

KOREA GAS TECHNOLOGY CORPORATION  
Separate Statements of Cash Flows

For the years ended December 31, 2013 and 2012

(In thousands of won)

	<u>2013</u>	<u>2012</u>
<b>Cash flows from operation activities</b>		
Net income	₩ 13,927,075	8,528,299
Adjustments for:	18,073,001	22,131,621
Income tax expenses	3,792,351	2,209,962
Depreciation and amortization	7,197,581	6,337,979
Impairment loss	761,134	7,945,019
Unrealized foreign exchange gain	(3,376)	(6,033)
Gain on disposal of non-current assets	(324,549)	(212,267)
Other adjustments, net	6,649,860	5,856,961
Changes in:		
- Trade receivables	8,804,472	(2,178,872)
- Other receivables related to operating activities	208,002	(306,320)
- Trade payables	(6,744,136)	(663,637)
- Other payables related to operating activities	(10,188,224)	(7,225,418)
<b>Cash generated from operating activities</b>	<u>24,080,190</u>	<u>20,285,673</u>
Dividends received	1,075	5,856
Interest received	902,239	878,150
Income taxes paid	(4,241,209)	(3,176,669)
<b>Net cash provided from operating activities</b>	<u>₩ 20,742,295</u>	<u>17,993,010</u>

See accompanying notes to the separate financial statements.

KOREA GAS TECHNOLOGY CORPORATION  
Separate Statements of Cash Flows, Continued

For the years ended December 31, 2013 and 2012

(In thousands of won)

	2013	2012
<b>Cash flows from investing activities</b>	<b>₩</b>	<b>₩</b>
Proceeds from sale of property, plant and equipment	441,221	216,751
Acquisition of property, plant and equipment	(11,266,081)	(9,479,539)
Acquisition of intangible assets	(674,150)	(701,534)
Proceeds from sale of short-term financial instruments	6,300,000	-
Acquisition of short-term financial instruments	(19,000,000)	(2,300,000)
Proceeds from sale of available-for-sale financial assets	4,532	5,469
Proceeds from sale of held-to-maturity financial assets	79,410	74,835
Acquisition of held-to-maturity financial assets	(201,075)	(223,520)
Proceeds from sale of other non-current assets	2,893,984	1,885,398
Acquisition of other non-current assets	(8,617,868)	(2,282,247)
Increase in advances and loans to third parties	(285,433)	(261,323)
Collection of advances and loans to third parties	303,469	278,494
Others	57,120	-
<b>Net cash used in investing activities</b>	<b>(29,964,871)</b>	<b>(12,787,216)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(1,738,400)	-
<b>Net cash used in financing activities</b>	<b>(1,738,400)</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(10,960,976)</b>	<b>5,205,794</b>
Cash and cash equivalents at beginning of year	18,137,627	12,932,577
Effect of exchange rate fluctuations on cash held	(176)	(744)
<b>Cash and cash equivalents at end of year</b>	<b>₩ 7,176,475</b>	<b>₩ 18,137,627</b>

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KOREA GAS TECHNOLOGY CORPORATION  
 Separate Statements of Cash Flows

For the years ended December 31, 2013 and 2012

(In thousands of U.S. dollars)

	<u>2013</u>	<u>2012</u>
	(Note 4)	(Note 4)
<b>Cash flows from operation activities</b>		
Net income	\$ 13,197	8,081
Adjustments for:	17,125	20,972
Income tax expenses	3,594	2,094
Depreciation and amortization	6,820	6,006
Impairment loss	721	7,529
Unrealized foreign exchange gain	(3)	(6)
Gain on disposal of non-current assets	(308)	(201)
Other adjustments, net	6,301	5,550
Changes in:		
- Trade receivables	8,343	(2,065)
- Other receivables related to operating activities	197	(290)
- Trade payables	(6,391)	(629)
- Other payables related to operating activities	(9,654)	(6,847)
<b>Cash generated from operating activities</b>	<u>22,817</u>	<u>19,222</u>
Dividends received	1	6
Interest received	855	832
Income taxes paid	<u>(4,019)</u>	<u>(3,010)</u>
<b>Net cash provided from operating activities</b>	<u>\$ 19,654</u>	<u>17,050</u>

See accompanying notes to the separate financial statements.

KOREA GAS TECHNOLOGY CORPORATION  
Separate Statements of Cash Flows, Continued

For the years ended December 31, 2013 and 2012

(In thousands of U.S. dollars)

	<u>2013</u>	<u>2012</u>
	(Note 4)	(Note 4)
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	\$ 418	205
Acquisition of property, plant and equipment	(10,676)	(8,983)
Acquisition of intangible assets	(639)	(665)
Proceeds from sale of short-term financial instruments	5,970	-
Acquisition of short-term financial instruments	(18,004)	(2,179)
Proceeds from sale of available-for-sale financial assets	4	5
Proceeds from sale of held-to-maturity financial assets	75	71
Acquisition of held-to-maturity financial assets	(191)	(212)
Proceeds from sale of other non-current assets	2,742	1,787
Acquisition of other non-current assets	(8,166)	(2,163)
Increase in advances and loans to third parties	(270)	(248)
Collection of advances and loans to third parties	288	264
Others	54	-
<b>Net cash used in investing activities</b>	<u>(28,395)</u>	<u>(12,118)</u>
<b>Cash flows from financing activities</b>		
Dividends paid	(1,646)	-
<b>Net cash used in financing activities</b>	<u>(1,646)</u>	<u>-</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(10,387)	4,932
Cash and cash equivalents at beginning of year	17,187	12,256
Effect of exchange rate fluctuations on cash held	-	(1)
<b>Cash and cash equivalents at end of year</b>	<u>\$ 6,800</u>	<u>17,187</u>

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