

S-Oil Corporation
Non-Consolidated Statements of Income
Three-month & Six-month periods ended June 30, 2008 and 2007

<i>(In Korean won)</i>	<u>The 1st half of 2008</u>	<u>The 1st half of 2007</u>
Cash flows from operating activities		
Net income	₩ 483,412,771,107	₩ 515,558,100,243
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	84,523,895,084	82,490,492,860
Provision for severance benefits	14,817,884,479	11,650,633,879
Bad debt expenses	6,297,208,187	955,450,531
Loss on foreign currency translation	184,917,918,419	2,283,737,214
Gain on foreign currency translation	(34,167,524,078)	(13,839,044,847)
Loss on equity-method investments	570,451,180	-
Gain on equity-method investments	(2,045,841)	(419,593,406)
Loss on disposal of property, plant, and equipment	1,282,788,247	94,954,219
Gain on disposal of property, plant, and equipment	(1,262,158,239)	(176,622,861)
Loss on derivative investments	67,708,484,038	1,096,071,494
Gain on derivative investments	-	(3,976,683,976)
Loss on valuation of derivative investments	8,563,703,843	10,235,718,220
Gain on valuation of derivative investments	(28,816,302,882)	(7,860,589,324)
Other	32,422,933,277	3,941,137,973
Changes in operating assets and liabilities		
Decrease (increase) in trade accounts and notes receivables	(613,263,123,531)	(30,508,067,766)
Decrease (increase) in inventories	(1,134,990,248,365)	(354,582,627,192)
Increase (decrease) in trade accounts and notes payable	(276,180,142,886)	178,180,996,644
Increase (decrease) in accrued expenses	11,747,953,576	7,648,410,272
Increase (decrease) in income taxes payable	(250,737,835,400)	14,330,263,478
Payment of severance benefits	(19,290,015,572)	(4,487,741,690)
Increase in advanced receipts	2,476,320,672	2,980,853,095
Others	(467,195,307,456)	(215,406,834,490)
Net cash provided (used) by operating activities	<u>(1,927,162,392,141)</u>	<u>200,189,014,570</u>

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Cash flows from investing activities		
Decrease in short-term financial instruments	1,333,079,263,217	267,991,735
Increase in short-term financial instruments	-	(1,316,000,000,000)
Decrease in leasehold deposit	4,112,416,800	4,096,446,918
Increase in leasehold deposit received	5,465,567,787	2,425,706,550
Proceeds from disposal of property, plant and equipment	4,589,699,859	465,165,238
Acquisition of property, plant and equipment	(91,059,571,253)	(96,798,562,378)
Acquisition of intangible assets	(73,376,000)	(19,280,000)
Others	(91,004,542,890)	(4,873,942,944)
Net cash provided (used) by investing activities	1,165,109,457,520	(1,410,436,474,881)
Cash flows from financing activities		
Net proceeds from short-term borrowings	1,563,020,922,396	146,530,524,422
Disposal of treasury stock	-	2,138,487,449,541
Repayment of long-term debts	(250,913,800,000)	(310,835,700,000)
Payment of dividends	(596,732,689,955)	(943,638,479,345)
Net cash provided (used) by financing activities	715,374,432,441	1,030,543,794,618
Net increase (decrease) in cash and cash equivalents	(46,678,502,180)	(179,703,665,693)
Cash and cash equivalents		
Beginning of year	578,452,498,015	770,789,897,256
End of the year	₩ 531,773,995,835	₩ 591,086,231,563