

CONSOLIDATED ACCOUNTS OF THE NESTLÉ GROUP

(Extracts – 6 pages)

CONSOLIDATED INCOME STATEMENT FOR THE YEAR 2003

In millions of CHF	2003	2002
Sales to customers	87'979	89'160
Cost of goods sold	(37'583)	(38'521)
Distribution expenses	(7'104)	(7'112)
Marketing and administration expenses	(31'081)	(31'379)
Research and development costs	(1'205)	(1'208)
EBITA (a)	11'006	10'940
Net other income (expenses)	(534)	1'686
Amortisation and impairment of goodwill	(1'571)	(2'277)
Profit before interest and taxes	8'901	10'349
Net financing cost	(594)	(665)
Profit before taxes	8'307	9'684
Taxes	(2'307)	(2'295)
Net profit of consolidated companies	6'000	7'389
Share of profit attributable to minority interests	(380)	(329)
Share of results of associates	593	504
Net profit	6'213	7'564
As percentages of sales		
EBITA (a)	12.5%	12.3%
Net profit	7.1%	8.5%
Earnings per share		
(in CHF)		
Basic earnings per share	16.05	19.51
Fully diluted earnings per share	15.92	19.30

(a) Earnings Before Interest, Taxes and Amortisation of goodwill.

CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER 2003 before appropriations

In millions of CHF	2003	2002
Assets		
Current assets		
Liquid assets		
Cash and cash equivalents	7'074	6'338
Other liquid assets	8'054	7'953
	15'128	14'291
Trade and other receivables	12'851	12'666
Inventories	6'995	6'794
Derivative assets	669	959
Prepayments and accrued income	590	632
Total current assets	36'233	35'342
Non-current assets		
Property, plant and equipment		
Gross value	41'778	40'797
Accumulated depreciation	(24'339)	(23'772)
	17'439	17'025
Investments in associates	2'707	2'561
Deferred tax assets	1'398	1'519
Financial assets	2'394	2'862
Employee benefit assets	1'070	1'083
Goodwill	26'745	25'718
Intangible assets	1'575	1'242
Total non-current assets	53'328	52'010
Total assets	89'561	87'352

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CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER 2003
before appropriations

(cont'd)

In millions of CHF	2003	2002
Liabilities, minority interests and equity		
Current liabilities		
Trade and other payables	9'852	9'932
Financial liabilities	15'419	18'702
Tax payable	549	825
Derivative liabilities	846	384
Accruals and deferred income	3'699	3'894
Total current liabilities	30'365	33'737
Non-current liabilities		
Financial liabilities	14'064	10'548
Employee benefit liabilities	3'363	3'147
Deferred tax liabilities	576	492
Tax payable	4	15
Other payables	305	400
Provisions	3'061	3'381
Total non-current liabilities	21'373	17'983
Total liabilities	51'738	51'720
Minority interests	943	813
Equity		
Share capital	404	404
Share premium and reserves		
Share premium	5'926	5'926
Reserve for treasury shares	2'458	2'830
Translation reserve	(5'630)	(4'070)
Retained earnings	36'093	32'307
	38'847	36'993
	39'251	37'397
<i>Less:</i>		
Treasury shares	(2'371)	(2'578)
Total equity	36'880	34'819
Total liabilities, minority interests and equity	89'561	87'352

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2003
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In millions of CHF	2003	2002
Operating activities		
Net profit of consolidated companies (a)	6'000	7'389
Depreciation of property, plant and equipment	2'408	2'542
Impairment of property, plant and equipment	148	1'316
Amortisation of goodwill	1'571	1'438
Impairment of goodwill	-	839
Depreciation of intangible assets	255	189
Impairment of intangible assets	74	41
Increase/(decrease) in provisions and deferred taxes	312	343
Decrease/(increase) in working capital	(688)	787
Other movements (b)	45	(4'636)
Operating cash flow (c)	10'125	10'248
Investing activities		
Capital expenditure	(3'337)	(3'577)
Expenditure on intangible assets	(682)	(690)
Sale of property, plant and equipment	244	338
Acquisitions (d)	(1'950)	(5'395)
Disposals (b)	725	4'684
Income from associates	208	154
Other movements (e)	64	(268)
Cash flow from investing activities	(4'728)	(4'754)

(a) The figure for 2002 includes the gain of CHF 3.9 billion on the partial IPO of Alcon, Inc.

(b) For 2002, mainly reversal of the gain on the partial IPO of Alcon, Inc. and of the profit on the disposal of FIS. The cash proceeds are included in cash inflow on "Disposals".

(c) Taxes paid amount to CHF 2'267 million (2002: CHF 2'824 million). Net interest paid amounts to CHF 532 million (2002: CHF 661 million).

(d) Excludes the CHF 3 billion payable for the Dreyer's acquisition recorded under non-current financial liabilities

(e) Tax payments related to investing activities amounted to CHF 660 million in 2002.

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**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2003**

(cont'd)

In millions of CHF	2003	2002
Financing activities		
Dividend for the previous year	(2'705)	(2'484)
Purchase of treasury shares	(318)	(605)
Sale of treasury shares and options	660	395
Movements with minority interests	(197)	(195)
Bonds issued	2'305	3'926
Bonds repaid	(693)	(1'639)
Increase/(decrease) in other medium/ long term financial liabilities	(134)	(47)
Increase/(decrease) in short term financial liabilities	(2'930)	(3'805)
Decrease/(increase) in marketable securities and other liquid assets	(736)	1'309
Decrease/(increase) in short term investments	734	(1'251)
Other movements (a)	—	(364)
Cash flow from financing activities	(4'014)	(4'760)
Translation differences on flows	(457)	(1'648)
Increase/(decrease) in cash and cash equivalents	926	(914)
Cash and cash equivalents at beginning of year	6'338	7'617
Effects of exchange rate changes on opening balance	(190)	(365)
Cash and cash equivalents retranslated at beginning of year	6'148	7'252
Cash and cash equivalents at end of year	7'074	6'338

(a) Tax payments related to financing activities amounted to CHF 406 million in 2002.

KEY FIGURES BY MANAGEMENT RESPONSIBILITY AND GEOGRAPHIC AREA

In millions of CHF	2003	2002	2003	2002
	Sales		EBITA	
Zone Europe (a)	28'574	28'068	3'561	3'442
Zone Americas	27'655	29'293	4'150	4'189
Zone Asia, Oceania and Africa	14'432	14'880	2'508	2'564
Nestlé Waters	8'066	7'720	782	696
Other activities (a) (b)	9'252	9'199	1'537	1'517
	87'979	89'160	12'538	12'408
Unallocated items (c)			(1'532)	(1'468)
EBITA			11'006	10'940

(a) Eismann, a frozen food distributor, has been reclassified from Zone Europe to Other activities because it is under a new management following the December 2003 announcement that this business, or at least a majority stake, has been put up for sale. 2002 comparative figures have been restated.

(b) Mainly Pharmaceutical products, Joint Ventures and "Trinks" (Germany).

(c) Mainly corporate expenses as well as research and development costs.

KEY FIGURES BY MAJOR PRODUCT GROUP

In millions of CHF	2003	2002	2003	2002
	Sales		EBITA	
Beverages	23'520	23'325	4'038	4'075
Milk products, nutrition and ice cream	23'283	23'376	2'796	2'756
Prepared dishes and cooking aids	16'068	15'834	1'884	1'712
Petcare	9'816	10'719	1'444	1'418
Chocolate, confectionery and biscuits	10'240	10'774	1'047	1'180
Pharmaceutical products	5'052	5'132	1'329	1'267
	87'979	89'160	12'538	12'408
Unallocated items (a)			(1'532)	(1'468)
EBITA			11'006	10'940

(a) Mainly corporate expenses as well as research and development costs.