

Free cashflow is calculated as follows:

	2007	2006
	MCHF	MCHF
Net cashflow	512.9	454.2
Purchase of property, plant and equipment and intangible assets, net	(89.9)	(78.7)
Changes in net working capital	(49.1)	(10.1)
Payments charged to non-current provisions	(11.2)	(9.9)
Free cashflow	362.7	355.5

The reclassification of the value added tax liabilities from the position "Tax provisions and tax liabilities" to the position "Other current provisions and liabilities" (see Note 13) leads to a change of the free cashflow of MCHF (0.4) in 2006.

As per Group definition, the term "Free cashflow" does not include cashflows from divestments or acquisitions of subsidiaries, the purchase or sale of treasury shares and dividend payments.

Changes in net working capital comprise the changes in the aggregate of trade accounts receivable, inventories and other accounts receivable and prepaid expenses, less the aggregate of trade accounts payable and other current provisions and liabilities charged or credited to net income.

Payments charged to non-current provisions mainly include outflows resulting from pension obligations.

"Net cashflow" and "Free cashflow" are no substitute for figures shown in the consolidated income statements and the consolidated statement of cashflows but they may give an indication of the Group's capability to generate cash, to pay back debt, to finance acquisitions, to buy back shares and to pay dividends.

28. Segment information

The Group consists of a single business segment: the design, manufacturing and sale of sanitary plumbing systems to the residential and commercial construction industry. The business segment is divided into geographical regions.

The segment "Other major European markets" includes Austria, the United Kingdom, Benelux and France. All other European markets are summarized in "Other European markets". The main markets included in the segment "Other markets" are North America, Middle East/Africa and Far East. The segment "Corporate functions" consists in particular of Geberit AG, Geberit Holding AG and Geberit International AG as the central holding and management companies, and the research and development company Geberit Technik AG.