
Changes to the Consolidated Financial Statements of the Nestlé Group 2005/6

The Group applies in 2006 the option of IAS 19 § 93A ss. whereby actuarial gains and losses are recognized in the period in which they occur in equity, but not in the income statement. This approach enables disclosure of the net of the fair value of the employee benefits assets and liabilities in the balance sheet. It also improves the comparability of Nestlé's results to those of its competitors. The Group also adopted IFRIC 4 on embedded leases in 2006. In accordance with standards, comparative information for 2005 has been restated.

Following the announcement made earlier this year, globally managed nutrition activities are now disclosed separately from the Zones. As a consequence, the 2005 segment information has been restated accordingly.

The third change made to the June 2005 figures relates to the adjustment of comparative figures following the discontinued operation that was announced in December 2005 for the Chilled dairy activities in Europe.

Finally, as a result of the repeal of the goodwill amortisation, EBITA (Earnings Before Interest, Taxes and Amortisation of goodwill) has been renamed EBIT (Earnings Before Interest, Taxes, restructuring and impairments)

A summary of the impacts of these changes for June and December 2005 is given below.

June 2005 in millions of CHF	Published	Restatement for discontinued operations, pension, IFRIC4	Restated
Sales to customers	43'474	(1'006)	42'468
EBIT ^(*)	5'212	74	5'286
EBIT rate	12.0%		12.4%
Profit for the period	3'937	42	3'979
<i>of which attributable to the Group</i>	3'683	42	3'725
Basic earning per share from continuing operations	9.48		9.59

^(*)Earnings Before Interest, Taxes, restructuring and impairments

December 2005 in millions of CHF	Published	Restatement for pension, IFRIC4	Restated
Sales to customers	91'075		91'075
EBIT ^(*)	11'720	145	11'865
EBIT rate	12.9%		13.0%
Profit for the period	8'518	86	8'604
<i>of which attributable to the Group</i>	7'995	86	8'081
Basic earning per share from continuing operations	20.58		20.80

^(*)Earnings Before Interest, Taxes, restructuring and impairments

Detailed impacts are provided in the attachments.

Segment Reporting - June 2005 - After restatements Discontinued Operation, Nutrition Central Costs, Pensions and IFRIC4

By management responsibility and geographic area

In millions of CHF

	Zone Europe	Zone Americas	Zone Asia, Oceania and Africa	Nestlé Waters	Nutrition	Other Food and Beverages	Unallocated items	Total Food and Beverages	Pharma	Total Group
January/June 2005										
Sales to customers (as published)	14'349	13'447	7'387	4'280		1'089		40'552	2'922	43'474
Restatements	(1'999)	(815)	(685)	0	2'493	0	0	(1'006)	0	(1'006)
Sales to customers (adjusted)	12'350	12'632	6'702	4'280	2'493	1'089		39'546	2'922	42'468
EBITA (as published)	1'548	1'834	1'178	349		187	(773)	4'323	889	5'212
Restatements	(96)	(153)	(139)	0	449	(2)	14	73	1	74
EBIT Earnings Before Interest, Taxes, restructuring and impairments (adjusted)	1'452	1'681	1'039	349	449	185	(759)	4'396	890	5'286
<i>in % of Sales (published)</i>	10.8%	13.6%	15.9%	8.2%		17.2%		10.7%	30.4%	12.0%
<i>in % of Sales (adjusted)</i>	11.8%	13.3%	15.5%	8.2%	18.0%	17.0%		11.1%	30.5%	12.4%

By product group

In millions of CHF

	Beverages	Milk products, Nutrition and Ice cream	Prepared dishes and cooking aids	Chocolate, confectionery and biscuits	PetCare	Pharmaceutical products	Total segments	Unallocated items	Total Group
January/June 2005									
Sales to customers (as published)	11'299	12'023	7'737	4'511	4'982	2'922	43'474		43'474
Restatements	0	-1'006	0	0	0	0	(1'006)	0	(1'006)
Sales to customers (adjusted)	11'299	11'017	7'737	4'511	4'982	2'922	42'468		42'468
EBITA (as published)	1'924	1'155	961	352	704	889	5'985	(773)	5'212
Restatements	9	(1)	21	21	9	1	60	14	74
EBIT Earnings Before Interest, Taxes, restructuring and impairments (adjusted)	1'933	1'154	982	373	713	890	6'045	(759)	5'286
<i>in % of Sales (published)</i>	17.0%	9.6%	12.4%	7.8%	14.1%	30.4%	13.8%		12.0%
<i>in % of Sales (adjusted)</i>	17.1%	10.5%	12.7%	8.3%	14.3%	30.5%	14.2%		12.4%

Segment Reporting - December 2005 - After restatements Discontinued Operation, Nutrition Central Costs, Pensions and IFRIC4

By management responsibility and geographic area
In millions of CHF

	Zone Europe	Zone Americas	Zone Asia, Oceania and Africa	Nestlé Waters	Nutrition	Other Food and Beverages	Unallocated items	Total Food and Beverages	Pharma	Total Group
January/December 2005										
Sales to customers (as published)	27'620	30'757	15'704	8'787		2'245		85'113	5'962	91'075
Restatements	(2'021)	(1'801)	(1'408)	0	5'230	0		0	0	0
Sales to customers (adjusted)	25'599	28'956	14'296	8'787	5'230	2'245		85'113	5'962	91'075
EBITA (as published)	3'259	4'708	2'628	709		279	(1'693)	9'890	1'830	11'720
Restatements	-177	-344	-294	-	921	-6	42	142	3	145
EBIT Before Other Income and Expenses (adjusted)	3'082	4'364	2'334	709	921	273	(1'651)	10'032	1'833	11'865
<i>in % of Sales (published)</i>	11.8%	15.3%	16.7%	8.1%		12.4%		11.6%	30.7%	12.9%
<i>in % of Sales (adjusted)</i>	12.0%	15.1%	16.3%	8.1%	17.6%	12.2%		11.8%	30.7%	13.0%

By product group

In millions of CHF

	Beverages	Milk products, Nutrition and Ice cream	Prepared dishes and cooking aids	Chocolate, confectionery and biscuits	PetCare	Pharmaceutical products	Total segments	Unallocated items	Total Group
January/December 2005									
Sales to customers (as published)		23'842	23'235	16'673	10'794	10'569	5'962		91'075
Restatements		0	0	0	0	0	0	0	0
Sales to customers (adjusted)		23'842	23'235	16'673	10'794	10'569	5'962		91'075
EBITA (as published)		4'112	2'609	2'132	1'215	1'515	1'830	(1'693)	11'720
Restatements		19	-22	44	42	17	3	42	145
EBIT Before Other Income and Expenses (adjusted)		4'131	2'587	2'176	1'257	1'532	1'833	(1'651)	11'865
<i>in % of Sales (published)</i>		17.2%	11.2%	12.8%	11.3%	14.3%	30.7%		12.9%
<i>in % of Sales (adjusted)</i>		17.3%	11.1%	13.1%	11.6%	14.5%	30.7%		13.0%

In millions of CHF	juin.30 2006	juin.30 2005 (a)(b)	Actual 2005 (a)(b)
Sales to customers	47'138	42'468	91'075
Cost of goods sold	(19'382)	(17'627)	(37'905)
Distribution expenses	(3'938)	(3'471)	(7'399)
Marketing and administration expenses	(16'962)	(15'396)	(32'407)
Research and development costs	(802)	(688)	(1'499)
EBIT Earnings Before Interest, Taxes, restructuring and impairments (c)	6'054	5'286	11'865
Net other income/(expenses)	(100)	(310)	(920)
Profit before interest and taxes	5'954	4'976	10'945
Net financing cost			
Financial income	327	286	605
Financial expense	(685)	(526)	(1'192)
	(358)	(240)	(587)
Profit before taxes	5'596	4'736	10'358
Taxes	(1'582)	(1'157)	(2'643)
Profit before associates and discontinued operations	4'014	3'579	7'715
Share of results of associates	465	399	896
Net profit/(loss) on discontinued operations	8	1	(7)
Profit for the period	4'487	3'979	8'604
of which attributable to minority interests	336	254	523
of which attributable to the Group (Net profit)	4'151	3'725	8'081
As percentages of sales			
EBIT Earnings Before Interest, Taxes, restructuring and impairments	12.8%	12.4%	13.0%
Profit for the period attributable to the Group (Net profit)	8.8%	8.8%	8.9%
Earnings per share from continuing operations ^(d) (in CHF)			
Basic earnings per share	10.73	9.59	20.80
Fully diluted earnings per share	10.63	9.42	20.61

^(a) 2005 comparatives have been restated following the discontinued operation resulting from the announcement made in December 2005 for the Chilled dairy activities in Europe.

^(b) 2005 comparatives have been restated following the first application of the option of IAS 19 Employee Benefits § 93A ss. and IFRIC 4 Determining whether an Arrangement contains a Lease.

^(c) Prior to the repeal of goodwill amortisation, named EBITA (Earnings Before Interest, Taxes and Amortisation of goodwill)

^(d) Based on the profit for the period attributable to the Group adjusted for the net profit/(loss) on discontinued operations