KONINKLIJKE PHILIPS ELECTRONICS NV
Form 6-K
April 17, 2008

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 March 22 through April 15, 2008

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 Rule101(b)(1): o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule101(b)(7): o

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:
E.P. Coutinho
Koninklijke Philips Electronics N.V.
Amstelplein 2
1096 BC Amsterdam The Netherlands

This report comprises a copy of the *Quarterly Report of the Philips Group* for the three months ended March 31, 2008 and a copy of each of following press releases entitled:

Philips to acquire Northern Ireland based healthcare IT company TOMCAT Systems , dated March 26, 2008;

Philips to establish a manufacturing joint venture for energy-saving light bulbs in Southern Africa , dated March 27, 2008;

Philips notifies Dutch Authority for the Financial Markets of holding over 5% of its own shares , dated March 31, 2008;

Philips takes decisive steps to improve profitability of its television business , dated April 8, 2008;

Philips to acquire Chinese patient monitoring company Shenzhen Goldway Industrial, Inc. , dated April 11, 2008.

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 15th day of April 2008.

KONINKLIJKE PHILIPS ELECTRONICS N.V.

/s/ E.P. Coutinho
(General Secretary)

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.

All amounts in millions of euros unless otherwise stated; data included are unaudited. Financial reporting is in accordance with US GAAP, unless otherwise stated.

Updated to reflect the new sector reporting structure and to reflect changes in accounting policies for pensions under International Financial Reporting Standards (IFRS).

Philips reports EBITA of EUR 265 million, driven by Healthcare and Lighting

Group sales increase to EUR 5,965 million; growth in Healthcare and Lighting offset by lower television sales.

Ongoing growth at Healthcare with 5% higher sales; 9% higher equipment order intake, including double-digit growth in North America.

Continuing strong growth of 17% in emerging markets.

Decisive action taken to improve the profitability of the television business through an alliance with Funai in North America and optimization of the global supply base.

Net income of EUR 219 million, compared with EUR 875 million in Q1 2007, when EUR 650 million higher gains on the sale of stakes boosted the bottom line.

Vision 2010 EBITA target specified and upgraded to 10-11%.

Gerard Kleisterlee,
President and CEO of Royal Philips Electronics:

We look back on a quarter with essentially good financial performance across most of our businesses. Unfortunately our results are clouded, more than we like, by the adverse situation in our TV business, significantly lower incidental license income and some acquisition-related charges impacting EBITA.

I m particularly pleased about the continuing progress in our Healthcare sector. Together with the solid performance in Lighting and the non-TV businesses in Consumer Lifestyle, this underscores the robustness of our business portfolio in times of economic headwind. Also our excellent growth in emerging markets is a confirmation of the benefits of our good geographic spread. With respect to our TV business we took the decisive action we had promised and I compliment our Consumer Lifestyle team for subsequently coming up quickly with a value-creating solution.

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With the integration of Respironics, VISICU and Genlyte having started and our current share buy-back program in full swing, we are also in a position to reaffirm our confidence in achieving our Vision 2010 target of more than doubling our EBITA per share and to upgrade our EBITA margin target to 10 11%.

I am confident that 2008 will be another year of progress for Philips. We will continue to further optimize our portfolio, improve productivity and offer our customers exciting new products. We will certainly also take additional measures to deal with the effects of softening economies where needed in order to keep our margins where we want them.

Philips Group
Net income
in millions of euros unless otherwise stated

	Q1 2007	Q1 2008
Sales	5,930	5,965
EBITA	370	265
as a % of sales	6.2	4.4
EBIT	312	175
as a % of sales	5.3	2.9
Financial income and expenses	681	46
Income tax expense	(92)	(49)
Results equity-accounted investees	(49)	60
Income from continuing operations	852	232
Discontinued operations	23	(13)
Net income	875	219
Per common share (in euros) basic	0.80	0.21

Sales by sector
in millions of euros unless otherwise stated

	Q1 2007	Q1 2008	% change nominal	% change comparable
Healthcare	1,431	1,474	3	5
Lighting	1,474	1,711	16	3
Consumer Lifestyle	2,816	2,662	(5)	
I&EB	160	79	(51)	(22)
GM&S	49	39	(20)	(22)
Philips Group	5,930	5,965	1	1

Highlights in the quarter
Net income

The decline in income from continuing operations compared to Q1 2007 was attributable to lower year-on-year gains on the sale of stakes. Q1 2007 included a net gain of EUR 733 million from the partial sale of our shareholding in TSMC, whereas Q1 2008 included a EUR 83 million gain on the partial sale of the shareholding in LG Display. The revaluation result recorded on the options related to the TPV convertible bonds was EUR 21 million lower than in Q1 2007.

EBITA was EUR 105 million lower than in Q1 2007, entirely due to a EUR 44 million reduction in earnings at Connected Displays, EUR 38 million of acquisition-related charges in Healthcare and Lighting, and a EUR 52 million reduction in license income, mainly incidental past-use optical license revenues.

Results relating to equity-accounted investees increased by EUR 109 million year-on-year, entirely driven by improved operational results at LG Display.

The lower income from discontinued operations was attributable to final settlements in Q1 2007 relating to the Semiconductors transaction.

Sales by sector

Sales in the quarter totaled EUR 5,965 million, a nominal increase of 1% compared to Q1 2007. Excluding portfolio changes (4%) and a negative currency impact, comparable sales also grew by 1%, driven by Healthcare and Lighting. Comparable sales at Consumer Lifestyle were flat year-on-year.

Healthcare sales grew 5% on a comparable basis, mainly driven by growth in Ultrasound, Cardiac Care, Customer Services and Patient Monitoring. Comparable sales at Imaging Systems were at the same level as in Q1 2007.

Lighting sales showed comparable growth of 3%, driven by growth in Lamps, Lighting Electronics and Professional Luminaires, partly offset by lower sales at Special Lighting Applications and at Lumileds due to a product recall earlier in the quarter.

Consumer Lifestyle sales were on par with Q1 2007 on a comparable basis. Solid growth was seen in Domestic Appliances, Shaving & Beauty and Home Networks, offset by lower sales at Connected Displays (mainly consumer television) and Video & Multimedia Applications.

Sales in **I&EB** decreased 22% on a comparable basis, mainly due to a decline in license revenues.

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Sales by region
in millions of euros unless otherwise stated

	Q1 2007	Q1 2008	nominal	% change comparable
Europe/Africa	2,797	2,841	2	3
North America	1,641	1,645		(9)
Latin America	367	412	12	15
Asia Pacific	1,125	1,067	(5)	4
Philips Group	5,930	5,965	1	1

Sales by region

Solid sales growth was visible across the emerging markets, led by Latin America, Eastern Europe, China and India, all of which recorded double-digit growth. Sales in Japan were lower than in Q1 2007 due to softer demand for Healthcare.

In North America, comparable sales declined by 9%, largely due to lower sales at Connected Displays.

Solid growth in Western Europe was moderated by lower sales at Connected Displays, which tempered the impact of growth in other businesses.

EBITA
in millions of euros unless otherwise stated

	Q1 2007	Q1 2008
Healthcare	119	121
Lighting	186	200
Consumer Lifestyle	141	77
Innovation & Emerging Businesses	(31)	(68)
Group Management & Services	(45)	(65)
Philips Group	370	265
as a % of sales	6.2	4.4

EBITA
as a % of sales

	Q1 2007	Q1 2008
Healthcare	8.3	8.2
Lighting	12.6	11.7
Consumer Lifestyle	5.0	2.9
Innovation & Emerging Businesses	(19.4)	(86.1)
Group Management & Services	(91.8)	(166.7)
Philips Group	6.2	4.4

EBIT
in millions of euros unless otherwise stated

	Q1 2007	Q1 2008
Healthcare	73	77
Lighting	177	158
Consumer Lifestyle	138	73
Innovation & Emerging Businesses	(31)	(68)
Group Management & Services	(45)	(65)
Philips Group	312	175
as a % of sales	5.3	2.9

Earnings

EBITA amounted to EUR 265 million, or 4.4% of sales, EUR 105 million lower than in Q1 2007. Increased earnings at Lighting and Healthcare were more than offset by lower EBITA at Consumer Lifestyle, which saw a decline of EUR 64 million compared to Q1 2007, entirely due to Connected Displays and Optical Licenses.

Healthcare EBITA was slightly above Q1 2007 at EUR 121 million, or 8.2% of sales, including acquisition-related charges of approximately EUR 19 million.

Lighting EBITA increased by EUR 14 million to EUR 200 million, including acquisition-related charges of EUR 19 million.

Consumer Lifestyle EBITA declined by EUR 64 million to EUR 77 million, or 2.9% of sales. A EUR 44 million reduction in Connected Displays EBITA and EUR 30 million lower past-use optical license revenue more than offset moderate improvements in the rest of the business.

I&EB EBITA declined by EUR 37 million compared to Q1 2007, mainly due to EUR 20 million lower IP license revenues and a loss of EUR 13 million on the divestment of HTP Optics.

GM&S EBITA was EUR 20 million lower compared to the corresponding period of 2007, mainly due to pension-related costs and a different year-on-year spending pattern in corporate costs.

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Financial income and expenses
in millions of euros

	Q1 2007	Q1 2008
Interest expenses, net	(13)	(5)
TSMC sale of securities	733	
LG Display sale of securities		83
TPV option fair-value adjustment	(5)	(26)
Other	(34)	(6)
Financial income and expenses	681	46

As a result of a higher average net cash position, net interest expenses were lower than in Q1 2007.

The sale of a further stake in LG Display yielded a net gain of EUR 83 million. The fair-value adjustment of the TPV bond options resulted in a loss of EUR 26 million.

Q1 2007 included a EUR 733 million gain on the sale of shares in TSMC, partly offset by a EUR 36 million loss on the market-value adjustment of JDS Uniphase.

Results relating to equity-accounted investees
in millions of euros

	Q1 2007	Q1 2008
LG Display	(47)	66
Other	(2)	(6)
Results relating to equity-accounted investees	(49)	60

Results relating to equity-accounted investees went from a EUR 49 million loss in Q1 2007 to a profit of EUR 60 million, entirely driven by improved operational results at LG Display. Effective March 1, Philips ceased equity accounting and going forward will account for its remaining stake in LG Display on a fair-value basis.

Cash balance
in millions of euros

	Q1 2007	Q1 2008
Cash of continuing operations	5,886	8,769
Cash of discontinued operations	137	108
Beginning balance	6,023	8,877
Net cash from operating activities	(194)	(574)
Gross capital expenditures	(171)	(176)
Acquisitions/divestments	(487)	(5,213)
Other cash from investing activities	1,136	925
Repurchase of treasury shares	(306)	(967)
Changes in debt/other	(12)	1,904
Net cash flow discontinued operations	(83)	(21)
Ending balance	5,906	4,755
Less cash of discontinued operations	127	98
Cash of continuing operations	5,779	4,657

Cash balance

The Group s cash balance declined by EUR 4.1 billion as a result of the EUR 5.2 billion cash payments for acquisitions (Respironics, Genlyte and VISICU) and EUR 1.0 billion in share repurchases. Cash required for operating activities was some EUR 380 million higher than in Q1 2007. The issuance of bonds led to a cash inflow of EUR 2.0 billion, whereas the sale of 24 million shares in LG Display yielded cash proceeds of EUR 670 million. Q1 2007 s cash balance declined by EUR 117 million, as the acquisition of PLI (EUR 561 million), share repurchases of EUR 306 million and free gross cash flow requirements (EUR 365 million) were partly offset by EUR 1.1 billion receipts from the sale of shares in TSMC.

Cash flows from operating activities

Cash required for operating activities was EUR 380 million higher than in Q1 2007, mainly caused by higher working capital and by last year s sale of EUR 182 million of TSMC stock received as a dividend. Higher working capital requirements were mainly visible in the Consumer Lifestyle sector (principally inventories in Connected Displays) and in Healthcare (mainly accounts receivable due to a temporary delay in collection on the back of a change in IT systems).

Gross capital expenditures (PPE*)

Gross capital expenditures declined from EUR 152 million in Q1 2007 to EUR 148 million in Q1 2008. Expenditures were lower across all sectors with the exception of Lighting, where the inclusion of PLI and Genlyte led to higher investments compared to Q1 2007.

Inventories

As a percentage of sales, inventories increased from 11.7% in Q1 2007 to 13.9%. Adjusting for the upward impact of recent acquisitions, inventories would have ended Q1 at a level of 12.9% of sales. The increase compared to Q1 2007 centered on Healthcare (Imaging and Service inventories) and Consumer Lifestyle (Connected Displays).

Net debt and group equity

At the end of Q1, the Philips Group had net debt of EUR 0.7 billion, compared to a net cash position of EUR 5.2 billion at the beginning of the year.

The increase in net debt was mainly attributable to acquisition-related cash outflows totaling EUR 5.2 billion for Respironics, Genlyte and VISICU, as well as a further share repurchase of EUR 1.0 billion. The sale of 24 million shares in LG Display generated EUR 0.7 billion cash proceeds.

The EUR 1.4 billion reduction in equity is mainly the result of the EUR 1.0 billion repurchase of shares and the EUR 0.7 billion dividend payable, partially offset by the EUR 0.2 billion of net income.

Early March 2008, Philips placed USD 3.1 billion worth of Senior notes in order to refinance maturing debt.

Employment

Compared to Q4 2007, the increase in the number of employees includes an additional 11,966 from the recently completed acquisitions of Genlyte, VISICU and Respironics, partly offset by an employee reduction at Consumer Lifestyle and the divestment of HTP Optics in Q1 2008.

Healthcare
Key data
in millions of euros unless otherwise stated

	Q1 2007	Q1 2008
Sales	1,431	1,474
Sales growth		
% nominal	3	3
% comparable	4	5
EBITA	119	121
as a % of sales	8.3	8.2
EBIT	73	77
as a % of sales	5.1	5.2
Net operating capital (NOC)	4,590	8,331
Number of employees (FTEs)	27,204	34,645

Business highlights

- Strengthening its position in the fast-growing Chinese healthcare market, Philips closed a EUR 25 million deal with leading Chinese wholesaler Ascent Profit to sell digital radiography systems, and established a 7-year partnership with West China Hospital to jointly develop imaging procedures.
- Philips announced two strategic acquisitions: Shenzhen Goldway Industrial in China, principally to strengthen its position in this key emerging market; and TOMCAT Systems in Northern Ireland, to expand the Healthcare Informatics business unit.
- Philips completed the installation of its 50th Ambient Experience suite, at Fairview Hospital in Cleveland, Ohio, following other installations in various countries including the US, Saudi Arabia and Germany.
- Philips completed the acquisition of Respironics, the global leader in Obstructive Sleep Apnea treatment. Effective March 10, 2008, Respironics forms the centerpiece of Philips Home Healthcare portfolio.

Financial performance

- Equipment order intake grew 9% on a currency-comparable basis compared to Q1 2007. Imaging Systems showed double-digit growth in North America, driven mainly by Magnetic Resonance, Nuclear Medicine and Cardiovascular X-Ray.
- Comparable sales grew 5% year-on-year thanks to strong growth in Ultrasound, Cardiac Care, Patient Monitoring and Customer Services. The impact of the growth of these businesses was moderated by a weaker performance at Imaging Systems, which despite growth in some key modalities saw flat sales overall.
- EBITA amounted to EUR 121 million, or 8.2% of sales, including EUR 19 million of integration and acquisition-related charges, mainly for Respironics, which reduced profitability by 1.3%. Higher earnings were seen in Ultrasound, Patient Monitoring and Customer Services, mainly driven by margin improvements and cost reductions, partially offset by lower earnings at Imaging Systems.
- Net operating capital increased by EUR 3.7 billion compared to Q1 2007, largely due to the acquisitions and a temporary increase in receivables.

Looking ahead

For the full year 2008, acquisition and integration charges related to Respironics, VISICU and Emergin are expected to negatively impact EBITA by approximately EUR 100 million, of which EUR 40 million in Q2.

Lighting
Key data
in millions of euros unless otherwise stated

	Q1 2007	Q1 2008
Sales	1,474	1,711
Sales growth		
% nominal	10	16
% comparable	8	3
EBITA	186	200
as a % of sales	12.6	11.7
EBIT	177	158
as a % of sales	12.0	9.2
Net operating capital (NOC)	3,441	5,999
Number of employees (FTEs)	53,308	60,866

Business highlights

At the Light + Building Fair held in Frankfurt, Germany, in early April, Philips presented a range of LED-based innovations for general illumination, especially for the home, offices, streets, the hospitality sector and shops.

Philips announced that it plans to participate in a joint venture to set up a manufacturing facility and recycling plant for energy-saving compact fluorescent lamps in Lesotho, Southern Africa.

Philips officially opened its Automotive Lighting Application Center at the Philips Innovation Campus in Shanghai, China. This center studies local needs in automotive lighting in order to provide customized support and speed up the introduction of the latest lighting technologies into the fast-growing local markets.

Philips announced the completion of the acquisition of Genlyte, one of the leading North American luminaire manufacturers, which will help to further strengthen its leadership position in solid-state lighting.

Financial performance

Sales amounted to EUR 1,711 million on a comparable basis 3% higher than in Q1 2007 supported by strong growth of energy-efficient lighting solutions and growth in emerging markets, notably China, India and Latin America. This growth was tempered by lower sales in UHP, backlighting and Lumileds, the latter having executed a product recall earlier in the quarter.

The recent strategic acquisitions of Genlyte, Color Kinetics, LTI and PLI all contributed positively to both sales and earnings in line with expectations.

EBITA increased by EUR 14 million year-on-year albeit with increased spending on solid-state lighting solutions and temporary softness in Western European markets and included restructuring, acquisition-related and other incidental charges amounting to EUR 35 million. Q1 2007 included charges totaling EUR 34 million.

The increase in both net operating capital and employees is mainly related to the acquisitions of Genlyte and Color Kinetics.

Looking ahead

Restructuring and acquisition-related charges are expected to amount to approximately EUR 20 million in Q2 2008.

Consumer Lifestyle
Key data
in millions of euros unless otherwise stated

	Q1 2007	Q1 2008
Sales	2,816	2,662
of which Connected Displays	*1,293*	*1,227*
Sales growth		
% nominal	(4)	(5)
% comparable	(2)	
Sales growth excl. Connected Displays		
% nominal	*6*	(6)
% comparable	*6*	
EBITA	141	77
of which Connected Displays	*(51)*	*(95)*
as a % of sales	5.0	2.9
EBIT	138	73
of which Connected Displays	*(51)*	*(95)*
as a % of sales	4.9	2.7
Net operating capital (NOC)	1,337	1,398
of which Connected Displays	*43*	*28*
Number of employees (FTEs)	24,009	21,868
of which Connected Displays	*7,329*	*6,720*

Business highlights

Philips intends to enter into a 5-year licensing agreement under which Funai will assume the sourcing, distribution, marketing and sales of all Philips consumer television activities in the US and Canada, effective September 2008.

In March, Philips sold its one-millionth Whole Fruit Juicer, underscoring the ongoing success of our Healthy Living initiatives, which continue to drive strong double-digit growth in our Domestic Appliances business.

In the US, Philips entered into a multi-year partnership with Bliss, an international beauty brand, launching an at-home hair removal kit.

In January 2008, Philips Sonicare launched the HealthyWhite whitening toothbrush in Europe, bringing the Flexcare range of products to full complement in the European market.

Financial performance

On a comparable basis, sales at Consumer Lifestyle were on par with Q1 2007. At Connected Displays, comparable sales declined by 2%, as a result of the continued focus on margin management. Sales levels at most other operational businesses were in line with or higher than Q1 2007, with the strongest growth visible at Domestic Appliances, Shaving & Beauty and Peripherals & Accessories.

From a geographical perspective, comparable sales growth was particularly strong in emerging markets.

EBITA declined by EUR 64 million to EUR 77 million, or 2.9% of sales. A EUR 44 million reduction in Connected Displays EBITA and EUR 30 million lower past-use optical license revenue more than offset moderate improvements in the rest of the business.

Profitability at the remaining Consumer Lifestyle businesses, notably Domestic Appliances, Shaving & Beauty and Video & Multimedia Applications, remained strong.

Looking ahead

Margin pressure at Connected Displays is expected to continue.

Actions to structurally improve the profitability of Connected Displays will continue, resulting in total financial charges of up to EUR 125 million in 2008.

The sale of the Set-Top Box and Connectivity Solutions activities is now expected to close in Q2 2008.

Innovation & Emerging Businesses
Key data
in millions of euros unless otherwise stated

	Q1 2007	Q1 2008
Sales	160	79
Sales growth		
% nominal	(60)	(51)
% comparable	40	(22)
EBITA Technologies / Incubators	(30)	(46)
EBITA others	(1)	(22)
EBITA	(31)	(68)
EBIT	(31)	(68)
Net operating capital (NOC)	155	216
Number of employees (FTEs)	6,500	5,608

Business highlights

Philips Research announced that it is spearheading the HeartCycle consortium, comprising 18 research, academic, industrial and medical organizations from nine different European countries and China. The consortium aims to improve the quality of life for coronary heart disease and heart failure patients.

At EuroShop 2008, Philips Research showcased a selection of new lighting solutions that enable interactive product presentations and quick-and-easy atmosphere creation for retailers.

Philips received the coveted Gold iF product design award for the EcoClassic50/MASTERClassic energy-saving lamp, completing an extremely successful participation in this prestigious international design competition, in which Philips collected a total of 27 awards.

Financial performance

The EBITA decline compared to Q1 2007 was primarily due to a EUR 13 million loss on the sale of HTP Optics and lower IP license revenues. Q1 2007 EBITA included a EUR 6 million gain on the sale of TASS.

The year-on-year increase in net operating capital was attributable to the divestment of businesses which operated with negative working capital.

Compared to Q1 2007, the reduction in the number of employees was mainly due to the divestment of businesses over the past 12 months.

Looking ahead

Further investment in Research and the Incubators is expected to result in an average quarterly spend of EUR 40 million for the remainder of 2008.

Group Management & Services
Key data
in millions of euros unless otherwise stated

	Q1 2007	Q1 2008
Sales		