

The mark to market movement recognised within finance expenses includes a charge of £28 million (2005: £nil) in respect of the fair value gains and losses on the 3.25% convertible euro bonds 2013. The conversion feature of the 3.75% convertible US dollar bonds 2023 is recognised in equity (refer note 25).

## 9 TAX

	Year ended 31 December 2006 £m	Year ended 31 December 2005 £m
<b>a) Income tax expense for the year</b>		
<b>Current tax charge</b>		
UK corporation tax charge	52	25
Foreign tax	40	27
Adjustments in respect of prior years	6	2
<b>Total current tax charge for the year</b>	<b>98</b>	<b>54</b>
<b>Deferred tax charge</b>		
Origination and reversal of temporary differences	64	43
Benefits of tax losses recognised	(15)	(8)
<b>Total deferred tax charge for the year</b>	<b>49</b>	<b>35</b>
Income tax expense excluding exceptional items and specific IAS 39 mark to market movements	122	68
Income tax expense on exceptional items and specific IAS 39 mark to market movements	25	21
<b>Total income tax expense for the year</b>	<b>147</b>	<b>89</b>

Included in the income tax expense are the following amounts relating to exceptional items and specific IAS 39 mark to market movements, included in:

	Year ended 31 December 2006 £m	Year ended 31 December 2005 £m
Revenue (deferred tax)	33	(14)
Cost of sales (deferred tax)	(4)	18
Other operating income (current tax)	4	17
Share of results of joint ventures and associates (deferred tax)	–	(1)
Disposal of investments (current tax)	–	1
Finance expenses (deferred tax)	(8)	–
<b>Income tax expense on exceptional items and specific IAS 39 mark to market movements</b>	<b>25</b>	<b>21</b>

The deferred tax charge is derived as follows: £46 million from UK operations (2005: £11 million) and £3 million from foreign operations (2005: £24 million).

	Year ended 31 December 2006 £m	Year ended 31 December 2005 £m
Income tax charged to:		
Income statement	147	89
Equity	(43)	(46)
	<b>104</b>	<b>43</b>

	Year ended 31 December 2006		Year ended 31 December 2005	
	Results excluding exceptional items and specific IAS 39 mark to market movements £m	Results including exceptional items and specific IAS 39 mark to market movements £m	Results excluding exceptional items and specific IAS 39 mark to market movements £m	Results including exceptional items and specific IAS 39 mark to market movements £m
<b>b) Reconciliation of income tax expense to accounting profit</b>				
Profit before tax (before exceptional items and specific IAS 39 mark to market movements)	525	525	334	334
Exceptional items and specific IAS 39 mark to market movements	–	99	–	85
Profit before tax	525	624	334	419
Tax at domestic income tax rate of 30% (2005: 30%)	158	187	100	126
Tax effect of:				
Different tax rates of subsidiaries operating in other jurisdictions	14	14	23	23
Share of results of joint ventures and associates	(38)	(38)	(37)	(39)
Tax holidays	(10)	(10)	(12)	(12)
(Income not taxable)/expenses not deductible in determining taxable profit	(4)	(6)	16	13
Utilisation of tax losses not previously recognised	(4)	(6)	(24)	(24)
Adjustment to prior year provisions	6	6	2	2
<b>Income tax expense for the year</b>	<b>122</b>	<b>147</b>	68	89

Included in profit before tax excluding exceptional items and specific IAS 39 mark to market movements is a tax charge of £55 million (2005: £53 million) relating to the Group's share of results of joint ventures and associates. The £38 million shown above (2005: £37 million) represents 70% (2005: 70%) of this tax charge. The remaining 30% is already included within the tax charge calculated at the domestic income tax rate.

Included in profit before tax including exceptional items and specific IAS 39 mark to market movements is a tax charge of £54 million (2005: £56 million) relating to the Group's share of results of joint ventures and associates. The £38 million shown (2005: £39 million) above represents 70% of this tax charge (2005: 70%). The remaining 30% is already included within the tax charge calculated at the domestic income tax rate.

## 10 DIVIDENDS

At the Company's Annual General Meeting (AGM) held on 17 May 2006, shareholders approved the payment of a final dividend of 4.5p (2005: 2.5p) per Ordinary Share to shareholders registered on the Company share register on 26 May 2006. This dividend amounted to £67 million (2005: £37 million) and was paid on 23 June 2006. In respect of the current year, the Directors propose a dividend of 7.9p per Ordinary Share, to be paid on 26 June 2007. The dividend is subject to approval by shareholders at the Group's AGM and has not been included as a liability at 31 December 2006. There are no income tax consequences to the Company from the estimated total dividend to be paid of £118 million.