

**S-Oil Corporation**  
**Notes to Non-Consolidated Financial Statements**  
**March 31, 2008**

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<i>(In Korean won)</i>	<b>Mar. 31, 2008</b>	<b>Mar. 31, 2007</b>
<b>Cash flows from operating activities</b>		
Net income	₩ 114,841,944,282	₩ 258,699,293,798
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	42,224,975,869	41,602,078,083
Provision for severance benefits	3,768,613,730	6,079,952,426
Bad debt expenses	-	1,716,182,137
Loss on foreign currency translation	99,129,893,929	11,771,279,819
Gain on foreign currency translation	(44,906,591,144)	(7,157,600,926)
Loss on equity-method investments	-	-
Gain on equity-method investments	(4,755,482)	(248,321,699)
Loss on disposal of property, plant, and equipment	260,624,526	60,861,088
Gain on disposal of property, plant, and equipment	(1,005,057)	(156,807,394)
Loss on derivative investments	1,851,503,900	-
Gain on derivative investments	-	(117,871,142)
Loss on valuation of derivative investments	10,816,971,274	-
Gain on valuation of derivative investments	(5,988,585,304)	-
Other	14,603,663,901	(4,779,534,017)
 Changes in operating assets and liabilities		
Decrease (increase) in trade accounts and notes receivables	49,561,893,727	(112,439,751,004)
Increase in inventories	(298,888,019,492)	(314,804,674,253)
Increase (decrease) in trade accounts and notes payable	(779,685,918,027)	329,471,173,159
Increase (decrease) in accrued expenses	(2,088,295,413)	9,463,866,563
Increase (decrease) in income taxes payable	(159,793,269,679)	89,729,890,516
Payment of severance benefits	(3,577,852,269)	(1,355,750,423)
Increase in advanced receipts	2,669,567,885	14,156,191,606
Others	(479,204,644,245)	(68,024,333,083)
Net cash provided by (used in) operating activities	<u>(1,434,409,283,089)</u>	<u>253,666,125,254</u>

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**Cash flows from investing activities**

Decrease in short-term financial instruments	102,003,134,000	308,013,865,297
Decrease in leasehold deposit	2,962,588,000	1,918,621,029
Increase in leasehold deposit received	3,609,362,140	1,411,821,228
Proceeds from disposal of property, plant and equipment	4,370,879	409,192,026
Acquisition of property, plant and equipment	(25,743,194,069)	(47,879,887,999)
Acquisition of intangible assets	(291,876,000)	(4,780,000)
Others	(5,958,559,947)	(3,834,405,099)
Net cash provided by investing activities	<u>76,585,825,003</u>	<u>260,034,426,482</u>

**Cash flows from financing activities**

Net proceeds from short-term borrowings	1,092,595,845,869	171,279,061,507
Repayment of long-term debts	(456,900,000)	(417,850,000)
Payment of dividends	-	(317,260)
Net cash provided by financing activities	<u>1,092,138,945,869</u>	<u>170,860,894,247</u>

Net increase (decrease) in cash and cash equivalents	(265,684,512,217)	684,561,445,983
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**Cash and cash equivalents**

Beginning of year	<u>578,452,498,015</u>	<u>770,789,897,256</u>
End of the year	<u>₩ 312,767,985,798</u>	<u>₩ 1,455,351,343,239</u>