

# Liquidity and capital resources

## Cash flow information

The following table provides a three-year summary of our cash flows for the years ended December 31, 2007, 2006 and 2005:

### Net cash flows

In millions of euro	2007	2006	2005
Net cash flow provided by operating activities	3,890	4,071	3,833
Net cash flow used in investing activities	-3,154	-1,878	-2,206
Net cash flow used in financing activities	-502	-2,024	-2,918
<b>Change in cash and cash equivalents</b>	<b>234</b>	<b>169</b>	<b>-1,291</b>

### Operating activities

In 2007 our operating cash flow decreased by EUR 181 million to EUR 3,890 million. This decrease was mainly caused by EUR 251 million tax payments (in 2006 a net receipt of EUR 147 million) despite an improvement in working capital.

In 2006 our operating cash flow increased by EUR 238 million to EUR 4,071 million. This increase is mainly caused by net received income tax credits amounting to EUR 147 million, while EUR 24 million income taxes were paid in 2005. In addition, our working capital position improved slightly compared to 2005.

In 2005 our net cash flow from operating activities decreased by EUR 124 million compared to 2004. This decrease is mainly caused by a decrease in operating profit, partly compensated by lower interest payments (EUR 139 million) and an increased working capital position.

### Investing activities

The table below is a three-year summary of our investments and additions and reconciliation to the cash flow used in investing activities:

In millions of euro	2007	2006	2005
Acquired group companies	-1,697	-413	-1,178
Additions to intangible fixed assets (licenses, software and other)	-364	-200	-223
Additions to property, plant and equipment	-1,386	-1,472	-1,201
Additions to associates and joint ventures	-4	-3	-4
Loans granted to associates	-2	-	-
<b>Total investments and additions</b>	<b>-3,453</b>	<b>-2,088</b>	<b>-2,606</b>
Less: non-cash items	67	66	158
Less: proceeds from sale of assets (including assets held for sale)	232	144	242
<b>Total cash flow used in investing activities</b>	<b>-3,154</b>	<b>-1,878</b>	<b>-2,206</b>

### Acquired group companies

For 2007, acquisitions mainly relate to Getronics, Tiscali The Netherlands, Tele2/Versatel Belgium, and the 51% acquisition of iBasis. For more details reference is made to the section 'Business Combinations and other changes in consolidation' included in the Financial Statements.

In 2006, KPN acquired several Group companies. For more details reference is made to the section 'Business Combinations and other changes in consolidation' included in the Financial Statements. In addition, in 2006 a final payment of EUR 132 million was made for the 2005 acquisition of Telfort.

In 2005 investments in Group companies mainly related to the acquisition of Telfort for EUR 1,131 million, the acquisition of the 2.16% minority interest in KPN Mobile from NTT DoCoMo for EUR 5 million, additional investments in SNT for EUR 31 million and the acquisitions of Freeler and Hcc!Net.

### Additions to intangible fixed assets

In 2007, investments in intangible fixed assets totaled EUR 364 million (2006: EUR 200 million, 2005: EUR 223 million). In 2007 these investments mainly related to software and to the extension of the GSM 900 license for an amount of EUR 40 million which will become payable in 2010. In 2006 these investments mainly relate to software. In 2005 these relate to EUR 207 million of software as well as to investments in customer bases of Tiscali (EUR 13 million) and Cistron (EUR 3 million).