



**We create the future
for customer happiness**

SK networks is

A trading company

with USD 2.2 billion in exports and
73 overseas locations as of 2011

A natural resources development company

whose with inventory includes 440 million tons
of iron ore, 85.3 million tons of coal,
and 570,000 tons of copper

A mobile phone supply company

that sells eleven million units annually,
with the cumulative total sales of
100 million sets as of 2011

A petroleum supply company

that sells over 45.5 million barrels of oil per year,
or 0.88 barrels per capita

A total automotive services company

that services 3.2 million cars
annually one out of every five in Korea

A fashion company

that sells six million pieces
of clothing per year.
One out of eight Koreans purchases
our fashion products

The owner of the W Seoul

ranked number one in the Korean
World-Class Products survey
conducted by KMAC

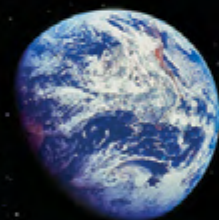


We are creating a happier future for everyone,
using our world-wide network of highly talented,
globally-oriented human resources
in 73 overseas locations in 19 different countries.

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Going from more than just a good company



To a great company



A company that contributes to Korea's national development in a new age of capitalism

A company that extracts the natural resources that are essential to the Korean economy, and develops overseas markets to expand it.

SK networks wants to be more than a "good" company. Instead, it wants to be a "great" enterprise, using its "3+6" strategies. This refers to its three existing businesses and six new ones.

We are standing on a solid basis . . .

Trading / IM (Information & Communications Technology Marketing) / EM (Energy Marketing)



Trading



Lowering the barriers between nations

Some countries have strengths in chemical technologies, while others are rich in energy.

Some nations are lacking in natural resources, while others need advanced technologies.

Connecting the ones that have a lot of resources with the ones that don't to make a better world is a primary goal of SK networks.



IM (Information & Communication Technology Marketing)

Narrowing the gap between people and IT

No matter how much IT technologies develop, they won't be truly successful or popular if people don't know how to access them.

SK networks makes it possible for everyone to use mobile devices easily and conveniently.

The busier SK networks becomes, the higher Korea's digital equality index will rise.



EM (Energy Marketing)

Recharging with happiness

We think of automobiles.

We think of their drivers.

And we think of the environment.

From filling up cars to selling oil products, happiness means filling up at SK networks.



Always looking toward
the limitless future



Resources Development / New Concept Distribution / Car-Life / Fashion / Real Estate / Wine



Resources Development



New Concept Distribution



Car-Life

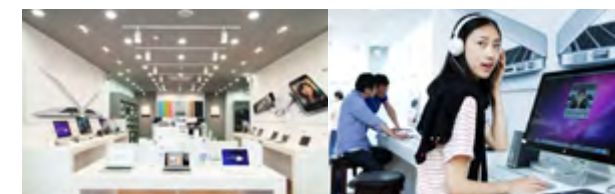
Exploring for energy abroad

SK networks is making Korea a natural resources powerful country in today's era of fierce competition. This includes advancing into the coal business, investing in MMX, a Brazilian iron ore company, acquiring an equity position in a copper mining and smelting company in China, and developing a rubber farm in Indonesia.



A new mode of digital distribution

You see state-of-the-art mobile devices everywhere, including smart phones, tablet PCs, notebook PCs, desktop PCs, cameras, and MP3s. There is also an Apple center for Apple fans out there. SK networks has developed an exciting new mode of distributing digital devices that encompasses both online and offline sales platforms.



Adding happiness to life with one's car

You start a relationship with a car as soon as you buy it. SK networks ensures that your relationship with your vehicle is a happy one. From buying a new GM car to repairs and car rentals, SK networks is the place to go.





Fashion



Real Estate



Wine

Leading cutting-edge fashion styles

Everybody recognizes Obzee, O'2nd, Tommy Hilfiger, DKNY, Club Monaco, and ck Calvin Klein. These "go-to" fashions at SK networks will help you create the chic lifestyle you've always dreamed of.

Designing greater values

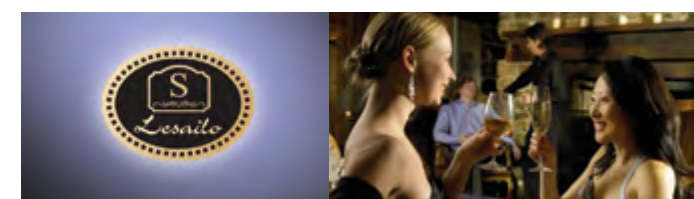
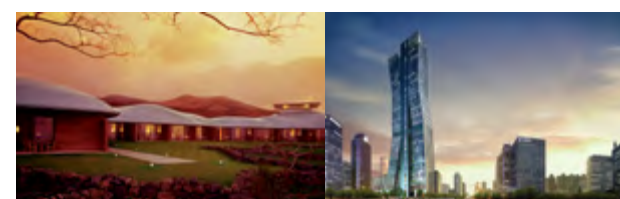
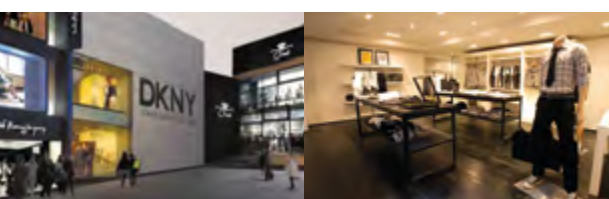
From high-end leisure facilities such as Pinx, one of Korea's leading resorts, to prestige residences and the Walkerhill Hotel, we create ultimate spaces and values for VIPs. SK networks helps its customers feel happier and more content.

Giving life more taste and flavor

SK networks helps make a simple dinner with your family or a formal dinner party with your friends even happier events. A table filled with the taste and aroma of a fine wine from SK networks makes life more special.



We create the future for customer happiness





Lee Chang-kyu
President & CEO,
SK Networks Co., Ltd.

A handwritten signature in black ink, appearing to be "Lee Chang-kyu".

Dear valued shareholders and customers:

SK networks achieved record-high sales of KRW 27.5 trillion and operating income of KRW 346 billion in 2011, thanks to the support and encouragement of our shareholders and customers and in spite of the financial meltdown that started in Europe and ended up buffeting the world. The profitability of each of our traditional businesses is in the KRW 100 billion range. This applies to the IM (Information & Communications Technology Marketing) and E&C (Energy & Cars) divisions. In addition, we have added a host of new businesses to our holdings. They include a coal business, a new mode of distribution in the IT industry, and new stores boasting eye-popping growth in both Korea and China.

In 2012, SK networks will implement three management tasks.

First, we will maximize our performance and continue enhancing our competitiveness in our traditional businesses of IT, Energy, and Trading. In addition, we will add to the profitability of the Trading unit by using our overseas investment assets more efficiently and effectively.

Secondly, we will continue strengthening our foundations for full-scale growth. Our fashion business will continue with its record-high results in Korea and China, and the natural resources development and car businesses will enjoy more than satisfactory results as well. We will enhance our profitability and seek new business opportunities by strengthening our new IT distribution business.

Thirdly, we will add to our employees' capability by strengthening their involvement in our "Innovation of Man and Culture" program that we put in place since last year. By doing this, we will be reborn as a company that boasts top-level global competitiveness. We will accomplish this goal by growing a "bottom-up" culture in which our employees become agents for change, establishing an organization that fosters their development, increasing our global presence by dispatching experts overseas, and recruiting outside talents to manage new businesses.

Everyone at SK networks will work together in 2012 so we can take another leap forward our road to becoming a truly global enterprise. I look forward to your continuing support and encouragement.

Thank you.

Board of Directors



Chey Jae-won
Chairman of the Board



Lee Chang-kyu
President & CEO
SK networks



Kim Se-dae
Inside Director
President, Walkerhill



Jang Byung-ju
Outside Director
Chairman, Daewoosky Institute



Yoon Nam-geun
Outside Director
Professor, Korea University Law School



Song Ha-jung
Outside Director
Professor, Kyunghee University
Department of Public Administration



Kim Seong-min
Outside Director
Professor, KAIST College of Business

Creating value through open and honest management
Adding to the trust and confidence of our shareholders
and customers

SK networks boasts one of the most advanced corporate governance structures in all of Korea. Our commitment to open and honest management begins with the Board of Directors, or BOD. All of our major operating activities and decisions are vetted beforehand by BOD committees, including the Audit Committee. In addition to establishing a secretariat to assist the BOD in its operations, we have increased the ratio of outside directors to executive directors.

Enhancing Transparency in Governance

We have put a variety of programs and processes in place to ensure that maximizing shareholder value remains on top of our first priority. A number of the BOD's committees are tasked with analyzing decisions and actions made by the CEO.

Enhancing Transparency in Accounting

After consulting with a highly-recognized Korean accounting firm, we decided to realign our internal control system. This includes complying with all governmental regulations requiring CEOs and CFOs to certify that all the accounting data they submit to the supervisory authorities is complete, honest, and accurate. This raises the confidence of both financial institutions and our shareholders.

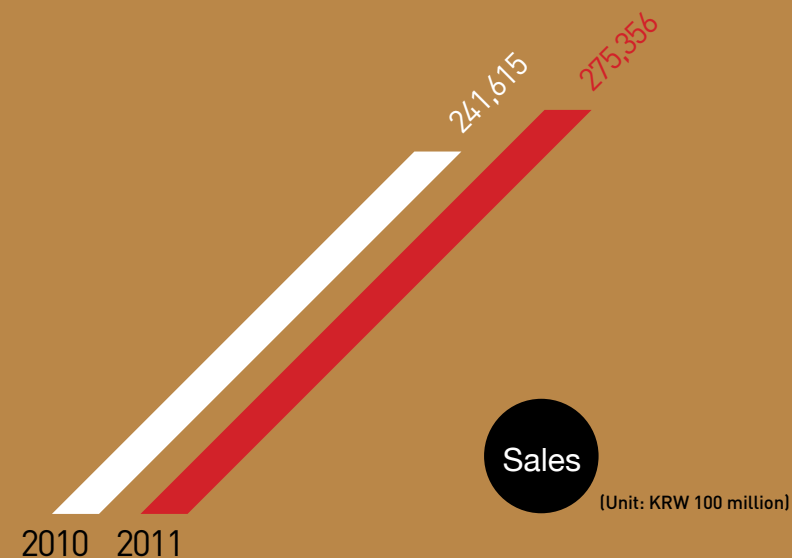
Strengthening Auditing Functions

Our Audit Committee, which is composed exclusively of outside directors, exercises a powerful control function over major management decisions and activities.

Practicing Ethical Management

SK networks' commitment to transparent management extends to our employees, all of whom must abide by the rules and regulations contained in our Code of Conduct. Our goal is to promote a corporate culture that fulfills our responsibilities to the larger society and treats our business partners, customers, and competitors with honesty and respect.

Financial Highlights



SK networks enhanced its competitiveness in 2011 by posting a record-breaking KRW 27.5 trillion in sales. It also racked up KRW 346 billion in operating income. In addition to continuing to invest in future growth, the company strengthened its natural resources development division by acquiring SK innovation's coal company. It is also developing new operating models for its distribution business.

T&I

- Sales increased by KRW 1,604.9 billion year-on-year to KRW 7,341.7 billion, due to higher prices for raw materials.
- Gained a foothold for continuing growth by investing in Brazil's MMX iron ore mine and acquiring SK energy's coal business.

IM

- Sales grew by KRW 922.3 billion over the year to KRW 6,381.6 billion, due to increased sales of high-priced cell phones and the promotion of our new distribution business. We sold almost 1.1 million mobile devices.

E&C

- Sales rose by KRW 1,082.5 billion over the year to KRW 12,567.4 billion. They were led by rising international crude oil prices, the sale of more than thirty-six million drums of oil, growth in our car rental businesses, and the acquisition of a regional GM dealership.

Fashion BHQ

- Sales increased by KRW 92.2 billion year-on-year to KRW 500.5 billion, due to the remarkable growth of our fashion business in China and satisfactory sales at home.

Customer BHQ

- Sales increased by KRW 91.3 billion over the year to KRW 201.4 billion. This was mainly due to increased profits from real estate development projects that had been executed to maximize the value of the company's assets.

WALKERHILL

- Sales increased from KRW 31.4 billion to KRW 400.5 billion. This resulted from heavy room bookings and strong sales at the duty free shop, which in turn were largely due to our aggressive promotions targeting Chinese tourists and the opening of a new restaurant at COEX.

PRIDE

“PRIDE”: Our new management direction
The company fosters the development of talented people who can help the company grow. To continue this virtuous cycle, SK networks innovates people and culture with “PRIDE.”

Professionalism (Highest Abilities)

Rewards (Highest Compensation)

Intimacy (Open Communications)

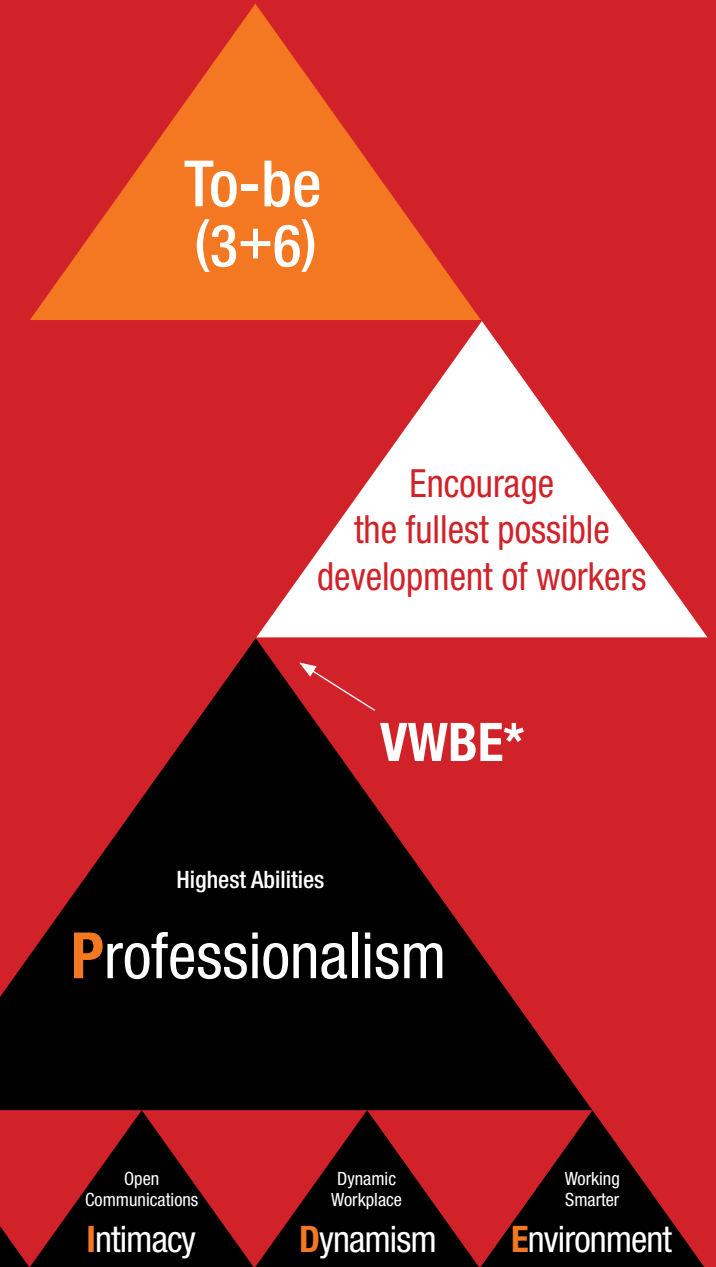
Dynamism (Dynamic Workplace)

Environment (Working Smarter)

The acronym “PRIDE” encapsulates SK networks’ commitment to happier workplaces for its workers and a happier world for everyone.

Talented people reach their highest potential at SK networks!

Establish an organization that fosters people’s development.



* VWBE (Voluntary and Willing Brain Engagement) is an SK term that refers to employees working with pride and enthusiasm.

2011 at a Glance

SK networks was able to weather the economic crisis in Europe and difficult financial conditions on Wall Street.

01 Launched "PRIDE" management direction

On July 1, SK networks announced the "PRIDE Movement," which is its version of the "Man and Culture Innovation" program that prioritizes employees' opinions and goals. The heart of the "PRIDE Movement" is helping employees feel confident that they can grow with the company. It also means that all the company's employees should act professionally. In 2011, SK networks made continuous efforts to improve "Rewards, Intimacy, Dynamism, and the Environment" to help its employees become more efficient and professional.

02 Fashion BHQ recorded more than KRW 500 billion in sales

Our Fashion BHQ marked three consecutive years of top-flight business performances in 2011 by posting record-setting sales of KRW 500 billion and ordinary income of KRW 37 billion. This was due to increased sales, the popularity of such brands as Obzee, O'2nd, Tommy Hilfiger, and DKNY, and high overseas growth, particularly in China.

03 Expanded Concierge ICT distribution business

Concierge sells digital products and accessories, including smart phones, tablet PCs, notebook PCs, and cameras. Its unique services include one-to-one training by experts and hands-on experiencing and educational programs at our ICT Academy. In addition, it acquired a subsidiary called LCNC. We will open over one hundred outlets in 2012, including a Shop-in-Shop outlet in Lotte department stores.

04 Car-Life biz upgrade

We were awarded the ownership of the GM dealership for the Chungcheong and Honam region in spite of intense competition. We expect that it will generate KRW 500 billion in sales in 2012. Our car rental business, which boasts 13,000 vehicles, attracted a large number of customers, becoming number four in the industry. We expect that it will create synergies with our Chinese car rental company, which was launched through the acquisition of Kumho Rent-A-Car. In addition, we anticipate that our Happy Auto Membership business will grow to more than one million members in the near future.

05 Becoming Korea's leading mineral resources development company

We are rapidly becoming Korea's leading natural resources development company by creating synergies between our domestic and overseas marketing abilities and strengthening our capabilities in terms of natural resources development. For example, our USD 700 million investment in non-oil resources in 2010 was the largest ever in the country. In addition, we acquired a coal business the next year, dramatically adding to the scope of our projects. We are also engaged in a large plantation business in Indonesia. We built a "Happy Village" there to provide better housing for our employees and their families.

06 Began construction of new company building

We began the construction of our new company building near Seoul's Samseong Station. When it is completed in March 2014, our 1,300 employees in the capital, who are currently housed in five different buildings, will be able to work together. The building's design concept, "Imagination of Happiness," reflects SK networks' values of ability, warmth, and kindness. It is also very environmentally friendly.

07 Speeded up globalization of fashion business

O'2nd posted KRW 36 billion in sales and KRW 5 billion in ordinary income in China in 2011. This represents over 100% annual growth for three consecutive years. We also took another step toward becoming a truly global company by opening an outlet in "Barneys New York," a prestigious department store in the city. In addition, we acquired the Chinese sales rights for Handsome's six brands in July.

08 Mobile phone sales exceeded 100 million

Our mobile phone sales in 2011 exceeded 100 million. We have led Korea's IT market ever since we entered it in 1994. Going forward, we will go beyond simply just selling mobile phones by offering customers a complete range of IT products and services.

09 Expanded Walkerhill food service business

Walkerhill was selected to provide convention catering and restaurant operations at COEX. In addition, it opened the Vizavi buffet and the Wixwit pub on September 1. Both of which are very popular. Walkerhill will continue to expand its food service business, offering customers the finest in products and services.

10 Opened Dandong Happiness Training Center

SK Group's first overseas training center, the Dandong Happiness Training Center, opened on February 24, 2011. Equipped with high-tech classrooms boasting video conference facilities, accommodations that are worthy of a five-star hotel, and a fitness center and lounge, it can be used for a host of activities, including employee education and training and workshops. It will make a significant contribution to enhancing the global capabilities of SK Group's employees.



Business Overview

T&I Resources BHQ* / Chemical BHQ / Steel BHQ

*BHQ: Business Headquarters

IM ICT Distribution BHQ / LCNC / SK networks Service / SK networks Internet

E&C Energy Marketing BHQ / Speedmate BHQ / Speed Motors

Consumer Retail Fashion BHQ / Customer BHQ / SK Pinx

WALKERHILL Sheraton Grand Walkerhill / Walkerhill Duty Free /
W Seoul Walkerhill / Walkerhill Outside Businesses

China HQ (Headquarters) Trading / Car-Life Business / Fashion Business /
Real Estate and Logistics Businesses

GHQ (Global Headquarters) Managerial Support Division

Trading & Investment Biz

Kim Eun-seong
Head, T&I Business Division



Iron Ore
700 Million Dollars
9 Million Tons / Year

*Secured a nine million ton per year supply of iron ore by taking a USD 700 million equity position in MMX of Brazil, the largest non-oil resources development project ever undertaken by a Korean company

A top-tier global Trading & Investment Biz

SK networks' T&I Division focuses on exports and natural resources development. Its trading operations mainly deal in industrial materials, such as chemicals and steel. In addition to expanding the value chain of each of our products to meet the varying needs of our customers, we are adding our presence in the market by creating new business platforms and sending advisory personnel to our locations around the world.

We secured a nine million ton per year supply of iron ore by purchasing USD 700 million worth of equity in MMX, a Brazilian iron ore company. This is the largest non-oil resources development project ever undertaken by a Korean company. We have also laid the groundwork for becoming Korea's largest coal trader by acquiring SK innovation's coal business. In addition, we began a rubber plantation business in Indonesia in 2009. So far, we have planted 4,400ha, or 31% of the entire area. We expect that our rubber products will come on-stream in 2013.

T&I will meet its goal of becoming a leading global player by upgrading its existing businesses and uncovering more investment opportunities for its trading business. This will result in a business structure that maximizes synergies between its trading and investment divisions, instead of relying on trading as its sole platform.

Resources BHQ

Since its full-scale entry into the resources development business in 2005, SK networks has built close and collaborative business relationships with natural resource companies and investors both at home and abroad. We are rapidly becoming Korea's leader in the resources development business through information exchanges and joint venture operations. We recently purchased a significant equity stake in MMX, a Brazilian iron ore mining company, and acquired SK innovation's coal business.

We have invested KRW 1.4 trillion in twenty projects so far. This includes KRW 255.2 billion in coal, KRW 823 billion in iron ore, and KRW 261 billion in nonferrous metals. Four coal, one iron ore, and one copper project are producing mines, while the others are under exploration or undergoing development. These investments will provide us with a base for expanding our resources trading business.

Going forward, the Resources BHQ will use a strategy of selection and concentration to operate its business portfolios, with emphasis on iron ore and coal. We are also expanding into such mineral-rich nations as China, Australia, and Brazil. In addition, we intend to advance into businesses that will complete our transformation into a completely vertically integrated steel and coal company, including transportation, distribution, blending, and processing.



18%

*We boast 18% of Korea's annual consumption of iron ore—9 million tons

Chemical BHQ

Our main businesses include exporting, importing, third-country trading, and the sale of chemical products in Korea. These include aromatics like SM* and BTX*; chemical fiber materials like MEG* and PTA*; methanol and solvents; fertilizers like urea; and raw materials for our PU* and PET* businesses.

In order to strengthen our competitiveness in the fast-growing Chinese market, we have built a business model that encompasses trading, sales, and production. We launched a sales office in Guangzhou in 2003, and built a PS plant in Shantou in 2006 and a PET plant in Ningbo in 2008. We will continue adding to our investments and enhancing our value chain.

Going forward, we will expand into countries with a promising potential for growth, such as Vietnam, Thailand, and India. Our goal is to develop into a global supply chain manager offering customers the finest in products and services. This will be done by forming strategic partnerships with other major global suppliers.

* SM: Styrene Monomer * BTX: Benzene, Toluene, Xylene
 * MEG: Monoethylene Glycol * PTA: Purified Terephthalic Acid
 * PU: Polyurethane * PET: Polyethylene Terephthalate

Steel BHQ

SK networks supplies steel products produced in Korea and abroad to overseas markets. On the domestic front, we deal in products made by POSCO, Union Steel, Dongbu Steel, and Hyundai Steel. Overseas, we carry products made by Chinese steel companies such as Taiyuan Steel, Baoshan Steel, Anshan Steel, and Shagang Steel, as well as other international players. Our products include hot and cold-rolled steel, general-purpose steel, special steel (like STS and tin plates), long steel products, and pipes. They are exported to China, Japan, Taiwan, Southeast Asian nations, India, the Middle East, Europe, the Americas, and Australia.

We are currently shifting our focus from exporting products that are made in Korea to sourcing ones that are made overseas. In addition, we are adding to our value chain by establishing CCs* in China and Australia, investing in an STS mill in Turkey, and entering the scrap steel business.

*Coil Center: Engages in cutting and processing steel products and supplying them to end users

Information & Communication Technology Marketing Biz

Lee Suk-hwan
Head, IM Business Division



Mobile Devices

No.1
100 Million

*Korea's No. 1 ICT Marketer, boasting sales of 100 million mobile phones from 1996 to 2011

A comprehensive ICT marketer making customers' lives happier

SK networks is Korea's number one mobile devices provider. Operating through a broad range of online and offline contact points, the IM business division provides ICT devices, solutions, and services that meet every customer's needs. It has three subsidiaries: LCNC, SK networks Service, and SK networks Internet. They are led by the ICT Distribution BHQ.

LCNC operates Concierge, a digital devices outlet that offers customers a new way of shopping. SK networks Service provides mobile phone after-sales services, operates networks, and distributes equipment for use in systems. SK networks Internet ensures that mobile services, games, and mobile apps function properly and without interruption.

We strengthened our position as Korea's number one ICT provider by selling more than ten million mobile phones in 2011. We boast Korea's largest mobile phone sales network and most customer contact points. Our goal is to become a world-class industry player in the area of digital devices.

ICT Distribution BHQ

SK networks' ICT Distribution BHQ has grown in tandem with Korea's mobile communications market, selling pagers away back in 1994 and advanced-technology 4G cell phones in 2012. We are now taking steps to cement our industry-leading position. We operate an optimized cell phone sales business in both the retail and wholesale sectors, delivering ICT devices that customers demand, when and where they need them. Our state-of-the-art services are based on the nation's largest sales network and infrastructure.

Our advanced management systems contribute to our competitiveness, allowing us to build mutually beneficial relationships with other key players in the Korean and overseas mobile communications markets.



Retail Business Division

Our highly-trained salespeople provide customers with high-quality services and a wide range of mobile devices through our nation-wide network of over 1,300 outlets. We are continuously trying to set ourselves as a global leading distributor of ICT devices that reflect our customers' needs and demands. Furthermore, we are gradually growing as a major ICT retailer that develops a wide range of products and services.



10.9 Million

*Sold 10.9 million mobile devices in 2011

Wholesale Business Division

We have centrally positioned as the nation's largest mobile devices provider, including cell phones, smart phones, and tablet PCs that are sold in more than 1,000 retail outlets of exclusive brands across the country. The close and trusting relationships that we have built with our service providers allow us to support their financing needs, offer them a wide range of consulting services, and develop a mutually beneficial operating model. On top of that, we are now expanding our services to a wide range of logistics services, from same-day delivery and 3PL* distribution to warehousing and forwarding.

*3PL: 3rd Party Logistics

B2B / Channel Marketing / Global Biz

We are providing customized devices through a network of more than 150 channels, including online, special, and consignment sales. We are also making a progress of developing custom-made sourcing and solution devices for corporate customers. In addition, we export terminals, which have been developed by or sourced from domestic or foreign mobile phone manufacturers, to South America and Southeast Asia. We are also involved in the recycling business, which includes collecting, recycling, and exporting used mobile phones. Our goals are to uncover new business models in various business areas and become a professional convergence business provider in the B2B area. We will grow into a leading global ICT marketing organization by sourcing ICT products and selling imported devices.



Subsidiary companies

The IM Business Division has three subsidiary companies. They are LCNC, which is engaged in the ICT open distribution business; SK networks Service (SKNS), which is in charge of cell phone A/S and network services; and SK networks Internet (SKNI), which provides mobile and Internet content and services. All three belong to the IM Business Division, and they create synergies with the distribution business, ensuring that we will soon become a comprehensive ICT distributor.



LCNC

LCNC operates Concierge, a new-concept sales outlet that offers the latest in digital devices at very attractive prices. There are two kinds of Concierge stores. One is a premium shop that is certified by Apple; the other sells a wide range of digital devices. Concierge Apple offers customers advice, training, and low-priced Apple products, while Concierge Mobile sells various brands of digital devices and accessories. The Concierge Apple shop sets itself apart from others as the Korea's leading high-quality outlet, while Concierge Mobile is positioning itself as a sales business and ICT devices outlet.

SK networks Service (SKNS)

SKNS is strengthening the customer experience and service quality of the SK Group's communications business. Its ultimate goal is to be the Korea's best service provider, offering complete customer satisfaction. Our Service Business Department, featuring thirty-two directly-run A/S centers and 2,500 franchise outlets across the country, engages in after-service operations and Blackberry technical support. In addition, our Network (NW) Business Department is expanding its operations to include bidding on new NW projects and the operation and maintenance of Korea's national defense network. Our ICT equipment distribution business has grown into a full-fledged ICT total solutions provider by forming partnerships with world-leading IT companies like HP and Cisco. We are also promoting new businesses, such as overseas networks and high-tech, eco-friendly safety systems for pedestrians.

SK networks Internet (SKNI)

SKNI has set its vision to become Korea's number one mobile content company by 2020. This goal can be achieved by developing and publishing mobile games and creating mobile content. It is expanding its business domains to include mobile solutions through Ufit, a corporate short-message service/multimedia message service solution. In the area of online services, it sells content on the Fanpynet SNS and Pullbbang.com, an entertainment portal with three million members. It is also growing into a key SK Group mobile content service company by forming strategic alliances with SK telecom, SK planet, SK M&C, and other companies. In addition, it is establishing a variety of wired and wireless content services. The company's overall goal is to become a global player specializing in game service platforms and cartoons. It is also aiming to become Korea's number one MMS business operator by promoting new business models, such as M-Billing and M-Coupons.



Energy & Car Biz

Kim Tae-jin
Head, E&C Business Division



Gas Stations

No.1
3,436

*No. 1 player in Korea in terms of oil product sales, with 3,436 gas stations

Creating happy and enjoyable car experiences

Our goal is to create happy and enjoyable car experiences for our customers. We provide them with a total range of services through a variety of channels, including gas and LPG stations, repair garages, car rentals, and online marketplaces.

We are the nation's number one supplier in terms of oil product sales, with 3,436 gas stations and auto repair and maintenance outlets. As a result, our membership has risen up to about 950,000. We have done this by offering our customers optimal solutions and carrying out precisely-targeted marketing campaigns and customer management programs. We are also diversifying our content and maximizing customer value by continuously expanding our car-life value chain, including rental vehicles. We have also expanded into China, where we operate a number of gas station complexes and light repair and rental car shops.

Going forward, we will continue to grow by entering the electric vehicle distribution and service business. We will also seek out promising new operations in the distribution area.

Energy Marketing BHQ

The Energy Marketing BHQ is the leader of Korea's petroleum products market. It is strengthening its competitiveness by making continuous improvements to its management structure, enhancing the quality of its services, and engaging in differentiated marketing strategies. We sell asphalt, lubricants, and bunker oil and petroleum products, such as gasoline, kerosene, diesel, and LPG, through a nation-wide network of 3,436 gas stations and 70 LPG outlets. We also operate gas station complexes in northeastern China, and are opening up overseas markets for our asphalt and lubricant businesses.



Petroleum Products Distribution Business (Gas Stations)

We have a 23% market share for petroleum products in Korea. This includes our top-quality Enclean brand gasoline, as well as kerosene and diesel fuel. We enhance customer satisfaction by conducting regular gas station service evaluations, providing a high level of customer service, and offering our customers loyalty rewards when they use our Enclean bonus card. We are also strengthening communications with our gas station operators and practicing differentiated business management. This includes operating a business-to-business site called SK e-market.com, which helps our operators place orders in real time and provides them with a full range of marketing supports. We are committed to the development of "total service" gas stations that combine various services, such as convenience stores and fast food shops, with car washes and repairs. This will enable us to extend our customer satisfaction levels and enhance our competitiveness.



Petroleum Products Distribution Business (LPG Stations)

We provide high-quality LPG products at seventy stations across the country. In addition, we are adding to our customer base of taxis and commercial vehicles through a variety of promotional activities and customer management programs. Going forward, we will enhance the competitiveness of our LPG stations by adding new "car life" content at all our outlets.

Asphalt Sales

We supply high-quality asphalt products throughout the entire country. In addition to regular asphalt products, we provide customers with highly-durable, polymer-modified asphalt, or PMA. We are planning to raise our status in the world market for exports and investments, especially in emerging markets.

Lubricants Sales

Every machine with moving parts needs oil to help it operate efficiently and prolong its life. We provide total solutions for lubricating machinery.



Speedmate BHQ

First established as a light car maintenance service provider, Speedmate's business interests are now extended to emergency roadside services, car parts and rentals, and new car sales. We also offer a variety of high-end "car-life" services, and provide various information to our customers through a wide range of online, offline, and mobile channels. In addition, we are exploring new business opportunities in such areas as car sharing, financing, and green businesses to ensure that we will continue leading the automobile living culture of the future.

Car Repair Business

Our highly-qualified mechanics and guaranteed "Speedmate" parts keep customers' cars operating in top shape. We have taken the lead in Korea's car maintenance market by using only genuine products, charging fixed rates, and providing high-quality services at our network of over 770 garages. Going forward, we will continue to strengthen our position as the country's number one car maintenance brand by differentiating our content and adding to our franchising abilities. We will also strengthen our close and cooperative relationship with the car maintenance industry, both through the joint purchasing of components and by training technical professionals on the basis of educational-industrial collaboration.

Emergency Roadside Service Business (ERS)

We launched our emergency dispatch service in 1996, and began Korea's first onsite service business in 2001, providing customers with high-quality care by developing a well-managed network and making aggressive investments in our systems. We were the first player in the industry to build a cutting-edge, location-based service system that directly connects our ERS network with our customers, and are currently operating more than 330 outlets across the country. We set up a smart phone-based ERS in 2011 to provide our customers with even faster and more accurate services.



3.2 Million cars

*Services 3.2 million cars annually



Car Rental Business

We are continuously expanding our long- and short-term car rental business, based on service quality improvements and differentiated systems and in conjunction with our car maintenance service operations and ERS network. We now own more than 13,000 rental vehicles.

We also offer business-use vehicles through our Total Car Management System. It is backed by a fleet of roving maintenance vehicles and a call center that can only be accessed by corporate users. Customers who have taken out memberships can sign long-term rental agreements so that they can save money to rent cars. In addition, we are developing a wide range of ancillary products and diversifying our sales channels to include home shopping and SNS sites.

New Car Sales Business

In August, 2011, we were selected to be a GM Korea's exclusive dealer in Chungcheong and Honam region. In October of the same year, we established a business called Speed Motors, and began selling Chevrolet cars. Supported by a network of fifty-five sales outlets spread throughout its operating area, the company sold more than 6,300 vehicles in the last three months of 2011. Going forward, we will enhance its competitiveness even more by increasing the efficiency of its sales outlets and salespeople and enhancing its car repair, ERS, and car rental operations.



Consumer Retail (Fashion / Customers)



Prestige Lifestyle
Fashion



*Sells six million fashion items annually



Enriching customers' lifestyles through high-end consumer goods

Our Fashion BHQ offers customers a wide range of prestige products, including our own brands and renowned overseas ones, while the Customer BHQ promotes the development of new growth engines businesses, with a particular emphasis on China.

We are also engaged in wine distribution, food services, and a footwear multi-shop business in China. In addition, we operate a high-end resort called Jeju Pinx, and are carrying out a variety of other real estate development projects throughout Korea. Our Consumer Retail Business Division sells top-quality consumer goods that embellish its customers' lifestyles.



Fashion BHQ

Our Fashion BHQ has two main businesses. One is a global brand business that sells our own brands, such as Obzee, O'2nd, and Hanii Y. The other is a license brand business that sells famous foreign brands, such as Tommy Hilfiger and DKNY, in Korea. We are placing a special focus on expanding our portfolio of prestige brands. In addition, we are expanding our global business interests, including launching O'2nd and Haanii Y in China. Our ultimate goal is to grow into a top-tier global fashion company.

Obzee

Obzee is a Korea's leading designer brand. It combines New York-style chic with fine and delicate, couture-like craftsmanship to produce stylish and extremely feminine fashions.

O'2nd

O'2nd is an easily-accessible, "Pop Boutique" brand featuring designs that suggest the best of art, culture, and haute couture. It is very popular in China, having reached its break-even point there within a year of its introduction. As proof of its brand appeal, a high-end shopping mall in Shanghai honored it with an award for highest annual sales for two consecutive years. In October, 2011, it opened a shop in the "Barneys New York" department store.

Hanii Y

Launched in New York in 2004, Hanii Y is a leading contemporary brand with a distinctively uptown, bohemian cachet. Fashion people and foreign celebrities alike flock to our more than 300 stores in thirty-six nations around the world, including the U.S., China, and Europe.

SMART

SMART has been maintaining its leading position as a high-quality school uniform brand ever since its launch.



500 Billion

*The Fashion BHQ's sales exceeded KRW 500 billion
It has set new records for three straight years

Tommy Hilfiger

Tommy Hilfiger is a New York-based, premium lifestyle brand boasting the universal appeal of "classic American cool." Its offerings range from classical styles to the latest casual fashion trends.

DKNY

DKNY is a new luxury designer brand named after its designer, Donna Karan, one of America's leading fashion designers. It expresses the dynamic energy and spirit of New York in clothing and accessories that are modern, urban, and chic.

Donna Karan Collection

The Donna Karan Collection is Donna Karan's most up-scale clothing line, produced by New York's most skilled seamstresses working with the world's most high-quality materials. The strongest selling point of the collection is that it reflects exactly what each woman wants to express her uniqueness and her individuality.

Club Monaco

Club Monaco, a global lifestyle brand, allows its wearers to flaunt a modern, urban, New York-based style at very reasonable prices. It has a minimalist design.

Elie Tahari

The collections of Elie Tahari, one of America's leading new luxury designers, are renowned for their ability to express the image of a high-class, elegant woman. The brand, which is beloved for its delicate details, brings out the timelessness and sophistication of beautiful women everywhere.

ck Calvin Klein

ck Calvin Klein is a bridge line brand of Calvin Klein Collections. It features an urban and sexy look contained in a minimal yet refined silhouette.

Customer BHQ

We are developing a wide range of new retail businesses in China, a country that is expected to become the world's number two consumer market very soon. They include wine distribution, food services, and footwear multi-shop business. We also operate a number of real estate development projects and high-end resorts in Korea, including the SK pinx.



Wine Business Division

We sell wine on both a retail and wholesale basis to oenophiles in China, which is rapidly becoming the world's largest market for that beverage. Much of our success is based on our close and collaborative relationships with more than two hundred wine producers, negotiants, and merchants in the United Kingdom, who use their unequalled abilities to find fine wines to our advantage. We have established sales corporations in London and Hong Kong, which has now become a hub market for fine wines destined for Europe and Asia. This has allowed us to achieve a business volume that is equal to that of the tenth-largest wine merchant in the U.K. in a very short period of time.

In 2012, we will establish a corporation exclusively for the sourcing of products from Bordeaux, the world's leading wine production center. We will also add to our complement of sourcing agents in Europe and North America.

Footwear Business Division

We operate a multi-shop outlet called Urban & Lifestyle that sells global footwear brands in the cities of Shanghai and Beijing. It has more than 2,000 items from over forty manufacturers.

Global Food Service Business Division

Our food and beverage business combines SK's management abilities and Walkerhill's expertise in service and R&D to offer customers a happy and healthy food culture. After opening our first ZINZEE shop, which specializes in Korean-style meat, in Shenyang, China in 2012, we will increase the number so they will become a new growth engine for the company.



Real Estate·Logistics Business Division

SK networks' real estate holdings in Korea are valued at KRW 2.9 trillion. They include S-Trenue, a 36-storey, high-end officetel, in Yoido, Seoul, and SK-View, a composite residential-commercial building in Hwaseong, Gyeonggi-do. In addition, we acquired SK pinx, one of Korea's leading resorts, in 2010. It is located on Jeju-Island. Going forward, we will continue undertaking various real estate development projects.

SK pinx

SK pinx Resort is located on Jeju Island. Its high-end recreational facilities include world-renowned golf courses, the Podo Hotel, and Biotopia. Biotopia includes eighty-seven villas and 116 town houses built under the theme of harmony between people and nature. It also boasts a hot spring, a swimming pool, a fitness club, a restaurant, and a club room. In the future, we plan to develop the additional 56,000 pyeong non-developed land that we own on Jeju-Island to create Korea's finest resort property ever.



WALKERHILL

Kim Se-dae
President, Walkerhill



Luxury Index

No.1 Hotel

*Ranked number one in hotel category in Ministry of Knowledge Economy's "World-Class Products of Korea" for W Seoul Walkerhill



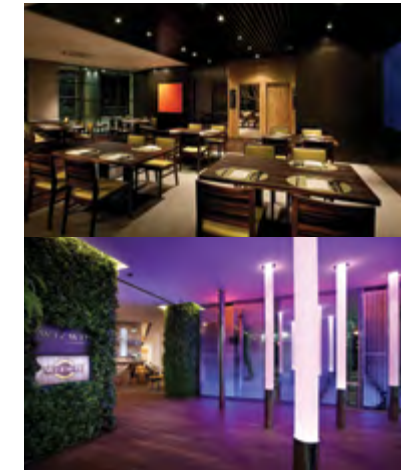
Creating value as an entertainment leader

Operating with the goal of creating value as Korea's entertainment leader, we operate a wide variety of businesses, including the Sheraton Grande Walkerhill, the W Seoul Walkerhill, the Incheon Airport Transit Hotel, the Walkerhill Duty Free Shop, and the food service business at COEX. All of these venues are dedicated to meeting the real needs of their customers.

Our efforts to share with the community include volunteer activities that are carried out by our more than one hundred employees under the motto "Sharing Happiness with Walkerhill." We also participate in a wine fair and a spring flower festival on Mt. Ahasan, and offer such attractions as an outdoor swimming pool and a ice rink.

In 2010, we presented "Legend of the Flowers," an original, award-winning, traditional Korean cultural performance, in the Walkerhill Theater. In addition, the Sheraton Grande Walkerhill hosted many events held by the G-20 Summit. We also became the first member of the Korean hotel industry to open an R&D center to broaden people's awareness of Korean cuisine around the world.

Moving forward, Walkerhill will continue to grow into a creative, full-service, upscale hotel and entertainment company that is loved and trusted by its customers. We will also continue to form links with a wide variety of business sectors.



6 ★★★★★

Sheraton Grande Walkerhill

Boasting both Mt. Achasan and the Han River as its backgrounds, the Sheraton Grande Walkerhill provides its guests with unique and differentiated services and unparalleled customer value. The hotel has 589 guest rooms, ten restaurants and bars, and sixteen banquet halls, including a Grand Hall that can accommodate up to a thousand people. The “Walkerhill Shows,” which are presented in the Walkerhill Theater, display the beauty and charm of Korea’s culture to the world. We also boast a “foreign passport holders only” casino, outdoor sports facilities, and various other services to suit all our customers’ leisure and business needs.

Walkerhill Duty Free Shop

Customers at the Walkerhill Duty Free Shop can purchase high-class, designer label products in a comfortable and spacious setting. Its two hundred brand labels include watches and jewelry by Rolex, Omega, Breguet, Piaget, Chaumet, and Damiani, and other goods produced by such world-renowned names as Salvatore Ferragamo, TOD’S, Coach, Balenciaga, Estee Lauder, Clinique, Guerlain, and Lancome. In addition, “The Shops” Korean goods stores offer shoppers a wide variety of local products, including cosmetics and Korean ginseng. It also presents colorful events to add to the joy of shopping, and boasts a comfortable lounge with magnificent views of the Han River. An even more convenient shopping experience is available at its Internet duty-free shop, www.skdutyfree.com.

W Seoul Walkerhill

This hotel brand was introduced in Korea by Starwood, a leading global hotel group. Although it marked the company’s first foray into Asia, it was soon being hailed as the country’s very best hotel by people in the know—not least for its unique Whatever/Whenever® Service. Its “Woo” bar, “Kitchen” and “Namu” restaurants, and 252 guestrooms boast interiors combining both Western and Eastern themes. Another of its most popular spots is the AWAY® spa, a haven for rest and relaxation. In addition, its two meeting rooms, The Great Room and The Studio, show how a high-level business meeting space can be created within a casual setting. Our urban sensitivities, unique designs, dramatic spaces, and harmonious colors blend together to provide guests with unforgettable experiences and cherished memories.

External Business

The External Business Division operates the Incheon Airport Transit Hotel and nine restaurants, offering travelers Walkerhill’s unparalleled mix of taste, style, and service. The Incheon Airport Transit Hotel boasts seventy-two standard rooms, twenty-one deluxe ones, and three suites. All of them operate a block rate, short-term system for travelers who are yearning for a few hours’ rest. Our restaurants include Jayeon, a traditional Korean restaurant; Haneul, which serves a la carte Korean foods; Global Chow, featuring a broad array of foods from around the world; and Air Café, which offers casual dining for younger customers. We also operate clubhouses at eight golf courses in the metropolitan area, including Sky72, Incheon Grand CC, Gold CC, Korea CC, Hilldeloci, Smart Ku, and Kosca CC, as well as the restaurant in Heritage, a luxury retirement facility in Bundang. In May 2011, we signed a contract to take over the convention catering and restaurant operations at COEX. This means that customers there can now enjoy Walkerhill’s superb food and beverage offerings in the Vizavi buffet and the Wizwit pub.



China HQ (Headquarters)

SK networks was the first member of the SK Group to enter the Chinese market. This happened in 1991. Since then, we have advanced into the resources development, energy marketing, car/life, real estate development, and fashion businesses. We also run a trading operation with a focus on steel, chemicals, natural resources, and related value-chain expansions. Our total investments in China exceeded KRW 986 billion as of the end of 2011. We launched the China Headquarters (China HQ) at the end of 2009, combining all the businesses that had formerly been operated by our company-in-company and business headquarters sectors. This was done so that greater synergies could be generated among them. In order to take the fullest possible advantage of China's continuing economic growth, the China HQ will develop new opportunities in the trading of steel, chemicals, and resources and its car/life, fashion, real estate, logistics, and car rental businesses. Its ultimate goal is to grow its businesses in the Middle Kingdom to the level of its head office operations by the year 2020.

Investment

620 Million Dollars

*Total Investments, as of the end of 2011



Trading

Our activities include the trading, processing, and manufacture of industrial materials, centering on chemicals and steel. We are also planning to expand into the trading and processing of iron ore, coal, and other resources. We intend to grow through Chinese domestic businesses by setting ourselves up for the totally integrated, full-value-chain production and sale of related products.

Car-Life Business

We operate ten gas station complexes in Shenyang and Dandong. In 2011, we are planning to create synergies with our existing car/life business and add to our operating volume through merger of Kumho Rent-A-Car. We will grow into a market leader in China's car/life business by taking advantage of its citizens' love affair with cars.

Fashion Business

We are launching our globally competitive brands and products in China. This will allow us to carry out our strategy of becoming a leading global fashion company.

Real Estate and Logistics Business

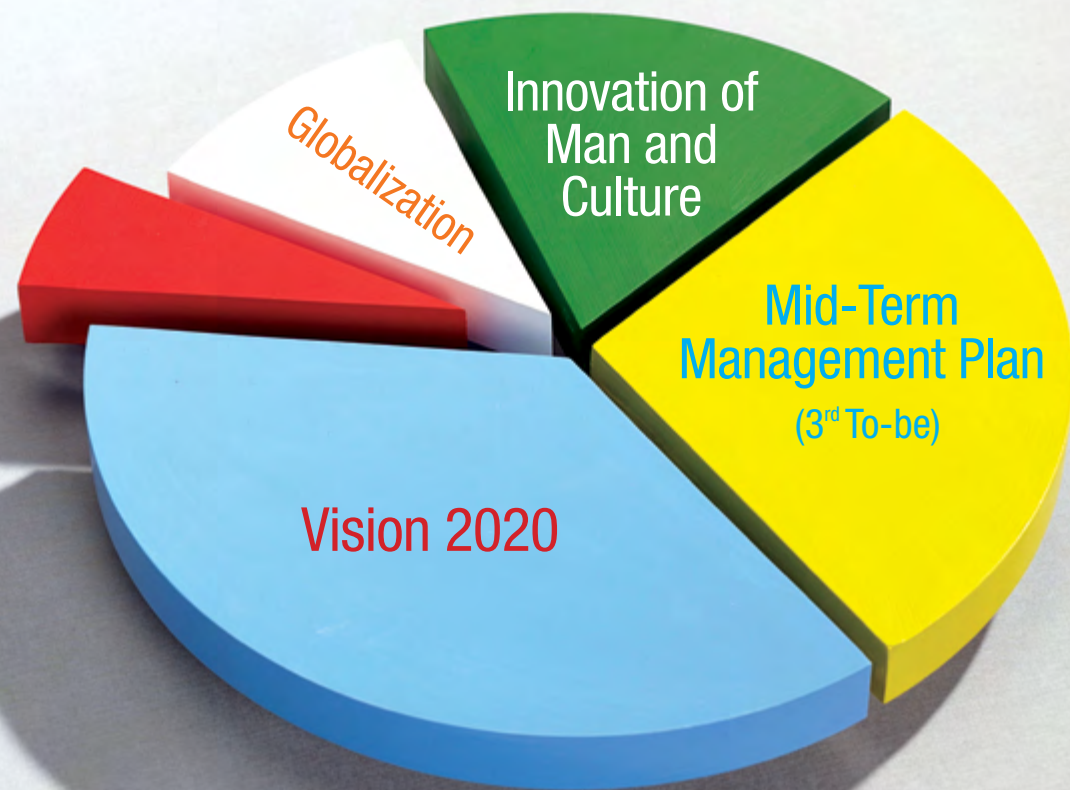
Our residential, commercial, and themed real estate development projects and logistics businesses are focused on major cities in China's three northeastern provinces. These activities are based on the experience we gained from the Dandong modernization project, the development of the Shenyang Terminal Complex, and the construction of the Dandong Bonded Warehouse.



GHQ (Global Headquarters)

Upgrade business structure and lead the innovation of man and culture to strengthen global competitiveness

SK networks' Managerial Support Division provides the services needed so that the company can achieve its "3rd To-be" vision and mid-term management plan. We will achieve this by establishing a firm and dependable business structure and enhancing the company's globalization strategies. This will allow us to evolve into a GHQ whose global capabilities and power of execution always keep pace with SK networks' development into a truly global enterprise.



Managerial Support Division

In 2012, which will be the final year of our "3rd To-be" mid-term management plan, we will combine the Corporate Culture Divisional Group and the Corporate Planning & Finance Divisional Group into the Managerial Support Divisional Group. The reason for doing this is to enhance the power of execution of the "To-be" strategies and revamp the role and function of the Global Headquarters, or GHQ. The Managerial Support Division will provide one-stop service for the growth of each business by upgrading its capabilities in each function and creating additional synergies.

The role of the Managerial Support Division is to implement the strategies and goals of the company and provide lead, help, and check services for the successful implementation of the specific tasks necessary for the achievement of its goals. We improve the company's operating structure by managing its business portfolio, assist in the development of new growth engines through M&As and other methods, and continually upgrade the company's resource management processes. In addition, we provide quick and accurate information to support managerial activities, raise and disburse funds, manage for internal and external risks, and enhance the company's values for its shareholders.

Furthermore, we will find and foster core talents who can lead growth in each of our business sectors and strengthen SK networks' unique corporate culture by enhancing communications with its employees. This means that we must continuously upgrade the system in the aspects of man and culture. We have selected the tasks for the "Innovation of Man and Culture (PRIDE)" to improve the capabilities of our employees and create a warm and welcoming workplace.



Happiness must be shared by everyone.
 Hope should be given equally to everyone.
 SK networks is joining in the establishment of
 “social companies” that contribute to
 the creation of jobs for the underprivileged.



Practicing environmental management around the world

We all need to do our part to preserve and protect the environment. As part of its efforts to ensure that the earth remains a truly sustainable living space for everyone, SK networks is planting trees on Kilimantan Island, which is part of Indonesia.

Preparing for the age of eco-friendly electric cars

The age of fossil fuels is ending, and the development of substitute energies is becoming more and more important. Dreaming of a happier tomorrow for its customers, SK networks is exploring various ways of preparing for the approaching era of electric cars.

Volunteer Work at the Social Welfare Center in Shenyang, China

SK networks' China HQ carries out community service activities at a social welfare center in the city of Shenyang every second Saturday of the month. We have been participating in various volunteer activities since December 2006.

Supporting the Hope Elementary School in China

We have been supporting the Hope Elementary School in China since December 2008. Our activities include donating books and holding birthday parties. We visit there every other month and donated 1,000 books in March 2009.

Repair Damage Caused by Flooding

In July 2011, we helped to repair the damage caused by a large-scale flood that hit Seoul, Gyeonggi-do, and northern Gangwon Province.

Sharing Briquettes

As part of our seasonal happiness sharing campaign, we delivered briquettes to the underprivileged living near our branches across the country. We did this from late November to early December of 2011.

Supporting SMART school uniforms

Our SMART school uniform brand has been offering cash and other prizes through a TV scholarship quiz program since 1991. In 1995, it began donating uniforms to three middle schools on Ulleung-do Island. We expanded this program in 2003 to include two high schools near Mount Jirisan National Park. Overseas, we donate SMART school uniforms to students in countries like Mongolia, Laos, Kazakhstan, Vietnam, Iran, and Bangladesh through the Korean Red Cross. In 2011, we started donating uniforms to Naro High School in Goheung-gun, Jeollanam-do and Jirisan High School in Sancheong-gun, Gyeongsangnam-do.

Volunteer Services at Wooseongwon

We visited Wooseongwon, a rehabilitation facility for the disabled, every Thursday, helping to clean the cafeteria and working in its vegetable gardens.

Delivering Lunches and Laundry to Sole-Support Seniors

Once a week, we worked in conjunction with the Yaksu Seniors Center to deliver lunches and laundry to elderly people living by themselves.

Delivering Side Dishes to the Underprivileged

We worked in collaboration with the Mokdong Welfare Center and the Yaksu Seniors Center every week to deliver side dishes to the underprivileged.

Custodians of Cultural Assets

Once a month, we visited Changdeokgung Palace, which is located in Jongno-gu, Seoul, to clean it and help protect its cultural assets.

Support Beautiful Store

We visited the logistics center of the Beautiful Store, a Korean nonprofit corporation, and did volunteer work there from June 2010 to December 2011. The logistics center is located in Janghanpyeong, Gyeonggi-do.

Serving Lunch at the Yaksu Seniors Center

From June to December 2011, we visited the Yaksu Seniors Center once a week and handed out lunches.

One Company-One Village Volunteer Service

We have been carrying out a wide variety of community service activities in the village of Eomso-ri, Gyeonggi-do since May 2008. This includes helping the farmers to add to their income and working with them in their fields.



Fair Trade



We are committed to building a happier future for our customers and other stakeholders through our compliance programs and our win-win management activities.

Create a healthy corporate culture through principled management that believes in fair competition and following the rules

SK networks is committed to practicing open, honest, and principled management, including abiding by all the rules and regulations relating to fair trade. Our dedication to win-win management with all our stakeholders will lead to a happier and healthier society.

01 Introduction and Implementation

SK networks is committed to disseminating a CP culture among its employees and promoting fair and free competition with other companies. This includes introducing a compliance program in 2002 and insisting that observing all rules and regulations relating to fair trade-related laws and regulations must be a top priority for all our employees. Our CP efforts include distributing manuals and checklists and outlining clear and concise standards of behavior to prevent illegal behavior in advance.

02 Spreading a CP Culture

CP observance issues are entrusted to the company's Compliance Officer, who is appointed by the BOD. He or she is backed by an organization that is exclusively tasked with CP matters, CP managers in each division, and a CP Council comprised of the Compliance Officer and the heads of divisions that are involved with CP. Their duties include identifying potential risk factors (such as limitations to competition) and taking remedial action following deliberations by the CP Council.

03 The Seven Key CP Factors

Our compliance program operates on the basis of seven key factors. They include the CEO's and management's declaration of their commitment to CP, the appointment and operation of CP managers, preparing and distributing CP manuals, carrying out CP training programs, developing a monitoring system, imposing sanctions on employees who violate our CP rules and regulations, and document management. We run compulsory, company-wide, online CP training programs targeting all our workers, and offer hands-on training sessions given by experts from both inside and outside the company. In addition, we regularly monitor the observance of our CP rules and regulations and hold discussions concerning possible violations with CP divisions within each business organization. These steps helped us to win an "A" grade from the Korean Fair Trade Commission during its 2009 compliance program evaluations.

04 Win-Win Cooperation

We engage in a wide variety of win-win cooperation programs with our business partners to further our commitment to fair trade, and entered into a win-win cooperation and fair trade agreement with them in 2008. Our efforts include providing our business partners with funding to promote cooperative and collaborative relationships. As a result, we were given a "superior" grade in the 2009 win-win agreement evaluations conducted by the Korean Fair Trade Commission. In 2012, we plan to carry out a broad range of win-win activities to spread an enhanced CP culture among our business partners.

2011 Financial Statements

Although 2011 was a very difficult year both at home and abroad, SK networks weathered the storm very well. Our rate of growth was the envy of others who were battered and beaten by the global economic and financial crisis. We will continue this growth trend on the basis of our existing businesses and the infinite potential of our new ones.

* K-IFRS

Statements of Financial Position

Income Statements

Statements of Cash Flow

Statements of Financial Position

Year 59th (Current): As of Dec. 31, 2011
Year 58th (Prior): As of Dec. 31, 2010

Description	End of 2011 (59th Year)	End of 2010 (58th Year)	Beginning of 2010 (58th Year)
ASSETS			
I. Current Assets	5,203,187,909,064	4,015,213,522,575	3,829,558,988,942
Cash & Cash Equivalents	1,257,156,200,824	1,019,741,414,972	630,508,789,427
Short-Term Financial Instruments	15,871,206,548	6,997,942,476	56,066,944,626
Held to Maturity Investments	72,335,000	1,549,829,585	4,835,250
Trade Receivables	2,097,583,358,061	1,620,180,496,673	1,819,898,222,981
Financial Derivatives	31,079,058	23,171,000,000	115,948,465
Other Financial Assets	190,467,949,332	164,140,332,547	128,676,576,477
Other Current Assets	146,156,450,422	77,927,663,103	70,761,389,827
Inventories	1,331,634,699,912	1,101,504,843,219	1,123,526,281,889
Non-Current Assets	164,214,629,907	0	0
II. Non-Current Assets	5,906,575,515,329	5,647,155,078,510	4,638,413,983,597
Long-Term Financial Instruments	1,048,268,761	1,249,322,827	1,238,177,734
Available for Sale	286,666,729,988	158,919,025,709	173,114,466,496
Held to Maturity Investments	1,095,000,029	1,140,000,029	0
Relation Company Investments	1,449,290,635,637	1,361,478,402,057	436,110,981,261
Financial Derivatives	5,999,941,274	0	28,050,000,000
Other Financial Assets	209,013,985,151	250,824,412,042	256,520,926,198
Tangible Assets	3,631,773,736,108	3,523,627,569,595	3,288,867,312,108
Intangible Assets	152,474,491,947	112,637,244,952	92,136,107,282
Investments in Real Estate	99,331,978,255	134,092,884,570	292,348,110,461
Deferred Income Tax Assets	741,162,107	177,725,791	0
Other Non-Current Assets	69,139,586,072	103,008,490,938	70,027,902,057
TOTAL ASSETS	11,109,763,424,393	9,662,368,601,085	8,467,972,972,539

Description	End of 2011 (59th Year)	End of 2010 (58th Year)	Beginning of 2010 (58th Year)
LIABILITIES			
I. Current Liabilities	5,652,400,539,643	4,606,590,483,379	4,218,807,070,489
Trade Payables	3,430,584,330,284	2,761,630,993,786	2,387,027,903,036
Borrowings and Bonds Payable	1,650,281,483,586	1,382,833,905,883	1,243,010,081,972
Other Financial Liabilities	235,365,335,704	278,993,722,699	210,622,914,240
Unpaid Taxes	15,415,491,111	18,666,285,066	217,002,116,512
Other Current Liabilities	178,677,088,461	164,465,575,945	161,144,054,729
Estimated Liabilities for Sale	142,076,810,497	0	0
II. Non-Current Liabilities	2,183,968,207,951	1,890,712,707,788	1,208,530,081,466
Borrowings and Bonds Payable	1,797,238,094,364	1,533,326,368,361	850,663,158,108
Financial Derivatives Liabilities	4,359,570,127	3,238,154,682	333,757,554
Other Financial Liabilities	101,000,518,302	101,952,302,931	121,350,271,387
Deferred Income Tax Liabilities	251,153,267,717	218,712,265,825	218,300,807,499
Defined Benefit Liabilities	18,637,984,869	7,238,460,305	12,400,256,591
Allowances	9,106,945,590	1,784,536,586	1,677,847,893
Other Non-Current Liabilities	2,471,826,982	24,460,619,098	3,803,982,434
TOTAL LIABILITIES	7,836,368,747,594	6,497,303,191,167	5,427,337,151,955
SHAREHOLDERS' EQUITY			
I. Controlling Interest	3,231,225,511,094	3,146,421,203,422	3,015,531,337,287
Capital Stock	648,653,775,000	648,653,775,000	648,653,775,000
Capital Surplus	879,842,413,305	895,177,466,859	895,647,466,304
Retained Earnings	1,654,883,225,222	1,550,326,472,700	1,406,652,431,554
Other Shareholders' Equity	47,846,097,567	52,263,488,863	64,577,664,429
II. Non-Controlling Interest	42,169,165,705	18,644,206,496	25,104,483,297
Non-Controlling Interest	42,169,165,705	18,644,206,496	25,104,483,297
TOTAL SHAREHOLDERS' EQUITY	3,273,394,676,799	3,165,065,409,918	3,040,635,820,584
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	11,109,763,424,393	9,662,368,601,085	8,467,972,972,539

Income Statements

Year 59th (Current): As of Dec. 31, 2011
Year 58th (Prior): As of Dec. 31, 2010

Description	End of 2011 (59th Year)	End of 2010 (58th Year)
I. Sales	27,535,570,532,220	24,161,463,684,372
II. Sales Costs	25,647,386,121,537	22,485,714,046,879
III. Gross Profit	1,888,184,410,683	1,675,749,637,493
IV. Selling & General Administrative Expenses	1,529,384,135,802	1,406,637,117,200
V. Other Operating Income	97,831,297,519	67,500,514,375
VI. Other Operating Expenses	110,675,055,067	71,979,835,162
VII. Operating Income	345,956,517,333	264,633,199,506
VIII. Financial Revenues	373,518,736,651	350,139,462,381
IX. Financial Expenses	505,389,990,771	412,872,655,406
X. Gain and Loss on Valuations using Equity Method	4,478,345,676	17,810,683,878
XI. Income before Income Taxes	218,563,608,889	219,710,690,359
XII. Income Taxes	76,809,022,695	39,274,611,362
XIII. Net Income	141,754,586,194	180,436,078,997
XIV. Other Inclusive Gains (Losses) After Income Taxes:		
Capital Change using Equity Method	31,936,223,798	19,507,775,772
Negative Capital Change using Equity Method	-44,596,991,867	-4,041,587,932
Gains and Losses on Valuations of Available for Sale Financial Assets	-11,149,430,939	-25,436,345,779
Gains and Losses on Overseas Operations	26,971,693,104	157,384,961
Gains and Losses on Valuation of Derivatives	-5,803,468,419	-2,416,044,115
Actuarial Gains and Losses	-1,720,629,144	-6,562,435,651
XV. Total Inclusive Gains	137,391,982,727	161,644,826,253
XVI. Reverted Net Income:		
Controlling Interest	145,781,162,429	181,276,976,872
Non-Controlling Interest	-4,026,576,235	-840,897,875
Total	141,754,586,194	180,436,078,997
XVII. Reverted Total Inclusive Gains:		
Controlling Interest	139,684,532,725	162,373,978,970
Non-Controlling Interest	-2,292,549,998	-729,152,717
Total	137,391,982,727	161,644,826,253
XVIII. Gains per Share:		
Earnings per Share	587	730
Diluted Earnings per Share	587	730

Statements of Cash Flow

Year 59th (Current): As of Dec. 31, 2011
Year 58th (Prior): As of Dec. 31, 2010

Description	2011 (59th Year)	2010 (58th Year)
I. Cash Flow from Operating Activities	290,819,749,076	528,119,884,353
1. Cash Flow Created by Operating Activities	450,203,760,799	874,842,711,952
A. Net Income	141,754,586,194	180,436,078,997
B. Adjustments	332,007,107,099	207,807,457,111
Corporation Tax Expenses	76,809,022,695	39,274,611,362
Losses on Foreign Currency Translations	59,719,517,155	40,869,449,729
Gains on Foreign Currency Translations	-28,631,245,062	-46,709,168,709
Interest Expenses	138,669,381,042	110,234,615,179
Interest Revenues	-32,700,330,678	-32,745,280,678
Dividend Income	-2,194,310,000	0
Losses on Valuations of Financial Derivatives	12,610,451,803	7,152,693,645
Gains on Valuations of Financial Derivatives	-33,922,863,364	-4,470,539,318
Depreciation Expenses	77,689,558,431	78,501,447,142
Depreciation Expenses of Investments in Real Estate	972,834,866	429,214,470
Amortization Expenses on Intangible Assets	15,152,871,169	11,567,302,167
Severance Payments	18,480,442,794	17,006,137,395
Trade Bad Debts	4,502,049,766	5,078,230,717
Other Trade Bad Debts	773,681,661	2,958,916,741
Losses on Sales of Tangible Assets	19,137,905,299	26,280,427,507
Gains on Sales of Tangible Assets	-8,324,870,974	0
Losses on Retirement of Tangible Assets	111,348,434	177,376,681
Impairment Losses on Tangible Assets	0	31,196,592
Losses on Sales of Investments in Real Estate	64,318,887	0
Gains on Sales of Investments in Real Estate	-40,623,676	0
Losses on Sales of Intangible Assets	81,848,494	587,256,594
Gains on Sales of Intangible Assets	-191,380,286	-171,248,469
Gains on Sales of Stocks for Relation Company Investments	-12,834,455,561	0
Losses on Sales of Stocks for Relation Company Investments	20,283,387,553	0
Gains and Losses on Valuations using Equity Method	-4,478,345,676	-17,810,683,878
Losses on Sales of Available for Sale Financial Assets	2,822,400	4,846,850,884
Gains on Sales of Available for Sale Financial Assets	-3,197,608,100	-39,016,730,503
Reversal of Allowance for Bad Debts	-1,140,301,965	-17,616,475

Statements of Cash Flow

Year 59th (Current): As of Dec. 31, 2011
Year 58th (Prior): As of Dec. 31, 2010

Description	2011 (59th Year)	2010 (58th Year)
Other Revenue and Costs	14,601,999,992	3,752,998,336
C. Changes in Assets & Liabilities Resulting from Operating Activities	-23,557,932,494	486,599,175,844
Decrease (Increase) in Trade Receivables	-463,035,216,680	152,625,143,683
Decrease (Increase) in Receivables	9,687,159,541	-22,029,911,830
Decrease (Increase) in Advance Payments	-69,974,985,448	-14,124,641,612
Decrease (Increase) in Prepaid Expenses	-1,462,414,189	3,596,476,751
Decrease (Increase) in Inventories	-247,286,036,204	21,739,661,635
Increase (Decrease) in Trade Payables	773,916,007,782	344,383,760,101
Increase (Decrease) in Advance Receipts	-18,822,717,091	-15,621,462,133
Increase (Decrease) in Withholdings	1,789,064,195	-641,919,236
Increase (Decrease) in Unearned Revenues	8,260,721,561	-569,033,281
Increase (Decrease) in Non-Trade Payables	-35,530,156,326	66,697,407,242
Increase (Decrease) in Accrued Expenses	-7,307,525,076	-886,243,491
Payment of Severance Benefits	-18,580,607,852	-18,313,071,235
Decrease (Increase) in Plan Assets	7,754,764,074	-12,195,904,302
Other	37,034,009,219	-18,061,086,448
2. Interest Received	40,668,390,328	23,759,130,535
3. Interest Paid	-139,246,331,462	-102,226,891,085
4. Dividend Income	2,194,310,000	0
5. Amount of Payment of Corporate Taxes	-63,000,380,589	-268,255,067,049
II. Cash Outflows from Investment Activities	-371,119,870,400	-934,836,730,458
1. Increase (Decrease) in Short-Term Financial Instruments	-8,873,264,072	49,069,002,150
2. Increase (Decrease) in Long-Term Financial Instruments	201,054,066	-11,145,093
3. Increase (Decrease) in Short-Term Loans	-584,574,801	7,114,666,733
4. Increase (Decrease) in Long-Term Loans	16,326,231,064	-35,742,470,950
5. Sale of Available for Sale Financial Assets	21,639,133,030	5,693,897,406
6. Acquisition of Available for Sale Financial Assets	-117,591,171,402	-21,132,708,246
7. Net Increase (Decrease) in Current Held to Maturity Investments	1,477,494,585	-1,544,994,585

Description	2011 (59th Year)	2010 (58th Year)
8. Net Increase (Decrease) in Held to Maturity Investments	0	-1,140,000,029
9. Sales of Relation Company Investments	19,045,394,631	0
10. Acquisitions of Relation Company Investments	-95,172,611	-878,262,757,637
11. Sales of Tangible Assets	86,580,634,311	181,907,020,537
12. Acquisitions of Tangible Assets	-181,051,822,788	-216,957,925,634
13. Sales of Investments in Real Estate	1,068,295,720	0
14. Sales of Intangible Assets	1,823,568,118	407,424,636
15. Acquisitions of Intangible Assets	-35,638,432,457	-6,643,277,216
16. Decrease in Deposits Paid	96,368,051,350	43,075,957,961
17. Increase in Deposits Paid	-84,466,940,645	-12,595,415,237
18. Cash Outflow by Business Combinations	-240,271,810,524	0
19. Cash Inflows (Outflows) from Other Investment Activities	52,923,462,025	-48,074,005,254
III. Cash Flows from Financing Activities	404,810,419,732	795,623,818,485
1. Short-Term Borrowings	7,484,454,990,055	3,980,116,292,896
2. Repayment of Short-Term Borrowings	-7,216,431,412,411	-3,629,383,594,694
3. Repayment of Current Portion of Long-Term Borrowings	-144,694,786,224	-113,713,744,406
4. Repayment of Current Portion of Long-Term Bonds	-108,000,000,000	-303,000,000,000
5. Long-Term Borrowings	62,963,869,641	723,105,301,771
6. Repayment of Long-Term Borrowings	-34,430,609,429	-278,534,789,417
7. Borrowing of Bonds	398,196,400,000	448,075,000,000
8. Acquisitions of Treasury Stock	0	-147,590
9. Dividend Payments	-37,248,031,900	-31,040,500,075
IV. Difference in Exchange Rate Changes	297,518,158	325,653,165
V. Increase (Decrease) in Cash & Cash Equivalents (I+II+III+IV)	324,807,816,566	389,232,625,545
VI. Cash & Cash Equivalents to be Sold out	-87,393,030,714	0
VII. Cash & Cash Equivalents at the Beginning	1,019,741,414,972	630,508,789,427
VIII. Cash & Cash Equivalents at the End	1,257,156,200,824	1,019,741,414,972

Subsidiaries

LCNC		
Distribution of Digital Devices	14th Floor, 198 Euljiro 2-ga, Jung-gu, Seoul, Korea 82-2-6713-8401	
SK networks Service		
Mobile phone A/S and networks and repairs and maintenance	12th Floor, MIES Building, 21-1 Seosomun-dong, Jung-gu Seoul, Korea 82-70-7805-2045	
SK networks Internet		
Mobile content/applications and service platforms	11th Floor, Eulji-ro 2-ga, Jung-gu, Seoul, Korea 82-70-7800-3411	
Speed Motors		
Car Sales (Official GM dealer for Chungcheong and Honam region)	187-1 Oryu-dong, Jung-gu, Daejeon, Korea 82-42-520-4030	
SK pinx		
Integrated real estate corporation	15th floor, Eulji-ro 2-ga, Jung-gu, Seoul, Korea 82-70-7800-2695	
WS Trading		
Wine imports and wholesale	3rd floor, Daeil Building, 18 Namdaemun-ro 1-ga, Jung-gu, Seoul, Korea 82-70-7880-5403	

Affiliates

	SK holdings	www.sk.co.kr
Energy and Chemicals	SK innovation SK energy SK global chemical SK lubricants SK chemicals SKC SK E&S SK gas	www.skinnovation.com www.skenergy.com www.skglobalchemical.com www.sklubricants.com www.skchemicals.com www.skcc.co.kr www.skens.com www.skgas.co.kr
Information and Communications	SK telecom SK C&C SK broadband SK telink SK communications SK telesys SK planet	www.sktelecom.com www.skcc.co.kr www.skbroadband.com www.sktelink.com http://corp.nate.com www.sktelesys.com www.skplanet.co.kr
Trading and Service	SK E&C SK shipping SK securities SK marketing & company	www.skec.co.kr www.skshipping.com www.priden.com www.skmc.co.kr

Corporate History

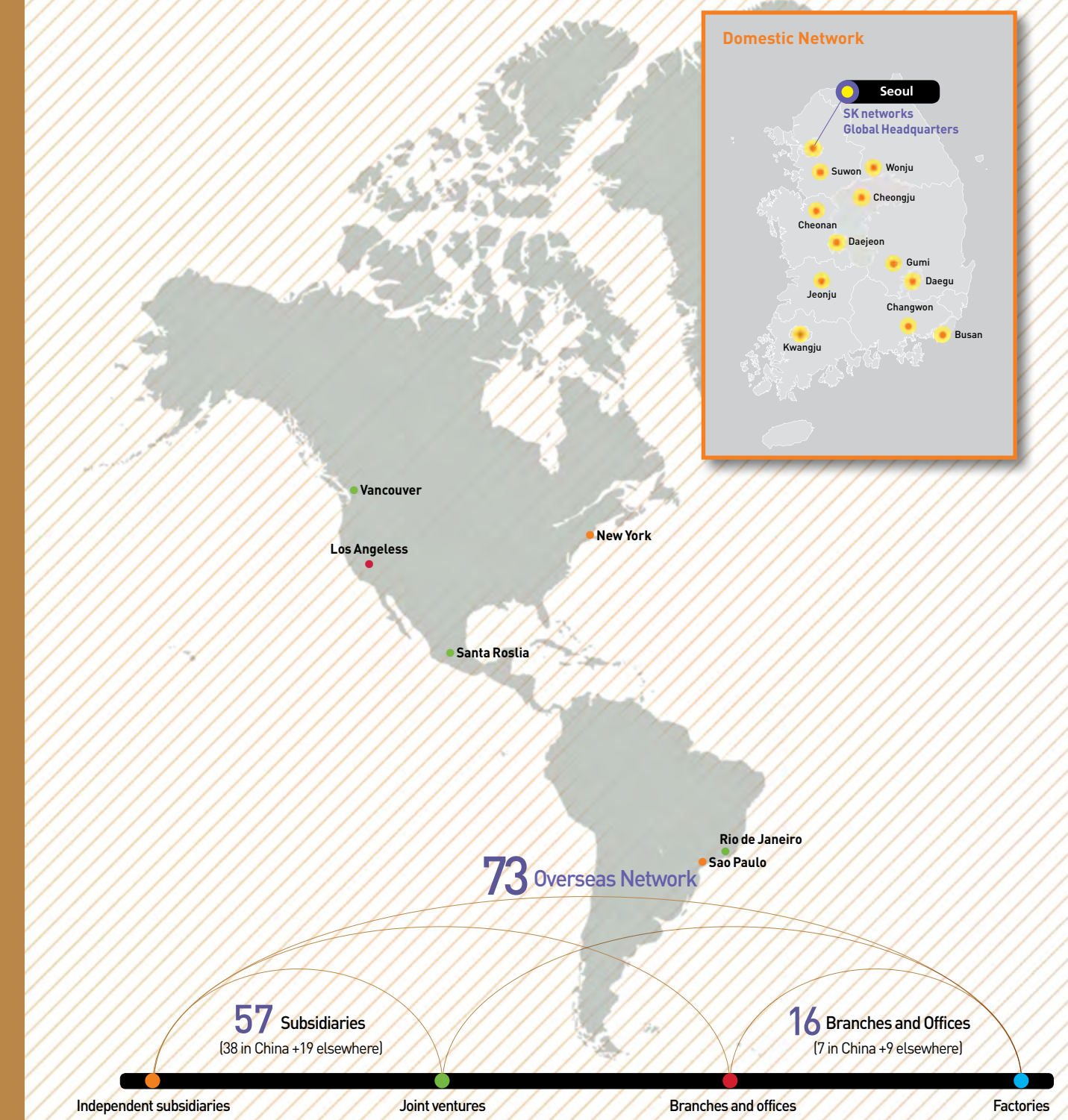
1953	April	Founded as Sunkyoung Textiles (President & CEO: Chey Jong-kun)
1967	May	Launched "Georgette," the first polyester product made in Korea
1973	November	Chairman Chey Jong-hyun took office
1976	January	Acquired Sunil Textiles; company name changed to Sunkyoung
	November	Designated as general trading company
		Designated as general trading company Awarded for earning USD100 million in exports
1977	June	IPO and listing on Korea stock exchange
1980	December	Acquired Korea National Oil Corporation
1990	May	Launched SMART school uniform business
1995	July	Number of SK gas stations exceeded 3,000
1996	September	Number of mobile communications outlets exceeded 1,000
1998	January	Company name changed to SK Global
1999	February	Acquired Speedmate
	December	Acquired SK Distribution
2000	July	Acquired SK Energy Sales
		Company name changed to SK Global
	November	Acquired duty-free shop
2003	August	Launched Tommy Hilfiger premium casual brand
	October	Company name changed to SK networks
2005	February	Launched wine business
	September	Established holding company in China
2006	February	Launched DKNY
	November	Acquired Shantou PS
2007	March	Acquired SK networks Internet
	April	Established SK network Service
	November	Acquired Obzee; launched Wine Fund No.1
2008	January	Introduced CIC (Company-in-Company) system
	June	Established DYSK
	December	Annual exports exceeded USD 10 billion
2009	January	President & CEO Lee Chang-kyu took office Launched O'2nd fashion business in China
	March	Launched plantation business in Indonesia
	September	Introduced GHQ System and established Chinese and Indonesian HQs
	November	Declared Vision 2020
	December	Acquired Walkerhill
2010	January	Introduced Understanding the Mool-li management strategy
	September	Acquired Jeju Pinx Resort and launched SK pinx Invested in MMK of Brazil, the largest-ever equity stake by a domestic non-petroleum resources developer
	October	Opened Shenyang SK Bus Terminal, becoming the first foreign player to enter the Chinese public facilities business
	December	Acquired SK energy's coal business
2011	January	Expanded new Concierge ICT distribution business
	February	Completed SK networks' Dandong Happiness Academy
	March	Received KRW 200 Billion Tax Tower Award from National Tax Service Acquired Kumho Rent-A-Car (China)
	July	Promoted "PRIDE" Movement
	November	Won GM Korea dealership for Chungcheong and Honam region
	December	Fashion BHQ's sales exceeded KRW 500 billion Cumulative sales of mobile phones exceeded 100 million pieces

Domestic & Overseas Networks

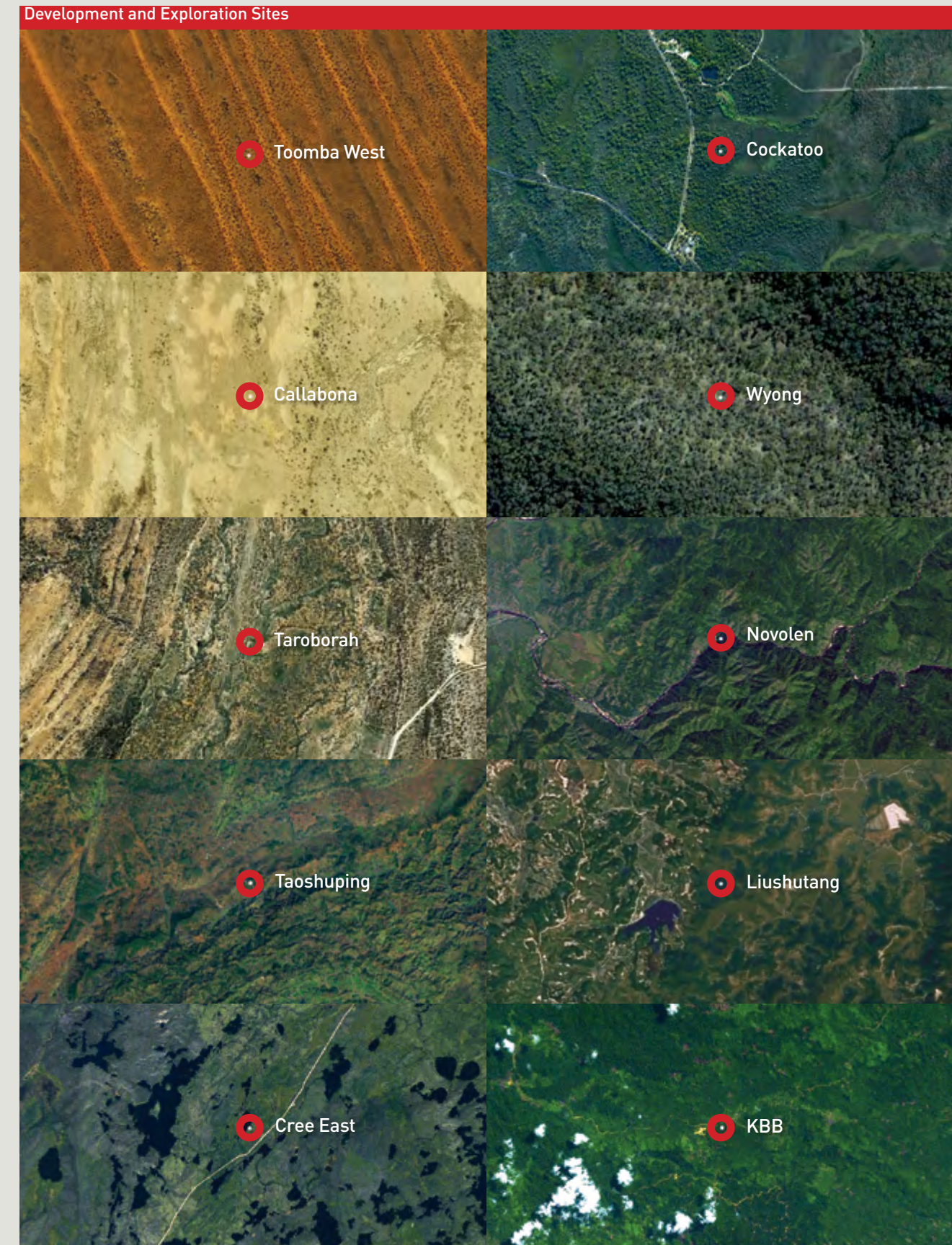
Domestic & Overseas Networks



* We have added these maps to show readers the locations of our global outposts, including subsidiaries and offices. Please refer to the maps inside for more detailed locations of our mines and plantation.



Satellite Photographs of Overseas Mining Development Sites





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