

**S-Oil Corporation**  
**Non-Consolidated Statement of cash flow**  
**3<sup>rd</sup> quarter & Nine-month periods ended September 30, 2008 and 2007**

<i>(In Korean won)</i>	<u>Jan.~ Sep. of 2008</u>	<u>Jan.~ Sep. of 2007</u>
<b>Cash flows from operating activities</b>		
Net income	₩ 633,345,931,458	₩ 620,889,780,555
<b>Adjustments to reconcile net income to net cash provided by operating activities</b>		
Depreciation and amortization	126,428,385,778	123,810,668,263
Provision for severance benefits	17,818,590,819	23,143,941,782
Bad debt expenses	7,859,342,188	4,008,725,711
Loss on foreign currency translation	438,808,259,667	12,124,906,295
Gain on foreign currency translation	(146,886,337,560)	(38,126,526,752)
Loss on equity-method investments	591,844,692	-
Gain on equity-method investments	(5,525,180)	(431,395,217)
Loss on disposal of property, plant, and equipment	2,564,262,575	352,916,535
Gain on disposal of property, plant, and equipment	(1,278,140,433)	(5,143,239,014)
Loss on derivative investments	92,905,204,401	4,788,077,495
Gain on derivative investments	(17,515,477,599)	(17,143,899,963)
Loss on valuation of derivative investments	24,777,998,891	32,521,655,925
Gain on valuation of derivative investments	(77,123,563,916)	(1,358,723,025)
Other	57,105,332,535	18,469,689,435
<b>Changes in operating assets and liabilities</b>		
Decrease (increase) in trade accounts and notes receivables	(650,701,810,461)	(335,026,383,778)
Decrease (increase) in inventories	(596,004,374,588)	(427,387,339,205)
Increase (decrease) in trade accounts and notes payable	(1,083,309,300,948)	420,136,465,682
Increase (decrease) in accrued expenses	15,294,982,926	8,848,272,506
Increase (decrease) in income taxes payable	(188,745,875,830)	(736,087,517)
Payment of severance benefits	(20,825,246,972)	(12,728,548,084)
Increase in advanced receipts	17,668,995,148	(17,416,934,771)
Others	(618,670,985,766)	(258,895,071,602)
<b>Net cash provided (used) by operating activities</b>	<u>(1,965,897,508,175)</u>	<u>154,700,951,256</u>

# S-Oil Corporation

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3<sup>rd</sup> quarter & Nine-month periods ended September 30, 2008 and 2007

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### Cash flows from investing activities

Decrease in short-term financial instruments	1,567,212,831,381	439,622,632
Increase in short-term financial instruments	-	(1,354,000,000,000)
Decrease in leasehold deposit	6,466,289,760	5,338,486,009
Increase in leasehold deposit received	7,493,567,787	3,463,733,216
Proceeds from disposal of property, plant and equipment	4,697,554,467	6,410,252,388
Acquisition of property, plant and equipment	(244,331,095,011)	(132,419,006,122)
Acquisition of intangible assets	(102,978,000)	(26,400,000)
Others	(108,701,793,695)	4,982,591,648
<b>Net cash provided (used) by investing activities</b>	<b>1,232,734,376,689</b>	<b>(1,465,810,720,229)</b>

### Cash flows from financing activities

Net proceeds from short-term borrowings	1,756,339,682,065	307,094,548,656
Disposal of treasury stock	-	2,138,487,449,541
Repayment of long-term debts	(351,503,500,000)	(311,292,600,000)
Payment of dividends	(800,464,032,975)	(943,638,479,345)
<b>Net cash provided (used) by financing activities</b>	<b>604,372,149,090</b>	<b>1,190,650,918,852</b>

**Net increase (decrease) in cash and cash equivalents** **(128,790,982,396)** **(120,458,850,121)**

### Cash and cash equivalents

Beginning of year	578,452,498,015	770,789,897,256
End of the year	<u>₩ 449,661,515,619</u>	<u>₩ 650,331,047,135</u>