

# KOREA GAS TECHNOLOGY CORPORATION

## Separate Statements of Cash Flows

For the years ended December 31, 2013 and 2012

(In thousands of won)

|   | <b>2013</b>         | <b>2012</b>       |
|---|---------------------|-------------------|
| <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>     | <b>24,080,190</b>   | <b>20,285,673</b> |
| 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>  | <b>₩ 20,742,295</b> | <b>17,993,010</b> |

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>                 | ₩                     |                     |
| 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>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>   |

See accompanying notes to the separate financial statements.

# KOREA GAS TECHNOLOGY CORPORATION

## Separate Statements of Cash Flows

**For the years ended December 31, 2013 and 2012**

*(In thousands of U.S. dollars)*

|   | <b>2013</b>      | <b>2012</b>    |
|---|------------------|----------------|
|   | (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)

|   | <b>2013</b>     | <b>2012</b>     |
|---|-----------------|-----------------|
|   | (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>   |

See accompanying notes to the separate financial statements.