

S-OIL Corporation
Non-Consolidated Statements of Cash Flows
Three-month Period ended March 31, 2010 and 2009

(In millions of Korean won)

	2010	2009
Cash flows from operating activities		
Net income	₩ 104,353	₩ 136,077
Adjustments to reconcile net income to net cash used in operating activities		
Depreciation and amortization	46,234	42,717
Provision for severance benefits	4,940	5,526
Bad debts expense	-	693
Reversal of allowance for bad debts	(13,378)	-
Loss on foreign currency translation	6,129	79,330
Loss on valuation of equity-method investments	-	-
Loss on valuation of inventories	7,179	-
Loss on disposal of property, plant and equipment	27	97
Loss on impairment of property, plant and equipment	-	-
Loss on derivative transactions	23,015	7,607
Loss on valuation of derivative investments	6,334	32,601
Gain on foreign currency translation	(63,149)	(160,549)
Gain on valuation of equity-method investments	(2,000)	(952)
Reversal of loss on valuation of inventories	-	(103,039)
Gain on disposal of property, plant and equipment	-	(154)
Gain on derivative investments	(13,385)	(41,813)
Gain on valuation of derivatives	(912)	(20,090)
Others	22,933	20,248
	<u>23,967</u>	<u>(137,778)</u>
Changes in operating assets and liabilities		
Decrease (increase) in accounts receivable	231,201	(119,981)
Decrease (increase) in inventories	(117,228)	(155,879)
Increase (decrease) in accounts payable	269,179	444,651
Increase in accrued expenses	(5,674)	(9,017)
Decrease in non-trade other accounts payable	(490,305)	(390,018)
Decrease in income taxes payable	28,959	6,240
Payment of severance benefits	(2,027)	(1,668)
Decrease (increase) in other receivables	(70,347)	198,207
Cash dividend from affiliate under equity method	5,250	-
Others	(6,815)	7,191
	<u>(157,807)</u>	<u>(20,274)</u>
Net cash used in operating activities	<u>(29,487)</u>	<u>(21,975)</u>

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(In millions of Korean won)	2010	2009
Cash flows from investing activities		
Decrease (increase) in short-term Investment	₩ 217,452	₩ (4,653)
Settlements of derivative instruments	-	75,799
Proceeds from disposal of property, plant and equipment	(115,687)	653
Acquisition of property, plant and equipment		(79,544)
Acquisition of intangible assets	(1)	-
Decrease (increase) in leasehold and other deposits	2,338	(1,287)
Increase in guarantee deposits	271	1,335
Others	83,864	(1,735)
Net cash provided by (used in) investing activities	179,205	(9,432)
Cash flows from financing activities		
Increase(decrease) in short-term borrowings	132,967	(123,858)
Proceeds from long-term debts	500	-
Repayment of current portion of long-term Borrowings	(484)	(531)
Net cash provided by (used in) financing activities	132,983	(124,389)
Net increase (decrease) in cash and cash equivalents	282,701	(155,796)
Cash and cash equivalents		
Beginning of year	821,267	1,870,933
End of the year	₩ ,103,968	₩ 1,715,137

The accompanying notes are an integral part of these non-consolidated financial statements.