

**CONSOLIDATED CASH FLOW STATEMENT**

for the year ended 31 December 2007

Note	Year ended 31 December 2007 £m	Year ended 31 December 2006 £m
<b>Cash flows from operating activities</b>		
	529	477
	Profit for the year	
	Adjustments for:	
9	(46)	147
	Tax expense	
4/5	324	274
	Net finance costs	
15	(198)	(214)
	Share of profit of joint ventures and associates	
13/14	320	273
	Depreciation of property, plant and equipment and amortisation of intangible assets	
3	(2)	5
	(Profit)/loss on sale of property, plant and equipment	
8	(233)	(55)
	Exceptional gains and losses before tax	
8	342	(64)
	Specific IAS 39 mark to market movements	
	(5)	(42)
	Other non-cash movements	
	(38)	(9)
	Decrease in provisions	
	35	14
	Decrease in finance lease receivables	
	7	–
	Proceeds from sale of property, plant and equipment	
	9	(7)
	Other cash movements	
	145	113
	Dividends received from joint ventures and associates	
	(71)	(128)
	Purchase of property, plant and equipment – maintenance	
	(48)	–
	Net purchase of intangible assets	
	<b>1,070</b>	<b>784</b>
	<b>Operating cash flows before movements in working capital</b>	
	(2)	(18)
	Increase in inventories	
	(88)	22
	(Increase)/decrease in trade and other receivables	
	42	(28)
	Increase/(decrease) in trade and other payables	
	44	9
	Decrease in assets held for trading	
	<b>1,066</b>	<b>769</b>
	<b>Cash generated from operations</b>	
	(101)	(57)
	Taxes paid	
	(374)	(293)
	Interest paid	
	62	37
	Interest received	
	<b>653</b>	<b>456</b>
	<b>Free cash flow</b>	
	Cash flows relating to exceptional items:	
	–	14
	Receipt from TXU administrators – exceptional	
	–	5
	Receipt of compensation for breach of contract – exceptional	
	<b>653</b>	<b>475</b>
	<b>Net cash inflow from operating activities</b>	
	<b>Cash flows from investing activities</b>	
	(160)	(142)
	Purchase of property, plant and equipment – growth	
	1	–
	Government grants received	
31	(778)	(650)
	Acquisitions (net of cash acquired), and increase in stake, of subsidiaries	
31	(13)	(64)
	Acquisitions of joint ventures, associates and investments	
	(1)	24
	Investments in (net of returns from) joint ventures, associates and investments	
	168	–
	Proceeds from partial disposal of UK subsidiaries	
	250	1
	Proceeds from disposal of investments	
	<b>(533)</b>	<b>(831)</b>
	<b>Net cash outflow from investing activities</b>	
	<b>Cash flows from financing activities</b>	
10	(160)	(67)
	Dividends paid	
	13	15
	Proceeds from share issue	
	616	1,340
	Proceeds from new loans and bonds	
	(423)	(495)
	Repayment of loans and bonds	
	63	7
	Funding from minority interests	
	(29)	(4)
	Funding repaid to minority interests	
	(35)	(54)
	Distributions paid to minority interests	
	<b>45</b>	<b>742</b>
	<b>Net cash inflow from financing activities</b>	
	<b>165</b>	<b>386</b>
	<b>Net increase in cash and cash equivalents</b>	
	980	620
	<b>Cash and cash equivalents at beginning of the year</b>	
	16	(26)
	Effect of foreign exchange rate changes thereon	
23	<b>1,161</b>	<b>980</b>
	<b>Cash and cash equivalents at end of the year</b>	