

KOREA GAS TECHNOLOGY CORPORATION

Statements of Cash Flows

For the years ended December 31, 2015 and 2014

(In thousands of won)

		2015	2014
Cash flows from operating activities			
Profit for the period	₩	9,555,286	14,668,841
Adjustments for:		14,190,570	17,649,908
Income tax expenses		2,304,874	1,878,680
Depreciation and amortization		8,480,184	7,642,366
Bad debt expenses		-	1,615,205
Reversal of allowance for doubtful receivables		(1,767,102)	-
Unrealized foreign exchange loss (gain)		(788)	42,536
Gain on disposal of non-current assets		(556,219)	(311,829)
Other adjustments, net		5,729,621	6,782,950
Changes in:			
- Trade receivables		1,176,326	(1,342,692)
- Other receivables related to operating activities		838,156	(998,797)
- Trade payables		1,095,566	(317,490)
- Other payables related to operating activities		(9,532,966)	(8,044,743)
Cash generated from operating activities		17,322,938	21,615,027
Dividends received		11,335	7,159
Interest received		703,241	681,287
Interest paid		-	(5)
Income taxes paid		(425,372)	(2,533,482)
Net cash provided from operating activities	₩	17,612,142	19,769,986

See accompanying notes to the financial statements.

KOREA GAS TECHNOLOGY CORPORATION

Statements of Cash Flows, Continued

For the years ended December 31, 2015 and 2014

(In thousands of won)

		2015	2014
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	₩	800,070	347,589
Acquisition of property, plant and equipment		(11,523,709)	(12,990,508)
Acquisition of intangible assets		(1,387,993)	(909,485)
Proceeds from sale of short-term financial instruments		66,999,009	82,000,000
Acquisition of short-term financial instruments		(56,000,000)	(79,014,174)
Acquisition of available-for-sale financial assets		(47,919)	(20,000)
Proceeds from sale of held-to-maturity financial assets		653,990	50,500
Acquisition of held-to-maturity financial assets		(102,910)	(129,370)
Proceeds from sale of other non-current assets		3,934,542	3,423,330
Acquisition of other non-current assets		(6,326,333)	(5,347,463)
Increase in advances and loans to third parties		(383,472)	(265,670)
Collection of advances and loans to third parties		373,365	161,551
Others		2,228,233	23,000
Net cash used in investing activities		(783,127)	(12,670,700)
Cash flows from financing activities			
Dividends paid		(3,159,860)	(9,748,820)
Net cash used in financing activities		(3,159,860)	(9,748,820)
Net decrease in cash and cash equivalents		13,669,155	(2,649,534)
Cash and cash equivalents at beginning of year		4,530,477	7,176,475
Effect of exchange rate fluctuations on cash held		787	3,536
Cash and cash equivalents at end of year	₩	18,200,419	4,530,477

See accompanying notes to the financial statements.

KOREA GAS TECHNOLOGY CORPORATION

Statements of Cash Flows, Continued

For the years ended December 31, 2015 and 2014

(In thousands of U.S. dollars)

	2015	2014
	(Note 4)	(Note 4)
Cash flows from operating activities		
Profit for the period	\$ 8,153	12,516
Adjustments for:	12,108	15,060
Income tax expenses	1,967	1,603
Depreciation and amortization	7,236	6,521
Bad debt expenses	-	1,378
Reversal of allowance for doubtful receivables	(1,508)	-
Unrealized foreign exchange loss (gain)	(1)	36
Gain on disposal of non-current assets	(475)	(266)
Other adjustments, net	4,889	5,788
Changes in:		
- Trade receivables	1,004	(1,146)
- Other receivables related to operating activities	715	(852)
- Trade payables	935	(271)
- Other payables related to operating activities	(8,134)	(6,864)
Cash generated from operating activities	14,781	18,443
Dividends received	10	6
Interest received	600	581
Interest paid	-	-
Income taxes paid	(363)	(2,162)
Net cash provided from operating activities	\$ 15,028	16,868

See accompanying notes to the financial statements.

KOREA GAS TECHNOLOGY CORPORATION

Statements of Cash Flows, Continued

For the years ended December 31, 2015 and 2014

(In thousands of U.S. dollars)

	2015	2014
	(Note 4)	(Note 4)
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	\$ 683	297
Acquisition of property, plant and equipment	(9,833)	(11,084)
Acquisition of intangible assets	(1,184)	(776)
Proceeds from sale of short-term financial instruments	57,166	69,966
Acquisition of short-term financial instruments	(47,782)	(67,418)
Acquisition of available-for-sale financial assets	(41)	(17)
Proceeds from sale of held-to-maturity financial assets	558	43
Acquisition of held-to-maturity financial assets	(88)	(110)
Proceeds from sale of other non-current assets	3,357	2,921
Acquisition of other non-current assets	(5,398)	(4,563)
Increase in advances and loans to third parties	(327)	(227)
Collection of advances and loans to third parties	319	138
Others	1,901	20
Net cash used in investing activities	(669)	(10,810)
Cash flows from financing activities		
Dividends paid	(2,696)	(8,318)
Net cash used in financing activities	(2,696)	(8,318)
Net decrease in cash and cash equivalents	11,663	(2,260)
Cash and cash equivalents at beginning of year	3,866	6,123
Effect of exchange rate fluctuations on cash held	1	3
Cash and cash equivalents at end of year	\$ 15,530	3,866

See accompanying notes to the financial statements.