

KOREA GAS TECHNOLOGY CORPORATION

Statements of Cash Flows

For the years ended December 31, 2014 and 2013

(In thousands of won)

| | | 2014 | 2013 |
|---|---|-------------------|-------------------|
| Cash flows from operating activities | | | |
| Profit for the period | ₩ | 14,668,841 | 13,927,075 |
| Adjustments for: | | 17,649,908 | 18,073,001 |
| Income tax expenses | | 1,878,680 | 3,792,351 |
| Depreciation and amortization | | 7,642,366 | 7,197,581 |
| Impairment loss | | 1,615,205 | 761,134 |
| Unrealized foreign exchange gain | | 42,536 | (3,376) |
| Gain on disposal of non-current assets | | (311,829) | (324,549) |
| Other adjustments, net | | 6,782,950 | 6,649,860 |
| Changes in: | | | |
| - Trade receivables | | (1,342,692) | 8,804,472 |
| - Other receivables related to operating activities | | (998,797) | 208,002 |
| - Trade payables | | (317,490) | (6,744,136) |
| - Other payables related to operating activities | | (8,044,743) | (10,188,224) |
| Cash generated from operating activities | | 21,615,027 | 24,080,190 |
| Dividends received | | 7,159 | 1,075 |
| Interest received | | 681,287 | 902,239 |
| Interest paid | | (5) | - |
| Income taxes paid | | (2,533,482) | (4,241,209) |
| Net cash provided from operating activities | ₩ | 19,769,986 | 20,742,295 |

See accompanying notes to the financial statements.

KOREA GAS TECHNOLOGY CORPORATION

Statements of Cash Flows, Continued

For the years ended December 31, 2014 and 2013

(In thousands of won)

| | 2014 | 2013 |
|---|---------------------|---------------------|
| Cash flows from investing activities | | |
| Proceeds from sale of property, plant and equipment | ₩ 347,589 | 441,221 |
| Acquisition of property, plant and equipment | (12,990,508) | (11,266,081) |
| Acquisition of intangible assets | (909,485) | (674,150) |
| Proceeds from sale of short-term financial instruments | 82,000,000 | 6,300,000 |
| Acquisition of short-term financial instruments | (79,014,174) | (19,000,000) |
| Proceeds from sale of available-for-sale financial assets | - | 4,532 |
| Acquisition of available-for-sale financial assets | (20,000) | - |
| Proceeds from sale of held-to-maturity financial assets | 50,500 | 79,410 |
| Acquisition of held-to-maturity financial assets | (129,370) | (201,075) |
| Proceeds from sale of other non-current assets | 3,423,330 | 2,893,984 |
| Acquisition of other non-current assets | (5,347,463) | (8,617,868) |
| Increase in advances and loans to third parties | (265,670) | (285,433) |
| Collection of advances and loans to third parties | 161,551 | 303,469 |
| Others | 23,000 | 57,120 |
| Net cash used in investing activities | (12,670,700) | (29,964,871) |
| Cash flows from financing activities | | |
| Dividends paid | (9,748,820) | (1,738,400) |
| Net cash used in financing activities | (9,748,820) | (1,738,400) |
| Net decrease in cash and cash equivalents | (2,649,534) | (10,960,976) |
| Cash and cash equivalents at beginning of year | 7,176,475 | 18,137,627 |
| Effect of exchange rate fluctuations on cash held | 3,536 | (176) |
| Cash and cash equivalents at end of year | ₩ 4,530,477 | 7,176,475 |

See accompanying notes to the financial statements.

KOREA GAS TECHNOLOGY CORPORATION

Statements of Cash Flows, Continued

For the years ended December 31, 2014 and 2013

(In thousands of U.S. dollars)

| | 2014 | 2013 |
|---|------------------|---------------|
| | (Note 4) | (Note 4) |
| Cash flows from operating activities | | |
| Profit for the period | \$ 13,345 | 12,670 |
| Adjustments for: | 16,057 | 16,442 |
| Income tax expenses | 1,709 | 3,450 |
| Depreciation and amortization | 6,953 | 6,548 |
| Impairment loss | 1,469 | 692 |
| Unrealized foreign exchange gain | 39 | (3) |
| Gain on disposal of non-current assets | (284) | (295) |
| Other adjustments, net | 6,171 | 6,050 |
| Changes in: | | |
| - Trade receivables | (1,222) | 8,010 |
| - Other receivables related to operating activities | (909) | 189 |
| - Trade payables | (289) | (6,135) |
| - Other payables related to operating activities | (7,319) | (9,269) |
| Cash generated from operating activities | 19,663 | 21,907 |
| Dividends received | 7 | 1 |
| Interest received | 620 | 821 |
| Interest paid | - | - |
| Income taxes paid | (2,305) | (3,858) |
| Net cash provided from operating activities | \$ 17,985 | 18,871 |

See accompanying notes to the financial statements.

KOREA GAS TECHNOLOGY CORPORATION

Statements of Cash Flows, Continued

For the years ended December 31, 2014 and 2013

(In thousands of U.S. dollars)

| | 2014 | 2013 |
|---|-----------------|-----------------|
| | (Note 4) | (Note 4) |
| Cash flows from investing activities | | |
| Proceeds from sale of property, plant and equipment | \$ 316 | 401 |
| Acquisition of property, plant and equipment | (11,818) | (10,249) |
| Acquisition of intangible assets | (827) | (613) |
| Proceeds from sale of short-term financial instruments | 74,600 | 5,731 |
| Acquisition of short-term financial instruments | (71,883) | (17,285) |
| Proceeds from sale of available-for-sale financial assets | - | 4 |
| Acquisition of available-for-sale financial assets | (18) | - |
| Proceeds from sale of held-to-maturity financial assets | 46 | 72 |
| Acquisition of held-to-maturity financial assets | (118) | (183) |
| Proceeds from sale of other non-current assets | 3,114 | 2,633 |
| Acquisition of other non-current assets | (4,865) | (7,840) |
| Increase in advances and loans to third parties | (242) | (260) |
| Collection of advances and loans to third parties | 147 | 276 |
| Others | 21 | 52 |
| Net cash used in investing activities | (11,527) | (27,261) |
| Cash flows from financing activities | | |
| Dividends paid | (8,869) | (1,582) |
| Net cash used in financing activities | (8,869) | (1,582) |
| Net decrease in cash and cash equivalents | (2,411) | (9,972) |
| Cash and cash equivalents at beginning of year | 6,529 | 16,501 |
| Effect of exchange rate fluctuations on cash held | 4 | - |
| Cash and cash equivalents at end of year | \$ 4,122 | 6,529 |

See accompanying notes to the financial statements.