

**Russian Grids Group**  
*Consolidated Statement of Cash Flows for the year ended 31 December 2014*  
*(in millions of Russian rubles, unless otherwise stated)*

	<b>Notes</b>	<b>Year ended 31 December 2014</b>	<b>Year ended 31 December 2013</b>
<b>OPERATING ACTIVITIES</b>			
Loss for the year		<b>(24,257)</b>	<b>(159,389)</b>
<i>Adjustments for:</i>			
Depreciation and amortization	10, 14, 15	125,910	115,942
Impairment of property, plant and equipment	14	81,690	239,446
Finance costs	12	42,863	50,618
Finance income	12	(10,712)	(9,049)
Loss on disposal of property, plant and equipment		148	3,245
Share of loss of an associate and a joint venture		10	11
Impairment of accounts receivable and inventory		18,711	19,847
Bad debt write-off		200	430
Non-cash receipt of property, plant and equipment		(4,427)	(2,281)
Non-cash settlement of technological connection agreements		(926)	(613)
Other non-cash transactions		175	1,029
Income tax (expense)/benefit		6,208	(31,012)
<b>Operating profit before changes in working capital</b>		<b>235,593</b>	<b>228,224</b>
Change in trade and other receivables (before impairment)		(30,019)	(40,577)
Change in inventories (before impairment)		(2,151)	(2,996)
Change in trade and other payables		5,134	15,823
Change in employee benefit liabilities		(2,470)	(869)
Change in provisions	26	8,381	(4,169)
Other		480	5
<b>Cash flows from operating activities before income tax and interest paid</b>		<b>214,948</b>	<b>195,441</b>
Income tax paid		(7,322)	(9,050)
Interest paid		(46,950)	(37,448)
<b>Net cash flows from operating activities</b>		<b>160,676</b>	<b>148,943</b>

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	<b>Notes</b>	<b>Year ended 31 December 2014</b>	<b>Year ended 31 December 2013</b>
<b>INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment and intangible assets		(204,193)	(266,415)
Proceeds from the sale of property, plant and equipment		4,702	1,507
Acquisition of investments and placement of bank deposits		(120,533)	(97,447)
Proceeds from disposal of investments and withdrawal of bank deposits		144,904	101,904
Dividends received		31	47
Interest received		8,799	7,290
<b>Net cash flows used in investing activities</b>		<b>(166,290)</b>	<b>(253,114)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from loans and borrowings		118,482	293,076
Repayment of loans and borrowings		(89,592)	(185,484)
Proceeds from shares issued		-	4,295
Acquisition of non-controlling interest in subsidiaries	21	-	(764)
Dividends paid		(2,020)	(3,469)
Repayment of finance lease liabilities		(597)	(1,381)
<b>Net cash flows from financing activities</b>		<b>26,273</b>	<b>106,273</b>
<b>Net increase in cash and cash equivalents</b>		<b>20,659</b>	<b>2,102</b>
<b>Cash and cash equivalents at the beginning of year</b>		<b>61,917</b>	<b>59,815</b>
<b>Cash and cash equivalents at the end of year</b>	20	<b>82,576</b>	<b>61,917</b>