We Care For the Future

SK Chemicals brings happiness to you as an eco-friendly business engaged in the development of future-oriented technologies.
Corporate History

History Highlights

1960

1969
Creation of Sunkyong Fibers Ltd.

1976
Listed on the Korean stock exchange

1978
First developers of PET resins in Korea

1980

1984
Establishment of R&D Centre

1985
Acquisition of a textile factory in Suwon

1987
Formation of SK CVTEC Ltd.

1988
Foundation of Sunkyong Industries Ltd.

1989
Construction of PTA/DMT plant

1990

1990
Creation of Petrochemical R&D Centre

1991
Renamed to Sunkyong Pharmaceuticals Ltd.

1994
Development of the anti-arthritis patch, TRAST™

1998
Renamed to SK Chemicals Ltd.

1999
Development of SUNPLA®, the first new drug in Korea (a 3rd-generation platinum complex anti-cancer agent)

2000

2000
Formation of Huvis Ltd.

2001
Establishment of SK Chemicals Qingdao Ltd. in China

2002
Development of Korea's first natural drug, (JOIN®, an anti-arthritis agent)

2005
Establishment of SK Chemicals Suzhou Ltd. in China

2006
Merged Dong Shin Pharma Ltd.

2007

2007
Merged InGen.

2008

2008
Founding of Guilin SK Zhongxing Biolo Ltd.

2009

2009
Formation of SK Syntac Ltd.

2010

2010
ECOZEN® wins the Silver Prize in the "Korea Technology Awards "Top 10 New Korean Technologies" Minister's Award in "Bio Diesel National Green Technology Award"

2011

2011
Ground-breaking ceremony for the Andong Vaccine Plant.

2012

2012

2015

2015
Dear Customers and my Fellow Shareholders,

It is a great honour and privilege for me, as CEO of SK Chemicals, to inform you about the achievements made last year by our company, and our plans for the this year.

Last year, the entire staff of our company, SK Chemicals, committed themselves to the commercialisation of a new growth engine and the innovation of our people and culture as part of an effort to open a new era of growth. The business environment surrounding our company was not favourable, but remarkably, we were able to achieve sales of about 1.55 trillion KRW, thus exceeding our sales target by 10%.

However, we at SK Chemicals are not complacent about this achievement, since it fell short of the level we had hoped to attain. Fortunately, we learned two valuable lessons from last years' experience.

First, we quickly realised that, as it became more difficult to achieve good results from projects, we still had a long way to go to reach the highest-levels of business professionalism, globalism and performance-based leadership.

Secondly, through people and culture activities we were able to understand more clearly the voices and thoughts of our people. However, further efforts must be made to open and improve communication between all staff members to ensure a corporate culture of innovation. The entire staff of SK Chemicals agreed that their future growth will depend on developing the communication skills necessary to achieve a position as one of the world's top-level companies.

Our performance last year together with our forecast for 2012 tell us that the business environment will impose many challenges and uncertainties caused by the global economic recession, spurred by both the financial crisis in the US and Europe and changes in government policies. It may be possible to avoid immediate difficulties due to external factors by maintaining conservative management policies, such as the suspension of investment and the operation of a tighter budget. However, if there is no preparation for the future, it may not be possible to avoid an even larger crisis.

Finally, we concluded that growth-focused aggressive business activities would be our best choice to lead to the maximum satisfaction of all concerned. Thus, a sales target of 1.627.9 billion KRW has been set for the year 2012, increased by 5 percent over the previous year. We also plan to carefully monitor the economic situation and make preparations to minimise any risk by implementing emergency management measures, which will assist in overcoming any difficulties.

The entire staff members of SK Chemicals will regard the year 2012 as the final year that offers them an opportunity to lay a firm foundation for its future growth, and will make all efforts to create new business opportunities and markets. We will take the following actions to achieve this year's goal and to materialise the company's mid- and long-term vision earlier than planned.

Firstly, we will maintain or improve profitability of our existing businesses. The Green Chemicals Business will continue to maintain its profitability via a variety of measures such as the development of value-added applications and creation of new customers. Meanwhile, the Life Science Business will keep up with government policy by trying our utmost to arrange portfolios of high-yielding products and to reduce marketing costs.

Secondly, we will achieve the growth milestones that we recently established. To do this, the entire staff of SK Chemicals will exploit all our resources to further develop our professionalism in all our activities and will organise our experience and knowledge to attain the capabilities required of a world-class company.

We will provide strong support for our efforts to improve the company systems to make the most of our expertise and to systematise our professional knowledge. We will also consolidate the company's growth basis with respect to leadership by considering expert capacities in new areas and the global business arena as our top priority.

This year SK Chemicals will continue our challenge for future growth. We hope our customers and shareholders will continue to show their support and encouragement of our efforts. Finally, I wish you and your families good health and luck.

2012. 03
CEO and Vice Chairman
Chang Geun Kim
SK Chemicals is carrying out a transparent management system centering on the board of directors (BOD), and has already established advanced corporate governance by creating and operating a secretariat to support the BOD. Furthermore, SK Chemicals is also working to create more solid future values through transparent management for its customers and investors by building a BOD-centered management system and maximising investors’ profits. To this end, it has employed a higher ratio of outside directors and established several committees within the BOD to thoroughly review and check on the major business activities of the corporation.

Greater Transparency in Corporate Governance
Boasting most advanced corporate governance in Korea, SK Chemicals has set up various instruments within its system that allow the board of directors (BOD) to lead the business management and in order to enable maximum profits for shareholders. In addition, several committees exist within the BOD to perform a proper check and balance function against the CEO.

Greater Transparency in Accounting
After consulting with a top accounting firm in Korea for several months, SK Chemicals has laid the groundwork for transparent management by improving its internal control system. It has also dramatically enhanced the confidence of shareholders and financial institutions by actively complying with the regulations which require the company’s CEO and CFO to certify its accounting data.

Auditing Functions Strengthened
SK Chemicals has installed an auditing committee composed only of outside directors and guarantees the full independence of this committee, in order to provide it with a powerful control and check function and authority over the board of directors and the CEO in their overall business management decisions, including accounting.

Ethical Management by Executives and Employees
SK Chemicals has introduced an ethical management system in order to achieve not only a transparent management for maximising shareholder profits but also a corporate culture that maximises benefits for the entire society by fulfilling its responsibilities towards suppliers, customers and competitors. It is working to realise this culture through a specific code of ethics.

“We create future value with transparent management. We instill trust and confidence in our shareholders and customers.”

Chang-Won Chey
Inside Director / Vice Chairman and CEO

Chang-Geun Kim
Inside Director / Vice Chairman and CEO

In-Serk Lee
Inside Director / Representative of Life Science Biz.

Bo-Hyun Kang
Outside Director / Representative Lawyer, Law Firm Heesoo

Ho-Sang Kang
Outside Director / Professor, College of Administration of Sogang University

Tae-Shin Kwon
Outside Director / Vice Chairman of the Presidential Council on National Competitiveness

Gi-Ho Huh
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Outside Director / President and CEO, HANIL Cement
Since its formation as Sunkyong Chemical Fibers Ltd. in 1969, SK Chemicals has grown into one of the major chemical manufacturers in Korea via a continuous series of reforms and innovations. Now, the company is trying to leap forward by reorganising its corporate structure into Green Chemicals and Life Science, under the mandate, “Improve human health and protect the global environment.”
“Growing into a global leader in Eco-friendly Materials and Total Healthcare Solutions”

Green Chemicals Business, Eco-friendly Materials Solution Provider

Our Green Chemicals Business has developed and introduced a variety of excellent environmentally-friendly chemical products to the market. With our accumulated technical capabilities, we have launched four new businesses in the areas of Composites, High Performance Materials, Bio-science, and Energy Storage Materials, in an effort to become an eco-friendly solutions provider.

Life Science Business, Total Healthcare Solution Provider

When it comes to our Life Science Business, we are deploying a portfolio of diverse products in our push for value-oriented, advanced marketing activities. In order to make the transformation into a "Total Healthcare Solutions Provider" on the basis of our performance in the domestic market, the company has expanded its investment in vaccine development, aggressively seeking channels for the export of new medicines and medical solutions to overseas markets.
We always think about environment

Environment Management

“SK Chemicals is eager to become a global leader of sustainable management with an enterprise-level vision.”

Since its foundation SK Chemicals has produced many model cases for industry through untiring effort for energy efficiency. In 2009, the company officially announced the Eco-friendly Management System, and has since then implemented efficient environmentally friendly management policies in three areas: Green Culture, Green Processing and Green Products. The company has built a reliable framework for sustainability management via effective risk management and policies respecting human rights.

Photographer: Byoung-Hoon Kim / Title: Indeungchungrimdo

Environmental Management

Green culture
Green Fund Point target exceeded by 158% (Eco-friendly social contribution activities)

Green Process
Greenhouse gas management system
Reduction of greenhouse gas through biomass (20% below BAU)

Green Product
Construction of eco-friendly product assessment system

External Assessment
Maintaining a good position in the DJSI Korea
Receiving a Good CDP Performance Award

* BAU : “Business As Usual”, the practice of conducting business according to the status quo, with no attempt to assess additional or new needs, identifying possibilities for improvement, or implementing change

Goal of Environmental Management
40 hours per person of social contribution service, CO₂ reduced by 40%, eco-friendly product sales of 40%.

Green Triple 40!

Achievements in 2010

Green Culture
Green Fund Point target exceeded by 158%
(Eco-friendly social contribution activities)

Green Process
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Construction of eco-friendly product assessment system

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* BAU : “Business As Usual”, the practice of conducting business according to the status quo, with no attempt to assess additional or new needs, identifying possibilities for improvement, or implementing change
Our wish for a more convenient life, health and happiness is right here. Eco Lab turns everyday hopes into reality, Making even small, but priceless, dreams come true. SK Chemicals works for a future where humanity is in harmony with nature.

SK Chemicals will continue to exploit all its resources for the happiness of customers through R&D activities, challenging human limitations and aiming at the best possible products from basic materials to new drugs.

“SK Chemical Eco Lab - preparing for the future of humanity and earth”

Our wish for a more convenient life, health and happiness is right here. Eco Lab turns everyday hopes into reality, Making even small, but priceless, dreams come true. SK Chemicals works for a future where humanity is in harmony with nature.

SK Chemicals will continue to exploit all its resources for the happiness of customers through R&D activities, challenging human limitations and aiming at the best possible products from basic materials to new drugs.
Nature always moved towards human beings to give them health and prosperity. We decided to follow nature and prosper together. Because there will be no humanity without nature. Creation of an environment for both people and nature, That is the future science from SK Chemicals.

**Business Domain**

1. PET Resins  
2. High Performance PETG Resins  
3. Prepreg  
4. Polyester Binders  
5. High-purity Solvent / Electrolytic Solutions for use in picture displays  
6. Materials & Chemicals for Automotive Industry  
7. Water Treatment Chemicals  
8. Eco-friendly Bio-energy
Since it began its PET resins business in 1978, the first of its kind in Korea, SK Chemicals has made persistent efforts to improve product quality. Thus, SK Chemicals achieved quality certifications and approvals from the FDA, Coca Cola and Pepsi Cola. It has also expanded its markets to Europe and Japan.

In accordance with the company’s policy to focus on eco-friendly and high added-value products, we sold off plants in both Indonesia and Poland in 2010 and started to devote ourselves to producing and selling high-value products.

PET Resins

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In accordance with the company’s policy to focus on eco-friendly and high added-value products, we sold off plants in both Indonesia and Poland in 2010 and started to devote ourselves to producing and selling high-value products.

PET resins feature the superb processability and thermoformability required for applications in high added-value products such as optical devices, thanks to their high transparency and excellent chemical resistance properties.

PETG resin is a next-generation plastic material that can replace existing plastics, such as PC, PMMA, and PVC by enhancing the value of the end products with its excellent appearance and functionality.

In 2009, the effort of SK Chemicals to secure a future growth engine led to the successful commercialisation of ECOZEn®, a product excelling its competition in both heat and chemical resistance as well as transparency. ECOZEn® is an eco-friendly product which incorporates a bio-monomer solution. The expansion of its application into electronic products, food containers, etc., is now under way in line with the global trend towards Green products.

High Performance Plastic Resins

Our PET resin SKYGREEN® is a transparent, environmentally-friendly plastic material that is used in a variety of applications, such as high-end cosmetic containers, electronic components, building materials and optical films. PETG resins feature the superb processability and thermoformability required for applications in high added-value products such as optical devices, thanks to their high transparency and excellent chemical resistance properties.

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Carbon Fiber Composite Materials

Our carbon fibre composite materials are used in sports and leisure applications, such as golf club shafts, fishing rods, bicycle frames and wheels, hockey sticks, arrow shafts, and camera tripods, in addition to parts for high-tech materials in airplanes, cars and industrial robots. They are also used to reinforce buildings and civil structures (i.e., the reinforcement of concrete structures) against natural disasters such as earthquakes or tsunamis.

In addition, we are expanding our business areas by entering such industrial fields as shipbuilding, automobile, and medical equipment. Since its foundation in 2001, the Qingdao plant of SK Chemicals has been growing every year and is also making continuous efforts to develop new items.

Polyester Resins

Polyester resin is used for its excellent adhesiveness and flexibility in a wide variety of applications, including coil-coating and can-coating. It is also welcomed as a material for various adhesives and coatings due to its eco-friendly characteristics and as an imaging material for toner binders for laser printers and high-speed copiers.

SK Chemicals strives to provide the best possible customer service for coating and adhesive applications by offering a total solution.

High Purity Solvent, Imaging Chemicals

High-purity solvent is used in areas such as instrument analysis, composition of ultra-precise chemical goods and in the electronic and bio-technology industries. SK Chemicals exports high-purity solvent made with the technological assistance of Honeywell of the U.S. to Asian countries, including China.

The company is currently committed to display materials such as LCD and PDP based on organic synthesis technology in addition to the market for high-capacity electrolytic solutions, which is expected to grow steadily according to the expansion of the mobile electronics market.

Materials & Chemicals for Automobile

SK Chemicals provides sound-absorbing heat insulators to the automobile and construction industries. These are produced using polyester fibres, which are harmless to the human body and 100% recyclable.

The antifreeze/coolant products developed by the company are certified for use by prominent multinational automobile manufacturers such as General Motors, and by oil refinery businesses. They are supplied worldwide in cooperation with Honeywell, one of the world’s leading companies. SK Chemicals is also supplying products, such as solar heat and ice thermal storage systems and heat-transfer fluid for mould temperature control.

In the future, we will continue to commercialise high-strength and lightweight materials together with chemical products for the automotive industry, thereby enhancing their eco-friendly performance.
New Challenge

Composite Materials

The trend towards the environmentally-friendly industry has given birth to electric automobiles, which, in turn, have augmented the demand for composite materials that are lighter and more functional than metals. SK Chemicals has been expanding the scope of its business from shipbuilding, one of Korea’s major industries, to automobile, electronic and other industrial materials based on the Prepreg business, a mediator of existing composite materials.

The company is trying to set up business barriers and move quickly to develop the composite material business into these new growth areas by combining its own solutions together with unique technologies from other countries.

Bio Diesel

Environmentally-friendly biodiesel is a methyl ester manufactured via a reaction between vegetable oil and methanol. In Korea, it is currently supplied by refiners in order to manufacture B05 (light oil 95% + biodiesel 5%).

Since January 2008, SK Chemicals has supplied a biodiesel product developed with its own technology under the brand name “EcoPrime” to major Korean oil refiners. It also has a materials trading affiliate in Singapore to guarantee the reliable procurement and supply of raw material, which is a key item in the biodiesel business, and to develop “fuel crop plantation” business opportunities with a long-term perspective.

In particular, the company has been successful in creating new, diverse business values extending beyond those of the bio-diesel energy business; for example, by separating bio-diesel fuel into its various different components using a unique processing method and selling them in sectors where the chemicals will be used for purposes other than transportation.

SK Chemicals will successfully deliver premium services and products with guaranteed quality and stability of supply, taking the lead in pioneering new business opportunities in the bio-diesel industry.

High Performance Materials

SK Chemicals is planning to advance into the global market for the eco-friendly, high-end plastics PPS (Poly Phenylene Sulphide) and PCT (Poly cyclohexylene terephthalate), which it developed using its own exclusive technology.

SK Chemicals’ PPS is a super-engineering plastic possessing the excellent heat resistance and durability comparable to metal, while being extremely friendly to the environment compared to the existing PPS products. The company produces chlorine-free PPS via its own technology which is widely different from the traditional PPS manufacturing process. The SK’s own production system produces less waste water and, as it does not use a solvent, minimises any adverse influence on the environment while maintaining high-quality and price competitiveness.

SK Chemicals’ PCT is super-engineering plastic of the polyester family. The company also produces CHDM, the product’s core raw material, thus contributing to price competitiveness. Plans to promote the highly functional material for the creation and expansion of electric and electronic markets are also underway.

The company will develop the offshore automobile and electricity markets with its Super-engineering plastic resin and compounding business in an effort to become a leading solutions provider by continuously expanding its product portfolio.
Energy Storage Materials

We have been conducting reviews of the high-volume energy storage materials and systems business, whose market is expected to grow, accompanied by the vigorous development of new and renewable energies and smart grid solutions.

In order to procure, maintain and reinforce the relevant technologies, we have selected some materials related to OLED and lithium ion batteries - which are technically highly relevant and commercially attractive – and are trying to commercialise them.

Bio Materials

A bio-material is a substance that contains biomass in its formulation, or uses a material that has been manufactured with biomasses. Its primary use is in the substitution of existing petroleum-based substances or materials. Its intrinsic strengths, including reduced CO₂, reduced waste by-products, improved material properties, and a competitive price compared to existing petroleum-based materials - have been improving, and its use is now expanding rapidly into the packaging, textile, auto and digital industries.

SK Chemicals is planning to develop differentiated and competitive bio-plastic products and production technologies, using its existing capacities in high polyester molecules, with the ultimate aim of establishing an environmentally-friendly materials business portfolio.
Our dream is to protect life and to create a healthier world. The clock of life-science does not stop because it should give light to the world and turn the dream into reality. People first, and people’s health first, that’s the motto SK Chemicals is committed to.

**Business Domain**

1. Synthetic Drugs  
2. Natural Products  
3. Drug Delivery System  
4. Vaccine  
5. New Healthcare
‘Life’ is ‘Happiness’

Synthetic Drugs

In 1999, SK Chemicals developed a third-generation platinum adhesive anti-cancer medicine, “Sunpla®”, for the first time in the world, and had it registered as New Medicine No.1 in Korea, launching the first stage of its push to develop new medicines.

The company is leading the development of new medicines: In 2007, it successfully introduced a new impotence cure, Mvix®, ranked first in the International Index of Erectile Function (IIEF).

SK Chemicals, on the basis of Korea’s best technical capacities, comprising elite research personnel and continuous R&D investment, is committed to the development of new medications for such diseases as fibrosis, prostatism and diabetes, with the aim of contributing to the promotion of the health and living standards of all mankind.

Natural Drugs

“Joins®”, the No. 1 natural medicine, has overcome the limitations of synthetic medication by enabling the treatment of the root cause of arthritis through electromotive force, which suppresses the destruction of cartilage, thereby presenting a new opportunity in the development of natural new medicines.

Furthermore, “Ginesin®”, a blood circulation enhancer occupying the number one market share and a representative brand of the company, has successfully penetrated the global market as far as the Middle East, promoting the excellence of our products. The company has also introduced “Renexin®”, an upgrade of “Ginesin®” with an enhanced blood vessel expanding solution, strengthening the company’s competitiveness in the blood circulation enhancer market.

SK Chemicals has been conducting clinical examinations of natural components for incurable diseases such as dementia and asthma, and has committed itself to the development of new medications including innovative cures involving few side effects for diseases and chronic ailments that are difficult to treat with existing synthetic medicines.
Drug Delivery System

A popular cure for arthritis and the world’s first patch-type medication, “Trast®” was developed using the company’s high-performance medicine delivery system technology. With a Penetration Enhancer that helps the drug to effectively penetrate into the skin, and Release Rate Control which discharges the medicine evenly at the same concentration for 48 hours, one-time attachment provides an effective treatment of arthritis for two days. In addition, a cure for gastric ulcers, “OMED®, whose safety has been improved using an innovative technology, received approval due to its excellent treatment effect. Exports to parts of the EU started in 1999, for the first time as an end-product among other companies in Korea, and the number of export destinations throughout the EU region is increasing continually.

It was in 2008 that SK Chemicals succeeded in exporting the technology for anticancer drug production based on its own excellent pharmaceutical manufacturing technology. In 2011, the company applied for an EU approval for a patch for dementia treatment and a peptic treatment drug that are marked by improved stabilisation and continuance. Both products are expected to be exported from 2013. The company also released “Embix S®”, the world’s first ODF-type erectile dysfunction treatment drug, in 2011 and currently tries its utmost to develop other value-added drug products for the global market.

New Healthcare

The future will see society developing into a complex, cutting-edge, technical society characterized by NT, BT and IT. To take the initiative in responding to such changes, in 2008 SK Chemicals acquired UBCare, a leader of the medical IT industry, and laid the groundwork for a U-healthcare business.

In addition, the company has been committed to developing an innovative business model to make the world a better place where all mankind can enjoy a high standard of living. This way, the company will be reincarnated as a Total Healthcare Solution Provider.

Vaccine

We have established research and market infrastructures for the next-generation vaccine and bio-medicine areas in order to develop, produce and sell a wide range of products.

SK Chemicals has continued to invest in the R&D of vaccines as well as the development and production of basic biological drugs that play a key role in maintaining people’s health. The company’s commitment is expected in 2012 to lead some of its newest products into the clinical stage. The company is currently building a plant with cutting-edge facilities featuring Korea’s first next-generation technologies based on cell growing. The plant is expected to play a key role in the development of the Korean medical industry and SKC’s effort to grow into a world’s top vaccine producer.

The company has merged with “In2Gen”, a bio venture co-founded with the Cancer Institute of Seoul National University, to expand its market share on the basis of biotechnologies such as genetic studies and protein engineering. We have also, for the first time in Korea, entered into a technology export agreement with a multi-national enterprise for a gene-recombined incurable disease cure on the largest possible scale.
Global Networks

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2 Park Plaza Suite 1250, Irvine, CA 92614
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SK Chemicals and its subsidiaries strive to set a grand vision for the next century based on what they have done over the past 44 years.

In carrying out their business activities, they think about how to bring happiness to humankind and protect people and environment.

They are committed to enhance the quality of people’s everyday lives.

“SK Chemicals’ subsidiaries joining in the effort to bring happiness to people”

UB care
Lines of business
- EMR Solution, Distribution of medical equipment
Equity stake - 43.97%

SK Pharma Beijing
Lines of business
- TRAST
Equity stake - 100%

SK chemicals GmbH
Lines of business
- Pharmacy
Equity stake - 100%

SK chemicals Qingdao
Lines of business
- Prepol, Biocide
Equity stake - 100%

SK chemicals Suzhou
Lines of business
- Polyester adhesives, Bicodie
Equity stake - 100%

ST Green Energy
Lines of business
- Trading of Biodiesel materials
Equity stake - 50%

SK CA
Lines of business
- SKYGREEN, ECOZEN
Equity stake - 100%

SK Syntec
Lines of business
- UV/EB curable oligomers & monomers, Polyester resins for powder coatings
Equity stake - 50%

SKCA
Lines of business
- SKSYRGEN, ECOCORE
Equity stake - 100%
As SK marched forward for more than 60 years, the nation’s economy advanced in its steps. However, there remains a long road ahead and more to be accomplished.

Until the day SK becomes a truly global company equipped with world-class competitiveness -

Until the day all our clients are happy with more satisfaction and greater value of life -

Until the day we gain complete trust and respect from the public -

SK will make all possible efforts to bring that day closer.
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SK Chemicals is concentrating its business capacity on efforts to improve the profitability of its existing businesses and to enter a new market, based around its Green Chemicals and Life Science businesses.

With regard to our Green Chemicals Business, we have established master plans for four new growth areas, i.e., composite products, high-end engineering materials, bio-products, and energy storage materials, for which we have accumulated the relevant technical solutions and capacities through our resin and fine chemicals business, and are spurring the implementation of our plans according to our company vision as a Solutions Provider in the eco-friendly materials industry.

Our Life Science Business is committed to maintain its position as a leading player in the Korean pharmaceutical industry and to use the previous achievements to grow into Korea’s top total healthcare solution provider. The company will exploit its excellent R&D capacity to expand the business to vaccines and new healthcare products for the global market.

In 2011, the company was keenly interested in rapid commercialisation of its growth engines, by expanding its CHDM and PETG production facilities, investment in new vaccine production facilities and the Cheongju Plant. At the same time, the company committed itself to systematic preparations for further growth via the establishment of strategic partnerships with leading global players.

Such efforts for growth and consolidation of competitiveness in the existing business sectors led the company to achieving 1,546.1 billion KRW of sales, 64.6 billion KRW of operating income and 30.8 billion KRW of net income. SK Chemicals will continue to exploit its capacities for the happiness of all who are concerned via growth and development.
### BALANCE SHEET

<table>
<thead>
<tr>
<th>Assets</th>
<th>2011 (Millions of Won)</th>
<th>2010 (Millions of Won)</th>
<th>2011 (Thousands of US Dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Current Assets</td>
<td>631,159</td>
<td>535,216</td>
<td>547,264</td>
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<tr>
<td>Current Assets</td>
<td>406,187</td>
<td>343,417</td>
<td>352,195</td>
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<tr>
<td>Inventory</td>
<td>224,972</td>
<td>191,799</td>
<td>195,068</td>
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<tr>
<td>Fixed Assets</td>
<td>1,402,592</td>
<td>1,276,448</td>
<td>1,216,156</td>
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<tr>
<td>Investments and Others</td>
<td>819,268</td>
<td>782,933</td>
<td>719,369</td>
</tr>
<tr>
<td>Property, Plant, and Equipment</td>
<td>547,945</td>
<td>454,272</td>
<td>473,111</td>
</tr>
<tr>
<td>Intangible Assets</td>
<td>27,851</td>
<td>32,533</td>
<td>24,149</td>
</tr>
<tr>
<td>Other Non-current Assets</td>
<td>7,528</td>
<td>6,710</td>
<td>6,528</td>
</tr>
<tr>
<td>Total Assets</td>
<td>2,033,752</td>
<td>1,811,664</td>
<td>1,763,419</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Liabilities</td>
<td>480,244</td>
<td>707,999</td>
<td>416,409</td>
</tr>
<tr>
<td>Long-term Liabilities</td>
<td>631,381</td>
<td>195,561</td>
<td>547,456</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>1,111,626</td>
<td>903,561</td>
<td>963,865</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Shareholders' Equity</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Stock</td>
<td>118,301</td>
<td>118,301</td>
<td>102,576</td>
</tr>
<tr>
<td>Capital Surplus</td>
<td>145,530</td>
<td>145,530</td>
<td>126,186</td>
</tr>
<tr>
<td>Capital Adjustments</td>
<td>(98,068)</td>
<td>(98,068)</td>
<td>(85,033)</td>
</tr>
<tr>
<td>Accumulated Other Comprehensive Income</td>
<td>1,632</td>
<td>957</td>
<td>1,415</td>
</tr>
<tr>
<td>Retained Earnings</td>
<td>754,731</td>
<td>741,383</td>
<td>654,410</td>
</tr>
<tr>
<td>Total Shareholders' Equity</td>
<td>922,126</td>
<td>908,103</td>
<td>799,554</td>
</tr>
<tr>
<td>Total Liabilities and Shareholders' Equity</td>
<td>2,033,752</td>
<td>1,811,664</td>
<td>1,763,419</td>
</tr>
</tbody>
</table>

### INCOME STATEMENT

<table>
<thead>
<tr>
<th>Sales</th>
<th>2011 (Millions of Won)</th>
<th>2010 (Millions of Won)</th>
<th>2011 (Thousands of US Dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of Sales</td>
<td>1,546,108</td>
<td>1,344,515</td>
<td>1,395,240</td>
</tr>
<tr>
<td>Gross Profits</td>
<td>1,245,669</td>
<td>1,037,384</td>
<td>1,124,119</td>
</tr>
<tr>
<td>Selling, General Administrative Expenses</td>
<td>300,438</td>
<td>297,131</td>
<td>271,122</td>
</tr>
<tr>
<td>Operating Income</td>
<td>64,648</td>
<td>68,914</td>
<td>58,340</td>
</tr>
<tr>
<td>Non Operating Income</td>
<td>34,691</td>
<td>38,004</td>
<td>31,306</td>
</tr>
<tr>
<td>Non Operating Expenses</td>
<td>67,512</td>
<td>69,212</td>
<td>60,924</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>31,828</td>
<td>37,705</td>
<td>28,732</td>
</tr>
<tr>
<td>Income Tax</td>
<td>992</td>
<td>(2,215)</td>
<td>896</td>
</tr>
<tr>
<td>Net Income (Net Loss)</td>
<td>30,836</td>
<td>39,921</td>
<td>27,827</td>
</tr>
</tbody>
</table>

### STATEMENT OF RETAINED EARNINGS

<table>
<thead>
<tr>
<th>Retained Earnings before Appropriations</th>
<th>2011 (Millions of Won)</th>
<th>2010 (Millions of Won)</th>
<th>2011 (Thousands of US Dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retained Earnings before Appropriations</td>
<td>678,649</td>
<td>697,670</td>
<td>612,427</td>
</tr>
<tr>
<td>Unappropriated Retained Earnings carried over from prior years</td>
<td>654,949</td>
<td>660,957</td>
<td>591,039</td>
</tr>
<tr>
<td>Actuarial Gains and Losses</td>
<td>(7,135)</td>
<td>(3,208)</td>
<td>(6,439)</td>
</tr>
<tr>
<td>Net Income</td>
<td>30,836</td>
<td>39,921</td>
<td>27,827</td>
</tr>
<tr>
<td>Transfer from Voluntary Reserves</td>
<td>8,867</td>
<td>8,667</td>
<td>7,821</td>
</tr>
<tr>
<td>Appropriations of Retained Earnings</td>
<td>9,141</td>
<td>5,388</td>
<td>8,249</td>
</tr>
<tr>
<td>Legal Appropriated Retained Earnings</td>
<td>831</td>
<td>1,035</td>
<td>750</td>
</tr>
<tr>
<td>Reserve for Technological Development</td>
<td>40,000</td>
<td>10,353</td>
<td>7,499</td>
</tr>
<tr>
<td>Dividend</td>
<td>8,310</td>
<td>10,363</td>
<td>7,499</td>
</tr>
<tr>
<td>Unappropriated Retained Earnings carried over forward to subsequent year</td>
<td>678,174</td>
<td>654,949</td>
<td>611,999</td>
</tr>
</tbody>
</table>

*The financial statements above were made according to K-IFRS.*
### STOCK & RIGHT ISSUING (INVESTMENT)

#### STOCK TYPES/QUANTITY

<table>
<thead>
<tr>
<th>Stock Type</th>
<th>No. of Stock</th>
<th>Denomination per Stock</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Stock</td>
<td>20,843,047</td>
<td>5</td>
<td>104,215,235</td>
</tr>
<tr>
<td>Preferred Stock</td>
<td>2,817,125</td>
<td>5</td>
<td>14,085,625</td>
</tr>
<tr>
<td><strong>Sum</strong></td>
<td><strong>23,660,172</strong></td>
<td><strong>5</strong></td>
<td><strong>118,300,860</strong></td>
</tr>
</tbody>
</table>

#### MAJOR SHAREHOLDERS

<table>
<thead>
<tr>
<th>Name</th>
<th>No. of Stock in Possession</th>
<th>Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Stock</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preferred Stock</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sum</strong></td>
<td><strong>23,660,172</strong></td>
<td><strong>118,300,860</strong></td>
</tr>
<tr>
<td>Chang Won Chey &amp; affiliate person</td>
<td>2,887,199</td>
<td>12.63%</td>
</tr>
<tr>
<td>National Pension</td>
<td>1,946,807</td>
<td>8.23%</td>
</tr>
<tr>
<td>Mirae Asset Investment</td>
<td>1,619,508</td>
<td>6.84%</td>
</tr>
</tbody>
</table>

### INVESTMENT IN SUBSIDIARIES AND AFFILIATED COMPANIES

<table>
<thead>
<tr>
<th>Investment Company</th>
<th>No. of Stock in Possession</th>
<th>% of Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>SK Cytec</td>
<td>250,000</td>
<td>50.00%</td>
</tr>
<tr>
<td>SK Engineering &amp; Construction</td>
<td>6,006,009</td>
<td>25.42%</td>
</tr>
<tr>
<td>SK Chemicals Qingdao</td>
<td>US$4,000,000</td>
<td>100.00%</td>
</tr>
<tr>
<td>SK Chemicals Suzhou</td>
<td>US$12,790,000</td>
<td>100.00%</td>
</tr>
<tr>
<td>SK Chemicals America</td>
<td>US$906,500</td>
<td>100.00%</td>
</tr>
<tr>
<td>Intervest</td>
<td>760,000</td>
<td>38.00%</td>
</tr>
<tr>
<td>UB care</td>
<td>17,714,411</td>
<td>43.97%</td>
</tr>
<tr>
<td>SK Syntec</td>
<td>7,181,350</td>
<td>100.00%</td>
</tr>
<tr>
<td>SK Gas</td>
<td>3,928,537</td>
<td>45.53%</td>
</tr>
<tr>
<td>TSK Water</td>
<td>200,000</td>
<td>25.00%</td>
</tr>
<tr>
<td>Koentec</td>
<td>600,000</td>
<td>1.20%</td>
</tr>
<tr>
<td>SK Networks</td>
<td>41,801</td>
<td>0.02%</td>
</tr>
<tr>
<td>Utis</td>
<td>80,000</td>
<td>10.00%</td>
</tr>
<tr>
<td>SK Pharma Beijing</td>
<td>US$100,000</td>
<td>100.00%</td>
</tr>
<tr>
<td>Cara Care</td>
<td>2,500</td>
<td>15.15%</td>
</tr>
<tr>
<td>KRCCE</td>
<td>5,900</td>
<td>29.50%</td>
</tr>
<tr>
<td>Yonghyeon 4 area industrial water managing association</td>
<td>W419,199,443</td>
<td>81.78%</td>
</tr>
<tr>
<td>Greentec21</td>
<td>4,005</td>
<td>2.13%</td>
</tr>
<tr>
<td>Zeropack</td>
<td>196,000</td>
<td>9.80%</td>
</tr>
<tr>
<td>Economax</td>
<td>100,000</td>
<td>5.00%</td>
</tr>
<tr>
<td>Ningbo SK Zhenbang Chemical Company Limited</td>
<td>US$3,800,000</td>
<td>19.69%</td>
</tr>
<tr>
<td>ST Green Energy Pte, Ltd</td>
<td>US$150,000</td>
<td>50.00%</td>
</tr>
<tr>
<td>SK Chemicals GmbH</td>
<td>€ 25,000</td>
<td>100.00%</td>
</tr>
<tr>
<td>KSN</td>
<td>93,600</td>
<td>100.00%</td>
</tr>
<tr>
<td>SK TIC</td>
<td>449</td>
<td>1.50%</td>
</tr>
</tbody>
</table>