

S-OIL Corporation
Non-Consolidated Statements of Cash Flows
Six-month Period ended June 30, 2009 and 2008

(In millions of Korean won)

	2009	2008
Cash flows from operating activities		
Net income	₩ 244,783	₩ 483,413
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation and amortization	86,421	84,524
Provision for severance benefits	14,698	14,818
Bad debt expenses	3,703	6,297
Loss on foreign currency translation	34,748	184,918
Loss on valuation of equity-method investments	5	570
Loss on disposal of property, plant, and equipment	231	1,283
Loss on derivative transactions	63,754	67,708
Loss on valuation of derivative investments	46,553	8,564
Reversal of allowances for bad debts	-	(13)
Gain on foreign currency translation	(174,341)	(34,168)
Gain on valuation of equity-method investments	(3,296)	(2)
Reversal of loss on valuation of inventories	(183,556)	(483)
Gain on disposal of property, plant, and equipment	(334)	(1,262)
Gain on derivative transactions	(58,913)	-
Gain on valuation of derivatives	(3,075)	(28,816)
Others	43,847	32,920
	<u>(129,555)</u>	<u>336,858</u>
Changes in operating assets and liabilities		
Decrease (increase) in accounts receivable	(370,356)	(614,159)
Increase in inventories	(513,497)	(1,134,990)
Increase in non-trade other receivables	109,511	(134,773)
Increase (decrease) in accounts payable	781,198	(276,180)
Decrease in non-trade other accounts payable	(375,897)	(292,233)
Increase (decrease) in accrued expenses	2,119	11,748
Increase (decrease) in income taxes payable	17,204	(250,738)
Payment of severance benefits	(14,723)	(19,290)
Others	44,902	(36,818)
	<u>(319,539)</u>	<u>(2,747,433)</u>
Net cash provided by (used in) operating activities	<u>₩ (204,311)</u>	<u>₩ (1,927,162)</u>

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	2009	2008
Cash flows from investing activities		
Decrease (increase) disposal of short-term investment	₩ 412	₩ 1,333,079
Settlements of derivative instruments	34,396	(67,708)
Proceeds from disposal of property, plant and equipment	890	4,590
Acquisition of property, plant and equipment	(198,270)	(91,060)
Acquisition of intangible assets	(3)	(73)
Decrease (increase) in leasehold and other deposits	(3,052)	(626)
Increase (decrease) in guarantee deposits	1,515	1,642
Others	(12,556)	(14,735)
Net cash provided by (used in) investing activities	<u>(176,668)</u>	<u>1,165,109</u>
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	272,327	1,563,021
Proceeds from long-term debts	6,730	-
Proceeds from treasury stock	-	-
Repayment of current portion of long-term borrowings	(1,061)	(250,913)
Repayment of long-term debts	-	-
Payment of dividends	(174,722)	(596,733)
Net cash provided by (used in) financing activities	<u>103,274</u>	<u>715,375</u>
Net increase (decrease) in cash and cash equivalents	(277,705)	(46,678)
Cash and cash equivalents		
Beginning of year	1,870,933	578,452
End of the year	<u>₩ 1,593,228</u>	<u>₩ 531,774</u>