

**S-OIL Corporation**  
**Consolidated Statement of Cash Flows**  
**Six-Month Periods Ended June 30, 2012 and 2011**

| <i>(In millions of Korean won)</i>                         | <b>Notes</b> | <b>June 30, 2012</b> | <b>June 30, 2011</b> |
|--|--------------|----------------------|----------------------|
| <b>Cash flows from operating activities</b>                |              |                      |                      |
| Cash generated from operations                             |              | ₩ 203,706            | ₩ (695,632)          |
| Interest received  |              | 21,739               | 16,074               |
| Interest paid  |              | (42,148)             | (31,476)             |
| Income tax paid  |              | (319,436)            | (140,859)            |
| Dividends received   |              | 1,390                | 6,484                |
| <b>Cash flows from operating activities - net</b>          |              | <u>₩ (134,749)</u>   | <u>₩ (845,409)</u>   |
| <b>Cash flows from investing activities</b>                |              |                      |                      |
| Disposal of property, plant and equipment                  |              | ₩ 3,103              | ₩ 185                |
| Disposal of intangible assets                              |              | 136                  | 290                  |
| Decrease in other receivables                              |              | 13,363               | 19,290               |
| Decrease in financial assets                               |              | 67,748               | 21,994               |
| Decrease in other assets                                   |              | 1,768                | 12,758               |
| Settlement of derivative instruments                       |              | 6,538                | 2,471                |
| Acquisition of property, plant and equipment               | 8            | (90,644)             | (297,365)            |
| Acquisition of intangible assets                           | 9            | (1,850)              | (3,341)              |
| Increase in other receivables                              |              | (4,930)              | (10,099)             |
| Increase in financial assets                               |              | -                    | (343,969)            |
| Acquisition of investments in jointly controlled entities  |              |                      | (265,000)            |
| Increase in other assets                                   |              | (1,097)              | (12,970)             |
| <b>Cash flows from investing activities - net</b>          |              | <u>₩ (5,865)</u>     | <u>₩ (875,756)</u>   |
| <b>Cash flows from financing activities</b>                |              |                      |                      |
| Proceeds from borrowings                                   |              | ₩ 199,878            | ₩ 1,437,373          |
| Repayment of borrowings                                    |              | (613)                | (8,038)              |
| Dividends paid   |              | (372,631)            | (256,226)            |
| <b>Cash flows from financing activities - net</b>          |              | <u>₩ (173,366)</u>   | <u>₩ 1,173,109</u>   |
| <b>Net increase(decrease) in cash and cash equivalents</b> |              | <u>₩ (313,980)</u>   | <u>₩ (548,056)</u>   |
| Cash and cash equivalents at the beginning of period       |              | 876,954              | 853,864              |
| Effect of exchange rate changes                            |              | 1                    | (65)                 |
| <b>Cash and cash equivalents at the end of period</b>      |              | <u>₩ 562,975</u>     | <u>₩ 305,743</u>     |

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