

KOREA GAS TECHNOLOGY CORPORATION

Statements of Cash Flows

For the years ended December 31, 2016 and 2015

(In thousands of won)

	2016	2015
Cash flows from operating activities		
Profit for the period	₩ 12,877,743	9,555,286
Adjustments for:	17,790,461	14,190,570
Income tax expenses	2,670,001	2,304,874
Depreciation and amortization	8,961,384	8,480,184
Reversal of allowance for doubtful receivables	-	(1,767,102)
Unrealized foreign exchange gain	(40,240)	(788)
Gain on disposal of non-current assets	(296,851)	(556,219)
Other adjustments, net	6,496,167	5,729,621
Changes in:		
- Trade receivables	(3,103,558)	1,176,326
- Other receivables related to operating activities	(976,932)	838,156
- Trade payables	4,466,432	1,095,566
- Other payables related to operating activities	(4,233,668)	(9,532,966)
Cash generated from operating activities	26,820,478	17,322,938
Dividends received	6,095	11,335
Interest received	487,386	703,241
Income taxes paid	(2,830,060)	(425,372)
Net cash provided from operating activities	₩ 24,483,899	17,612,142

See accompanying notes to the financial statements.

KOREA GAS TECHNOLOGY CORPORATION

Statements of Cash Flows, Continued

For the years ended December 31, 2016 and 2015

(In thousands of won)

	2016	2015
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	₩ 374,882	800,070
Acquisition of property, plant and equipment	(6,629,683)	(11,523,709)
Acquisition of intangible assets	(1,061,058)	(1,387,993)
Proceeds from sale of short-term financial instruments	64,000,000	66,999,009
Acquisition of short-term financial instruments	(85,000,000)	(56,000,000)
Acquisition of available-for-sale financial assets	(1,870)	(47,919)
Proceeds from sale of held-to-maturity financial assets	129,875	653,990
Acquisition of held-to-maturity financial assets	(96,035)	(102,910)
Proceeds from sale of other non-current assets	3,485,119	3,934,542
Acquisition of other non-current assets	(6,003,336)	(6,326,333)
Increase in advances and loans to third parties	(318,824)	(383,472)
Collection of advances and loans to third parties	164,090	373,365
Others	2,369,621	2,228,233
Net cash used in investing activities	(28,587,219)	(783,127)
Cash flows from financing activities		
Dividends paid	(2,675,480)	(3,159,860)
Net cash used in financing activities	(2,675,480)	(3,159,860)
Net decrease in cash and cash equivalents	(6,778,800)	13,669,155
Cash and cash equivalents at beginning of year	18,200,419	4,530,477
Effect of exchange rate fluctuations on cash held	8,357	787
Cash and cash equivalents at end of year	₩ 11,429,976	18,200,419

See accompanying notes to the financial statements.

KOREA GAS TECHNOLOGY CORPORATION

Statements of Cash Flows, Continued

For the years ended December 31, 2016 and 2015

(In thousands of U.S. dollars)

	2016	2015
	(Note 4)	(Note 4)
Cash flows from operating activities		
Profit for the period	\$ 10,656	7,907
Adjustments for:	14,721	11,742
Income tax expenses	2,209	1,907
Depreciation and amortization	7,415	7,017
Reversal of allowance for doubtful receivables	-	(1,462)
Unrealized foreign exchange loss (gain)	(33)	(1)
Gain on disposal of non-current assets	246	(460)
Other adjustments, net	4,884	4,741
Changes in:		
- Trade receivables	(2,568)	973
- Other receivables related to operating activities	(808)	694
- Trade payables	3,696	907
- Other payables related to operating activities	(3,503)	(7,888)
Cash generated from operating activities	22,194	14,335
Dividends received	5	9
Interest received	403	582
Income taxes paid	(2,342)	(352)
Net cash provided from operating activities	\$ 20,260	14,574

See accompanying notes to the financial statements.

KOREA GAS TECHNOLOGY CORPORATION

Statements of Cash Flows, Continued

For the years ended December 31, 2016 and 2015

(In thousands of U.S. dollars)

	2016	2015
	(Note 4)	(Note 4)
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	\$ 310	662
Acquisition of property, plant and equipment	(5,486)	(9,536)
Acquisition of intangible assets	(878)	(1,149)
Proceeds from sale of short-term financial instruments	52,959	55,440
Acquisition of short-term financial instruments	(70,335)	(46,338)
Acquisition of available-for-sale financial assets	(2)	(40)
Proceeds from sale of held-to-maturity financial assets	107	541
Acquisition of held-to-maturity financial assets	(79)	(85)
Proceeds from sale of other non-current assets	2,884	3,256
Acquisition of other non-current assets	(4,968)	(5,235)
Increase in advances and loans to third parties	(264)	(317)
Collection of advances and loans to third parties	136	309
Others	1,961	1,844
Net cash used in investing activities	(23,655)	(648)
Cash flows from financing activities		
Dividends paid	(2,214)	(2,615)
Net cash used in financing activities	(2,214)	(2,615)
Net decrease in cash and cash equivalents	(5,609)	11,311
Cash and cash equivalents at beginning of year	15,060	3,748
Effect of exchange rate fluctuations on cash held	7	1
Cash and cash equivalents at end of year	\$ 9,458	15,060

See accompanying notes to the financial statements.