology from Philips Research s global network of laboratories.

Financial performance Technology Cluster

In the Technology Cluster, the loss from operations was slightly smaller than in Q1 2004.

Financial performance Corp. Investments/others

Comparable sales at MDS declined 45%.

On a comparable basis, sales in Corporate Investments were flat, while at Optical Storage sales growth amounted to 5%.

Due to the lower sales level, MDS posted a loss; this was the main reason for the lower income from operations compared to Q1 2004.

Looking ahead

In Q2 2005, restructuring charges of approximately EUR 30 million are expected, principally for the Technology Cluster and Corporate Investments.

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Unallocated

Unallocated: key data
in millions of euros unless otherwise stated

	Q1 2004	**Q1 2005**
Corporate and regional overheads	(72)	**(69)**
Pensions/postretirement benefit costs	(82)	**(30)**
Income (loss) from operations	(154)	**(99)**
Number of employees (FTEs)	2,674	**2,505**

Business highlights

In 2004, Philips introduced 21 new Green Flagship products, bringing the number of products with improved environmental performance in weight, energy consumption, hazardous substances, packaging, recycling or disposal to over 100.

At the World Economic Forum in Davos, Switzerland, Philips was chosen as one of the Global 100 Most Sustainable Corporations, out of a total of approximately 2000 companies.

Philips published its 3rd Sustainability Report, which outlined further progress made in embedding sustainability in the company s business practices.

Financial performance