PRINCIPLES UNDERLYING THE CASH FLOW STATEMENT

Cash flows from operating activities

Cash flows from operating activities are calculated by the indirect method, by adjusting the consolidated operating income for exceptional items and expenses that are not cash flows (such as amortization and depreciation), and for autonomous movements in consolidated working capital (excluding impact from acquisitions and foreign currency differences). Cash payments to employees and suppliers are all recognized as cash flow from operating activities. Operating cash flows also include the costs of financing of operating activities, income taxes paid on all activities, and spending on restructuring and acquisition provisions.

Cash flows from investing activities

Cash flows from investing activities are those arising from net capital expenditure, from the acquisition and sale of subsidiaries and business activities. Cash and cash equivalents available at the time of acquisition or sale are deducted from the related payments or proceeds. Net capital expenditure is the balance of purchases of Property, Plant and Equipment less book value of disposals and expenditure on other intangible assets less book value of disposals.

Cash receipts and payments from derivative financial instruments are classified in the same manner as the cash flows of the hedged items. The Group has primarily used derivatives for the purpose of hedging its net investments in the United States. As a result, cash receipts from derivatives are classified under cash flows from investing activities.

Cash flows from financing activities

The cash flows from financing activities comprise the cash receipts and payments from issued and repurchased shares, dividend, and debt instruments. Cash flows from short-term financing are also included. Movements in share capital due to stock dividend are not classified as cash flows.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards, amendments to standards, and interpretations are not yet effective for the year ended December 31, 2006, and have not been applied in preparing these consolidated financial statements:

- IFRS 7 Financial instruments: Disclosures and Amendment to IAS 1 Presentation of financial statements: capital disclosures;
- IFRIC 7 Applying the restatement approach under IAS 29 Financial reporting in Hyperinflationary economies;
- IFRS 8 Operating segments;
- IFRIC 8 Scope of IFRS 2 Share-based payment;
- IFRIC 9 Reassessment of embedded derivatives;
- IFRIC 10 Interim financial reporting and impairment;
- IFRIC 11 IFRS 2 Share-based payment – Group and Treasury; share transactions;
- IFRIC 12 Service Concession Arrangements.

These new standards and interpretations will become mandatory for the Group's 2007 financial statements. The Group has not opted for earlier application.
The impact on the Group's equity and result is not expected to be material.