

▷ **8 INVENTORIES** Inventories by major classification are as follows:

INVENTORIES

€ in millions

	Dec. 31, 2007			Dec. 31, 2006		
	Gross value	Allowance for obsolescence	Net value	Gross value	Allowance for obsolescence	Net value
Finished goods and merchandise on hand	1,187	75	1,112	1,208	86	1,122
Goods in transit	468	—	468	428	—	428
Raw materials	40	3	37	46	2	44
Work in progress	12	—	12	13	—	13
Inventories, net	1,707	78	1,629	1,695	88	1,607

Goods in transit mainly relate to shipments from suppliers in the Far East to subsidiaries in Europe, Asia and the Americas. The allowance for obsolescence mainly relates to inventories on hand which amounted to € 431 million and € 349 million as at December 31, 2007 and 2006, respectively. ▷ see also Note 2

▷ **9 OTHER CURRENT ASSETS** Other current assets consist of the following:

OTHER CURRENT ASSETS

€ in millions

	Dec. 31 2007	Dec. 31 2006
Prepaid expenses	274	213
Tax receivables other than income tax	68	74
Financial Assets		
Interest rate derivatives	—	—
Currency options	23	6
Forward contracts	11	7
Security deposits	38	28
Other financial assets	50	29
Sundry	67	56
Other current assets, gross	531	413
Less: allowance	2	—
Other current assets, net	529	413

Prepaid expenses relate mainly to promotion agreements and service contracts as well as rents.

Information in relation to forward contracts as well as currency options and interest rate derivatives is also included in these Notes. ▷ see Note 23

▷ **10 PROPERTY, PLANT AND EQUIPMENT** Property, plant and equipment consist of the following:

PROPERTY, PLANT AND EQUIPMENT

€ in millions

	Dec. 31 2007	Dec. 31 2006
Land and buildings	430	484
Technical equipment and machinery	115	118
Other equipment, furniture and fittings	629	567
	1,174	1,169
Less: accumulated depreciation	514	498
	660	671
Construction in progress, net	42	18
Property, plant and equipment, net	702	689

Depreciation expenses were € 145 million and € 129 million for the years ending December 31, 2007 and 2006, respectively ▷ see also Note 24. Impairment losses which are included within depreciation and amortization (shown in other operating income and expenses ▷ see also Note 24) were € 3 million and € 11 million for the years ending December 31, 2007 and 2006, respectively. These are related to assets within other equipment, furniture and fittings, mainly in the Group's own-retail activities, for which contrary to expectations there will be an insufficient flow of future economic benefits.

In connection with the planned sale of the GEV Grundstücksgesellschaft Herzogenaurach mbH & Co. KG ▷ see Note 3, assets amounting to € 17 million were transferred in 2006 from other current assets to property, plant and equipment (Land and buildings).

For details ▷ see Statement of Movements of Tangible and Intangible Assets and Financial Assets (Attachment I to these Notes)