

**S-OIL Corporation and Subsidiary**  
**Consolidated Statements of Cash Flows**  
**Years ended December 31, 2011 and 2010**

<i>(in millions of Korean won)</i>	<b>Notes</b>	<b>2011</b>	<b>2010</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations	35	₩ 657,948	₩ 829,829
Interest received		39,577	35,706
Interest paid		(57,192)	(32,540)
Income tax paid		(201,874)	(8,004)
Dividend received		1,584	1,584
<b>Net cash generated from operating activities</b>		<u>440,043</u>	<u>826,575</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment	35	468	5,072
Proceeds from sale of intangible assets		1,539	1,093
Decrease in other receivables		44,896	102,138
Decrease in other financial assets		-	366,083
Decrease in other assets		5,273	15,672
Purchases of property, plant and equipment	14	(511,079)	(1,041,285)
Purchases of intangible assets	15	(4,890)	(3,467)
Increase in other receivables		(30,662)	(20,640)
Settlement of derivative financial instruments		3,121	(2,740)
Acquisition of jointly controlled entities	13	(267,315)	-
Increase in financial assets		(217,393)	-
Increase in other assets		(4,085)	(11,533)
<b>Net cash used in investing activities</b>		<u>(980,127)</u>	<u>(589,607)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		1,006,955	319,380
Repayment of borrowings		(1,304)	(402,667)
Dividends paid		(442,493)	(122,319)
<b>Net cash generated from (used in) financing activities</b>		<u>563,158</u>	<u>(205,606)</u>
<b>Net increase in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of year	7	853,864	822,533
Exchange gain(loss) on cash and cash equivalents		16	(31)
<b>Cash and cash equivalents at the end of year</b>	7	<u>₩ 876,954</u>	<u>₩ 853,864</u>

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