

**S-OIL Corporation**  
**Non-Consolidated Statements of Cash Flows**  
**Three-month Period ended March 31, 2009 and 2008**

<i>(In millions of Korean won)</i>	<b>2009</b>	<b>2008</b>
<b>Cash flows from operating activities</b>		
Net income	₩ 166,793	₩ 114,842
<b>Adjustments to reconcile net income to net cash provided by (used in) operating activities</b>		
Depreciation and amortization	42,717	42,225
Provision for severance benefits	5,526	3,769
Bad debt expenses	693	-
Loss on foreign currency translation	79,330	99,130
Loss on disposal of property, plant, and equipment	97	261
Loss on derivative transactions	7,607	1,852
Loss on valuation of derivative investments	32,601	10,817
Reversal of allowances for bad debts	-	(492)
Gain on foreign currency translation	(160,549)	(44,906)
Gain on valuation of equity-method investments	(952)	(5)
Reversal of loss on valuation of inventories	(103,039)	(48)
Gain on disposal of property, plant, and equipment	(154)	(1)
Gain on derivative transactions	(41,813)	-
Gain on valuation of derivatives	(20,090)	(5,989)
Others	20,248	15,143
	<u>(137,778)</u>	<u>121,756</u>
<b>Changes in operating assets and liabilities</b>		
Decrease (increase) in accounts receivable	(119,981)	49,562
Increase in inventories	(193,007)	(298,888)
Increase in non-trade other receivables	194,813	(45,708)
Increase (decrease) in accounts payable	444,651	(779,686)
Decrease in non-trade other accounts payable	(390,018)	(373,434)
Increase (decrease) in accrued expenses	(9,017)	(2,088)
Increase (decrease) in income taxes payable	6,240	(159,793)
Payment of severance benefits	(1,668)	(3,578)
Others	16,997	(57,394)
	<u>(50,990)</u>	<u>(1,671,007)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>₩ (21,975)</u>	<u>₩ (1,434,409)</u>

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*(In millions of Korean won)*

	2009	2008
<b>Cash flows from investing activities</b>		
Decrease (increase) disposal of short-term investment	₩ (4,653)	₩ 102,003
Settlements of derivative instruments	75,799	(1,851)
Proceeds from disposal of property, plant and equipment	653	4
Acquisition of property, plant and equipment	(79,544)	(25,743)
Acquisition of intangible assets	-	(292)
Decrease (increase) in leasehold and other deposits	(1,287)	(139)
Increase (decrease) in guarantee deposits	1,335	1,413
Others	(1,735)	1,191
<b>Net cash provided by (used in) investing activities</b>	<b>(9,432)</b>	<b>76,586</b>
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term borrowings	(123,858)	1,092,596
Proceeds from long-term debts	-	-
Proceeds from treasury stock	-	-
Repayment of current portion of long-term borrowings	(531)	-
Repayment of long-term debts	-	(457)
Payment of dividends	-	-
<b>Net cash provided by (used in) financing activities</b>	<b>(124,389)</b>	<b>1,092,139</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(155,796)</b>	<b>(265,684)</b>
<b>Cash and cash equivalents</b>		
Beginning of year	1,870,933	578,452
End of the year	₩ 1,715,137	₩ 312,768

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