

KOREA GAS TECHNOLOGY CORPORATION
Statements of Cash Flows

For the years ended December 31, 2017 and 2016

(In thousands of won)

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Profit for the period	₩ 2,256,930	12,877,743
Adjustments for:		
Income tax expenses	775,993	2,670,001
Depreciation and amortization	8,745,078	8,961,383
Reversal of allowance for doubtful receivables	1,086,155	-
Unrealized foreign exchange loss	123,778	41
Gain on disposal of non-current assets	(426,316)	(305,028)
Interest income	(686,475)	(505,583)
retirement allowance	9,446,774	9,387,790
Government subsidy revenue	(1,242,598)	(2,399,341)
Estimated debt to provisions	20,595,331	5,720,603
Other adjustments, net	430,431	(35,920)
Changes in:		
- Trade receivables	(10,436,602)	(2,577,455)
- Other receivables related to operating activities	(104,729)	(1,503,035)
- Trade payables	(4,047,759)	4,466,432
- Other payables related to operating activities	(898,377)	(9,937,152)
Cash generated from operating activities	<u>25,617,614</u>	<u>26,820,479</u>
Dividends received	12,432	6,095
Interest received	629,344	487,386
Interest paid	-	-
Income taxes paid	(4,490,700)	(2,830,060)
Net cash provided from operating activities	<u>₩ 21,768,690</u>	<u>24,483,900</u>

See accompanying notes to the financial statement.

KOREA GAS TECHNOLOGY CORPORATION
Statements of Cash Flows, Continued

For the years ended December 31, 2017 and 2016

(In thousands of won)

	<u>2017</u>	<u>2016</u>
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	₩ 720,601	374,882
Acquisition of property, plant and equipment	(5,775,296)	(6,629,683)
Acquisition of intangible assets	(974,950)	(1,061,058)
Proceeds from sale of short-term financial instruments	98,000,000	64,000,000
Acquisition of short-term financial instruments	(112,000,000)	(85,000,000)
Acquisition of available-for-sale financial assets	-	(1,870)
Proceeds from sale of held-to-maturity financial assets	223,130	129,875
Acquisition of held-to-maturity financial assets	(68,130)	(96,035)
Proceeds from sale of other non-current assets	3,482,255	3,485,119
Acquisition of other non-current assets	(4,311,433)	(6,003,336)
Increase in advances and loans to third parties	(307,596)	(318,824)
Collection of advances and loans to third parties	265,131	164,090
Others	1,138,480	2,369,620
Net cash used in investing activities	<u>(19,607,810)</u>	<u>(28,587,220)</u>
Cash flows from financing activities		
Dividends paid	(3,991,960)	(2,675,480)
Net cash used in financing activities	<u>(3,991,960)</u>	<u>(2,675,480)</u>
Net decrease in cash and cash equivalents	(1,831,080)	(6,778,801)
Cash and cash equivalents at beginning of year	11,429,976	18,200,419
Effect of exchange rate fluctuations on cash held	(69,937)	8,356
Cash and cash equivalents at end of year	<u>₩ 9,528,959</u>	<u>11,429,976</u>

See accompanying notes to the financial statements.

KOREA GAS TECHNOLOGY CORPORATION
Statements of Cash Flows, Continued

For the years ended December 31, 2017 and 2016

(In thousands of U.S. dollars)

	<u>2017</u>	<u>2016</u>
	(Note 4)	(Note 4)
Cash flows from operating activities		
Profit for the period	\$ 2,107	12,020
Adjustments for:		
Income tax expenses	724	2,492
Depreciation and amortization	8,162	8,364
Reversal of allowance for doubtful receivables	1,014	-
Unrealized foreign exchange loss	116	-
Gain on disposal of non-current assets	(398)	(285)
Interest income	(641)	(472)
retirement allowance	8,817	8,762
Government subsidy revenue	(1,160)	(2,239)
Estimated debt to provisions	19,223	5,339
Other adjustments, net	402	(34)
Changes in:		
- Trade receivables	(9,741)	(2,406)
- Other receivables related to operating activities	(98)	(1,403)
- Trade payables	(3,778)	4,169
- Other payables related to operating activities	(839)	(9,275)
Cash generated from operating activities	<u>23,910</u>	<u>25,033</u>
Dividends received	12	6
Interest received	587	455
Interest paid	-	-
Income taxes paid	(4,191)	(2,641)
Net cash provided from operating activities	<u>\$ 20,318</u>	<u>22,852</u>

See accompanying notes to the financial statement.

KOREA GAS TECHNOLOGY CORPORATION
Statements of Cash Flows, Continued

For the years ended December 31, 2017 and 2017

(In thousands of U.S. dollars)

	<u>2017</u>	<u>2017</u>
	(Note 4)	(Note 4)
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	\$ 673	350
Acquisition of property, plant and equipment	(5,390)	(6,188)
Acquisition of intangible assets	(910)	(990)
Proceeds from sale of short-term financial instruments	91,469	59,735
Acquisition of short-term financial instruments	(104,536)	(79,335)
Acquisition of available-for-sale financial assets	-	(2)
Proceeds from sale of held-to-maturity financial assets	208	121
Acquisition of held-to-maturity financial assets	(64)	(90)
Proceeds from sale of other non-current assets	3,250	3,253
Acquisition of other non-current assets	(4,024)	(5,603)
Increase in advances and loans to third parties	(287)	(298)
Collection of advances and loans to third parties	247	153
Others	1,063	2,212
Net cash used in investing activities	<u>(18,301)</u>	<u>(26,682)</u>
Cash flows from financing activities		
Dividends paid	(3,726)	(2,497)
Net cash used in financing activities	<u>(3,726)</u>	<u>(2,497)</u>
Net decrease in cash and cash equivalents	(1,709)	(6,327)
Cash and cash equivalents at beginning of year	10,668	16,988
Effect of exchange rate fluctuations on cash held	(65)	8
Cash and cash equivalents at end of year	<u>\$ 8,894</u>	<u>10,668</u>

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