

CJ Corp.

Non-Consolidated Financial Statements

December 31, 2005 and 2004

CJ Corp.
Index
December 31, 2005 and 2004

	Page(s)
Report of Independent Auditors	1-2
Non-Consolidated Financial Statements	
Balance Sheets	3-4
Statements of Income	5
Statements of Appropriations of Retained Earnings.....	6
Statements of Cash Flows	7-8
Notes to Financial Statements	9-58
Report on the Review of Internal Accounting Control System	59-60

Report of Independent Auditors

To the Shareholders and Board of Directors of
CJ Corp.

We have audited the accompanying non-consolidated balance sheets of CJ Corp. (the “Company”) as of December 31, 2005 and 2004, and the related non-consolidated statements of income, appropriations of retained earnings and cash flows for the years then ended, expressed in Korean won. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Haechandle Co., Ltd. and certain other subsidiaries, the investments in which are reflected in the accompanying financial statements using the equity method of accounting. The investments in those subsidiaries represent 19% and 12% of the Company's total assets as of December 31, 2005 and 2004, respectively and the equity in their net income represent 15% and 21% of the Company's net income before income tax respectively for the years the ended. These statements were audited by other auditors whose reports have been furnished us and our opinion, insofar as it relates to the amounts included for the subsidiaries, is based solely on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the Republic of Korea. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the non-consolidated financial statements referred to above present fairly, in all material respects, the financial position of CJ Corp. as of December 31, 2005 and 2004, and the results of its operations, the changes in its retained earnings and its cash flows for the years then ended in conformity with accounting principles generally accepted in the Republic of Korea.

Samil PricewaterhouseCoopers

Without qualifying our opinion, we draw your attention to the following matters.

As discussed in Note 34, the Company decided to merge with two subsidiary companies, CJ Entertainment Co., Ltd and CJ Morningwell Co., Ltd, in accordance with the resolutions Board of Directors dated January 9, 2006.

Accounting principles and auditing standards and their application in practice vary among countries. The accompanying non-consolidated financial statements are not intended to present the financial position, results of operations and cash flows in conformity with accounting principles and practices generally accepted in countries and jurisdictions other than the Republic of Korea. In addition, the procedures and practices used in the Republic of Korea to audit such financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report and the accompanying non-consolidated financial statements are for use by those who are informed about Korean accounting principles or auditing standards and their application in practice.

Seoul, Korea
February 2, 2006

<p>This report is effective as of February 2, 2006, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying non-consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.</p>

CJ Corp.
Non-Consolidated Balance Sheets
December 31, 2005 and 2004

<i>(in thousands of Korean won)</i>	2005	2004
Assets		
Current assets		
Cash and cash equivalents (Note 3)	₩ 24,340,279	₩ 16,208,293
Short-term financial instruments (Note 3)	4,708,579	4,971,082
Trade accounts and notes receivable, net of allowance for doubtful accounts (Note 5)	54,957,999	31,154,864
Other accounts and notes receivable, net of allowance for doubtful accounts (Note 5)	49,365,150	45,280,903
Inventories, net (Note 6)	291,317,320	251,713,238
Guarantee deposits	20,889,262	14,993,587
Current portion of long-term loans receivable (Note 7)	1,909,387	107,070
Short-term deferred income tax assets (Note 25)	1,494,583	2,307,680
Prepaid expenses and other current assets	<u>11,272,411</u>	<u>9,946,323</u>
Total current assets	460,254,970	376,683,040
Property, plant and equipment, including revalued portion, net of accumulated depreciation (Note 8)	957,154,534	969,657,971
Long-term available-for-sale securities (Note 12)	112,938,612	89,145,201
Equity-method investments (Note 13)	1,134,313,393	1,136,311,580
Intangible assets, net of accumulated amortization (Note 9)	6,704,765	7,018,766
Long-term financial instruments and other assets (Note 10)	111,867,598	90,609,173
Long-term deferred income tax assets (Note 25)	<u>6,922,849</u>	<u>36,794,806</u>
Total assets	<u>₩ 2,790,156,721</u>	<u>₩ 2,706,220,537</u>
Liabilities and Shareholders' Equity		
Current liabilities		
Trade accounts and notes payable	₩ 124,345,195	₩ 120,416,794
Other accounts and notes payable	113,316,509	148,086,717
Short-term borrowings (Note 14)	200,415,530	167,984,850
Current portion of long-term debts (Note 15)	225,430,068	178,000,293
Accrued expenses	59,733,169	44,474,149
Income taxes payable	10,382,589	52,141,133
Other current liabilities	<u>26,325,771</u>	<u>51,423,474</u>
Total current liabilities	759,948,831	762,527,410
Long-term debts, net of current maturities (Note 15)	514,634,886	285,439,589
Accrued severance benefits (Note 16)	32,172,840	32,676,818
Long-term derivative liabilities (Note 18)	<u>7,304,169</u>	<u>-</u>
Total liabilities	<u>1,314,060,726</u>	<u>1,080,643,817</u>

CJ Corp.
Non-Consolidated Balance Sheets
December 31, 2005 and 2004

<i>(in thousands of Korean won)</i>	2005	2004
Commitments and contingencies (Note 17)		
Shareholders' equity		
Capital stock (Note 1)		
Common stock	₩ 120,271,135	₩ 119,974,635
Preferred stock	30,257,440	27,182,510
Capital surplus		
Paid-in capital in excess of par value (Note 1)	244,846,369	226,176,360
Other capital surplus (Note 8)	635,678,571	635,706,881
Retained earnings (Note 19)	651,602,269	566,412,798
(Net income : ₩132,501,311 thousand in 2005 and ₩154,058,874 thousand in 2004)		
Capital adjustments		
Treasury stock (Note 21)	(123,104,375)	(26,461,996)
Gain on valuation of available-for-sale securities, net (Notes 4 and 12)	10,323,483	1,110,716
Gain (loss) on valuation of equity-method investments, net (Note 13)	(98,890,270)	71,027,705
Loss on valuation of derivative instruments	-	(122,811)
Stock option compensation (Note 22)	5,111,373	4,569,922
Total shareholders' equity	<u>1,476,095,995</u>	<u>1,625,576,720</u>
Total liabilities and shareholders' equity	<u>₩ 2,790,156,721</u>	<u>₩ 2,706,220,537</u>

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

CJ Corp.
Non-Consolidated Statements of Income
Years ended December 31, 2005 and 2004

<i>(in thousands of Korean won, except per share amounts)</i>	2005	2004
Sales (Note 27)		
Domestic	₩ 2,198,259,890	₩ 2,246,284,737
Export	<u>261,640,630</u>	<u>298,082,387</u>
	2,459,900,520	2,544,367,124
Cost of sales (Note 27)	<u>1,648,300,108</u>	<u>1,755,494,420</u>
Gross profit	811,600,412	788,872,704
Selling, general and administrative expenses (Note 23)	<u>619,120,579</u>	<u>636,815,105</u>
Operating profit	<u>192,479,833</u>	<u>152,057,599</u>
Non-operating income		
Interest and dividend income	6,819,741	13,889,664
Foreign exchange gain	18,894,206	37,567,413
Gain on foreign currency translation (Note 24)	6,929,511	34,317,371
Gain on valuation of equity-method investments (Note 13)	34,363,311	37,906,110
Gain on disposal of available-for-sale securities (Notes 4 and 12)	6,569,921	796,607
Gain on disposal of equity-method investments	-	14,214,355
Gain on exercise of stock warrant (Note 13)	22,978,918	-
Gain on disposal of property, plant and equipment (Note 8)	13,708,204	43,516,998
Gain on settlement of derivative instruments (Note 18)	4,549,386	23,688,116
Gain on valuation of derivative instruments (Note 18)	10,318,926	6,117,158
Gain on valuation of debentures	-	5,502,613
Others	<u>19,197,503</u>	<u>15,060,132</u>
	<u>144,329,627</u>	<u>232,576,537</u>
Non-operating expenses		
Interest expenses	32,710,644	27,222,326
Loss on disposal of trade accounts receivable (Note 5)	9,779,498	12,642,262
Other bad debt expenses	701,507	29,594,247
Foreign exchange loss	11,379,369	6,291,501
Loss on foreign currency translation (Note 24)	2,091,139	2,751,584
Loss on valuation of equity-method investments (Note 13)	45,237,288	-
Loss on disposal of available-for-sale securities (Note 12)	1,073,119	1,738,809
Loss on impairment of available-for-sale securities (Note 12)	35,998	44,606,000
Loss on disposal of property, plant and equipment (Note 8)	6,315,108	1,160,526
Loss on impairment of property, plant and equipment (Note 8)	1,777,383	-
Loss on impairment of intangible assets (Note 9)	1,857,555	-
Loss on settlement of derivative instruments (Note 18)	10,854,334	18,312,474
Loss on valuation of derivative instruments (Note 18)	1,932,539	9,669,965
Loss on valuation of debentures (Note 15)	3,185,605	-
Others	<u>25,670,842</u>	<u>20,117,563</u>
	<u>154,601,928</u>	<u>174,107,257</u>
Net income before income tax	182,207,532	210,526,879
Income tax expense (Note 25)	<u>49,706,221</u>	<u>56,468,005</u>
Net income	<u>₩ 132,501,311</u>	<u>₩ 154,058,874</u>
Basic earnings per share (Note 26) (in Korean won)	<u>₩ 4,596</u>	<u>₩ 5,478</u>
Diluted earnings per share (Note 26) (in Korean won)	<u>₩ 4,584</u>	<u>₩ 5,366</u>

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

CJ Corp.
Non-Consolidated Statements of Appropriations of Retained Earnings
Years ended December 31, 2005 and 2004
(Dates of Appropriations: March 29, 2006 and February 28, 2005
for the years ended December 31, 2005 and 2004, respectively)

<i>(in thousands of Korean won)</i>	2005	2004
Retained earnings before appropriations		
Unappropriated retained earnings carried over		
from prior year	₩ 500,000	₩ 500,000
Net income	<u>132,501,311</u>	<u>154,058,874</u>
Transfers from voluntary reserves (Note 19)		
Reserve for research and human resource development	<u>3,333,334</u>	<u>2,766,667</u>
Appropriations of retained earnings (Note 19)		
Legal reserve	3,738,322	4,731,184
Reserve for losses on sale of treasury stock	28,992,714	-
Cash dividends	42,162,105	47,311,841
(Common stock: 30% in 2005 and 33% in 2004)		
(First series preferred stock: 31% in 2005 and 34% in 2004)		
(Second series preferred stock: 30% in 2005 and 33% in 2004)		
Reserve for research and human resource development	<u>60,941,504</u>	<u>104,782,516</u>
	<u>135,834,645</u>	<u>156,825,541</u>
Unappropriated retained earnings		
carried forward to subsequent year	<u>₩ 500,000</u>	<u>₩ 500,000</u>

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

CJ Corp.
Non-Consolidated Statements of Cash Flows
Years Ended December 31, 2005 and 2004

<i>(in thousands of Korean won)</i>	2005	2004
Cash flows from operating activities		
Net income	₩ 132,501,311	₩ 154,058,874
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	89,432,206	102,140,546
Provision for severance benefits	17,556,802	21,187,134
Bad debt expense	3,625,546	-
Loss (gain) on disposal of available-for-sale securities, net	(5,496,802)	942,202
Loss on valuation of inventories	1,055,229	963,136
Loss from inventory obsolescence	20,116,131	16,127,017
Gain on foreign currency translation, net	(4,838,372)	(31,565,787)
Loss on impairment of available-for-sale securities	35,998	44,606,000
Gain on disposal of equity-method investments	-	(14,214,355)
Loss (gain) on valuation of equity-method investments, net	10,873,977	(37,906,110)
Gain on exercise of stock warranty	(22,978,918)	-
Gain on disposal of property, plant and equipment, net	(7,393,096)	(42,356,472)
Loss on impairment of property, plant and equipment	1,777,383	-
Loss on impairment of intangible assets	1,857,555	-
Loss (gain) on settlement of derivative instruments, net	6,304,949	(5,375,642)
Loss (gain) on valuation of derivative instruments, net	(8,386,387)	3,552,807
Loss (gain) on valuation of debentures	3,185,605	(5,502,613)
Deferred income taxes	8,664,056	(10,699,150)
Other bad debt expenses	701,507	29,594,247
Others	2,943,336	720,308
Changes in operating assets and liabilities		
Decrease (increase) in trade accounts and notes receivable	(17,942,999)	26,315,971
Increase in other accounts and notes receivable	(486,868)	(16,184,633)
Increase in guarantee deposits	(5,895,675)	(134,339)
Increase in inventories	(60,786,978)	(2,964,117)
Increase in trade accounts and notes payable	4,100,416	19,118,268
Increase (decrease) in other accounts and notes payable	(34,670,937)	47,602,282
Increase (decrease) in withholdings	2,081,272	(30,801,877)
Increase (decrease) in accrued expenses	16,750,560	(4,245,278)
Increase (decrease) in income taxes payable	(41,758,544)	45,429,997
Payment of severance benefits	(33,833,579)	(25,256,698)
Dividend income from equity-method investments	38,255,445	7,933,157
Others	(8,647,068)	(10,043,725)
Net cash provided by operating activities	<u>108,703,061</u>	<u>283,041,150</u>

CJ Corp.
Non-Consolidated Statements of Cash Flows
Years Ended December 31, 2005 and 2004

<i>(in thousands of Korean won)</i>	2005	2004
Cash flows from investing activities		
Decrease in financial instruments	₩ 2,899,698	₩ 89,801,500
Increase in financial instruments	(2,637,195)	(90,546,130)
Proceeds from disposal of available-for-sale securities	5,573,174	17,270,420
Acquisition of available-for-sale securities	(20,439,527)	(13,914,013)
Proceeds from disposal of equity-method investments	-	36,628,970
Acquisition of equity-method investments	(180,748,006)	(185,143,398)
Reduction in capital stock by payments of cash of equity-method investments	-	14,714,017
Proceeds from disposal of property, plant and equipment	48,852,575	73,464,113
Acquisition of property, plant and equipment	(118,765,577)	(139,565,284)
Acquisition of intangible assets	(2,944,610)	(819,282)
Settlement of derivative instruments	(7,249,301)	28,765,486
Others	<u>(15,013,343)</u>	<u>(7,519,130)</u>
Net cash used in investing activities	<u>(290,472,112)</u>	<u>(176,862,731)</u>
Cash flows from financing activities		
Proceeds from short-term borrowings	462,762,997	409,350,209
Repayment of short-term borrowings	(427,155,310)	(560,297,922)
Proceeds from long-term debt	474,635,869	258,895,065
Repayment of long-term debt	(19,486,391)	(91,076,384)
Repayment of current maturities of long-term debt	(178,000,293)	(137,039,419)
Payment of dividends	(47,311,841)	(47,294,496)
Issuance of common stock due to exercise of stock warrants	-	60,274,419
Issuance of common stock due to exercise of stock options	2,679,867	944,519
Issuance of preferred stock due to exercise of stock warrants	18,418,518	1,546,946
Acquisition of treasury stock	<u>(96,642,379)</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>189,901,037</u>	<u>(104,697,063)</u>
Net increase in cash and cash equivalents	8,131,986	1,481,356
Cash and cash equivalents (Note 29)		
Beginning of the year	<u>16,208,293</u>	<u>14,726,937</u>
End of the year	<u>₩ 24,340,279</u>	<u>₩ 16,208,293</u>

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

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

1. The Company

CJ Corp. (the "Company") was incorporated in 1953 under the Commercial Code of the Republic of Korea to manufacture and sell refined sugar. The Company has subsequently expanded its business lines and, as of December 31, 2005, the Company is engaged in manufacturing and selling of refined sugar, wheat flour, animal feeds, food seasonings, medicines and processed meat.

The Company's stock is publicly traded and all issued and outstanding shares are listed on the Korean Stock Exchange.

Under its Articles of Incorporation, the Company is authorized to issue 100 million shares of capital stock with a par value per share of ₩5,000, which includes 20 million shares of cumulative, participating preferred stock that are non-voting and entitled to a minimum cash dividend at 9% of par value. The non-cumulative, non-voting preferred shares issued on or before February 27, 1997, are entitled to an additional cash dividend at 1% of par value over common stock. As of December 31, 2005, 24,054,227 common shares and 6,051,488 preferred shares are issued and outstanding.

As of December 31, 2005, the Company's majority Shareholder is Mr. Lee Jae Hyun who owns 17.48% of the outstanding Share including preferred Share .

In addition, the Company is authorized to issue convertible debentures and debentures with stock purchase options free from any preemptive rights of shareholders up to ₩500,000 million each. The Company is authorized to issue depository receipts free from any preemptive rights of shareholders up to 25% of shares of capital stock issued. Also, the Company is authorized to issue capital stock through the exercise of stock options, or general public subscription, or through the sale to domestic and foreign financial institutions for urgent fund raising. Such issuance is also free from any preemptive rights of shareholders.

During the year ended December 31, 2005, warrants to purchase 614,986 shares of preferred stock were exercised at ₩30,000 per share, resulting to an additional paid-in capital in excess of par value of ₩15,344 million, net of stock issuance cost.

During the year ended December 31, 2005, stock options to purchase 12,300, 15,400 and 31,600 shares of common stock, granted on August 14, 2001, April 27, 2002 and March 11, 2003, respectively, were exercised at ₩40,000 per share, ₩58,000 per share and ₩41,000 per share, respectively, resulting to an additional paid-in capital in excess of par value of ₩2,383 million, net of stock issuance cost.

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

The Company has a stock option plan under which options to purchase shares of common stock may be granted to key employees up to a maximum of 15% of issued shares with the approval of shareholders, of which up to 10% of issued shares may be granted with the resolution of the Board of Directors. On August 14, 2001, April 27, 2002, March 11, 2003, April 8, 2004 and March 8, 2005, stock options were granted to 56, 59, 65, 63 and 74 employees and directors, respectively (Note 22).

2. Summary of Significant Accounting Policies

The significant accounting policies followed by the Company in the preparation of its non-consolidated financial statements are summarized below.

Basis of Financial Statement Presentation

The Company maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language in conformity with accounting principles generally accepted in the Republic of Korea. The accompanying non-consolidated financial statements have been condensed, restructured and translated into English from the Korean language non-consolidated financial statements. Certain accounting principles applied by the Company that conform with financial accounting standards and accounting principles in the Republic of Korea may not conform with generally accepted accounting principles in other countries. Accordingly, these financial statements are intended for use by those who are informed about Korean accounting principles and practices. The accompanying non-consolidated financial statements have been condensed, restructured and translated into English from the Korean language non-consolidated financial statements.

Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Company's financial position, results of operations, or cash flows, is not presented in the accompanying non-consolidated financial statements.

Application of the Statements of Korean Financial Accounting Standards

The Korean Accounting Standards Board has published a series of Statements of Korean Financial Accounting Standards (SKFAS), which will gradually replace the existing financial accounting standards established by the Korean Financial Supervisory Commission. As SKFAS Nos.15 through 17 became effective for the Company on January 1, 2005, the Company adopted these Standards in its financial statements for the year ended December 31, 2005.

Accounting Estimates

The preparation of the non-consolidated financial statements requires management to make estimates and assumptions that affect amounts reported therein. Although these estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future, actual results may differ from those estimates.

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

Cash and Cash Equivalents, and Short-term Financial Instruments

Cash and cash equivalents include cash on hand and in bank accounts, with original maturities of three months or less. Investments which are readily convertible into cash within four to 12 months of purchase are classified in the balance sheet as short-term financial instruments. The cost of these investments approximates fair value.

Allowance for Doubtful Accounts

The Company provides an allowance for doubtful accounts and notes receivable based on historical collection experience and the aggregate estimated collectibility of the receivables.

Inventory Valuation

Inventories are stated at the lower of cost or market, with cost being determined using the weighted-average method, except for materials-in-transit which are stated at actual cost determined using the specific identification method. If the net realizable value of inventory is less than its cost, a contra inventory account representing the valuation loss is created to reduce the inventory to its net realizable value. The said valuation loss is recorded as cost of sales. If, however, the circumstances which caused the valuation loss cease to exist, causing the market value to rise above the carrying amount, the valuation loss is reversed limited to the original carrying amount before valuation. The said reversal is a deduction from cost of sales.

Property, Plant and Equipment and Related Depreciation

The cost of property plant, and equipment includes purchase costs or manufacturing costs, incidental costs directly related to preparing the premises and equipment for use. Property plant, and equipment are stated at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method, based on the estimated useful lives of the assets as described below.

	Estimated useful Lives
Buildings and structures	4-30 years
Machinery and equipment	4-8 years
Vehicles	4 years
Tools, furniture and others	3-6 years
Garden	4-30 years

The Company assesses the potential impairment of property plant, and equipment when there is evidence that events or changes in circumstances have made the recovery of an asset's carrying value to be unlikely. The carrying value of the assets is reduced to the estimated realizable value by recording an impairment loss charged to current operations and presenting it as a reduction from the said carrying value. However, any recovery of the impaired assets is recorded in current operations up to the carrying amount of the asset before impairment.

Maintenance and Repairs

Routine maintenance and repairs are charged to expense in the year when they are incurred. Expenditures, which enhance the value or materially extend the useful life of the related assets, are capitalized.

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

Intangible Assets

Intangible assets are stated at cost, net of amortization calculated using the straight-line method based on the estimated useful lives of the assets, as follows.

	Estimated useful Lives
Goodwill	5 years
Intellectual property rights	5-10 years
Capitalized development costs	1 year

Research costs are charged to expense as incurred. Development costs incurred for new products or technologies, which can be clearly identified and measured and which have probable future economic benefits, are capitalized. Other development costs are recognized in the period incurred as normal development expenses. Capitalized development costs are amortized using the straight-line method within one year from the initial commercial sales of the new product or utilization of such technology.

The Company assesses the potential impairment of intangible assets when there is evidence that events or changes in circumstances have made the recovery of an asset's carrying value unlikely. The carrying value of the asset is reduced to the estimated realizable value by recording an impairment loss charged to current operations and presenting it as a reduction from the said carrying value. However, any recovery of the impaired assets is recorded in current operations and should not exceed the carrying amount of the asset before impairment.

Securities

Investments in equity securities or debt securities are classified into trading securities, available-for-sale securities and held-to-maturity securities, depending on the acquisition and holding purpose. Trading securities are classified as current assets; while available-for-sale securities and held-to-maturity securities are classified as long-term investments, except those securities that will mature or are certain to be disposed of within one year which are then classified as current assets.

Cost is measured at the market value upon acquisition, including incidental costs, and is determined using the average cost method.

Available-for-sale securities are stated at fair value, while non-marketable equity securities are stated at cost. Unrealized holding gains and losses on available-for-sale securities are reported in a separate component of shareholders' equity as capital adjustments, which are to be included in current operations upon the disposal or impairment of the securities. In the case of available-for-sale debt securities, the difference between the acquisition cost after amortization using the effective interest rate method and the fair value is recorded as capital adjustments.

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

Impairment resulting from the decline in realizable value below the acquisition cost net of amortization is charged to current operations.

Equity-Method Investments

In the stand-alone financial statements of the Company, investments in business entities in which the Company has a control or the ability to exercise a significant influence over the operating and financial policies are accounted for using the equity method of accounting.

Under the equity method, the original investment is recorded at cost and adjusted by the Company's share in the net book value of the investee with a corresponding charge to current operations, a separate component of shareholders' equity, or retained earnings, depending on the nature of the underlying change in the net book value. All significant unrealized profits resulting from intercompany transactions of inventories and property, plant and equipment are fully eliminated.

Differences between the investment account and corresponding capital account of the investee at the date of acquisition of the investment are recorded as part of investments and are amortized over five to 20 years using the straight-line method. However, differences which occur from additional investments made after the Company obtains control in its subsidiaries are reported in a separate component of shareholders' equity, and are not included in the determination of the results of operations.

Assets and liabilities of the Company's foreign investees are translated at current exchange rates, while income and expenses are translated at average rates for the period. Adjustments resulting from the translation process are reported in a separate component of shareholders' equity, and are not included in the determination of the results of operations.

Some of the equity-method investments are accounted for based on the unaudited or unreviewed financial statements of the investee since audit or review procedures for these investee are not yet completed as of the date of this audit report.

In accordance with SKFAS No. 15, *Equity method*, the Company changed its policy in accounting for the earnings from equity-method investments from the net basis to gross basis. This change had no effect on the net income or shareholders' equity. The financial statements as of December 31, 2004, and for the year ended December 31, 2004, have not been restated to reflect such change.

Stock and Debenture Issuance Cost

Stock issuance costs are charged directly to paid-in capital in excess of par value. Debenture issuance costs are recorded as a reduction of the proceeds from the issuance of debentures.

Discounts and Premiums on Debentures

Discounts and premiums on debentures represent the difference between the issue price and par value of debentures. Discounts and premiums on debentures are amortized over the redemption period of the related debentures using the effective interest rate method. The amortization of discount on debentures is recorded as interest expense and the amortization of premiums on debentures is deducted from interest expense.

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

Long-Term Receivables and Payables

Long-term receivables and payables that have no stated interest rate or whose interest rate is different from the market rate are recorded at their present values. The difference between the nominal value and present value of the long-term receivables and payables is amortized using the effective interest rate method with interest income or expenses adjusted accordingly.

Deferred income tax assets and liabilities

Deferred income tax assets and liabilities are recognized for the estimated future tax consequences attributable to the differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and operating loss and tax credit carryforwards.

Deferred income tax assets and liabilities are computed on such temporary differences by applying statutory tax rates applicable to the years when such differences are expected to be reversed. Tax assets related to tax credit and exemptions are recognized to the extent of the Company's certain taxable income.

The balance sheet distinguishes the current and non-current portions of the deferred tax assets and liabilities, whose balances are offset against each other.

In accordance with SKFAS No. 16, *Deferred Income Tax*, which became effective on January 1, 2005, the Company classified deferred tax assets and liabilities into current and non-current, and within each classification, amounts for deferred tax assets and liabilities are offset against each other and presented as net amount. Deferred tax effects applicable to items in the shareholders' equity are directly reflected in the shareholders' equity account.

Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into Korean won at the rates prevailing at the balance sheet date and resulting translation losses and gains are recognized in current operations. As of December 31, 2005, the exchange rate for U.S. dollar was US\$1 : ₩1,013.

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

Accrued Severance Benefits

Employees and directors with at least one year of service are entitled to receive a lump-sum payment upon termination of their employment with the Company, based on their length of service and rate of pay at the time of termination. Accrued severance benefits represent the amount which would be payable assuming all eligible employees and directors were to terminate their employment as of the balance sheet date.

As of December 31, 2005, approximately 49% of the accrued severance benefits are funded through an employee severance insurance plan with life insurance companies to guarantee the retirement grants of employees. The amounts funded under this insurance plan are classified as a deduction from accrued severance benefits liability. Subsequent accruals are to be funded at the discretion of the Company.

In accordance with the National Pension Act, a certain portion of the accrued severance benefits is deposited with the National Pension Fund and deducted from the accrued severance benefits liability. The contributed amount shall be refunded from the National Pension Fund to employees on their retirement.

Earnings Per Share

Basic earnings per share is computed by dividing net income allocated to common stock by the weighted average number of common shares outstanding during the year. Diluted earnings per share is computed using the weighted-average number of common shares outstanding adjusted to include the potentially dilutive effect of convertible preferred stock, stock warrants and stock options.

Derivative Instruments

The Company utilizes derivative instruments to reduce its exposure to fluctuations in the purchase price of raw materials and foreign currency exchange rates. Rights or obligations arising from derivative instruments are recorded as assets or liabilities at fair value on an accrual basis. Gains or losses on valuation of derivative instruments are recognized in current operations. In case of cash flow hedges, unrealized holding gains and losses are recorded as capital adjustments in the balance sheet.

Government Grants

The Company recognizes government grants which are to be repaid, as liabilities. The government grants, which are intended to be used for the acquisition of certain assets, are deducted from the cost of the acquired assets. Before the acquisition of the assets specified by the grant, the amounts are recognized as a deduction from the account under which the asset to be acquired is to be recorded, or from the other assets acquired as a temporary investment of the grant received.

The government grants, contributed to compensate for specific expenses, are offset against the related expenses. Other government grants, whose use or purpose is not specified, are recorded as gains from assets contributed, and are recognized in current operations.

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

3. Cash and Cash Equivalents, and Short-Term Financial Instruments

Cash and cash equivalents, and short-term financial instruments as of December 31, 2005 and 2004, consist of the following:

<i>(in thousands of Korean won)</i>	Annual Interest Rates (%)		
	2005	2005	2004
Cash and cash equivalents			
Checking accounts	-	₩ 3,383	₩ -
Passbook accounts	0.1 - 1.0	<u>24,336,896</u>	<u>16,208,293</u>
		<u>₩ 24,340,279</u>	<u>₩ 16,208,293</u>
Short-term financial instruments			
Passbook accounts	0.1 - 1.0	₩ 4,708,579	₩ 4,971,082
Installment and time deposits	4.73	100,000	100,000
Other financial instruments	-	<u>21,000</u>	<u>21,000</u>
		4,829,579	5,092,082
Less: Portions classified as non-current (Note 10)		<u>(121,000)</u>	<u>(121,000)</u>
		<u>₩ 4,708,579</u>	<u>₩ 4,971,082</u>

As of December 31, 2005, bank deposits amounting to ₩4,729,579 thousand are subject to withdrawal restrictions in relation to government-sponsored research and development projects and checking account.

4. Short-Term Available-For-Sale Securities

Short-term available-for-sale securities as of December 31, 2005 and 2004, consist of the following:

<i>(in thousands of Korean won)</i>	2005	2004
Government and public bonds	<u>₩ -</u>	<u>₩ 263</u>

For the year ended December 31, 2005, the changes in valuation loss on short-term available-for-sale securities included in capital adjustments are as follows:

<i>(in thousands of Korean won)</i>	Amount Included			
	January 1, 2005	Valuation Amount	in Current Operations	December 31, 2005
Government and public bonds	<u>₩ 7</u>	<u>₩ -</u>	<u>₩ 7</u>	<u>₩ -</u>

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

5. Accounts and Notes Receivable

Accounts and notes receivable, and their allowance for doubtful accounts as of December 31, 2005 and 2004, are as follows:

<i>(in thousands of Korean won)</i>	2005	2004
Trade accounts and notes receivable	₩ 56,577,139	₩ 32,113,907
Less: Allowance for doubtful accounts	<u>1,619,140</u>	<u>959,043</u>
	<u>₩ 54,957,999</u>	<u>₩ 31,154,864</u>
Other accounts and notes receivable	₩ 52,348,018	₩ 47,562,264
Less: Allowance for doubtful accounts	<u>2,982,868</u>	<u>2,281,361</u>
	<u>₩ 49,365,150</u>	<u>₩ 45,280,903</u>

The Company regularly sells to several financial institutions certain accounts receivable primarily from product sales to foreign countries, subject to limited recourse. Receivables, which are excluded from the balance sheets under these arrangements and still outstanding as of December 31, 2005, amount to ₩31,622 million (2004 : ₩20,562 million).

On November 29, 2004, the Company entered into an agreement with Kookmin Bank to sell trade accounts receivable from certain selected 4,041 customers amounting to ₩ 244,436 million outstanding as of October 31, 2004, for asset securitization pursuant to the Asset Securitization Law in Korea. The above trade accounts receivable sold initially shall be replaced with trade accounts receivable from the above certain selected customers every subsequent month end on an ongoing basis through October 2007. As of December 31, 2005, the Company has sold trade accounts receivable of ₩225,448 million from certain selected 4,041 customers, and in return, received ₩210,000 million in cash and subordinated beneficiary certificates amounting to ₩12,781 million, which are recorded as long-term available-for-sale securities (Note 12). As a result of the above asset securitization, the Company recorded ₩9,730 million of loss on disposal of trade accounts receivable as non-operating expense for the year ended December 31, 2005.

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

6. Inventories

Inventories as of December 31, 2005 and 2004, consist of the following:

<i>(in thousands of Korean won)</i>	2005		2004	
Finished goods and merchandise	₩	111,144,079	₩	100,469,040
Semi-finished goods and work in-process		27,991,721		24,311,441
Raw materials and supplies		81,501,432		69,650,481
Materials-in-transit		<u>71,735,317</u>		<u>58,245,412</u>
		292,372,549		252,676,374
Allowances for inventory valuation		<u>(1,055,229)</u>		<u>(963,136)</u>
	₩	<u>291,317,320</u>	₩	<u>251,713,238</u>

Inventories are insured against fire and other casualty losses up to ₩181,542 million (2004: ₩173,819 million) as of December 31, 2005.

7. Long-Term and Short-Term Loans Receivable

Long-term and short-term loans receivable as of December 31, 2005 and 2004, consist of the following:

<i>(in thousands of Korean won)</i>	Annual			
	Interest Rates (%)			
	2005	2005	2004	
Loans to employee stock ownership association	-	₩ 42,050,351	₩	38,865,062
Others	0.0 - 8.0	<u>7,688,606</u>	<u>1,604,564</u>	<u>1,604,564</u>
		49,738,957		40,469,626
Current portion of long-term loans receivable		<u>(1,909,387)</u>		<u>(107,070)</u>
		₩ <u>47,829,570</u>	₩	<u>40,362,556</u>

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

8. Property, Plant and Equipment

Property, plant and equipment as of December 31, 2005 and 2004, and the changes in the account for the years then ended, consist of the following:

<i>(in thousands of Korean won)</i>	2005				
	Land	Buildings	Structures	Machinery	Vehicles
Balance at January 1, 2005	₩ 473,418,613	₩ 244,577,725	₩ 25,823,176	₩114,776,786	₩ 1,150,430
Acquisition	1,426,693	277,465	116,062	6,018,382	857,731
Transfer	15,146,195	30,227,617	15,025,166	54,529,357	4,123
Disposal	(13,512,906)	(15,301,844)	(718,840)	(3,639,560)	(73,341)
Depreciation	-	(18,608,617)	(3,084,753)	(34,266,565)	(585,462)
Impairment	-	-	-	(1,769,308)	(309)
Balance at December 31, 2005	<u>₩ 476,478,595</u>	<u>₩ 241,172,346</u>	<u>₩ 37,160,811</u>	<u>₩ 135,649,092</u>	<u>₩ 1,353,172</u>

<i>(in thousands of Korean won)</i>	2005			
	Equipment	Others	Construction- in-progress	Total
Balance at January 1, 2005	₩ 56,820,654	₩ 2,896,524	₩ 50,194,063	₩ 969,657,971
Acquisition	9,719,159	185,496	100,164,589	118,765,577
Transfer	10,229,109	24,660	(125,186,227)	-
Disposal	(5,107,225)	(162,519)	(2,943,244)	(41,459,479)
Depreciation	(31,293,746)	(193,009)	-	(88,032,152)
Impairment	(7,766)	-	-	(1,777,383)
Balance at December 31, 2005	<u>₩ 40,360,185</u>	<u>₩ 2,751,152</u>	<u>₩ 22,229,181</u>	<u>₩ 957,154,534</u>

<i>(in thousands of Korean won)</i>	2004				
	Land	Buildings	Structures	Machinery	Vehicles
Balance at January 1, 2004	₩479,032,878	₩263,516,557	₩27,311,886	₩116,551,160	₩ 1,356,485
Acquisition	4,159,911	3,426,286	238,876	694,631	578,105
Transfer	14,945,842	9,863,678	2,920,709	39,761,527	39,938
Disposal	(24,720,018)	(12,919,610)	(1,318,835)	(3,821,439)	(20,115)
Depreciation	-	(19,309,186)	(3,329,460)	(38,409,093)	(803,983)
Balance at December 31, 2004	<u>₩473,418,613</u>	<u>₩244,577,725</u>	<u>₩25,823,176</u>	<u>₩114,776,786</u>	<u>₩ 1,150,430</u>

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

<i>(in thousands of Korean won)</i>	2004				Total
	Equipment	Others	Construction in-progress	Machinery in transit	
Balance at January 1, 2004	₩71,632,392	₩ 2,862,609	₩12,631,109	₩ -	₩974,895,076
Acquisition	14,263,399	302,935	115,313,853	587,288	139,565,284
Transfer	9,603,602	13,312	(77,148,608)	-	-
Disposal	(2,298,165)	(93,465)	(602,291)	(587,288)	(46,381,226)
Depreciation	<u>(36,380,574)</u>	<u>(188,867)</u>	<u>-</u>	<u>-</u>	<u>(98,421,163)</u>
Balance at December 31, 2004	<u>₩56,820,654</u>	<u>₩ 2,896,524</u>	<u>₩50,194,063</u>	<u>₩ -</u>	<u>₩969,657,971</u>

As of December 31, 2005, depreciable assets are insured against fire and other casualty losses, and business interruption losses for up to ₩1,132,412 million and ₩199,563 million, respectively.

As of December 31, 2005, the value of land based on the posted price issued by the Korean tax authority amounted to ₩646,133 million (2004: ₩531,179 million).

In accordance with the Asset Revaluation Law, on several dates including January 1, 1978, 1980, 1982, 1995 and October 1, 1998, the Company revalued a substantial portion of its property, plant and equipment. As of December 31, 2005, the remaining revaluation increment of ₩615,788 million, net of revaluation tax, credits to deferred foreign currency translation losses and transfer to capital stock, was credited to other capital surplus, a component of shareholders' equity.

As of December 31, 2005, construction-in-progress consists mainly of costs incurred in the Sangam office building, construction.

In 2005, the Company sold its land and building in Seocho-dong with book values of ₩10,081 million and ₩14,784 million, respectively, resulting in a gain on disposal of land of ₩12,404 million and a loss on disposal of building of ₩3,984 million, reported as non-operating income and expense, respectively.

In 2005, the Company stopped producing certain products of the pharmaceutical business and recognized an impairment loss of ₩1,778 million.

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

9. Intangible Assets

The details of the changes in intangible assets for the years ended December 31, 2005 and 2004, are as follows:

2005				
<i>(in thousands of Korean won)</i>	Goodwill	Intellectual Property Rights	Development Costs	Total
Balance at				
January 1, 2005	₩ 920,539	₩ 2,640,425	₩ 3,457,802	₩ 7,018,766
Acquisition	475,800	2,468,810	-	2,944,610
Disposal	-	(1,002)	-	(1,002)
Amortization	(652,806)	(747,248)	-	(1,400,054)
Impairment	-	-	(1,857,555)	(1,857,555)
Balance at				
December 31, 2005	<u>₩ 743,533</u>	<u>₩ 4,360,985</u>	<u>₩ 1,600,247</u>	<u>₩ 6,704,765</u>
Accumulated amortization	<u>₩ 2,993,042</u>	<u>₩ 7,118,069</u>	<u>₩ 12,647,316</u>	<u>₩ 22,758,427</u>
Accumulated impairment	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 8,925,418</u>	<u>₩ 8,925,418</u>
2004				
<i>(in thousands of Korean won)</i>	Goodwill	Intellectual Property Rights	Development Costs	Total
Balance at				
January 1, 2004	₩ 1,553,693	₩ 2,700,118	₩ 5,677,056	₩ 9,930,867
Acquisition	-	819,199	83	819,282
Disposal	(12,000)	-	-	(12,000)
Amortization	(621,154)	(878,892)	(2,219,337)	(3,719,383)
Balance at				
December 31, 2004	<u>₩ 920,539</u>	<u>₩ 2,640,425</u>	<u>₩ 3,457,802</u>	<u>₩ 7,018,766</u>
Accumulated amortization	<u>₩ 2,340,237</u>	<u>₩ 6,371,251</u>	<u>₩ 12,647,317</u>	<u>₩ 21,358,805</u>
Accumulated impairment	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 7,067,863</u>	<u>₩ 7,067,863</u>

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

The amortization expense of intangible assets for the years ended December 31, 2005 and 2004, is allocated to the following account:

Account	2005	2004
<i>(in thousands of Korean won)</i>		
Selling, general and administrative expenses	₩ 1,400,054	₩ 3,719,383

The Company expensed research and development costs of ₩42,937 million (2004: ₩48,169 million) for the year ended December 31, 2005.

10. Long-Term Financial Instruments and Other Assets

Long-term financial instruments and other assets as of December 31, 2005 and 2004, consist of the following:

<i>(in thousands of Korean won)</i>	2005	2004
Long-term financial instruments (Note 3)	₩ 121,000	₩ 121,000
Long-term trade receivables (Note 11)	48,492	131,280
Long-term loans receivable (Note 7)	47,829,570	40,362,556
Long-term guarantee deposits	55,731,064	50,025,986
Long-term accrued income and prepaid expenses	<u>8,155,237</u>	<u>-</u>
	11,885,363	90,640,822
Less: Allowance for doubtful accounts	<u>(17,765)</u>	<u>(31,649)</u>
	<u>₩ 111,867,598</u>	<u>₩ 90,609,173</u>

11. Valuation at Present Value

As of December 31, 2005, accounts, including current maturities, which are valued at present value under rescheduled payment plans and long-term installment transactions are as follows:

<i>(in thousands of Korean won)</i>	Accounts	Face value	Discount	Present value
Rescheduled payment plans	Long-term trade receivables (Note 10)	<u>₩ 48,492</u>	<u>₩ 4,686</u>	<u>₩ 43,806</u>

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

12. Long-Term Available-For-Sale Securities

Long-term available-for-sale securities as of December 31, 2005 and 2004, consist of the following:

<i>(in thousands of Korean won)</i>	Detail	2005			2004
		Acquisition Cost	Market Value or Net Book Value	Recorded Book Value	Recorded Book Value
Marketable investments	(1)	₩ 18,333,441	₩ 33,685,199	₩ 33,685,199	₩ 20,368,128
Non-marketable investments	(2)	63,998,575	812,159,999	59,859,709	43,662,843
Other investments	(3)	19,861,920	19,294,382	19,393,704	25,114,230
		<u>₩ 102,193,936</u>	<u>₩ 865,139,580</u>	<u>₩ 112,938,612</u>	<u>₩ 89,145,201</u>

(1) Marketable investments

Marketable investments as of December 31, 2005 and 2004, consist of the following:

<i>(in thousands of Korean won)</i>			2005			2004
	Number of Shares Owned	Percentage of Ownership	Acquisition Cost	Market Value or Net book Value	Recorded Book Value	Recorded Book Value
Samsung Corporation	1,124,280	0.70	₩ 13,944,006	₩ 24,284,448	₩ 24,284,448	₩ 14,446,998
Hotel shilla Co., Ltd.	50,000	0.13	430,004	647,500	647,500	313,500
Shindongbang Corp.	309,000	12.61	3,759,430	8,713,950	8,713,950	5,607,630
Regen Ltd.	25,687	0.07	200,001	39,301	39,301	-
			<u>₩ 18,333,441</u>	<u>₩ 33,685,199</u>	<u>₩ 33,685,199</u>	<u>₩ 20,368,128</u>

As of December 31, 2005, 60,000 shares of Samsung Corporation were provided as collateral for the guarantee of the fulfillment of certain construction contracts.

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

(2) Non-marketable investments

Non-marketable investments as of December 31, 2005 and 2004, consist of the following:

<i>(in thousands of Korean won, except number of shares and percentage of ownership)</i>	2005			2004		
	Number of Shares Owned	Percentage of Ownership (%)	Acquisition Cost	Market Value or Net book Value	Recorded Book Value	Recorded Book Value
Samsung everland Co., Ltd.	58,823	2.35	₩ 5,180,472	₩38,722,051	₩5,180,472	₩ 5,180,472
Samsung life insurance Co., Ltd.	1,891,392	9.46	1,531,151	723,480,893	1,531,151	1,540,386
Samsung lions Co., Ltd.	29,999	15.00	149,995	-	-	-
Joongang ilbo	382,519	14.71	12,152,182	13,733,164	12,152,182	12,152,182
Unicham Co., Ltd.	-	-	-	-	-	1,033,105
Enbiogenesis Co., Ltd.	31,840	15.86	159,200	156,554	159,200	159,200
A brain Co., Ltd.	171,428	14.29	1,183,235	1,017,562	885,614	926,230
Julynet Co., Ltd.	28,014	15.30	1,333,350	-	-	-
Bioholdings Co., Ltd. ¹	9,286	3.57	250,000	46,568	250,000	250,000
Naturobiotech Co., Ltd.	-	-	-	-	-	144,004
Dream cis Co., Ltd.	3,120	4.05	100,050	-	-	-
Pharmtechholdings Co., Ltd.	68,640	1.99	200,000	-	-	35,998
Regen biotech Inc.	-	-	-	-	-	27,062
Ginseng science Inc.	1,990	0.49	9,950	40,482	9,950	9,950
Ace biotech Inc. ¹	5,652	1.23	100,000	35,443	100,000	100,000
Ezmedicom Inc. ¹	80,000	0.35	200,000	25,559	200,000	200,000
Gen exel Inc.	-	-	-	-	-	495,000
Korea catv yong-dong broadcast ¹	95,500	2.82	1,671,250	556,465	1,671,250	1,671,250
E-farm Co., Ltd. ¹	5,161	1.99	150,000	2,152	13,006	13,006
Incheon development Co., Ltd.	685	2.85	14,800	11,374	14,800	14,800
The korea economic daily Co., Ltd. ¹	2,872	0.05	40,600	15,951	40,600	40,600
Jebun industry Co., Ltd.	39,792	18.88	227,215	678,997	227,215	227,215
Korea alcohol sales Co., Ltd.	2,172	0.60	11,553	41,445	11,553	11,553
Ppi Co., Ltd.	2	-	1,889	1,889	1,889	1,889
New core Co., Ltd.	1	0.00	11	9	11	11

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

(in thousands of Korean won)	2005				2004	
	Number of Shares Owned	Percentage of Ownership (%)	Acquisition Cost	Market Value or Net book Value	Recorded Book Value	Recorded Book Value
CJ Lion Corp.	190,000	19.00	₩ 5,856,992	₩ 5,860,857	₩ 5,912,327	₩ 5,912,327
Enprani Co., Ltd.	1,240,209	27.76	6,201,046	4,498,949	4,608,918	-
CJ Sports Co., Ltd	160,000	100.00	800,000	800,000	800,000	-
CJ Entertainment Co., Ltd. ¹	399	99.75	258,100	-	258,100	258,100
CJ Pacific Corp.	5	100.00	56,620	876,777	56,620	56,620
CJ Chengdu feed Co., Ltd.	-	100.00	1,798,440	1,414,377	1,414,377	1,798,440
CJ Shenyang feed Co., Ltd.	-	100.00	1,791,000	1,452,450	1,791,000	1,791,000
CJ Qingdao feed Co., Ltd.	-	100.00	1,769,100	1,105,873	1,769,100	1,769,100
CJ Zhengzhou feed Co., Ltd.	-	100.00	1,916,208	1,631,346	1,916,208	1,916,208
CJ Guiyang feed Co., Ltd.	-	100.00	1,385,880	1,238,111	1,385,880	1,385,880
CJ Nanjing feed Co., Ltd.	-	100.00	2,324,200	1,319,980	2,324,200	2,324,200
CJ Tur yem sanayi ve ticaret a. S	-	99.99	2,217,056	1,416,466	2,217,056	2,217,055
CJ Beijing bakery Co., Ltd	-	100.00	2,905,050	2,562,889	2,905,050	-
CJ Tianjin feed Co., Ltd	-	100.00	2,101,470	1,873,637	2,101,470	-
CJ Harbin feed Co., Ltd	-	100.00	1,516,350	1,555,830	1,516,350	-
CJ Do brasil ind. Com. prod. Alim. Ltda.	-	99.47	6,434,160	5,985,899	6,434,160	-
			<u>₩ 63,998,575</u>	<u>₩812,159,999</u>	<u>₩59,859,709</u>	<u>₩43,662,843</u>

¹ As of December 31, 2005, the net asset values of certain investments, including Bioholdings Co., Ltd., have declined below their acquisition costs. However, the Company did not adjust their carrying values to their net asset values, as their net asset values are likely to recover in subsequent periods.

As of December 31, 2005, investments in 14 affiliated companies over which the Company exercises significant control or influence, including CJ Chengdu Feed Co., Ltd., were not valued using the equity method due to the immateriality of their asset values.

Enprani Co., Ltd., which was classified as an equity-method investment in 2004, was reclassified as a long-term available-for-sale security as the Company could not exercise significant control.

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

In 2005, the Company recognized a loss on impairment of available-for sale securities amounting to ₩35,998 thousand on Pharmtechholdings Co., Ltd.

(3) Other investments

Other investments as of December 31, 2005 and 2004, consist of the following:

<i>(in thousands of Korean won)</i>	2005		2004	
	Acquisition Cost	Market Value or Net book Value	Recorded Book Value	Recorded Book Value
Investments in partnership	₩ 2,294,000	₩ 1,731,239	₩ 1,848,200	₩ 1,908,200
Bonds with warrants of CJ GLS	4,477,075	4,454,659	4,454,659	4,267
Subordinated beneficiary certificates	12,780,645	12,780,645	12,780,645	22,891,363
Others	310,200	327,839	310,200	310,400
	<u>19,861,920</u>	<u>19,294,382</u>	<u>19,393,704</u>	<u>25,114,230</u>

For the years ended December 31, 2005 and 2004, the changes in valuation gain or loss on long-term available-for-sale securities are as follows:

Valuation Gain on Available-For-Sale Securities

(in millions of Korean won)

	2005				2004			
	January 1, 2005	Valuation Amount	Included in Earnings	December 31, 2005	January 1, 2004	Valuation Amount	Included in Earnings	December 31, 2004
Marketable stocks	₩ 2,351	₩ 8,985	₩ -	₩ 11,246	₩ -	₩ 2,351	₩ -	₩ 2,351

Valuation Loss on Available-For-Sale Securities

(in millions of Korean won)

	2005				2004			
	January 1, 2005	Valuation Amount	Included in Earnings	December 31, 2005	January 1, 2004	Valuation Amount	Included in Earnings	December 31, 2004
Marketable stocks	₩ (116)	₩ 116	₩ -	₩ -	₩ (2,969)	₩ 2,853	₩ -	₩ (116)
Others	(1,124)	201	-	(923)	(1,124)	-	-	(1,124)
	<u>₩ (1,240)</u>	<u>₩ 317</u>	<u>₩ -</u>	<u>₩ (923)</u>	<u>₩ (4,093)</u>	<u>₩ 2,853</u>	<u>₩ -</u>	<u>₩ (1,240)</u>

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

13. Equity-Method Investments

Equity-method investments as of December 31, 2005, consist of the following:

<i>(in thousands of Korean won, except number of shares and percentage of ownership)</i>	Number of Shares	Percentage of Ownership (%)	Acquisition Cost	Market Value or Net Book Value	Recorded Book Value
CJ Morningwell Co., Ltd. (Morningwell Co., Ltd.)	1,292,000	62.96	₩ 4,652,141	₩ 12,875,926	₩ 12,525,320
CJ Food system Co., Ltd.	5,592,220	59.63	43,038,582	53,885,779	51,832,508
CJ Foodville Co., Ltd.	3,000,000	84.83	15,000,000	21,881,591	21,918,919
Haechandle Co., Ltd.	456,000	100.00	127,999,984	65,636,261	78,982,511
CJ Development Co., Ltd.	5,287,465	99.87	58,259,716	84,198,951	72,245,242
CJ Systems Co., Ltd.	521,333	52.13	2,727,562	8,782,076	4,256,741
CJ Entertainment Inc.	6,556,101	36.77	39,434,492	62,923,008	62,958,151
CJ Media Inc.	4,664,889	58.06	57,732,954	27,066,743	26,878,541
CJ Home shopping Co., Ltd.	2,990,412	34.05	282,725,135	110,167,419	254,715,415
CJ Music Co., Ltd. (CJ Media line Inc.)	20,394,392	96.00	22,942,484	15,744,650	15,744,650
CJ Investment & securities Co., Ltd.	14,663,718	31.88	81,038,721	-	-
Preferred stocks CJ investment & securities Co., Ltd.	3,152,696	20.64	8,502,821	22,883,730	8,502,821
CJ Venture capital Co., Ltd.	1,800,000	90.00	18,000,000	8,385,866	8,385,866
CJ MD1 Co., Ltd.	40,000	100.00	200,000	1,759,183	1,790,240
Samyang oil Co., Ltd.	3,778,784	99.99	18,981,276	14,447,801	15,449,204
Superfeed Co., Ltd.	1,568,687	99.99	7,869,528	17,562,143	19,197,082
CJ Olive young Co., Ltd.	1,810,000	50.00	9,050,000	5,519,308	5,482,236
CJ Internet Co., Ltd.	3,609,500	16.23	57,656,044	24,668,844	51,099,450
Hanil pharmaceutical ind, Co., Ltd.	4,341,963	49.34	23,215,764	21,028,134	22,383,450
Shindongbang cp corporation	2,968,182	98.94	78,966,936	257,344	58,781,293
CJ GLS Co., Ltd.	853,333	25.39	24,746,657	19,486,373	24,808,739
CJ N city Co., Ltd.	1,600,000	66.67	8,000,000	6,716,081	6,716,081
CJ America Inc.	156	100.00	11,573,855	-	-
CJ China ltd.	299	99.67	157,890	3,631,356	3,401,192
CJ Philippines Inc.	764,400	70.00	2,477,386	6,647,817	6,651,877
P.T. Cheil jedang superfeed (P.T. CJs)	2,500	20.83	2,073,500	1,341,746	1,341,746
P.T. Cheil jedang indonesia (P.T. Cji)	102,224	100.00	97,869,072	114,044,703	113,221,544
CJ Qingdao food Co., Ltd.	-	77.20	9,652,091	7,474,822	6,597,166

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

<i>(in thousands of Korean won, except number of shares and percentage of ownership)</i>	Number of Shares	Percentage of Ownership (%)	Acquisition Cost	Market Value or Net Book Value	Recorded Book Value
CJ Ord river sugar Pty., ltd.	130,000,020	20.00	1,583,920	2,123,957	2,117,920
CJ Vina agri Co., Ltd.	-	100.00	6,773,534	7,351,276	7,327,902
CJ Europe gmbh.	-	100.00	150,338	867,134	924,149
Lee Entertainment l.l.c.	150,735,911	99.36	147,862,055	130,446,124	130,453,643
CJ Cambodia Co., Ltd.	50	50.00	3,129,288	929,200	943,024
CJ Japan Corp.	4,000	100.00	405,048	1,275,289	1,261,105
CJ Liaocheng biotech Co., Ltd.	-	100.00	21,270,900	14,500,219	14,500,219
CJ Beijing beverage & foods Co., Ltd.	-	85.93	13,056,834	12,341,418	12,009,272
CJ Bakery Inc.	2,900,000	100.00	2,707,121	-	2,707,121
Annie chun's Inc.	1,673,268	70.00	6,201,053	2,355,713	6,201,053
			<u>₩1,317,684,682</u>	<u>₩ 911,207,985</u>	<u>₩1,134,313,393</u>

The Company discontinued the equity method of accounting for its investments in CJ America Inc., an equity method investee, since the book value of the investments decreased below zero. Enprani Co., Ltd., which was classified as an equity-method investment in 2004, was reclassified as a long-term available-for-sale security as the Company could not exercise significant control.

The Company exercised the stock warrants of CJ Homeshopping and recognized a gain on exercise of stock warrants amounting to ₩22,979 million.

Equity-method investments as of December 31, 2004, consisted of the following:

<i>(in thousands of Korean won, except number of shares and percentage of ownership)</i>	Number of Shares	Percentage of Ownership (%)	Acquisition Cost	Market Value or Net Book Value	Recorded Book Value
CJ Morningwell Co., Ltd (Morningwell Co., Ltd.)	1,292,000	62.96	₩ 4,652,141	₩ 10,266,583	₩ 9,850,346
CJ Food system Co., Ltd.	5,592,220	59.63	43,038,582	50,832,431	49,296,056
CJ Foodville Co., Ltd.	3,000,000	84.83	15,000,000	20,759,386	20,775,185
Haechandle Co., Ltd.	228,000	50.00	52,999,984	30,387,843	47,013,446
CJ Development Co., Ltd.	5,287,465	99.87	58,259,716	79,423,740	69,051,386
CJ Systems Co., Ltd.	521,333	52.13	2,727,562	7,068,609	3,861,461
CJ Entertainment Inc.	6,556,101	36.78	39,434,492	66,317,092	66,652,989
CJ Media Inc.	3,399,181	58.06	51,404,414	19,485,524	19,155,394
CJ Home shopping Co., Ltd.	2,473,171	30.00	231,570,000	61,621,674	216,100,497
CJ Music Co., Ltd. (CJ Media line Inc.)	2,588,640	50.21	6,000,000	1,676,479	1,676,479
CJ Investment & securities Co., Ltd.	14,663,718	31.88	81,038,721	-	-

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

<i>(in thousands of Korean won, except number of shares and percentage of ownership)</i>	Number of Shares Owned	Percentage of Ownership (%)	Acquisition Cost	Market Value or Net Book Value	Recorded Book Value
Preference share CJ investment & securities Co., Ltd.	3,152,696	20.64	8,502,821	8,502,821	8,502,821
CJ Venture capital Co., Ltd.	3,600,000	90.00	18,000,000	7,637,615	7,637,615
Enprari Co., Ltd.	1,240,209	27.76	6,201,046	4,668,143	4,608,918
MD1 Co., Ltd.	40,000	100.00	200,000	1,784,787	1,816,091
Samyang oil Co., Ltd.	3,778,784	99.99	18,981,276	12,337,556	14,059,387
Superfeed Co., Ltd.	1,128,728	99.99	5,669,733	14,866,999	17,424,074
CJ Olive young Co., Ltd.	1,210,000	50.00	6,050,000	3,730,629	3,716,451
CJ Internet Co., Ltd.	2,309,500	10.48	44,584,112	12,805,175	40,704,007
Hanil pharmaceutical ind, Co., Ltd.	4,341,963	49.34	23,215,764	20,160,958	21,937,437
Shindongbang cp corporation	2,847,101	94.90	76,480,000	-	59,443,699
CJ America Inc.	156	100.00	11,573,855	4,434,494	3,719,035
CJ China ltd. (CJ hongkong ltd.)	299	99.67	157,890	3,009,574	2,444,891
CJ Philippines Inc.	764,400	70.00	2,477,386	5,671,813	5,667,469
P.T. Cheil jedang superfeed (P.T. CJs)	2,500	20.83	2,073,500	1,336,946	1,336,946
P.T. Cheil jedang indonesia (P.T. Cji)	102,224	100.00	97,869,072	182,756,858	178,974,050
CJ Gingdao food Co., Ltd.	-	85.90	9,652,091	9,269,225	8,828,314
CJ Ord river sugar Pty., ltd.	130,000,020	20.00	1,583,920	2,319,816	2,289,632
CJ Vina agri Co., Ltd.	-	100.00	5,748,934	4,875,078	4,875,078
CJ Europe gmbh.	-	100.00	150,338	1,045,228	902,684
Lee Entertainment l.l.c.	150,735,911	99.36	147,862,055	200,394,348	200,394,348
CJ Cambodia Co., Ltd.	50	50.00	3,129,288	1,298,327	1,335,881
CJ Japan Corp.	4,000	100.00	405,048	573,293	573,293
CJ Liaocheng biotech Co., Ltd.	-	100.00	17,232,000	17,232,000	17,232,000
CJ Beijing beverage & foods Co., Ltd.	-	85.93	13,056,834	13,032,143	12,494,111
Stock warrants of CJ home shopping	517,241	-	33,430,000	11,960,109	11,960,109
			<u>₩1,140,412,575</u>	<u>₩ 893,543,296</u>	<u>₩1,136,311,580</u>

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

Changes in goodwill (negative goodwill) for the year ended December 31, 2005, are as follows:

<i>(in thousands of Korean won)</i>	January 1, 2005	Increase (Decrease)	Amortization (Reversal)	December 31, 2005
CJ Food system Co., Ltd.	₩ 12,172	₩ -	₩ 12,172	₩ -
Haechandle Co., Ltd.	16,682,727	-	3,214,734	13,467,993
CJ Development Co., Ltd.	20,572	-	20,572	-
CJ Entertainment Inc.	306,532	-	306,532	-
CJ Media Inc.	(259,271)	-	(64,818)	(194,453)
CJ Home shopping Co., Ltd.	154,481,064	-	9,966,521	144,514,543
Samyang oil Co., Ltd.	1,932,843	-	644,280	1,288,563
Superfeed Co., Ltd.	2,557,075	-	852,358	1,704,717
CJ Internet Co., Ltd.	27,898,831	-	1,468,359	26,430,472
Hanil pharmaceutical ind, Co., Ltd.	1,776,479	-	417,995	1,358,484
Shindongbang cp corporation	65,613,854	-	7,093,389	58,520,465
CJ GLS Co., Ltd.	-	5,602,491	280,125	5,322,366
CJ Qingdao food Co., Ltd.	(378,436)	-	(106,245)	(272,191)
CJ Ord river sugar Pty., ltd.	(30,184)	-	(24,147)	(6,037)
CJ Europe gmbh.	(1,617)	-	(1,617)	-
CJ Cambodia Co., Ltd.	37,555	-	18,778	18,777
CJ Beijing beverage & foods Co., Ltd.	(461,795)	-	(129,649)	(332,146)
CJ Bakery Inc.	-	3,542,715	-	3,542,715
Annie chun's Inc.	-	3,845,340	-	3,845,340
	<u>₩270,188,401</u>	<u>₩ 12,990,546</u>	<u>₩ 23,969,339</u>	<u>₩259,209,608</u>

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

Changes in goodwill (negative goodwill) for the year ended December 31, 2004, were as follows:

<i>(in thousands of Korean won)</i>	January 1, 2005	Increase (Decrease)	Amortization (Reversal)	December 31, 2005
CJ Food system Co., Ltd.	₩ 24,345	₩ -	₩ 12,173	₩ 12,172
Haechandle Co., Ltd.	19,897,460	-	3,214,733	16,682,727
CJ Development Co., Ltd.	34,790	-	14,218	20,572
CJ Systems Co., Ltd.	7,827	-	7,827	-
CJ Entertainment Inc.	1,532,663	-	1,226,131	306,532
CJ Media Inc.	(53,849)	(324,089)	(118,667)	(259,271)
CJ Home shopping Co., Ltd.	164,447,584	-	9,966,520	154,481,064
Samyang oil Co., Ltd.	5,986,486	(2,983,254)	1,070,389	1,932,843
Superfeed Co., Ltd.	-	2,983,254	426,179	2,557,075
CJ Internet Co., Ltd.	-	29,367,191	1,468,360	27,898,831
Hanil pharmaceutical ind, Co., Ltd.	-	2,089,975	313,496	1,776,479
P.T.cheil samsung indonesia (P.T.csi)	(223,090)	-	(223,090)	-
CJ Qingdao food Co., Ltd.	(1,076,125)	526,619	(171,070)	(378,436)
CJ Beijing beverage & foods Co., Ltd.	-	(526,619)	(64,824)	(461,795)
CJ Ord river sugar Pty., ltd.	(54,331)	-	(24,147)	(30,184)
CJ Europe gmbh.	(3,234)	-	(1,617)	(1,617)
CJ Cambodia Co., Ltd.	56,331	-	18,776	37,555
Shindongbang cp corporation	-	70,933,896	5,320,042	65,613,854
Stock warrants of CJ home shopping Co., Ltd.	16,640,264	-	4,680,155	11,960,109
	<u>₩207,217,121</u>	<u>₩102,066,973</u>	<u>₩27,135,584</u>	<u>₩282,148,510</u>

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

Information relating to the elimination of unrealized gains and losses arising from transactions with equity-method investees as of December 31, 2005 and 2004, are as follows:

	2005			2004		
	Current Assets	Property, Plant and Equipment, and Intangible Assets	Total	Current Assets	Property, Plant and Equipment, and Intangible Assets	Total
<i>(in thousands of Korean won)</i>						
CJ Morningwell Co., Ltd. (Morningwell Co., Ltd.)	₩ (350,606)	₩ -	₩ (350,606)	₩ (416,237)	₩ -	₩ (416,237)
CJ Food system Co., Ltd.	(2,053,271)	-	(2,053,271)	(1,548,547)	-	(1,548,547)
CJ Foodville Co., Ltd.	37,328	-	37,328	15,799	-	15,799
Haechandle Co., Ltd.	(121,743)	-	(121,743)	(57,124)	-	(57,124)
CJ Development Co., Ltd.	-	(11,953,709)	(11,953,709)	-	(10,392,926)	(10,392,926)
CJ Systems Co., Ltd.	-	(4,525,335)	(4,525,335)	-	(3,207,148)	(3,207,148)
CJ Entertainment Inc.	35,143	-	35,143	29,364	-	29,364
CJ Media Inc.	6,251	-	6,251	(70,859)	-	(70,859)
CJ Home shopping Co., Ltd.	33,453	-	33,453	(2,240)	-	(2,240)
Enprani Co., Ltd.	-	-	-	(59,225)	-	(59,225)
CJ MD1 Co., Ltd.	31,057	-	31,057	31,304	-	31,304
Samyang oil Co., Ltd.	(287,160)	-	(287,160)	(211,012)	-	(211,012)
Superfeed Co., Ltd.	(69,778)	-	(69,778)	-	-	-
CJ Olive young Co., Ltd.	(37,072)	-	(37,072)	(14,178)	-	(14,178)
CJ Internet Co., Ltd.	134	-	134	-	-	-
Hanil pharmaceutical ind, Co., Ltd.	(3,168)	-	(3,168)	-	-	-
Shindongbang cp corporation	3,484	-	3,484	-	-	-
CJ America Inc.	-	-	-	(715,459)	-	(715,459)
CJ China ltd.	(230,164)	-	(230,164)	(564,683)	-	(564,683)
CJ Philippines Inc.	4,060	-	4,060	(4,344)	-	(4,344)
P.T. Cheil jedang Indonesia (P.T. Cji)	(823,159)	-	(823,159)	(3,782,808)	-	(3,782,808)
CJ Qingdao food Co., Ltd.	(605,465)	-	(605,465)	(62,475)	-	(62,475)
CJ Vina agri Co., Ltd.	(23,374)	-	(23,374)	-	-	-
CJ Europe gmbh.	57,015	-	57,015	(140,927)	-	(140,927)
Lee Entertainment l.l.c.	7,519	-	7,519	-	-	-
CJ Cambodia Co., Ltd.	(4,953)	-	(4,953)	-	-	-
CJ Japan Corp.	(14,184)	-	(14,184)	-	-	-
CJ Beijing beverage & Foods Co., Ltd.	-	-	-	(76,237)	-	(76,237)
	<u>₩(4,408,653)</u>	<u>₩ (16,479,044)</u>	<u>₩(20,887,697)</u>	<u>₩(7,649,888)</u>	<u>₩ (13,600,074)</u>	<u>₩(21,249,962)</u>

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

The changes in the book values of equity-method investments for the year ended December 31, 2005, are as follows:

<i>(in thousands of Korean won)</i>	January 1, 2005	Earnings from Equity- method Investments	Other Increase (Decrease)	December 31, 2005
CJ Morningwell Co., Ltd. (Morningwell Co., Ltd.)	₩ 9,850,346	₩ 2,674,974	₩ -	₩ 12,525,320
CJ Food system Co., Ltd.	49,296,057	2,979,504	(443,053)	51,832,508
CJ Foodville Co., Ltd.	20,775,185	1,226,171	(82,437)	21,918,919
Haechandle Co., Ltd.	47,013,446	1,151,560	30,817,505	78,982,511
CJ Development Co., Ltd.	69,051,385	3,149,023	44,834	72,245,242
CJ Systems Co., Ltd.	3,861,461	395,280	-	4,256,741
CJ Entertainment Inc.	66,652,989	(413,504)	(3,281,334)	62,958,151
CJ Media Inc.	19,155,393	1,515,258	6,207,890	26,878,541
CJ Home shopping Co., Ltd.	216,100,498	12,022,061	26,592,856	254,715,415
CJ Music Co., Ltd. (CJ Media line Inc.)	1,676,478	(2,282,846)	16,351,018	15,744,650
CJ Investment & securities Co., Ltd. Preferred stocks CJ investment & securities Co., Ltd.	-	-	-	-
	8,502,821	-	-	8,502,821
CJ Venture capital Co., Ltd.	7,637,615	639,918	108,333	8,385,866
CJ MD1 Co., Ltd.	1,816,091	(25,851)	-	1,790,240
Samyang oil Co., Ltd.	14,059,388	1,396,304	(6,488)	15,449,204
Superfeed Co., Ltd.	17,424,073	(414,218)	2,187,227	19,197,082
CJ Olive young Co., Ltd.	3,716,451	(1,191,015)	2,956,800	5,482,236
CJ Internet Co., Ltd.	40,704,007	1,452,523	8,942,920	51,099,450
Hanil pharmaceutical ind, Co., Ltd.	21,937,437	441,134	4,879	22,383,450
Shindongbang cp corporation	59,443,700	(423,749)	(238,658)	58,781,293
CJ GLS Co., Ltd.	-	62,082	24,746,657	24,808,739
CJ N city Co., Ltd.	-	(1,167,067)	7,883,148	6,716,081
CJ America Inc.	3,719,036	(3,614,289)	(104,747)	-
CJ China ltd.	2,444,890	1,042,265	(85,963)	3,401,192
CJ Philippines Inc.	5,667,469	1,334,546	(350,138)	6,651,877
P.T. Cheil jedang superfeed (P.T. CJs)	1,336,946	232,714	(227,914)	1,341,746
P.T. Cheil jedang Indonesia (P.T. Cji)	178,974,049	(27,355,044)	(38,397,461)	113,221,544
CJ Qingdao food Co., Ltd.	8,828,313	(2,037,273)	(193,874)	6,597,166
CJ Ord river sugar Pty., ltd.	2,289,632	36,254	(207,966)	2,117,920
CJ Vina agri Co., Ltd.	4,875,078	1,633,421	819,403	7,327,902
CJ Europe gmbh.	902,684	178,869	(157,404)	924,149
Lee Entertainment l.l.c.	200,394,348	(283,080)	(69,657,625)	130,453,643
CJ Cambodia Co., Ltd.	1,335,881	(358,243)	(34,614)	943,024
CJ Japan Corp.	573,293	799,449	(111,637)	1,261,105
CJ Liaocheng biotech Co., Ltd.	17,232,000	(5,218,643)	2,486,862	14,500,219
CJ Beijing beverage & foods Co., Ltd.	12,494,111	(452,465)	(32,374)	12,009,272
CJ Bakery Inc.	-	-	2,707,121	2,707,121
Annie Chun's Inc.	-	-	6,201,053	6,201,053
	<u>₩1,119,742,551</u>	<u>₩(10,873,977)</u>	<u>₩ 25,444,819</u>	<u>₩1,134,313,393</u>

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

The changes in the book values of equity-method investments for the year ended December 31, 2004, are as follows:

<i>(in thousands of Korean won)</i>	January 1, 2005	Earnings from Equity- method Investments	Other Increase (Decrease)	December 31, 2005
CJ Morningwell Co., Ltd. (Morningwell Co., Ltd.)	₩ 12,544,150	₩ (2,693,804)	₩ -	₩ 9,850,346
CJ Food system Co., Ltd.	50,044,180	216,244	(964,368)	49,296,056
CJ Foodville Co., Ltd.	21,239,275	(693,296)	229,206	20,775,185
Haechandle Co., Ltd.	47,507,718	1,504,686	(1,998,958)	47,013,446
CJ Development Co., Ltd.	62,436,449	6,614,937	-	69,051,386
CJ Systems Co., Ltd.	2,585,118	1,276,343	-	3,861,461
CJ Entertainment Inc.	43,082,999	6,185,674	17,384,316	66,652,989
CJ Media Inc.	12,318,591	(4,131,370)	10,968,173	19,155,394
CJ Home shopping Co., Ltd.	216,059,286	3,851,781	(3,810,570)	216,100,497
CJ Music Co., Ltd. (CJ Media line Inc.)	3,325,819	(1,625,532)	(23,808)	1,676,479
CJ Investment & securities Co., Ltd.	-	-	-	-
Preference share CJ investment & securities Co., Ltd.	-	-	8,502,821	8,502,821
CJ Venture capital Co., Ltd.	9,927,996	(2,278,054)	(12,327)	7,637,615
Enprani Co., Ltd.	5,071,381	(462,463)	-	4,608,918
CJ MD1 Co., Ltd.	1,356,192	459,899	-	1,816,091
Samyang oil Co., Ltd.	26,224,586	4,360,257	(16,525,456)	14,059,387
Superfeed Co., Ltd.	-	(147,208)	17,571,282	17,424,074
CJ Olive young Co., Ltd.	4,355,043	(638,592)	-	3,716,451
CJ Internet Co., Ltd.	-	(2,994,942)	43,698,949	40,704,007
Hanil pharmaceutical ind, Co., Ltd.	-	(1,278,327)	23,215,764	21,937,437
Shindongbang cp corporation	-	(16,961,693)	76,405,392	59,443,699
CJ Lion Corp.	-	291,234	(291,234)	-
CJ America Inc.	9,779,647	(5,287,111)	(773,501)	3,719,035
CJ China ltd. (CJ hongkong ltd.)	2,586,551	273,932	(415,592)	2,444,891
CJ Philippines Inc.	5,780,106	1,307,311	(1,419,948)	5,667,469
P.T. Cheil jedang superfeed (P.T. CJs)	-	1,882,223	(545,277)	1,336,946
P.T. Cheil jedang indonesia (P.T. CJi)	220,923,554	40,027,883	(81,977,387)	178,974,050
CJ Gingdao food Co., Ltd.	26,031,514	(1,437,820)	(15,765,380)	8,828,314
Beijing CJ foods Co., Ltd.	1,014,749	-	(1,014,749)	-
CJ Ord river sugar Pty., ltd.	2,509,552	20,048	(239,968)	2,289,632
CJ Vina agri Co., Ltd.	4,638,115	854,308	(617,345)	4,875,078
CJ Europe gmbh.	686,695	251,656	(35,667)	902,684
Lee Entertainment l.l.c.	74,004,530	13,899,118	112,490,700	200,394,348
CJ Cambodia Co., Ltd.	1,890,609	(349,243)	(205,485)	1,335,881
CJ Japan Corp.	-	190,454	382,839	573,293
CJ Liaocheng biotech Co., Ltd.	-	-	17,232,000	17,232,000
CJ Beijing beverage & foods Co., Ltd.	-	97,732	12,396,379	12,494,111
Stock warrants of CJ home shopping Co., Ltd.	16,640,264	(4,680,155)	-	11,960,109
	<u>₩ 884,564,669</u>	<u>₩ 37,906,110</u>	<u>₩ 213,840,801</u>	<u>₩ 1,136,311,580</u>

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

Gain or loss on equity-method investments recorded in capital adjustments as of December 31, 2005 and 2004, are as follows:

(in millions of Korean won)

	2005				2004			
	January 1, 2005	Valuation Amount	Included in Earnings	December 31, 2005	January 1, 2004	Valuation Amount	Included in Earnings	Balance at December 31, 2004
Gains on valuation of investment securities using equity method	₩ 165,815	₩(90,018)	₩ -	₩ 75,797	₩ 46,927	₩122,693	₩ 3,805	₩ 165,815
Losses on valuation of investment securities using equity method	(94,787)	(79,900)	-	(174,687)	(18,049)	(76,738)	-	(94,787)
	<u>₩ 71,028</u>	<u>₩(169,918)</u>	<u>₩ -</u>	<u>₩(98,890)</u>	<u>₩ 28,878</u>	<u>₩ 45,955</u>	<u>₩ 3,805</u>	<u>₩ 71,028</u>

Financial information of significant investee companies as of and for the year ended December 31, 2005 is as follows:

(in millions of Korean won)	2005			
	Assets	Liabilities	Sales	Net income (loss)
CJ Morningwell Co., Ltd. (Morningwell Co., Ltd.)	₩ 57,411,095	₩ 36,961,095	₩ 84,846,638	₩ 4,148,316
CJ Food system Co., Ltd.	199,331,951	108,958,301	618,345,571	5,824,437
CJ Foodville Co., Ltd.	117,497,327	91,702,141	161,468,873	1,436,020
Haechandle Co., Ltd.	102,946,082	37,309,821	173,851,464	8,833,976
CJ Development Co., Ltd.	84,308,478	52,943,430	391,868,281	-
CJ Systems Co., Ltd.	46,190,230	29,344,805	113,949,673	3,286,703
CJ Entertainment Inc.	323,430,354	152,326,625	124,363,748	350,573
CJ Media Inc.	130,296,455	83,678,036	87,583,639	2,565,290
CJ Home shopping Co., Ltd.	582,270,574	258,727,140	451,615,619	66,613,815
CJ Music Co., Ltd. (CJ Media Line Inc.)	18,455,426	2,055,486	1,973,050	(2,585,404)
CJ Investment & securities Co., Ltd.	424,610,502	335,505,150	133,308,369	(960,037)
CJ Venture capital Co., Ltd.	9,516,375	198,746	1,472,518	711,020
CJ MD1 Co., Ltd.	9,491,253	7,732,069	52,148,274	(25,604)
Samyang oil Co., Ltd.	60,946,919	46,497,891	70,913,013	2,116,912
Superfeed Co., Ltd.	28,776,073	11,212,766	36,895,289	507,964
CJ Olive young Co., Ltd.	20,251,736	9,213,121	27,316,235	(2,336,203)
CJ Internet Co., Ltd.	171,664,653	19,636,631	84,542,666	18,156,092
Hanil pharmaceutical ind, Co., Ltd.	54,905,963	12,287,549	53,482,115	1,747,391
Shindongbang cp corporation	59,357,314	59,097,211	91,908,811	6,737,615
CJ GLS Co., Ltd.	145,337,340	68,595,650	440,664,057	1,347,688
CJ N city Co., Ltd.	19,382,386	9,308,264	430,718	(1,750,600)
CJ America Inc.	27,636,893	30,111,759	50,711,583	(6,747,372)
CJ China Ltd.	70,286,548	66,655,192	258,830,684	707,746

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

<i>(in millions of Korean won)</i>	2005			
	Assets	Liabilities	Sales	Net income (loss)
CJ Philippines Inc.	13,794,434	4,297,553	29,167,716	2,085,624
P.T. Cheil jedang superfeed (P.T. CJs)	39,855,032	33,414,650	89,292,873	635,650
P.T. Cheil jedang Indonesia (P.T. Cji)	506,548,085	392,503,274	280,424,012	(28,637,812)
CJ Qingdao food Co., Ltd.	15,492,991	5,814,979	20,982,810	(2,124,178)
CJ Ord river sugar Pty., ltd.	19,908,034	8,942,752	13,822,778	22,179
CJ Vina agri Co., Ltd.	13,048,221	5,696,945	27,287,522	1,670,485
CJ Europe gmbh.	45,702,095	44,834,961	106,796,975	36,553
Lee Entertainment l.l.c.	131,337,720	46,794	-	(234,106)
CJ Cambodia Co., Ltd.	6,840,581	5,027,374	1,790,906	(530,850)
CJ Japan Corp.	55,008,122	53,732,833	13,042,207	853,053
CJ Liaocheng biotech Co., Ltd.	62,467,173	47,966,954	12,459,538	(5,218,643)
CJ Beijing beverage & foods Co., Ltd.	15,748,449	1,381,837	1,744,177	(728,076)
CJ Bakery Inc.	3,045,492	3,881,087	1,181,890	(2,743,229)
Annie Chun's Inc.	3,721,511	356,207	5,673,228	(106,736)

Financial information of significant investee companie as of and for the year ended December 31, 2004 is as follows:

<i>(in millions of Korean won)</i>	2004			
	Assets	Liabilities	Sales	Net income (loss)
CJ Morningwell Co., Ltd. (Morningwell Co., Ltd.)	₩ 57,513,011	₩ 41,211,327	₩ 77,738,410	₩ (3,898,763)
CJ Food system Co., Ltd.	195,925,481	111,672,815	557,242,940	2,228,020
CJ Foodville Co., Ltd.	77,066,794	52,678,414	112,534,814	(922,532)
Haechandle Co., Ltd.	97,517,828	36,714,291	174,206,988	9,425,182
CJ Development Co., Ltd.	377,017,876	297,872,816	240,543,551	7,904,500
CJ Systems Co., Ltd.	33,480,402	19,921,680	96,516,673	3,466,200
CJ Entertainment Inc.	284,913,908	105,556,999	118,415,302	19,087,878
CJ Media Inc.	74,267,059	40,706,200	56,526,384	(7,105,032)
CJ Home shopping Co., Ltd.	400,419,510	195,014,735	411,778,604	45,701,277
CJ Music Co., Ltd. (CJ media line Inc.)	3,721,264	382,168	629,932	(1,131,012)
CJ Investment & securities Co., Ltd.	341,152,753	94,591,859	92,238,532	(52,877,579)
CJ Venture capital Co., Ltd.	8,622,784	136,545	1,777,094	(2,504,221)
Enprari Co., Ltd.	34,731,143	18,525,448	48,724,487	2,332,682
CJ MD1 Co., Ltd.	9,057,076	7,272,289	50,201,700	428,595
Samyang oil Co., Ltd.	36,382,470	24,043,866	110,335,865	5,699,872
Superfeed Co., Ltd.	23,021,180	8,152,812	20,446,462	278,996
CJ Olive young Co., Ltd.	15,796,550	8,335,331	20,362,196	(1,248,867)
CJ Internet Co., Ltd.	133,156,087	10,930,930	141,386,472	(14,309,522)
Hanil pharmaceutical ind, Co., Ltd.	54,768,520	13,907,640	36,870,779	(1,744,160)
Shindongbang cp corporation	71,922,548	78,424,061	295,929,588	21,248,511

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

<i>(in millions of Korean won)</i>	2004			
	Assets	Liabilities	Sales	Net income (loss)
CJ America Inc.	₩ 30,299,249	₩ 25,974,649	₩ 57,067,839	₩ (5,169,230)
CJ China Ltd.	85,655,402	82,645,829	310,073,662	681,575
CJ Philippines Inc.	13,163,279	5,727,947	30,781,265	1,468,239
P.T. Cheil jedang superfeed (P.T. CJs)	42,879,645	36,633,266	113,223,828	(644,979)
P.T. Cheil jedang Indonesia (P.T. Cji)	500,471,483	318,447,861	519,401,995	41,620,297
CJ Qingdao food Co., Ltd.	16,625,512	5,802,112	22,259,769	(2,268,568)
CJ Ord river sugar Pty., Ltd.	24,669,022	13,070,467	12,921,453	2,911
CJ Vina agri Co., Ltd.	9,474,384	4,605,643	23,737,956	15,330,692
CJ Europe gmbh.	44,271,674	43,283,690	150,673,541	318,066
Lee Entertainment l.l.c.	201,672,050	32,559	-	13,926,230
CJ Cambodia Co., Ltd.	7,555,554	4,958,962	1,898,012	593,226
CJ Japan Corp.	65,895,803	65,322,509	17,981,452	695,516
CJ Liaocheng biotech Co., Ltd.	51,114,181	36,948,892	-	-
CJ Beijing beverage & foods Co., Ltd.	15,854,636	683,953	-	-

Market value information of investee companies as of December 31, 2005 and 2004, follows:

<i>(in millions of Korean won)</i>	2005		2004	
	Market Value	Recorded Book Value	Market Value	Recorded Book Value
CJ FOOD SYSTEM CO., LTD.	₩ 50,329,980	₩ 51,832,508	₩ 25,836,056	₩ 49,296,057
CJ ENTERTAINMENT INC.	111,844,400	62,958,151	108,175,667	66,652,989
CJ HOME SHOPPING CO., LTD.	695,672,168	254,715,415	147,153,675	216,100,498
CJ INTERNET CO., LTD.	97,304,628	51,099,450	23,903,325	40,704,007
HANIL PHARMACEUTICAL IND, CO., LTD.	78,291,080	22,383,450	39,077,667	21,937,437
	<u>₩ 1,033,442,256</u>	<u>₩ 442,988,974</u>	<u>₩ 344,146,390</u>	<u>₩ 394,690,988</u>

The equity method of Annie Chun's Inc. was accounted for based on its unaudited financial statements as of December 31, 2005, since the audit Company was not completed as of report date.

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

14. Short-Term Borrowings

Short-term borrowings as of December 31, 2005 and 2004, consist of the following:

<i>(in thousands of Korean won)</i>	Annual Interest Rates (%)		
	2005	2005	2004
Bank overdraft facilities	6.66 - 8.87	₩ 1,998,885	₩ 1,751,314
Usance financing	0.31 - 4.93	146,416,645	154,233,536
Notes discounted	3.90 - 4.10	<u>52,000,000</u>	<u>12,000,000</u>
		<u>₩ 200,415,530</u>	<u>₩ 167,984,850</u>

As of December 31, 2005, the Company has bank overdraft agreements up to a maximum of ₩86,000 million with several Korean banks.

15. Long-Term Debts

Long-term debts as of December 31, 2005 and 2004, consist of the following:

<i>(in thousands of Korean won)</i>	2005	2004
Foreign currency loans (won equivalent) ¹	₩ 98,111,676	₩ 171,179,908
Debentures ²	<u>641,953,278</u>	<u>292,259,974</u>
	740,064,954	463,439,882
Less: Current maturities	<u>(225,430,068)</u>	<u>(178,000,293)</u>
	<u>₩ 514,634,886</u>	<u>₩ 285,439,589</u>

¹ Long-term debts denominated in foreign currencies as of December 31, 2005 and 2004, consist of the following:

<i>(in thousands of Korean won)</i>	Annual Interest Rates (%)		
	2005	2005	2004
Woori Bank	1.23 - 4.11	₩ 65,849,966	₩ 111,210,510
Shinhan Bank	1.23 - 4.76	32,261,710	54,125,458
Hana Bank and others	-	<u>-</u>	<u>5,843,940</u>
		<u>₩ 98,111,676</u>	<u>₩ 171,179,908</u>

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

² Debentures outstanding as of December 31, 2005 and 2004, consist of the following:

<i>(in thousands of Korean won)</i>	Annual Interest		
	Rates (%)	2005	2004
Public bonds, payable through	4.35 - 5.58	₩ 497,682,992	₩ 144,497,387
Private bonds	5.2	50,000,000	50,000,000
Bonds payable in foreign currency ¹	2.41	<u>94,063,200</u>	<u>97,728,000</u>
		641,746,192	292,225,387
Less: Unamortized discounts		(1,779,368)	(1,424,328)
Add: Long-term accrued interests		<u>1,986,454</u>	<u>1,458,915</u>
		<u>₩ 641,953,278</u>	<u>₩ 292,259,974</u>

¹ On June 7, 2002, the Company has entrusted 304,222 shares of Samsung Life Insurance Co., Ltd. to Woori Bank and has issued foreign notes to a foreign special purpose vehicle (the "SPV"), which has been granted the exchange option to buy the entrusted shares of Samsung Life Insurance Co., Ltd. from the trust bank. The SPV has issued bonds with rights to exchange them for the entrusted shares of Samsung Life Insurance Co., Ltd. to foreign investors based on its exchange option.

The terms of the foreign notes and foreign bonds are as follows:

Foreign Notes

Issuer: CJ Corp.

Investor: Foreign Special Purpose Vehicle

Face Value: US\$ 77,000,000

Issue Price: US\$ 76,230,000 (1% discount)

Maturity: June 7, 2006

Interest: 2.41% per year in appears

Repayment: Repayment at 102.38% of face value on June 7, 2006. The investor may call for early repayment with prior notice on June 7, 2005.

Foreign Bonds

Issuer: Foreign Special Purpose Vehicle

Investor Foreign Investors

Face Value: US\$ 77,000,000

Issue Price: US\$ 77,000,000

Maturity: June 7, 2006

Interest: 2.41% per year in appears

Repayment: Repayment at 102.38% of face value on June 7, 2006. The investor may call for early repayment with prior notice on June 7, 2005.

- Exchange Exercise Price: One Samsung Life Insurance share/₩325,000 of face value
- Exchange Exercise Period: On or after September 7, 2003 through May 23, 2006.
- Exchange Rate: ₩1,235.9/US\$ 1.00

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

The Company has recognized the issuance of the foreign bonds to foreign investors by the SPV as the Company's accounts. Interest expense is calculated using the effective interest method and the interest for the redemption premium is recognized as long-term accrued interest payable which is added to debentures. Interest expenses of ₩527,539 thousand were recognized as long-term accrued interest payable for the year ended December 31, 2005.

In order to hedge the impact of fluctuations in fair value with regard to the above foreign bonds, the Company has entered into interest rate swap contracts with two foreign banks and recorded ₩3,186 million of valuation loss on valuation of debentures in non-operating expenses for the year ended December 31, 2005 (Note 18).

Maturities of long-term debt outstanding as of December 31, 2005, excluding discounts and long-term accrued interests on debentures, are as follows:

(in thousands of Korean won)

Year of maturity	Foreign		Total
	Currency Loans	Debentures	
2007	₩ 18,397,401	₩ 97,490,930	₩ 115,888,331
2008	-	398,746,555	398,746,555
	<u>₩ 18,397,401</u>	<u>₩ 496,237,485</u>	<u>₩ 514,634,886</u>

16. Accrued Severance Benefits

Changes in accrued severance benefits for the years ended December 31, 2005 and 2004, consist of the following:

(in thousands of Korean won)

	2005	2004
Accrued severance benefits	₩ 64,301,670	₩ 76,960,884
Less: Funded portion		
Severance insurance fund	(31,250,953)	(42,546,842)
National Pension Fund	(877,877)	(1,737,224)
Unfunded portion	<u>₩ 32,172,840</u>	<u>₩ 32,676,818</u>

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

17. Commitments and Contingencies

As of December 31, 2005, the Company is contingently liable for guarantees of indebtedness of related companies amounting to approximately ₩417,940 million. In addition, as of December 31, 2005, the Company provided guarantees of contract fulfillment for related companies in the amount of ₩4,052 million (Note 27).

As of December 31, 2005, the Company is engaged in corporate purchase card agreements with a credit of up to ₩180,000 million with Shinhan Bank and other financial institutions.

As of December 31, 2005, the Company has trade notes receivable discounting facilities with three Korean banks, including Woori Bank with a combined limit of up to ₩105,000 million and collateral loan facilities on accounts receivables with two banks, including Hana Bank for up to ₩115,000 million.

As of December 31, 2005, the Company has technical assistance agreements with certain companies. Total royalty fees incurred for the year ended December 31, 2005, with respect to these agreements amounted to approximately ₩5,141 million (2004: ₩4,452 million).

As of December 31, 2005, the Company has banker's usance borrowing agreements up to a maximum of ₩780,132 million with several Korean banks.

As of December 31, 2005, promissory notes and checks of the Company totalling ₩3,878 million, including a blank check, are held as collaterals by financial institutions to guarantee certain bank loans and contractual obligations.

As of December 31, 2005, the Company is to pay following additional cost to Mr. Joon-hyuk Bang, the transferor of the stocks of CJ Internet Co., Ltd., in regard to the last years' acquisition of the stocks, on the condition that the divisional operating profit of Game Portal Division and Searching Portal Division exceeds the certain amount from 2004 to 2006.

	<u>Division</u>	<u>Operating Profit</u>	<u>Additional Cost</u>
2004	Game Portal	₩400 billion	₩19 billion
2005	Game Portal and Searching Portal	₩500 billion	₩38 billion
2006	Game Portal and Searching Portal	₩600 billion	₩38 billion

The Company has not paid any additional cost since its divisional operating profit did not meet the condition.

As of December 31, 2005, the Company is a party to various legal claims and proceedings amounting to ₩330 million as the plaintiff and ₩62,051 million as defendant, all of which are pending as of December 31, 2005. The Company's management believes that, although the outcome of these cases is uncertain, the ultimate resolution of these cases will not have a material adverse effect on the operations or financial position of the Company

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

18. Derivative Instruments

Derivative instruments as of December 31, 2005 and 2004, consist of the following:

<i>(in thousands of Korean won)</i>		Account	2005	2004
Instrument Presented in				
Commodity Futures	Balance sheet	Other accounts and notes receivable	₩ 5,148,952	₩ 681,662
	Statements of income	Gain on settlement	134,342	15,800
		Gain on valuation	5,148,952	681,662
Commodity Option	Balance sheet	Derivative instruments assets	629,438	-
	Statements of income	Derivative instruments liabilities	215,523	-
		Loss on valuation	(98,514)	-
Currency Forward	Balance sheet	Derivative instruments assets	610	-
	Statements of income	Gain (loss) on settlement	(5,322,020)	8,929,935
		Loss on valuation	(610)	-
Currency Option	Balance sheet	Derivative instruments liabilities	269,996	-
	Statements of income	Loss on valuation	(269,996)	-
Currency swap	Statements of income	Gain on settlement	-	28,387
Call option	Statements of income	Gain on settlement	-	36,346
Interest rate swap	Balance sheet	Derivative instruments assets	329,225	-
		Derivative instruments liabilities	7,304,169	11,083,456
	Statements of income	Loss on settlement	(1,117,270)	(3,634,826)
		Gain (loss) on valuation	3,606,555	(4,234,469)
Total	Balance sheet	Other accounts and notes receivable	5,148,952	681,662
		Derivative instruments assets	958,663	-
		Derivative instruments liabilities	7,790,298	11,083,456
	Statements of income	Gain (loss) on settlement	(6,304,948)	5,375,642
		Gain (loss) on valuation	8,386,387	(3,552,807)

As of December 31, 2005, the Company has 6,930 futures contracts to hedge the fluctuation of the purchase price of raw materials. For the year ended December 31, 2005, the Company recognized a gain of ₩6,583 million and loss of ₩1,434 million from the valuation of futures contracts. As of December 31, 2005, the Company is provided with payment guarantees of as US\$19,500 thousand in guarantee deposits for futures trading from two financial institutions in relation to the above futures contracts.

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

As of December 31, 2005, the Company has commodity option contracts. The valuation of the commodity option contracts is summarized as follows:

(In thousands of Korean won)

	<u>Fair Value</u>		<u>Loss on valuation</u>
	<u>Call</u>	<u>Put</u>	<u>charged to current operations</u>
Wheat	₩ (149,354)	₩ 50,840	₩ (98,514)

As of December 31, 2005, the Company has forward exchange contracts involving buying amounts of ₩610 thousand to hedge against currency risk on foreign currency assets and liabilities.

For the year ended December 31, 2005, the Company recognized a net loss from the valuation of forward exchange contracts amounting to ₩610 thousand.

As of December 31, 2005, the Company has currency option contracts. The valuation of the currency option contracts is summarized as follows:

(In thousands of Korean won)

	<u>Fair Value</u>		<u>Gain (loss) on valuation</u>
	<u>Call</u>	<u>Put</u>	<u>charged to current operation</u>
Citibank Korea	₩ (237,875)	₩ (67,597)	₩ (305,472)
Calyon	2,589	32,887	35,476
Total	₩ (235,286)	₩ (34,710)	₩ (269,996)

The fair value of the currency option contracts was calculated using the option pricing model.

The Company has entered into two interest rate swap contracts with financial institutions to hedge against the impact of fluctuations in interest rates with regard to long-term debts. Swap contracts outstanding as of December 31, 2005, are as follows:

<i>(in millions of Korean won)</i>	<u>Outstanding</u>		<u>Gain on valuation</u>	
	<u>contract amount</u>		<u>charged to current operations</u>	
<u>Counterparty</u>	<u>Trading</u>	<u>Hedging</u>	<u>Trading</u>	<u>Hedging</u>
Woori Bank	₩ 151,300	₩ -	₩ 421	₩ -
CITI and other	-	100,000	-	3,186
	₩ 151,300	₩ 100,000	₩ 421	₩ 3,186

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

19. Retained Earnings

Retained earnings as of December 31, 2005 and 2004, consist of the following:

<i>(in thousands of Korean won)</i>	2005	2004
Legal reserve ¹	₩ 71,525,966	₩ 66,794,782
Reserve for improvement of financial structure ²	6,709,860	6,709,860
Reserve for business rationalization	54,804,727	54,804,727
Reserve for research and human resource development ³	377,188,492	275,172,642
Reserve for export losses ³	720,000	720,000
Reserve for overseas market development ³	1,100,000	1,100,000
Reserve for loss on disposal of treasury stock	<u>6,551,913</u>	<u>6,551,913</u>
	518,600,958	411,853,924
Retained earnings before appropriations	<u>133,001,311</u>	<u>154,558,874</u>
	<u>₩ 651,602,269</u>	<u>₩ 566,412,798</u>

¹ The Korean Commercial Code requires the Company to appropriate as a legal reserve, an amount equal to a minimum of 10% of annual cash dividends declared, until the reserve equals 50% of capital stock. This reserve is not available for the payment of cash dividends, but may be transferred to capital stock or used to reduce accumulated deficit, if any.

² The Regulation for Securities Issuance and Disclosure requires the Company to appropriate as a reserve for improvement of financial structure an amount equal to at least 50% of the net extraordinary gain on disposal of property, plant and equipment and 10% of net earnings for each year until the shareholders' equity equals 30% of total assets. This reserve is not available for the payment of cash dividends, but may be transferred to capital stock or used to reduce accumulated deficit, if any. As of December 31, 2005, the Company need not appropriate an additional amount as a reserve for improvement of financial structure because the shareholders' equity exceeds 30% of total asset as of December 31, 2005.

³ Pursuant to Korean tax laws, the Company is allowed to claim a tax deduction in determining taxable income for the amounts of retained earnings appropriated as reserves for research and human resource development, export losses and overseas market development. These amounts are not available for dividends until used for the specified purposes or reversed.

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

20. Dividends

For the year ended December 31, 2005, a cash dividend of ₩42,162,105 thousand (Common stock: 30%, First series preferred stock: 31%, Second series preferred: 30%) is proposed and shall be approved during the general shareholders' meeting on March 29, 2006.

Dividend propensity is approximately 31.82% (2004: 30.71%) as of December 31, 2005.

21. Treasury Stock

As of December 31, 2005, the Company has acquired 307,000 shares of its own non-voting preferred stock and 1,800,000 shares of its own common stock under the authorization of the Board of Directors. The treasury stock is recorded as a capital adjustment and will be sold subject to stock market conditions.

22. Stock Option Plan

The Company has a stock option plan that provides for granting stock purchase options to employees or directors who have contributed or are expected to contribute to the management and technological innovation of the Company.

A summary of the terms of the stock options granted is follows:

	Date of the grant				
	August 14, 2001	April 27, 2002	March 11, 2003	April 8, 2004	March 8, 2005
Options granted	48,000	95,600	134,300	77,800	94,100
Exercised quantity	31,300	18,600	31,600	-	-
Forfeited quantity	1,000	-	1,300	4,600	2,200
Options outstanding	15,700	77,000	101,400	73,200	91,900
Exercise price ¹	₩ 40,000	₩ 58,000	₩ 41,000	₩ 69,000	₩ 71,000
Exercise period from the date of the grant ²	2~9 years	2~9 years	2~9 years	2~9 years	2~9 years

¹ The exercise price can be adjusted in case of the issuance of new shares, stock dividends, stock splits, or stock merger.

² The options can be fully vested in two years from the date of the grant. The compensation expense related to stock options was ₩1,485 million for the year ended December 31, 2005. In addition, accumulated compensation expense as of December 31, 2005, and estimated compensation expense for the years thereafter are ₩6,458 million and ₩1,176 million, respectively.

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

The fair value of each option grant was estimated using the Black-Scholes option-pricing model based on the following assumptions.

	Date of the grant				
	August 14, 2002	April 27, 2003	March 11, 2003	April 8, 2004	March 8, 2005
Risk-free interest rates	5.10%	6.37%	4.69%	4.56%	4.12%
Expected stock price volatility	70.60%	66.18%	54.81%	38.48%	35.73%
Expected life	3 years	3 years	3 years	3 years	3 years
Expected right extermiation rate	1%	1%	1%	6%	6%

23. Selling, General and Administrative Expenses

Selling, general and administrative expenses for the years ended December 31, 2005 and 2004, consist of the following:

<i>(in thousands of Korean won)</i>	2005	2004
Salaries	₩ 107,744,674	₩ 100,634,518
Provision for severance benefits	12,566,496	14,354,500
Employee benefits	16,769,046	17,420,874
Travel expenses	13,843,026	13,405,024
Depreciation expense for property, plant and equipment	35,319,115	38,458,697
Commission and service charge	145,315,700	146,532,894
Advertising expenses	37,775,879	46,101,798
Sales promotion expenses	47,522,435	50,165,029
Transportation expenses	99,642,969	106,622,510
Research expenses	22,378,935	24,891,218
Expenses for company events	19,896,701	20,868,913
Amortization expense for intangible assets	1,400,054	3,719,383
Stock compensation expenses	1,366,284	1,592,664
Others	<u>57,579,265</u>	<u>52,047,083</u>
	<u>₩ 619,120,579</u>	<u>₩ 636,815,105</u>

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

24. Foreign Currency Translation

As of December 31, 2005 and 2004, assets and liabilities denominated in foreign currencies and related gains and losses on foreign currency translation, are as follows:

<i>(in thousands of Korean won)</i>	Account	2005				2004
		Foreign Currencies	Korean won (translated)	Translation Gain	Translation Loss	Korean won (translated)
Assets						
Trade accounts and notes receivable	AUD	122,802	₩ 91,115	₩ -	₩ (5,880)	₩ 369,220
	EUR	1,155,253	1,385,542	437	(14,413)	1,372,631
	GBP	13,608	23,770	-	(869)	27,435
	JPY	156,926,600	1,349,412	1,529	(21,136)	1,146,376
	SGD	-	-	-	-	85,008
	US\$	30,311,760	30,705,813	65,334	(639,466)	20,101,773
			<u>33,555,652</u>	<u>67,300</u>	<u>(681,764)</u>	<u>23,102,443</u>
Other accounts and notes receivable	GBP	587	1,026	3	-	1,208
	US\$	22,306,894	22,596,884	48,335	(951,183)	17,784,713
			<u>22,597,910</u>	<u>48,338</u>	<u>(951,183)</u>	<u>17,785,921</u>
Short-term loans receivable	EUR	25,720	30,847	58	(1,472)	-
	JPY	368,000	3,164	665	(1,658)	5,959
	US\$	130,676	132,375	2,540	(22,307)	101,111
			<u>166,386</u>	<u>3,263</u>	<u>(25,437)</u>	<u>107,070</u>
Others	EUR	12,735	15,273	25	(247)	4,125
	GBP	35,239	61,554	10	(1,779)	80,189
	JPY	2,355,139	20,252	483	(2,464)	19,404
	US\$	697,050	706,112	7,577	(36,445)	478,046
			<u>803,191</u>	<u>8,095</u>	<u>(40,935)</u>	<u>581,764</u>

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

<i>(in thousands of Korean won)</i> Account	2005				2004	
	Foreign Currencies	Korean won (translated)	Translation Gain	Translation Loss	Korean won (translated)	
Liabilities						
Trade accounts and notes payable	CHF	-	₩ -	₩ -	₩ -	₩ 3,927
	EUR	132,603	159,035	1,195	(75)	350,173
	JPY	27,518,955	236,635	25,513	-	507,025
	US\$	17,642,914	17,872,272	302,468	(155,892)	7,422,113
		<u>18,267,942</u>	<u>329,176</u>	<u>(155,967)</u>	<u>8,283,238</u>	
Short-term borrowings	JPY	65,045,673	559,328	5,217	-	-
	US\$	143,985,506	145,857,317	3,170,595	-	154,233,536
			<u>146,416,645</u>	<u>3,175,812</u>	<u>-</u>	<u>154,233,536</u>
Other accounts and notes payable	CNY	1,700	213	53	-	214
	EUR	87,769	105,265	2,321	(3)	83,987
	GBP	-	-	-	-	29,131
	JPY	38,072,731	327,387	4,321	(155)	670,734
	US\$	2,694,642	2,729,672	106,601	(13,866)	3,208,530
		<u>3,162,537</u>	<u>113,296</u>	<u>(14,024)</u>	<u>3,992,596</u>	
Accrued expenses	EUR	306	367	4,659	(4,771)	435
	JPY	15,083,592	129,704	23,309	(3,447)	147,641
	US\$	349,783	354,330	1,546,341	(74,552)	9,487,034
		<u>484,401</u>	<u>1,574,309</u>	<u>(82,770)</u>	<u>9,635,110</u>	
Current portion of long-term debts	US\$	78,691,288	79,714,275	1,519,392	(92,706)	128,000,293
Long-term debts	US\$	18,161,304	18,397,401	90,530	(46,353)	43,179,615
Total				<u>₩ 6,929,511</u>	<u>₩ (2,091,139)</u>	

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

25. Income Tax Expense

The statutory income tax rate applicable to the Company including resident surcharges, is approximately 27.5% for the year ended December 31, 2005.

Income tax expense for the years ended December 31, 2005 and 2004, consists of the following:

*(in thousands of Korean won,
except earnings per share)*

	2005	2004
Current income taxes	₩ 41,042,165	₩ 67,167,155
Deferred income taxes	30,685,054	(10,637,764)
Income taxes charged to other capital surplus	<u>(22,020,998)</u>	<u>(61,386)</u>
Income tax expense	<u>₩ 49,706,221</u>	<u>₩ 56,468,005</u>

The changes in deferred income tax assets for the years ended December 31, 2005 and 2004, are as follows:

*(in thousands of Korean won,
except earnings per share)*

	2005	2004
Beginning deferred income tax assets	₩ 39,102,486	₩ 28,464,722
Increase (decrease) in deferred tax assets due to temporary differences and tax credits	<u>(30,685,054)</u>	<u>10,637,764</u>
Ending deferred income tax assets	<u>₩ 8,417,432</u>	<u>₩ 39,102,486</u>

The following table reconciles the expected amounts of income tax expense based on statutory rates to the actual amounts of taxes recorded by the Company:

(in thousands of Korean won)

	2005	2004
Income before taxes	₩ 182,207,532	₩ 210,526,879
Statutory tax rate	<u>27.5%</u>	<u>29.7%</u>
Expected taxes at statutory rate	50,093,871	62,526,483
Tax credit	(16,073,471)	(11,750,554)
Others, net	<u>15,685,821</u>	<u>5,692,076</u>
Actual taxes	<u>₩ 49,706,221</u>	<u>₩ 56,468,005</u>
Effective tax rate	<u>27.28%</u>	<u>26.82%</u>

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

Components of deferred income taxes as of December 31, 2005, are as follows:

<i>(in thousands of Korean won)</i>	Beginning balance	Increase (Decrease)	Ending balance	Current	Non - Current
Deferred income tax assets					
Loss on valuation of investments					
in equity securities	₩ 32,184,646	₩ 705,308	₩ 32,889,954	₩ -	₩ 32,889,954
Allowance for doubtful					
accounts	192,797	1,586,700	1,779,497	1,779,497	-
Severance benefits	1,192,503	-	1,192,503	-	1,192,503
Provision for loss from lawsuits	2,753,790	(41,971)	2,711,819	2,711,819	-
Loss on impairment of					
available-for-sale securities	13,348,023	6,462	13,354,485	-	13,354,485
Others	948,767	198,154	1,146,921	290,188	856,733
Total deferred income tax assets	<u>50,620,526</u>	<u>2,454,653</u>	<u>53,075,179</u>	<u>4,781,504</u>	<u>48,293,675</u>
Deferred income tax liabilities					
Depreciation expenses	244,975	(2,438,524)	(2,193,549)	-	(2,193,549)
Special reserves appropriated					
for tax purposes	(3,254,167)	91,667	(3,162,500)	(733,333)	(2,429,167)
Amortization of research and					
development expenses	(26,154)	26,154	-	-	-
Accrued interest income	(89,185)	(109,331)	(198,516)	(198,516)	-
Gain on valuation of derivative					
instruments	(349,145)	(1,081,070)	(1,430,215)	(1,430,215)	-
Others	(8,044,364)	(7,635,915)	(15,680,279)	(924,857)	(14,755,422)
Total deferred income tax liabilities	<u>(11,518,040)</u>	<u>(11,147,019)</u>	<u>(22,665,059)</u>	<u>(3,286,921)</u>	<u>(19,378,138)</u>
Net deferred income tax assets	<u>39,102,486</u>	<u>(8,692,366)</u>	<u>30,410,120</u>	<u>1,494,583</u>	<u>28,915,537</u>
Items charged directly to					
shareholders' equity	-	(21,992,688)	(21,992,688)	-	(21,992,688)
	<u>₩ 39,102,486</u>	<u>₩ (30,685,054)</u>	<u>₩ 8,487,432</u>	<u>₩ 1,494,583</u>	<u>₩ 6,922,849</u>

The Company periodically assesses its ability to recover deferred income tax assets. In the event of a significant uncertainty regarding the Company's ultimate ability to recover such assets, a valuation allowance is recorded to reduce the assets to its estimated net realizable value.

The Company did not recognize the income tax effect of a ₩105,430 million temporary difference resulting from the revaluation of land as the Company does not expect cash inflows from the revalued land.

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

The Company did not recognize the income tax effect of a ₩24,606 million temporary difference resulting from earnings arising from investments using the equity method as the Company does not expect cash inflows, such as proceeds from the disposal of, or receipts of dividends from the investments, using the equity within foreseeable future.

In accordance with the SKFAS No. 16, *Deferred Income Tax*, the Company changed its accounting policy for the tax effects of temporary differences which are directly related to shareholders' equity. As a result of this change, the amounts of capital adjustments decreased by ₩21,992 million and assets decreased by ₩21,992 million. This change had no effect on the net income.

26. Earnings Per Share

Earnings per share and diluted earnings per share are calculated as follows:

Basic earnings per share

<i>(in thousands of Korean won, except earnings per share)</i>	2005	2004
Net income	₩ 132,501,311	₩ 154,058,874
Adjustments:		
Dividends for preferred stock	(8,780,765)	(8,627,711)
Undeclared participating preferred stock dividend	<u>(18,534,868)</u>	<u>(19,162,557)</u>
Net income available for common stock	105,185,678	126,268,606
Weighted average number of shares of common stock	<u>22,885,270</u>	<u>23,052,015</u>
Basic earnings per share (in Korean won)	<u>₩ 4.596</u>	<u>₩ 5.478</u>

Diluted earnings per share

<i>(in thousands of Korean won, except earnings per share)</i>	2005	2004
Net income available for common stock	₩ 105,185,678	₩ 126,268,606
Adjustment:		
Dividends for convertible preferred stock	-	9,957,429
Compensation expense related to stock option	<u>113,432</u>	<u>-</u>
Net income available for common stock and common equivalent stock	105,299,110	136,226,035
Weighted average number of shares of common stock and common stock equivalents	<u>22,971,924</u>	<u>25,389,228</u>
Diluted earnings per share (in Korean won)	<u>₩ 4.584</u>	<u>₩ 5.366</u>

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

27. Related Party Transactions

Significant transactions with related parties for the years ended December 31, 2005 and 2004, and the related receivables and payables as of December 31, 2005 and 2004, are as follows:

<i>(in thousands of Korean won)</i>	<u>Sales</u>		<u>Purchases</u>		<u>Accounts Receivable</u>		<u>Accounts Payable</u>	
	2005	2004	2005	2004	2005	2004	2005	2004
CJ Morningwell Co., Ltd. (Morningwell Co., Ltd.)	₩11,021,721	₩9,984,427	₩64,061,179	₩47,727,413	₩ 165,839	₩ 407,724	₩14,231,810	₩13,742,845
CJ Home shopping Co., Ltd.	3,933,179	4,511,693	7,712,930	9,855,758	1,341,654	3,117,783	550,016	703,857
Shindongbang cp corporation	87,208	7,301,509	9,287,337	2,733,698	52,739	1,843	1,444,986	-
CJ Systems Co., Ltd.	2,887,438	4,410,702	19,384,121	22,193,216	121,258	474,086	2,383,217	8,355,390
CJ Development Co., Ltd.	1,504,530	1,225,101	29,903,278	36,691,926	275,992	145,282	5,425,662	13,055,841
CJ Food system Co., Ltd.	95,125,554	92,915,579	76,905,434	59,073,426	17,397,612	16,441,646	13,461,756	20,910,024
CJ Media Inc.	456,823	293,142	1,281,258	1,840,902	74,366	84,403	706,627	698,500
CJ GLS Co., Ltd.	7,339,175	8,105,492	108,955,382	115,684,127	334,923	145,045	18,432,813	18,855,286
CJ Investment & securities Co., Ltd.	858,431	7,895,809	54,216	-	115,488	23,268	-	260,613
CJ CGV Co., Ltd.	2,166,917	2,655,194	508,446	714,512	455,116	760,154	139,329	173,080
CJ Entertainment Inc.	862,125	701,455	-	12,595	174,307	622,576	-	2,041
CJ Foodville Co., Ltd.	9,241,832	3,756,827	2,182,269	902,914	9,487,518	3,956,704	1,136,055	91,184
CJ Cable net Co., Ltd.	947,175	734,080	16,022	18,000	133,138	317,425	-	-
Joy rent a car Inc.	30,312	110,715	804,673	660,678	283	89	87,775	69,768
Haechandle Co., Ltd.	2,048,554	2,129,177	133,246	443,628	297,142	264,435	-	104,141
Samyang oil Co., Ltd.	6,926,521	4,762,719	50,913,253	67,224,730	24,995	25,724	4,307,323	8,109,977
Superfeed Co., Ltd.	4,850,516	2,354,467	16,133,123	11,426,107	703,595	723,672	2,974,971	3,619,169
CJ MD1 Co., Ltd.	564,659	225,890	43,901,372	42,479,119	73,000	8,974	3,896,324	3,546,488
CJ Olive young Co., Ltd.	490,491	535,726	9,420	1,539	8,588	56,038	647	1,693
CJ Telenix Co., Ltd.	202,042	162,234	408,990	256,996	24,448	22,741	37,552	-
CJ Philippines Inc.	311,139	481,814	-	-	319,323	426,187	-	-
CJ China ltd.	17,525,334	5,935,860	12,609,846	10,848,066	6,697,784	3,465,105	770,118	1,208,649
P.T. Cheil jedang superfeed (P.T. CJs)	1,386,712	1,507,072	-	-	730,954	912,268	-	-
P.T. Cheil jedang indonesia (P.T. CJi)	33,952,828	30,909,539	30,778,287	24,319,974	22,077,593	17,476,276	6,914,434	1,079,594
CJ Liaocheng biotech Co., Ltd.	-	36,750	-	-	1,858,804	36,750	-	-
CJ America Inc.	23,039,333	22,000,282	1,274,677	1,336,407	7,754,880	6,835,541	289,038	469,287
CJ Gingdao food Co., Ltd.	1,412,857	1,769,413	363,222	425,078	45,467	1,566,800	275,264	-
CJ Europe gmbh.	7,748,049	5,711,756	664,335	1,850,558	1,813,193	1,784,811	65,251	434,255
CJ Vina agri Co., Ltd.	754,315	725,583	-	-	358,280	317,938	-	-
CJ Japan Corp.	2,171,365	1,036,681	2,655,680	2,615,285	676,016	154,272	199,309	64,435
Others	3,788,792	380,915	5,237,090	81,045	1,366,054	108,314	621,116	79,930
	<u>₩243,635,927</u>	<u>₩225,267,603</u>	<u>₩486,139,086</u>	<u>₩461,417,697</u>	<u>₩74,960,349</u>	<u>₩60,683,874</u>	<u>₩78,351,393</u>	<u>₩95,636,047</u>

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

The Company provided guarantees for the indebtedness of related parties as of December 31, 2005 and 2004, as follows:

<i>(in thousands of Korean won)</i> Guarantee	Financial institutions	Loan amounts		Guarantee amounts	
		2005	2004	2005	2004
P.T. Cheil jedang indonesia (P.T. CJi)	Export-import bank of korea & others	₩ 202,986,875	₩ 162,812,753	₩ 204,795,080	₩224,890,670
P.T. Cheil jedang superfeed (P.T. CJs)	Export-import bank of korea	14,182,000	-	14,182,000	-
CJ China ltd.	Boa & other	55,376,658	70,798,866	70,910,000	88,723,000
CJ Chengdu feed Co., Ltd.	Hana bank	-	730,660	-	730,660
CJ Shenyang feed Co., Ltd.	Hana bank	-	626,280	-	626,280
CJ Qingdao food Co., Ltd.	Hana bank	2,532,500	-	2,532,500	-
CJ Qingdao feed Co., Ltd.	Woori bank	506,500	521,900	506,500	521,900
CJ Zhengzhou feed Co., Ltd.	Woori bank	719,230	741,098	719,230	741,098
CJ Liaocheng biotech Co., Ltd.	Export-import bank of korea	38,494,000	26,095,000	38,494,000	26,095,000
CJ Beijing beverage & Foods Co., Ltd.	Hana bank	1,013,000	-	1,013,000	-
CJ Nanjing feed Co., Ltd.	Woori bank	861,050	-	861,050	-
CJ Philippines Inc.	Boa & other	2,461,590	3,868,323	3,849,400	3,966,440
CJ Cambodia Co., Ltd.	Export-import bank of korea	4,862,400	4,801,480	4,862,400	4,801,480
CJ Vina agri Co., Ltd.	Citi bank & other	4,022,623	3,359,992	5,166,300	5,323,380
CJ Japan Corp.	Shinhan bank & other	18,404,890	25,301,789	18,404,890	25,301,789
CJ America Inc.	Korea exchange bank	15,195,000	8,215,750	16,208,000	10,438,000
CJ Bakery Inc.	Woori bank	3,646,800	-	4,052,000	-
CJ Nutracon Inc.	Woori bank	-	5,740,900	-	6,262,800
CJ Europe gmbh.	Korea exchange bank & other	8,797,905	-	12,001,518	14,229,604
CJ Ord river sugar Pty., ltd.	Korea exchange bank	3,882,829	2,438,891	4,558,500	4,471,300
CJ tur yem sanayi ve ticaret a. S	Hsbc	1,083,910	-	1,823,400	-
Shindongbang cp corporation	Woori bank	10,000,000	40,000,000	13,000,000	52,500,000
		<u>₩ 389,029,760</u>	<u>₩ 356,053,682</u>	<u>₩ 417,939,768</u>	<u>₩469,623,401</u>

In addition to the above guarantees, as of December 31, 2005, the Company provided guarantees of fulfillment of futures contracts for CJ Ord River Sugar Pty., Ltd. amounting to approximately ₩4,052 million.

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

28. Supplementary Information for Computation of Value Added

The accounts and amounts included in cost of sales and selling, general and administrative expenses, and in others, which are needed for the computation of value added for the years ended December 31, 2005 and 2004, are as follows:

<i>(In thousands of Korean won)</i>	<u>Cost of Sales</u>		<u>Selling, general and administrative expenses</u>		<u>Others</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
	Wage and salaries	₩ 46,800,658	₩ 47,948,002	₩107,744,674	₩100,634,518	₩ 227,862	₩ 332,592	₩154,773,194
Provision for severances benefits	1,844,457	1,784,494	2,566,496	4,354,500	45,849	18,140	7,556,802	11,187,134
Employee benefits	1,648,631	4,083,324	6,769,046	7,420,874	11,600	12,264	18,459,277	11,576,462
Rent	1,444,141	1,789,775	1,800,490	1,908,942	150	-	4,245,381	1,698,717
Depreciation and amortization	1,711,126	1,961,437	1,671,169	1,217,808	1,001,911	1,029	1,943,206	1,021,40,546
Taxes and dues	1,652,157	1,779,363	1,973,936	1,018,247	1,132	1,562	3,634,225	2,813,232
	<u>₩126,101,170</u>	<u>₩139,346,395</u>	<u>₩190,573,811</u>	<u>₩188,515,161</u>	<u>₩1,426,104</u>	<u>₩469,647</u>	<u>₩318,101,085</u>	<u>₩328,331,203</u>

29. Supplemental Cash Information

Significant transactions not affecting cash flows for the years ended December 31, 2005 and 2004, are as follows:

<i>(in thousands of Korean won)</i>	2005	2004
Reclassification of construction in-progress to property, plant and equipment	₩ 125,186,227	₩ 77,148,608
Reclassification of current maturities of long-term debts	225,430,068	178,000,293
Changes in capital adjustments from the valuation of available-for-sale securities and equity-method investments	179,130,742	46,573,683
Spin-off of Home and Personal Care Division	-	28,614,274
Conversion of investment in convertible bond and accrued revenue	-	8,502,821
Exchange of exchangeable bonds	3,707,700	-

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

30. Employee Benefits

Building on its “Only One” philosophy, the Company provides a specific benefit policy for employees in addition to the basic employee benefits.

The details of the Company’s employee benefits are as follows:

Items	Description
• Support for employees’ personal property accumulation	• Allots a portion of newly issued shares to the employee stock ownership association.
• Living support	• Individual pension plans to support a comfortable life upon retirement. • Support for tuition fees

31. Environmental Standards and Policies

The Company takes the lead in environment protection and preservation in all aspects of its corporate activities. It also makes an effort to be an ‘environment-friendly corporation’ through an environment-friendly management as embodied in its Environment Report which contains its environmental preservation activities which include recycling, pollution elimination, and research and development on environmental management.

Also, the Company is KOSHA 18001-certified which means it has implemented excellent health and safety policies and measures.

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

32. Cultivation of Professional Human Resources and Professional Training

The Company has various programs for manpower development and training.

The details of the various programs are as follows:

Type of Program	Description
• Leadership Development	• Improvement of leadership
• IT basic course	• Improvement of information technology ability
• MBA course	• Developing specialists
• Executive manager development	
• Next-generation manager development	• Improvement of managerial ability
• CJ-Management Academy	

Total expenses incurred during the year ended December 31, 2005, with respect to such programs amounted to approximately ₩6,050 million.

33. Segment Information

A summary of information on the Company's operations by business segment at December 31, 2005 and 2004, and for the years then ended, follows:

Financial Data by Business Segment

<i>(in millions of Korean won)</i>	2005				
	Processed Foods	Bio Pharma	Animal Feeds	Others	Total
Sales					
Sales to unaffiliated customers	₩ 1,594,127	₩ 405,045	₩ 301,966	₩ 158,762	₩2,459,900
Inter-segment sales	<u>8,651</u>	-	-	-	<u>8,651</u>
	<u>₩ 1,602,778</u>	<u>₩ 405,045</u>	<u>₩ 301,966</u>	<u>₩ 158,762</u>	<u>₩2,468,551</u>
Operating profit	<u>₩ 137,412</u>	<u>₩ 34,879</u>	<u>₩ 14,401</u>	<u>₩ 6,462</u>	<u>₩ 193,154</u>
Property plant and equipment & intangible assets	<u>₩ 624,687</u>	<u>₩ 253,560</u>	<u>₩ 51,042</u>	<u>₩ 34,570</u>	<u>₩ 963,859</u>
Depreciation and amortization	<u>₩ 55,659</u>	<u>₩ 23,739</u>	<u>₩ 5,606</u>	<u>₩ 4,428</u>	<u>₩ 89,432</u>

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

<i>(in millions of Korean won)</i>	2004				
	Processed Foods	Bio Pharma	Animal Feeds	Others	Total
Sales					
Sales to unaffiliated customers	₩ 1,534,132	₩ 534,898	₩ 332,196	₩ 143,141	₩2,544,367
Inter-segment sales	<u>7,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,100</u>
	<u>₩ 1,541,232</u>	<u>₩ 534,898</u>	<u>₩ 332,196</u>	<u>₩ 143,141</u>	<u>₩2,551,467</u>
Operating profit	<u>₩ 91,199</u>	<u>₩ 32,876</u>	<u>₩ 19,853</u>	<u>₩ 8,554</u>	<u>₩ 152,482</u>
Property plant and equipment & intangible assets	<u>₩ 595,960</u>	<u>₩ 271,927</u>	<u>₩ 74,884</u>	<u>₩ 33,906</u>	<u>₩ 976,677</u>
Depreciation and amortization	<u>₩ 59,121</u>	<u>₩ 31,174</u>	<u>₩ 7,444</u>	<u>₩ 4,402</u>	<u>₩ 102,141</u>

Reconciliation of Operating Profit

<i>(in millions of Korean won)</i>	2005	2004
Business segment operating profit	₩ 193,154	₩ 152,482
Inter-segment revenues	<u>674</u>	<u>424</u>
Operating profit per statements of income	<u>₩ 192,480</u>	<u>₩ 152,058</u>

34. Events Subsequent to Balance Sheet Date

Merger with CJ Entertainment Co., Ltd.

In accordance with the resolution of the Board of Directors on January 9, 2006, the Company is expected to enter into a business combination with CJ Entertainment Co. Ltd., one of the Company's subsidiaries, on April 10, 2006.

Existing shareholders of CJ Entertainment Corp. shall be compensated with 0.1782004 share for each Company's share.

Merger with CJ Morningwell Co., Ltd.

In accordance with the resolution of the Board of Directors on January 9, 2006, the Company is expected to enter into a business combination with CJ Morningwell Co. Ltd., on April 10, 2006.

Existing shareholders of CJ Morningwell Co. Ltd. shall be compensated with 0.3329921 share for each Company's share.

On March 10, 2006, the Company will enter into an agreement with Sunam Park and related parties to purchase 16,714,090 common shares of Samho F&G Corp. representing (46.26%) ownership for a purchase price of ₩20,057 million.

As of January 31, 2006, the Company disposed of its investments in Dreamworks LLC, which were held by LEE Entertainment LLC, one of its subsidiaries, to Paramount Pictures Corporation.

CJ Corp.
Notes to Non-Consolidated Financial Statements
December 31, 2005 and 2004

35. Approval of Financial Statements

The financial statements as of and for the year ended December 31, 2005, will be approved by the Board of Directors on March 13, 2006.

36. Three-Month Period Information

Financial information for the three-month periods ended December 31, 2005 and 2004, are as follows:

(in millions of Korean won, except for per share amounts which are in Korean won)

	Three-Month Period		Three-Month Period	
	Ended December 31, 2005		Ended December 31, 2004	
Sales	₩	582,750	₩	586,236
Operating profit		31,463		1,997
Net income		32,920		15,697
Basic earnings per share		1,169		548
Diluted earnings per share		1,164		540

37. Reclassification of prior year financial statement presentation

Certain amounts in the financial statements as of and for the year ended December 31, 2004, have been reclassified to conform to the December 31, 2005 financial statement presentation. These reclassifications had no effect on previously reported net income or shareholders' equity.

Report on the Review of Internal Accounting Control System

To the President of
CJ Corp.

We have reviewed the management's report on the operations of the internal accounting control system ("IACS") of CJ Corp. (the "Company") as of December 31, 2005. In accordance with Article 2-2 of the Act on External Audit for Stock Companies (the "External Audit Law") of the Republic of Korea, the Company's management is responsible for reporting on the design and operations of its IACS ("IACS report"). Our responsibility is to review the management's IACS report and issue a report based on our review.

We conducted our review in accordance with Article 2-3 of the External Audit Law. Our review included inquiries of management and employees, inspection of related documents and checking of the operations of the Company's IACS. We did not perform an audit of the Company's IACS and accordingly, we do not express an audit opinion.

Based on our review, no material weakness in the design or operations of the Company's IACS under Article 2-2 of the External Audit Law as of December 31, 2005, has come to our attention.

This report applies to the Company's IACS in existence as of December 31, 2005. We did not review the Company's IACS after December 31, 2005. This report has been prepared for Korean regulatory purposes pursuant to the External Audit Law, and may not be appropriate for other purposes or for other users.

As this report is based on Interim Guidelines on Auditors' Review and Report on Management's IACS Report issued by the Korean Audit Standards Committee on March 29, 2005, they apply only from that date until the date the Final Standards for Management's IACS Report, and the Final Standards for Auditors' Review and Report on Management's IACS Report become effective. A review based on the final standards may have different results and accordingly, the content of any updated report may be different.

Samil PricewaterhouseCoopers

February 2, 2006

Notice to Readers

This report is annexed in relation to the audit of the financial statements as of and for the year ended December 31, 2005, and the review of internal accounting control system pursuant to Article 2-3 of the Act on External Audit for Stock Companies of the Republic of Korea.