

**S-OIL Corporation and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**Years ended December 31, 2017 and 2016**

<i>(In millions of Korean won)</i>	<b>Notes</b>	<b>2017</b>		<b>2016</b>	
<b>Cash flows from operating activities</b>					
Cash generated from operations	34	₩	1,629,614	₩	1,711,592
Interest received			62,778		44,023
Interest paid			(112,975)		(82,982)
Income tax received (paid)			(443,445)		39,635
Dividends received			7,322		9,723
<b>Net cash inflow from operating activities</b>		₩	<b>1,143,294</b>	₩	<b>1,721,991</b>
<b>Cash flows from investing activities</b>					
Proceeds from disposal of property, plant and equipment		₩	2,582	₩	7,121
Proceeds from disposal of intangible assets			460		2,203
Decrease in other receivables			21,235		16,632
Settlement of derivative financial instruments			-		23,132
Decrease in other financial assets			1,722,739		-
Payments for property, plant and equipment	14		(2,414,079)		(1,063,572)
Payments for intangible assets	15		(1,768)		(8,884)
Payment for acquisition of subsidiary, net of cash acquired	36		(120,459)		-
Payments for acquisition of associate	13		(103)		(138)
Increase in other receivables			(16,306)		(8,468)
Increase in other financial assets			-		(935,554)
Settlement of derivative assets and liabilities			(32,592)		-
Others			6,051		609
<b>Net cash outflow from investing activities</b>		₩	<b>(832,240)</b>	₩	<b>(1,966,919)</b>
<b>Cash flows from financing activities</b>					
Proceeds from borrowings		₩	923,125	₩	1,032,310
Repayment of borrowings			(717,994)		(11,544)
Dividends paid			(803,395)		(209,641)
<b>Net cash inflow (outflow) from financing activities</b>		₩	<b>(598,264)</b>	₩	<b>811,125</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		₩	<b>(287,210)</b>	₩	<b>566,197</b>
<b>Cash and cash equivalents at the beginning of the year</b>	7		767,438		201,203
Effects of exchange rate changes on cash and cash Equivalents			(176)		38
<b>Cash and cash equivalents at the end of the year in the consolidated statement of financial position</b>	7	₩	<b>480,052</b>	₩	<b>767,438</b>

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.