

NOTES TO THE CONSOLIDATED BALANCE SHEET

➤ **5 CASH AND CASH EQUIVALENTS** Cash and cash equivalents consist of cash at banks and on hand as well as short-term bank deposits.

➤ **6 SHORT-TERM FINANCIAL ASSETS** Short-term financial assets are classified at "fair value through profit or loss". Changes in the fair value are recognized in the income statement as they occur.

The majority of short-term financial assets are marketable securities relating to money market funds and structured deposits.

➤ **7 ACCOUNTS RECEIVABLE** Accounts receivable consist mainly of the currencies US dollar, euro, Japanese yen and British pound and are as follows:

ACCOUNTS RECEIVABLE

€ in millions

	Dec. 31 2007	Dec. 31 2006
Accounts receivable, gross	1,570	1,527
Less: allowance for doubtful accounts	111	112
Accounts receivable, net	1,459	1,415

Specific allowances on accounts receivable exist in the amount of € 38 million as at December 31, 2007.

MOVEMENT IN ALLOWANCES FOR DOUBTFUL ACCOUNTS

€ in millions

	2007	2006
Allowances at January 1	112	81
Additions	78	62
Additions – Reebok acquisition	—	58
Reversals	(64)	(62)
Write-offs charged against the allowance accounts	(10)	(21)
Currency translation differences	(4)	(5)
Other changes	(1)	(1)
Allowances at December 31	111	112

ACCOUNTS RECEIVABLE PAST DUE BUT NOT IMPAIRED

€ in millions

	past due 1–30 days	past due 31–60 days	past due 61–90 days	past due 91–180 days	past due more than 180 days
Dec. 31, 2007	166	64	15	12	6
Dec. 31, 2006	164	55	12	12	10

With respect to accounts receivable past due but not impaired, based on credit history and current credit ratings, there are no indications that customers will not be able to meet their obligations.

Further, no indications of default are recognizable for accounts receivable that are neither past due nor impaired.