

**S-OIL Corporation and Subsidiary**  
**Consolidated Statements of Cash Flows**  
**Three Month Periods ended March 31, 2017 and 2016**

<i>(in millions of Korean won)</i>	Note s	2017 1Q	2016 1Q
<b>Cash flows from operating activities</b>			
Cash generated from operations	20	₩ (15,036)	₩ 505,150
Interest received		5,725	7,086
Interest paid		(26,577)	(20,699)
Income tax refund (paid)		(157,666)	(1,114)
<b>Net cash generated from operating activities</b>		<b>(193,554)</b>	<b>490,423</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		14	830
Proceeds from sale of intangible assets		-	252
Decrease in other receivables		4,362	2,056
Settlement of derivative financial instruments		-	33,264
Decrease in other assets		1,857	1,490
Purchases of property, plant and equipment	8	(346,487)	(134,249)
Purchases of intangible assets	9	(768)	(1,844)
Increase in other receivables		(3,770)	(2,565)
Settlement of derivative financial instruments		(22,735)	-
Increase in other financial assets		(165,734)	(363,557)
Increase in other assets		(4,106)	(2,616)
<b>Net cash generated from investing activities</b>		<b>(537,367)</b>	<b>(466,939)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		1,238,837	179,238
Repayment of borrowings		(39,494)	(1,371)
<b>Net cash generated from financing activities</b>		<b>1,199,343</b>	<b>177,867</b>
<b>Net increase in cash and cash equivalents</b>		<b>468,422</b>	<b>201,351</b>
<b>Cash and cash equivalents at the beginning of year</b>		<b>767,438</b>	<b>201,203</b>
<b>Exchange gain(loss)on cash and cash equivalents</b>		<b>(126)</b>	<b>(24)</b>
<b>Cash and cash equivalents at the end of period</b>		<b>₩ 1,235,734</b>	<b>₩ 402,530</b>

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