

KOREA GAS TECHNOLOGY CORPORATION
Statements of Cash Flows

For the years ended December 31, 2014 and 2013

(In thousands of won)

	<u>2014</u>	<u>2013</u>
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	<u>21,615,027</u>	<u>24,080,190</u>
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	₩ <u>19,769,986</u>	<u>20,742,295</u>

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)

	<u>2014</u>	<u>2013</u>
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	<u>(12,670,700)</u>	<u>(29,964,871)</u>
Cash flows from financing activities		
Dividends paid	(9,748,820)	(1,738,400)
Net cash used in financing activities	<u>(9,748,820)</u>	<u>(1,738,400)</u>
Net decrease in cash and cash equivalents	<u>(2,649,534)</u>	<u>(10,960,976)</u>
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	<u>₩ 4,530,477</u>	<u>7,176,475</u>

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)

	<u>2014</u>	<u>2013</u>
	(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	<u>19,663</u>	<u>21,907</u>
Dividends received	7	1
Interest received	620	821
Interest paid	-	-
Income taxes paid	(2,305)	(3,858)
Net cash provided from operating activities	<u>\$ 17,985</u>	<u>18,871</u>

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KOREA GAS TECHNOLOGY CORPORATION
Statements of Cash Flows, Continued

For the years ended December 31, 2014 and 2013

(In thousands of U.S. dollars)

	<u>2014</u>	<u>2013</u>
	(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	<u>(11,527)</u>	<u>(27,261)</u>
Cash flows from financing activities		
Dividends paid	(8,869)	(1,582)
Net cash used in financing activities	<u>(8,869)</u>	<u>(1,582)</u>
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	<u>\$ 4,122</u>	<u>6,529</u>

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