

OJSC "AEROFLOT – RUSSIAN AIRLINES"

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2006 (Amounts in millions of US Dollars)

	2006	2005
Cash flows from operating activities:		
Profit before income tax	387.9	278.8
Adjustments to reconcile income before taxation to net cash provided by operating activities:		
Depreciation of property, plant and equipment (Note 20)	97.6	80.0
Loss / (gain) on disposal of property, plant and equipment (Note 8)	7.5	(3.4)
Share of result in equity accounted investments (Note 17)	(8.4)	(5.7)
Loss on impairment of property, plant and equipment (Note 9)	1.5	5.5
(Decrease) / increase in provisions and assets impairment	(4.8)	14.8
Reversal of payable no longer due	(2.5)	-
Gain from restructuring and settlements of tax penalties (Note 11)	-	(8.6)
Unrecoverable VAT (Note 11)	18.8	1.0
Other non-cash loss / (income)	6.8	(2.5)
Operating profit before working capital changes	504.0	359.9
Increase in accounts receivable and prepayments	(112.2)	(120.1)
(Increase) / decrease in expendables and inventory	(17.4)	2.9
Increase in accounts payable and accrued liabilities	115.0	(6.3)
Increase in unearned transportation revenue	24.0	1.0
	513.4	237.4
Income tax paid	(141.7)	(25.5)
Net cash provided by operating activities	371.7	211.9
Cash flows from investing activities:		
Purchases of property, plant and equipment and intangible assets	(261.5)	(182.5)
Proceeds from sale of property, plant and equipment	3.6	1.1
Investments in aircraft lease deposits	(1.9)	(4.9)
Purchases of investments	(43.6)	(36.2)
Proceeds from sale of investments	29.3	30.1
Acquisition of minority interests	(6.6)	-
Dividends received	1.0	1.8
Net cash used in investing activities	(279.7)	(190.6)
Cash flows from financing activities:		
Repayment of capital element of finance lease	(46.5)	(25.9)
Dividends paid	(34.2)	(31.5)
Purchases of treasury stock	(1.0)	(1.9)
Sale of treasury stock	0.1	3.5
Proceeds from borrowings, net	57.2	82.4
Restricted cash movements	2.9	(3.3)
Net cash (used in) provided by financing activities	(21.5)	23.3