

S-OIL Corporation
Non-Consolidated Statements of Cash Flows
Years Ended December 31, 2009 and 2008

(In millions of Korean won)

	2009	2008
Cash flows from operating activities		
Net income	₩ 229,590	₩ 446,214
Adjustments to reconcile net income to net cash used in operating activities		
Depreciation and amortization	177,491	169,247
Provision for severance benefits	22,881	28,615
Bad debts expense	4,671	-
Reversal of allowance for bad debts	-	(4,475)
Loss on foreign currency translation	15,744	301,124
Loss on valuation of equity-method investments	10	2,780
Loss on valuation of inventories	-	212,762
Loss on disposal of property, plant and equipment	775	2,631
Loss on impairment of property, plant and equipment	5,969	-
Loss on derivative transactions	117,218	169,065
Loss on valuation of derivative investments	570	3,919
Gain on foreign currency translation	(82,167)	(184,090)
Gain on valuation of equity-method investments	(6,872)	(11)
Reversal of loss on valuation of inventories	(205,564)	-
Gain on disposal of property, plant and equipment	(782)	(5,927)
Gain on derivative investments	(67,631)	(134,661)
Gain on valuation of derivatives	(957)	(43,157)
Others	95,405	71,426
	<u>76,761</u>	<u>589,248</u>
Changes in operating assets and liabilities		
Decrease (increase) in accounts receivable	(490,344)	438,333
Decrease (increase) in inventories	(698,449)	139,138
Increase (decrease) in accounts payable	366,960	(1,435,068)
Increase in accrued expenses	(12,099)	7,493
Decrease in income taxes payable	306	(471,302)
Payment of severance benefits	(30,600)	(33,345)
Decrease (increase) in other receivables	91,554	(178,599)
Others	173,926	129,137
	<u>(598,746)</u>	<u>(1,404,213)</u>
Net cash used in operating activities	<u>(292,395)</u>	<u>(368,751)</u>

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	2009	2008
Cash flows from investing activities		
Decrease (increase) in short-term Investment	₩ (145,371)	₩ 2,566,299
Settlements of derivative instruments	(10,349)	(34,404)
Proceeds from disposal of property, plant and equipment	1,654	10,788
Acquisition of property, plant and equipment	(657,879)	(328,609)
Acquisition of intangible assets	(141)	(1,031)
Decrease (increase) in leasehold and other deposits	3,738	(9,019)
Increase in guarantee deposits	2,174	3,042
Others	5,311	(23,806)
Net cash provided by (used in) investing activities	(800,863)	2,183,260
Cash flows from financing activities		
Increase in short-term borrowings	171,910	833,773
Proceeds from long-term debts	9,943	428
Bond issuance	348,435	-
Repayment of current portion of long-term Borrowings	(242,122)	(350,000)
Repayment of long-term debts	(8)	(2,035)
Payment of dividends	(244,566)	(1,004,194)
Net cash provided by (used in) financing activities	43,592	(522,028)
Net increase (decrease) in cash and cash equivalents	(1,049,666)	1,292,481
Cash and cash equivalents (Note 26)		
Beginning of year	1,870,933	578,452
End of the year	₩ 821,267	₩ 1,870,933

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