

**Joint Stock Company “Concern Galnaftogaz”****Consolidated cash flow statement**

For the year ended 31 December 2008

(In thousands of Ukrainian hryvnia, unless otherwise noted)

	2008	2007
<b>Cash flows from operating activities</b>		
(Loss) / profit before income tax	(562,765)	75,431
Adjustments for:		
Depreciation, amortisation and impairment of goodwill	61,731	36,514
Loss/(gain) on disposal of property, plant and equipment	6,243	(1,380)
Property, plant and equipment revaluation decrease	86,334	-
Reversal of impairment of property, plant and equipment	(26)	(158)
Foreign currency exchange losses	657,686	-
Finance expense, net	126,895	71,881
<b>Operating profit before changes in working capital</b>	376,098	182,288
Increase in inventories	(66,064)	(43,037)
(Increase)/decrease in trade and other receivables	(40,319)	54,748
(Increase)/decrease in prepayments and other current assets	(153,725)	59,975
Increase in payables and advances received	7,308	75,316
Decrease in other current liabilities	(683)	(96,662)
Cash flows generated from operations	122,615	232,628
Income tax paid	(33,628)	(12,355)
<i>Net cash from operating activities</i>	88,987	220,273
<b>Cash flows from investing activities</b>		
Acquisition of subsidiaries, net of cash acquired (of UAH 44 in 2007)	-	(102,156)
Proceeds from sale of investments	32,060	-
Purchases of property, plant and equipment	(549,886)	(548,771)
Purchases of intangible assets	(5,443)	(326)
Proceeds from sale of equipment	10,732	1,656
Interest received	563	561
<i>Net cash used in investing activities</i>	(511,974)	(649,036)
<b>Cash flows from financing activities</b>		
Issue of share capital	17,260	226,578
Proceeds from long-term borrowings	596,514	323,200
Proceeds from short-term borrowings	141,083	108,030
Repayments of long-term borrowings	(83,852)	(43,604)
Repayments of short-term borrowings	(127,569)	(110,651)
Interest paid	(107,428)	(70,884)
<i>Net cash provided by financing activities</i>	436,008	432,669
<b>Net increase in cash and cash equivalents</b>	13,021	3,906
Cash and cash equivalents at the beginning of the year	56,672	52,766
Cash and cash equivalents at the end of the year (Note 19)	69,693	56,672

**SUPPLEMENTARY CASH FLOW INFORMATION (Note 23)**

The consolidated cash flows statement is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 5 to 43.