

CJ Corporation (formerly CJ Corp.)
Non-Consolidated Balance Sheets
December 31, 2007 and 2006

(in thousands of Korean won)

	2007	2006
Assets		
Current assets		
Cash and cash equivalents (Note 3)	₩ 42,258,005	₩ 32,873,684
Short-term investments (Note 3)	-	8,982,490
Trade accounts and notes receivable, net of allowance for doubtful accounts	-	75,663,702
Other accounts receivable, net of allowance for doubtful accounts	2,013,604	43,154,868
Inventories, net of allowance for inventory valuation	-	313,788,248
Short-term deferred income tax assets (Note 19)	1,622,441	11,380,837
Prepaid expenses and other current assets	2,156,637	15,680,890
Total current assets	48,050,687	501,524,719
Property plant and equipment, including revalued portion, net of accumulated depreciation (Note 7)	82,947,385	1,086,183,818
Long-term available-for-sale securities (Note 4)	15,118,851	75,669,744
Equity-method investments (Note 5)	2,003,964,125	1,512,681,535
Intangible assets, net of accumulated amortization (Note 8)	602,966	18,634,471
Long-term deferred income tax assets (Note 19)	4,048,946	-
Long-term loans receivable and other assets	4,681,496	113,434,111
Total assets	₩ 2,159,414,456	₩ 3,308,128,398
Liabilities and Shareholders' Equity		
Current liabilities		
Trade accounts and notes payable	₩ -	₩ 127,917,321
Other accounts payable	2,538,289	119,225,067
Short-term borrowings (Note 9)	-	266,576,528
Current portion of long-term debts (Note 10)	-	175,921,186
Accrued expenses	7,260,627	68,888,342
Income taxes payable	31,609,057	51,323,183
Other current liabilities	1,884,286	38,881,035
Total current liabilities	43,292,259	848,732,662
Long-term debts, net of current maturities (Note 10)	387,023,866	800,163,567
Accrued severance benefits, net (Note 11)	1,550,549	33,337,247
Long-term deferred income tax liabilities	-	2,926,038
Long-term derivative liabilities	10,498,779	12,165,360
Long-term accrued expense	69,072	-
Total liabilities	442,434,525	1,697,324,874

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<i>(in thousands of Korean won)</i>	2007	2006
Commitments and contingencies (Note 12)		
Shareholders' equity		
Capital stock (Note 14)		
Common stock	₩ 137,662,875	₩ 151,757,155
Preferred stock	19,062,185	30,257,440
Capital surplus		
Paid-in capital in excess of par value (Note 14)	972,740,773	524,373,903
Other capital surplus	582,511,494	583,002,507
Capital adjustments		
Treasury stock (Note 16)	(229,329,392)	(362,647,733)
Stock option compensation (Note 17)	1,893,466	5,587,112
Loss on capital reduction (Note 14)	(492,657,853)	-
Other capital adjustments (Note 17)	906,564	-
Other cumulative comprehensive income		
Gain on valuation of available-for-sale securities, net (Note 4)	2,856,538	2,145,821
Loss on valuation of equity-method investments, net (Note 5)	(3,842,199)	(70,667,284)
Loss on valuation of derivative instruments, net (Note 13)	(9,652,997)	(3,095,393)
Retained earnings (Note 15)	734,828,477	750,089,996
Total shareholders' equity	<u>1,716,979,931</u>	<u>1,610,803,524</u>
Total liabilities and shareholders' equity	<u>₩ 2,159,414,456</u>	<u>₩ 3,308,128,398</u>

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

CJ Corporation (formerly CJ Corp.)
Non-Consolidated Statements of Income
Years ended December 31, 2007 and 2006

(In thousands of Korean won)

	2007	2006
Operating income		
Gain on valuation of equity-method investments (Note 5)	₩ 94,325,877	₩ 96,295,562
Rental revenue	14,604,259	18,120,530
Dividend income	3,305,116	4,161,398
Sales	<u>1,861,156,536</u>	<u>2,632,718,371</u>
	<u>1,973,391,788</u>	<u>2,751,295,861</u>
Operating expense		
Loss on valuation of equity-method investments (Note 5)	98,834,114	108,292,122
Cost of sales	1,199,544,943	1,756,132,251
Selling, general and administrative expenses	<u>511,972,694</u>	<u>702,604,550</u>
	<u>1,810,351,751</u>	<u>2,567,028,923</u>
Operating profit	<u>163,040,037</u>	<u>184,266,938</u>
Non-operating income		
Interest income	3,192,470	2,714,396
Foreign exchange gain	6,336,717	24,720,824
Gain on foreign currency translation	-	11,080,807
Gain on disposal of available-for-sale securities (Note 4)	3,295,993	120,085,458
Recovery of impairment losses on equity-method investments	-	13,222,586
Gain on disposal of property, plant and equipment	1,365,578	842,685
Gain on settlement of derivative instruments	20,585,285	2,548,609
Gain on valuation of derivative instruments (Note 13)	4,346,100	7,998,702
Others	<u>26,342,596</u>	<u>11,150,694</u>
	<u>65,464,739</u>	<u>194,364,761</u>

CJ Corporation (formerly CJ Corp.)
Non-Consolidated Statements of Income
Years ended December 31, 2007 and 2006

(In thousands of Korean won, except basic and diluted earnings per share)

Non-operating expenses

Interest expenses	₩ 55,560,356	₩ 62,023,299
Loss on disposal of trade accounts receivable	6,117,097	9,696,762
Foreign exchange loss	9,830,328	13,784,003
Loss on foreign currency translation (Note 18)	4,346,100	2,267,386
Donations	25,345,777	31,904,625
Loss on disposal of available-for-sale securities	38,643	146,212
Impairment losses on available-for-sale securities	-	550,000
Loss on disposal of equity method investments	638,151	-
Loss on disposal of property, plant and equipment	586,239	581,399
Loss on settlement of derivative instruments	14,595,267	6,812,817
Loss on valuation of derivative instruments	-	12,018,840
Loss on redemption of debentures and borrowings (Note 10)	737,836	1,579,172
Others	28,768,397	16,337,906
	<u>146,564,191</u>	<u>157,702,421</u>
Net income before income tax	81,940,585	220,929,278
Income tax expense (Note 19)	43,887,140	81,043,608
Net income	<u>₩ 38,053,445</u>	<u>₩ 139,885,670</u>
Basic earnings per share (Note 20)	<u>₩ 1,651</u>	<u>₩ 4,769</u>
Diluted earnings per share (Note 20)	<u>₩ 1,637</u>	<u>₩ 4,750</u>

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

CJ Corporation (formerly CJ Corp.)
Non-Consolidated Statements of Appropriations of Retained Earnings
Years ended December 31, 2007 and 2006
(Dates of Appropriations: February 29, 2008 and February 28, 2007
for the years ended December 31, 2007 and 2006, respectively)

<i>(in thousands of Korean won)</i>	2007	2006
Retained earnings before appropriations		
Unappropriated retained earnings carried over from the prior year	₩ 500,000	₩ 9,501,497
Cumulative effect of merger and accounting changes	-	(8,237,334)
Cumulative effect of equity-method (Note 5)	(7,263,597)	-
Net income	<u>38,053,445</u>	<u>139,885,670</u>
	<u>31,289,848</u>	<u>141,149,833</u>
Transfer from voluntary reserve		
Reserve for research and human resource development	<u>461,868,005</u>	<u>2,666,667</u>
Appropriations of retained earnings (Note 15)		
Legal reserve	-	4,605,137
Cash dividends (Common stock: 30% in 2006) (First series preferred stock: 31% in 2006) (Second series preferred stock: 30% in 2006)	-	46,051,367
Reduction on capital	492,657,853	-
Reserve for research and human resource development	-	92,659,996
	<u>492,657,853</u>	<u>143,316,500</u>
Unappropriated retained earnings carried forward to subsequent year	<u>₩ 500,000</u>	<u>₩ 500,000</u>

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CJ Corporation (formerly CJ Corp.)
Non-Consolidated Statement of Changes in Shareholders' Equity
Year ended December 31, 2007

<i>(in thousands of Korean won)</i>	Capital stock	Capital surplus	Capital adjustments	Other cumulative comprehensive income	Retained earnings	Total
Shareholders' equity, January 1, 2007	₩ 182,014,595	₩ 1,107,376,410	₩ (357,060,621)	₩ (71,616,856)	₩ 750,089,996	₩ 1,610,803,524
Issuance of common stock due to exercise of stock options	648,710	9,633,717	(2,474,183)	-	-	7,808,244
Investments in kind	41,640,450	636,266,076	-	-	-	677,906,526
Changes of capital surplus due to merger	-	(491,012)	-	-	-	(491,012)
Changes of capital surplus due to split-off	(67,578,695)	(197,532,924)	(2,161,706)	81,865,406	-	(185,407,919)
Transfer of treasury stock to equity-method investments	-	-	134,179,661	-	-	134,179,661
Loss on capital reduction	-	-	(492,657,853)	-	-	(492,657,853)
Stock compensation expenses	-	-	1,848,807	-	-	1,848,807
Acquisition of treasury stock	-	-	(861,320)	-	-	(861,320)
Loss on valuation of available-for-sale securities, net	-	-	-	2,161,409	-	2,161,409
Loss on valuation of equity-method investments, net	-	-	-	(16,112,821)	-	(16,112,821)
Loss on valuation of derivative instruments, net	-	-	-	(6,935,796)	-	(6,935,796)
Net income	-	-	-	-	38,053,445	38,053,445
Cash dividends	-	-	-	-	(46,051,367)	(46,051,367)
Changes of retained earnings due to equity-method investments	-	-	-	-	(7,263,597)	(7,263,597)
Shareholders' equity, December 31, 2007	<u>₩ 156,725,060</u>	<u>₩ 1,555,252,267</u>	<u>₩ (719,187,215)</u>	<u>₩ (10,638,658)</u>	<u>₩ 734,828,477</u>	<u>₩ 1,716,979,931</u>

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

CJ Corporation (formerly CJ Corp.)
Non-Consolidated Statements of Cash Flows
Years Ended December 31, 2007 and 2006

<i>(In thousands of Korean won)</i>	2007		2006	
Cash flows from operating activities				
Net income	₩	38,053,445	₩	139,885,670
Adjustments to reconcile net income to net cash provided by (used in) operating activities				
Depreciation and amortization		61,386,862		86,608,699
Provision for severance benefits		16,214,438		21,365,168
Bad debt expense		1,811,267		436,940
Stock compensation expenses		4,828,152		1,643,965
Gain on disposal of available-for-sale securities, net		(3,257,350)		(119,939,246)
Loss on valuation of inventories		-		530,117
Loss from inventory obsolescence		13,075,716		16,651,180
Loss (gain) foreign currency translation, net		4,346,100		(8,813,421)
Loss on impairment of available-for-sale securities		-		550,000
Loss on valuation of equity-method investments, net		4,508,237		11,996,560
Loss on disposal of equity-method investments		638,151		-
Recovery of impairment losses on equity-method investments		-		(13,222,586)
Gain on disposal of property, plant and equipment, net		(779,339)		(261,286)
Loss on impairment of property, plant and equipment		-		387,625
Loss (gain) on settlement of derivative instruments, net		(5,990,018)		4,264,208
Loss (gain) on valuation of derivative instruments, net		(4,346,100)		4,020,138
Deferred income taxes		3,468,210		(11,873,992)
Loss on redemption of debentures and borrowings		737,836		1,579,172
Others		630,116		2,916,043
Changes in operating assets and liabilities				
Decrease (increase) in trade and notes accounts receivable		(60,899,569)		1,992,002
Decrease in other accounts receivable		4,300,162		8,702,646
Decrease (increase) in guarantee deposits		(102,449,146)		15,036,142
Increase in inventories		(2,598,581)		(14,404,934)
Decrease in trade accounts and notes payable		(5,288,991)		(8,239,627)
Increase (decrease) in other accounts payable		19,475,132		(8,279,015)
Increase in accrued expenses		19,655,403		8,411,980
Increase (decrease) in income taxes payable		(20,139,313)		45,426,428
Payment of severance benefits		(9,882,471)		(20,679,790)
Dividends from equity-method investments		12,214,100		13,580,845
Others		(21,562,249)		10,781,533
Net cash provided by (used in) operating activities		<u>(31,849,800)</u>		<u>191,053,164</u>

CJ Corporation (formerly CJ Corp.)
Non-Consolidated Statements of Cash Flows
Years Ended December 31, 2007 and 2006

<i>(In thousands of Korean won)</i>	2007	2006
Cash flows from investing activities		
Proceeds from disposal		
of available-for-sale securities	8,403,958	37,819,610
Acquisition of available-for-sale securities	(1,720,172)	(3,358,525)
Decrease in financial instruments	7,124,374	6,158,705
Increase in financial instruments	(6,153,622)	(6,786,977)
Proceeds from disposal of		
equity-method investments	-	73,545,022
Acquisition of equity-method investments	(138,363,675)	(290,590,902)
Proceeds from disposal of property,		
plant and equipment	3,023,077	3,812,346
Acquisition of property, plant		
and equipment	(70,392,461)	(133,770,909)
Proceeds from disposal of intangible assets	269,472	957,232
Acquisition of intangible assets	(92,122)	(2,997,871)
Others	45,618,330	(22,837,094)
Net cash used in investing activities	<u>(152,282,841)</u>	<u>(338,049,363)</u>
Cash flows from financing activities		
Proceeds from short-term borrowings	671,975,831	498,980,467
Repayment of short-term borrowings	(576,078,137)	(516,631,710)
Proceeds from long-term debts	284,152,663	409,112,933
Repayment of current maturities		
of long-term debt	(127,036,382)	(141,299,998)
Payment of dividends	(46,051,367)	(42,162,105)
Issuance of common stock		
due to exercise of stock options	7,807,470	3,354,815
Proceeds from disposal of treasury stock	-	54,982,124
Acquisition of treasury stock	(861,320)	(112,933,758)
Net cash provided by financing activities	<u>213,908,758</u>	<u>153,402,768</u>
Increase in cash due to merger	-	7,969,763
Decrease in cash due to investment in CJ Foodville	-	(5,842,927)
Decrease in cash due to split-off	(20,391,796)	-
Net increase in cash and cash equivalents	9,384,321	8,533,405
Cash and cash equivalents		
Beginning of the year	32,873,684	24,340,279
End of the year	<u>₩ 42,258,005</u>	<u>₩ 32,873,684</u>

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

CJ Corporation (formerly CJ Corp.)

Notes to Non-Consolidated Financial Statements

December 31, 2007 and 2006

1. The Company

CJ Corporation (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, 2007, the Company has five subsidiaries in each country in Asia and North America.

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

On September 1, 2007, the Company executed the split-off of its investment and manufacturing divisions, turning itself into a holding company managing investments.

As of December 31, 2007, its capital stock amounts to ₩ 156,725 million and its majority shareholder is Mr. Lee Jae Hyun, who owns 38.09% of the outstanding shares.

On February 29, 2008, the Company changed its name from CJ Corp. to CJ Corporation.

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.

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 No.11, No.21, and No. 23 became applicable to the Company on January 1, 2007, the Company adopted these Standards in its financial statements covering periods beginning January 1, 2007.

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Notes to Non-Consolidated Financial Statements
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In accordance with SKFAS No. 21, *Preparation and Presentation of Financial Statements*, the Company presented the statement of changes in shareholders' equity as part of its financial statements. The statement of changes in equity for the year ended December 31, 2007, has not been presented comparatively as permitted under SKFAS No. 21.

Certain prior year accounts, presented herein for comparative purposes, have been reclassified to conform to current year's financial statement presentation. Such reclassification does not impact the net income or net assets reported in the prior year.

As the Company became a holding company in 2007, the gain and loss on equity-method investments and dividends received are presented as operating income. The prior year's financial statement presentation was reclassified.

The cumulative effect from the change in accounting policy due to the adoption of Financial Supervisory Service's Accounting Implementation Guide [2006-5] could not be reasonably estimated. Accordingly, the effect of the change was accounted for prospectively.

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

Property, plant and equipment are stated at cost, which includes acquisition cost, production cost and other costs required to prepare the asset for its intended use. It also includes the present value of the estimated cost of dismantling and removing the asset, and restoring the site after the termination of the asset's useful life, provided it meets the criteria for recognition of provisions.

CJ Corporation (formerly CJ Corp.)
Notes to Non-Consolidated Financial Statements
December 31, 2007 and 2006

Property, plant and equipment are stated net of accumulated depreciation calculated using straight-line method based on the following estimated useful lives:

	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

Expenditures incurred after the acquisition or completion of assets are capitalized if they enhance the value of the related assets over their recently appraised value or extend the useful life of the related assets. Routine maintenance and repairs are charged to expense as incurred.

Intangible Assets

Intangible assets are stated at cost, which includes acquisition cost, production cost and other costs required to prepare the asset for its intended use. Intangible assets are stated net of accumulated amortization calculated using straight-line method based on using the following estimated useful lives:

	Estimated useful Lives
Goodwill	5-10 years
Intellectual property rights	5-10 years

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.

Investments in Securities

Costs of securities are determined using the moving-weighted average method.

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. Investments in equity securities of companies, over which the Company exercises a significant control or influence, are recorded using the equity method of accounting. Trading securities are classified as current assets while available-for-sale securities and held-to-maturity securities are classified as long-term investments, excluding those securities that mature or are certain to be disposed of within one year, which are then classified as current assets.

Held-to-maturity securities are measured at amortized cost while available-for-sale and trading securities are measured at fair value. However, non-marketable securities, classified as available-for-sale securities, are carried at cost when the fair values are not readily determinable.

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Notes to Non-Consolidated Financial Statements
December 31, 2007 and 2006

Gains and losses related to trading securities are recognized in the income statement, while unrealized gains and losses of available-for-sale securities are recognized under other comprehensive income and expense. Realized gains and losses of available-for-sale securities are recognized in the income statement.

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.

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 on debentures are amortized over the term of the debentures using the effective interest rate method. Amortization of the discount is recorded as part of interest expense.

Income Tax and Deferred Income Tax

Income tax expense includes the current income tax under the relevant income tax law and the changes in deferred tax assets or liabilities. Deferred tax assets and liabilities represent temporary differences between financial reporting and the tax bases of assets and liabilities. Deferred tax assets are recognized for temporary differences which will decrease future taxable income or operating loss to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized. Deferred tax effects applicable to items in the shareholders' equity are directly reflected in the shareholders' equity.

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Translation of Assets and Liabilities Denominated in Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Korean won at the rates of exchange in effect at the balance sheet date, and the resulting translation gains and losses are recognized in current operations.

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.

The Company has partially funded the accrued severance benefits through severance insurance deposits with an insurance company. Deposits made by the Company are recorded as deductions from accrued severance benefits. The excess portion of deposits over accrued severance benefits is recorded as other investments.

In addition, the Company deposits certain portion severance benefits to National Pension Service according to National Pension Law. The deposit amount is recorded as deduction from accrued severance benefits.

Derivatives

All derivative instruments are accounted for at their fair value according to the rights and obligations associated with the derivative contracts. The resulting changes in fair value of derivative instruments are recognized either under the income statement or shareholders' equity, depending on whether the derivative instruments qualify as a cash flow hedge. Fair value hedge accounting is applied to a derivative instrument purchased with the purpose of hedging the exposure to changes in the fair value of an asset or a liability or a firm commitment that is attributable to a particular risk. The resulting changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized under the shareholders' equity under accumulated other comprehensive income and expense.

Share-based Payments

In case of equity-settled share-based payment, the fair value of the goods or employee services received in exchange for the grant of the options is recognized as an expense and a capital adjustment. If the fair value of goods or employee services cannot be estimated reliably, the fair value is estimated based on the fair value of the equity granted.

For cash-settled share-based payment, the fair value of the obligation the Company will assume is determined by the fair value of the goods or employee services received in exchange for the grant of the options. Until the liability is settled, the Company is required to measure the fair value at balance sheet date and at settlement date. The change in fair value is recognized as an expense.

Share-based payment transactions with an option for the parties to choose between cash and equity settlement are accounted for based on the substance of the transaction.

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3. Cash and Cash Equivalents, and Short-Term Investments

Cash and cash equivalents, and Short-Term Investments as of December 31, 2007 and 2006, consist of the following:

<i>(in thousands of Korean won)</i>	Annual Interest Rates (%)			
	2007	2007	2006	
Cash and cash equivalents				
Checking accounts	-	₩ 16,919	₩	46,684
Passbook accounts	-	-		32,827,000
Money Market Deposit Account	4.8 - 4.9	<u>42,241,086</u>		-
		<u>₩ 42,258,005</u>	<u>₩</u>	<u>32,873,684</u>
Short-Term Investments				
Passbook accounts	-	₩ -	₩	3,990,431
Short-term loans	-	-		4,991,259
Other financial instruments	-	<u>5,500</u>		<u>24,800</u>
				9,006,490
Less: Portions classified as non-current (Note 10)		<u>(5,500)</u>		<u>(24,000)</u>
		<u>₩ -</u>	<u>₩</u>	<u>8,982,490</u>

As of December 31, 2007, all amounts of long-term financial instruments are subject to restriction in deposits for opening checking account.

4. Long-Term Available-For-Sale Securities

Long-term available-for-sale securities as of December 31, 2007 and 2006, consist of the following:

<i>(in thousands of Korean won)</i>	Detail	2007			2006
		Acquisition Cost	Market Value or Net Book Value	Recorded Book Value	Recorded Book Value
Marketable investments	(1)	₩ 3,759,430	₩ 7,070,490	₩ 7,070,490	₩ 7,056,115
Non-marketable investments	(2)	7,419,367	333,013,587	8,048,361	9,810,408
Other investments	(3)	-	-	-	58,803,221
		<u>₩ 11,178,797</u>	<u>₩ 340,084,077</u>	<u>₩ 15,118,851</u>	<u>₩ 75,669,744</u>

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(1) Marketable investments

Marketable investments as of December 31, 2007 and 2006, consist of the following:

(in thousands of Korean won, except number of shares and percentage of ownership)

	2007				2006	
	Number of Shares Owned	Percentage of Ownership (%)	Acquisition Cost	Market Value	Recorded Book Value	Recorded Book Value
SAJO O&F Corporation (formerly Shindongbang Co.,Ltd)	903,000	12.61	₩3,759,430	₩ 7,070,490	₩7,070,490	₩ 7,043,400
Regen Ltd.	-	-	-	-	-	12,715
			<u>₩3,759,430</u>	<u>₩ 7,070,490</u>	<u>₩7,070,490</u>	<u>₩ 7,056,115</u>

(2) Non-marketable investments

Non-marketable investments as of December 31, 2007 and 2006, consist of the following:

<i>(in thousands of Korean won, except number of shares and percentage of ownership)</i>	2007				2006	
	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	₩ 43,949,040	₩ 5,180,472	₩ 5,180,472
Samsung Life Insurance Co., Ltd. ²	639,434	3.20	517,645	286,714,303	517,645	1,294,113
Samsung Lions Co., Ltd. ¹	-	-	-	-	-	-
Enbiogenesis Co., Ltd. ¹	-	-	-	-	-	159,200
A Brain Co., Ltd. ¹	-	-	-	-	-	885,614
Julynet Co., Ltd. ¹	-	-	-	-	-	-
Bioholdings Co., Ltd. ¹	-	-	-	-	-	-
Dream CIS Co., Ltd. ¹	-	-	-	-	-	-
Pharmtechholdings Co., Ltd. ¹	-	-	-	-	-	-
Ginseng Science Inc. ¹	-	-	-	-	-	9,950
Ace Biotech Inc. ¹	-	-	-	-	-	100,000
Ezmedicom Inc. ¹	-	-	-	-	-	200,000
Korea CATV Yong-Dong Broadcast ³	95,500	2.82	1,671,250	2,300,244	2,300,244	1,671,250
E-Farm Co., Ltd. ¹	-	-	-	-	-	13,006
Incheon Development Co., Ltd. ¹	-	-	-	-	-	14,800

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The Korea Economic Daily Co., Ltd. ¹	-	-	-	-	-	40,600
Jebun Industry Co., Ltd. ¹	-	-	-	-	-	227,215
Korea Alcohol Sales Co., Ltd. ¹	-	-	-	-	-	11,553
PPI Co., Ltd. ¹	-	-	-	-	-	1,889
New Core Co., Ltd. ¹	-	-	-	-	-	746
Dream Hub PFV Co., Ltd.	10,000	1.00	50,000	50,000	50,000	-
Total			<u>7,419,367</u>	<u>333,013,587</u>	<u>8,048,361</u>	<u>9,810,408</u>

¹ As of September 1, 2007, the stocks of A Brain Co., Ltd. and other sixteen companies have been transferred to CJ CheilJedang Corp., a newly established company through split-off.

² As of September 1, 2007, 959,151 shares of Samsung Life Insurance Co., Ltd. that the Company had owned have been transferred to CJ CheilJedang Corp., a newly established company through split-off.

³ The Company valued the fair value of the stocks of Korea CATV Yong-Dong Broadcast based on the discounted cash flow method in accordance with Financial Supervisory Service's Accounting Implementation Guide [2006-5]. Other non-marketable securities are valued based on the acquisition cost due to the immeasurability of their fair value.

(3) Other investments

Other investments as of December 31, 2007 and 2006, consist of the following:

<i>(in thousands of Korean won)</i>	<u>2007</u>			<u>2006</u>
	Acquisition Cost	Market Value or Net book Value	Recorded Book Value	Recorded Book Value
Investments in partnership ²	₩ -	₩ -	₩ -	₩ 1,065,500
Investments in private equity fund ²	-	-	-	3,358,525
Bonds with warrants of CJ GLS ¹	-	-	-	4,383,130
Subordinated beneficiary certificates ²	-	-	-	49,685,866
Others ²	-	-	-	310,200
	<u>₩ -</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩58,803,221</u>

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¹ The Company has disposed of all bonds with warrants of CJ GLS and recognized gain of ₩3,296 million from disposal of available-for sale.

² As of September 1, 2007, the other investments have been transferred to CJ CheilJedang Corp., a newly established company through split-off.

For the years ended December 31, 2007 and 2006, 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)

	2007				2006			
	January 1, 2007	Valuation Amount	Change due to split-off	December 31, 2007	January 1, 2006	Valuation Amount	Included in Earnings	December 31, 2006
Marketable stocks	₩ 2,381	₩ 20	₩ -	₩ 2,401	₩ 11,246	₩ (1,211)	₩ (7,654)	₩ 2,381
Non-marketable stocks	-	456	-	456	-	-	-	-
	<u>₩ 2,381</u>	<u>₩ 476</u>	<u>₩ -</u>	<u>₩ 2,857</u>	<u>₩ 11,246</u>	<u>₩ (1,211)</u>	<u>₩ (7,654)</u>	<u>₩ 2,381</u>

Valuation Loss on Available-For-Sale Securities

(in millions of Korean won)

	2007				2006			
	January 1, 2007	Valuation Amount	Change due to split-off	December 31, 2007	January 1, 2006	Valuation Amount	Included in Earnings	December 31, 2006
Marketable stocks	₩ (19)	₩ 2	₩ 17	₩ -	₩ -	₩ (19)	₩ -	₩ (19)
Others	(216)	1,684	(1,468)	-	(923)	384	323	(216)
	<u>₩ (235)</u>	<u>₩ 1,686</u>	<u>₩ (1,451)</u>	<u>₩ -</u>	<u>₩ (923)</u>	<u>₩ 365</u>	<u>₩ 323</u>	<u>₩ (235)</u>

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5. Equity-Method Investments

Equity-method investments as of December 31, 2007, 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	Net Book Value	Recorded Book Value
Investee					
CJ CheilJedang Corporation	4,413,707	39.14	₩ 812,086,961	₩ 276,807,898	₩ 816,593,173
CJ Food System Co., Ltd.	5,592,220	52.00	43,038,582	36,527,143	34,921,534
CJ Foodville Co., Ltd.	12,273,236	95.81	61,060,357	79,699,478	79,571,020
CJ Development Co., Ltd.	6,915,707	99.90	87,774,480	77,488,226	60,110,684
CJ Systems Co., Ltd.	621,333	62.12	5,616,562	15,947,650	11,322,820
CJ Entertainment Inc.	3,000,000	100.00	160,603,021	112,776,977	112,776,977
CJ Media Inc.	9,374,499	50.17	87,469,216	73,025,872	72,953,986
CJ Home Shopping Co., Ltd.	4,400,901	40.00	370,886,404	191,211,690	315,580,951
CJ Investment & Securities Co., Ltd.	64,168,033	59.69	149,541,695	117,540,394	117,541,525
CJ Venture Capital Co., Ltd.	1,800,000	90.00	18,000,000	7,167,804	7,167,804
CJ GLS Co., Ltd.	2,098,342	37.05	64,497,304	54,648,849	62,275,168
CJ Olive Young Co., Ltd.	2,610,000	50.00	13,050,000	6,865,323	6,865,357
CJ Internet Co., Ltd.	5,709,500	25.08	97,731,823	48,917,776	95,100,210
CJ CGV Co., Ltd.	7,571,631	36.73	59,998,597	65,933,458	65,945,228
M-net Media Corp.	16,106,084	33.25	51,177,123	30,268,056	33,637,830
CJ Sports Co., Ltd.	372,400	100.00	1,862,000	555,079	555,079
Lee Entertainment L.L.C	-	99.36	74,317,032	90,171,269	90,171,269
CJ Japan Corp.	4,000	100.00	405,048	3,034,599	3,007,211
CJ Bakery Inc.	2,900,000	100.00	2,707,121	(6,654,566)	-
CJ Beijing Bakery Co., Ltd.	-	100.00	3,374,200	(186,001)	-
CJ Global Holdings Ltd.	44,318,275	100.00	29,191,357	17,866,299	17,866,299
			<u>₩ 2,194,388,883</u>	<u>₩ 1,299,613,273</u>	<u>₩ 2,003,964,125</u>

As of September 1, 2007, the Company acquired 2,154,016 shares of common stock of the newly established company, CJ CheilJedang Corporation. The Company purchased additional 2,259,691 common shares of CJ CheilJedang Corporation through a tender offer on December 28, 2007.

As of September 1, 2007, the Company has transferred certain equity-method investments, including Sam Yang Oil Co., Ltd. to the newly established company, CJ CheilJedang Corporation.

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The Company has suspended the application of the equity method of accounting on two investees, including CJ Bakery Inc., because their recorded book values were reduced to zero due to accumulated losses. Unrecognized loss of these investments amount to ₩6,841 million as of December 31, 2007.

In addition, the Company has resumed the application of the equity-method of accounting for CJ America Inc. in 2007 and reflected an adjustment of ₩7,264 million on retained earnings balance as of January 1, 2007. CJ Entertainment Co., Ltd., from which the equity-method application was suspended in 2006, was disposed of in 2007.

In 2007, CJ Music Co., Ltd. merged with M-net Media Corp., an investee.

Equity-method investments as of December 31, 2006, consisted of the following:

<i>(in thousands of Korean won, except number of shares and percentage of ownership)</i>	Percentage of					
Investee	Number of Shares	Ownership (%)	Acquisition Cost	Net Book Value	Recorded Book Value	
CJ Food System Co., Ltd.	5,592,220	59.42	₩ 43,038,582	₩ 40,043,697	₩ 37,860,708	
CJ Foodville Co., Ltd.	12,273,236	95.81	61,060,357	71,492,415	71,586,331	
CJ Development Co., Ltd.	6,915,707	99.90	87,774,480	99,893,323	86,776,221	
CJ Systems Co., Ltd.	521,333	52.13	2,727,562	10,590,288	1,800,336	
CJ Entertainment Inc.	3,000,000	100.00	160,603,021	135,549,234	135,549,234	
CJ Media Inc.	9,374,499	60.20	87,469,216	53,979,826	53,137,916	
CJ Home Shopping Co., Ltd.	3,719,901	33.84	323,357,672	155,391,373	289,968,282	
CJ Investment & Securities Co., Ltd.	14,663,718	31.88	81,038,721	-	-	
Preferred stocks of CJ Investment & Securities Co., Ltd.	12,100,863	79.22	68,502,974	100,327,387	100,328,583	
CJ Venture Capital Co., Ltd.	1,800,000	90.00	18,000,000	6,201,554	6,201,554	
CJ GLS Co., Ltd.	2,098,342	45.55	64,497,304	55,409,347	65,454,721	
CJ Music Co., Ltd.	20,394,392	63.10	22,942,484	12,740,436	12,740,436	
Samyang Oil Co., Ltd. ¹	3,778,784	99.99	18,981,276	8,511,448	9,233,733	
Superfeed Co., Ltd. ¹	2,428,630	100.00	12,169,243	22,707,545	23,478,354	
CJ Olive Young Co., Ltd.	1,810,000	50.00	9,050,000	3,827,325	3,822,677	
CJ MD1 Co., Ltd. ¹	40,000	100.00	200,000	2,415,902	2,444,886	
Shindongbang CP Corporation ¹	2,986,838	99.56	79,340,056	12,021,276	63,352,045	
CJ Internet Co., Ltd.	5,709,500	25.13	97,731,823	43,859,602	92,929,316	
CJ CGV Co., Ltd.	7,571,631	36.73	59,998,597	64,731,778	64,731,778	
Samho F&G Corp. ¹	16,714,090	46.52	20,056,908	4,500,395	16,306,882	
M-net Media Corp.	6,909,090	20.40	37,999,995	24,439,304	28,547,860	
CJ Sports Co., Ltd.	160,000	100.00	800,000	410,762	410,762	
CJ Liaocheng Biotech Co., Ltd. ¹	-	100.00	37,170,100	27,181,780	27,171,402	
CJ Do Brasil Ind. Com. Prod. Alim. Ltda. ¹	-	100.00	44,750,860	44,138,692	44,138,692	

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CJ America Inc. ¹	156	100.00	11,573,855	(2,761,119)	-
CJ China Ltd. ¹	299	99.67	157,890	2,987,179	2,917,565
P.T. Cheil Jedang Indonesia ¹	102,224	100.00	97,869,072	102,596,844	101,413,673
CJ Qingdao Food Co., Ltd. ¹	-	77.20	9,652,091	5,634,304	5,354,779
CJ Beijing Beverage & Foods Co., Ltd. ¹	-	85.93	13,056,834	10,757,548	10,522,638
CJ Ord River Sugar Pty., Ltd. ¹	130,000,020	20.00	1,583,920	2,035,713	2,035,713
CJ Europe GMBH. ¹	-	100.00	150,338	1,020,332	831,692
Lee Entertainment L.L.C.	-	99.36	74,317,032	103,176,643	103,176,643
CJ Japan Corp.	4,000	100.00	405,048	2,106,915	2,096,434
CJ Cambodia Co., Ltd. ¹	50	50.00	3,129,288	(172,099)	-
Annie Chun's Inc. ¹	1,673,268	70.00	6,201,053	1,633,670	4,725,535
CJ Bakery Inc.	2,900,000	100.00	2,707,121	(3,481,530)	-
CJ Entertainment Co., Ltd.	399	99.75	258,100	(788,488)	-
CJ Pacific Corp. ¹	5	100.00	56,620	944,585	944,585
CJ Beijing Bakery Co., Ltd.	-	100.00	2,905,050	1,621,282	1,621,282
CJ Nutracon Pty. ¹	7,500,001	100.00	5,391,100	4,752,273	4,752,273
Liaocheng Lantian Cogenerations Plant Co., Ltd. ¹	-	100.00	9,708,468	8,854,450	8,854,450
CJ Global Holdings Ltd.	44,318,275	100.00	29,191,359	25,475,180	25,461,564
			<u>₩1,707,575,470</u>	<u>₩1,266,758,371</u>	<u>₩1,512,681,535</u>

- 1 The Company has transferred the investments to the newly established company, CJ CheilJedang Corporation.

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Changes in goodwill (negative goodwill) for the year ended December 31, 2007, are as follows:

<i>(in thousands of Korean won)</i>	January 1, 2007	Increase (Decrease)	Amortization (Reversal)	Decrease due to split-off	December 31, 2007
Investee					
CJ CheilJedang Corporation	₩ -	₩ 478,997,894	₩ -	₩ -	₩ 478,997,894
CJ Media Inc.	(282,556)	-	(144,178)	-	(138,378)
CJ Home Shopping Co., Ltd.	134,548,023	-	9,966,520	-	124,581,503
CJ GLS Co., Ltd.	10,045,374	-	2,419,055	-	7,626,319
Samyang Oil Co., Ltd.	644,282	-	429,521	(214,761)	-
Superfeed Co., Ltd.	852,359	-	568,239	(284,120)	-
Shindongbang CP Corporation	51,427,075	-	4,728,927	(46,698,148)	-
CJ Internet Co., Ltd.	49,068,612	-	2,886,388	-	46,182,224
Samho F&G Corp.	11,806,487	-	850,918	(10,955,569)	-
M-net Media Corp.	4,282,104	-	375,623	-	3,906,481
Hasunjung General Food Co., Ltd.	-	13,850,914	923,394	(12,927,520)	-
CJ Qingdao Food Co., Ltd.	(165,945)	-	(55,315)	110,630	-
CJ Beijing Beverage & Foods Co., Ltd.	(234,910)	-	(99,911)	134,999	-
CJ Cambodia Co., Ltd.	9,388	-	-	(9,388)	-
Annie Chun's Inc.	3,091,865	-	601,006	(2,490,859)	-
CJ Omni Inc.	-	2,933,064	391,076	(2,541,988)	-
	<u>₩265,092,158</u>	<u>₩ 495,781,872</u>	<u>₩ 23,841,263</u>	<u>₩ (75,876,724)</u>	<u>₩ 661,156,043</u>

In 2007, the Company recorded the differences between the acquisition costs and the Company's proportionate share in the net book value of the investees amounting to ₩19,847 million resulting from additional investments in eight subsidiaries, including CJ Investment & Securities Co., Ltd., as loss on valuation of equity-method investments, other cumulative comprehensive income.

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Changes in goodwill (negative goodwill) for the year ended December 31, 2006, were as follows:

<i>(in thousands of Korean won)</i>			Increase (Decrease)	Amortization (Reversal)	December 31, 2006
Investee	January 1, 2006				
Haechandle Co., Ltd.	₩	13,467,993	₩ (11,324,837)	₩ 2,143,156	₩ -
CJ Media Inc.		(194,453)	(576,655)	(488,552)	(282,556)
CJ Home Shopping Co., Ltd.		144,514,543	-	9,966,520	134,548,023
CJ GLS Co., Ltd.		5,322,366	6,492,784	1,769,776	10,045,374
Samyang Oil Co., Ltd.		1,288,563	-	644,281	644,282
Superfeed Co., Ltd.		1,704,717	-	852,358	852,359
Shindongbang CP Corporation		58,520,465	-	7,093,390	51,427,075
CJ Internet Co., Ltd.		26,430,472	25,170,022	2,531,882	49,068,612
Hanil Pharmaceutical Ind, Co., Ltd.		1,358,484	-	1,358,484	-
Samho F&G Corp.		-	12,763,770	957,283	11,806,487
M-net Media Corp.		-	4,507,478	225,374	4,282,104
CJ Qingdao Food Co., Ltd.		(272,191)	-	(106,246)	(165,945)
CJ Beijing Beverage & Foods Co., Ltd.		(332,146)	-	(97,236)	(234,910)
CJ Ord River Sugar Pty., Ltd.		(6,037)	-	(6,037)	-
CJ Cambodia Co., Ltd.		18,777	-	9,389	9,388
Annie Chun's Inc.		3,845,340	-	753,475	3,091,865
CJ Bakery Inc.		3,542,715	-	3,542,715	-
	₩	<u>259,209,608</u>	₩ <u>37,032,562</u>	₩ <u>31,150,012</u>	₩ <u>265,092,158</u>

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Information relating to the elimination of unrealized gains and losses arising from transactions with equity-method investees as of December 31, 2007 and 2006, are as follows:

<i>(in thousands of Korean won)</i>	2007			2006		
	Current Assets	Property, Plant and Equipment, and Intangible Assets	Total	Current Assets	Property, Plant and Equipment, and Intangible Assets	Total
CJ CheilJedang Corporation	₩ (308,208)	₩ -	₩ (308,208)	₩ -	₩ -	₩ -
CJ Food System Co., Ltd.	(454,933)	(1,150,676)	(1,605,609)	(2,182,989)	-	(2,182,989)
CJ Foodville Co., Ltd.	(128,458)	-	(128,458)	93,916	-	93,916
CJ Development Co., Ltd.	-	(17,377,542)	(17,377,542)	-	(13,117,102)	(13,117,102)
CJ Systems Co., Ltd.	-	(4,624,830)	(4,624,830)	-	(8,789,952)	(8,789,952)
CJ Media Inc.	66,492	-	66,492	(559,354)	-	(559,354)
CJ Home Shopping Co., Ltd.	(45,394)	(166,848)	(212,242)	28,886	-	28,886
CJ Investment & Securities Co., Ltd.	1,131	-	1,131	1,196	-	1,196
CJ Venture Capital Co., Ltd.	-	-	-	1	-	1
CJ MD1 Co., Ltd.	-	-	-	28,984	-	28,984
Samyang Oil Co., Ltd.	-	-	-	78,003	-	78,003
Superfeed Co., Ltd.	-	-	-	(81,550)	-	(81,550)
CJ Olive Young Co., Ltd.	34	-	34	(4,648)	-	(4,648)
CJ Internet Co., Ltd.	210	-	210	1,102	-	1,102
CJ CGV Co., Ltd.	11,770	-	11,770	-	-	-
Shindongbang CP Corporation	-	-	-	(96,306)	-	(96,306)
M-net Media Corp.	(536,707)	-	(536,707)	(173,548)	-	(173,548)
CJ Liaocheng Biotech Co., Ltd.	-	-	-	(10,378)	-	(10,378)
CJ China Ltd.	-	-	-	(69,614)	-	(69,614)
P.T. Cheil Jedang Indonesia (P.T. CJI)	-	-	-	(1,183,171)	-	(1,183,171)
CJ Qingdao Food Co., Ltd.	-	-	-	(113,580)	-	(113,580)
CJ Europe GMBH.	-	-	-	(188,640)	-	(188,640)
CJ Japan Corp.	(27,388)	-	(27,388)	(10,481)	-	(10,481)
CJ Global Holdings Ltd.	-	-	-	(13,616)	-	(13,616)
	<u>₩(1,421,451)</u>	<u>₩ (23,319,896)</u>	<u>₩(24,741,347)</u>	<u>₩(4,455,787)</u>	<u>₩(21,907,054)</u>	<u>₩(26,362,841)</u>

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The changes in the book values of equity-method investments for the year ended December 31, 2007, are as follows:

(in thousands of Korean won)

Investee	January 1, 2007	Earnings from Equity- method Investments	Other Increase (Decrease)	Decrease due to split-off	December 31, 2007
CJ CheilJedang Corporation	₩ -	₩ 2,565,712	₩814,027,461	₩ -	₩816,593,173
CJ Food System Co., Ltd.	37,860,708	863,776	(3,802,950)	-	34,921,534
CJ Foodville Co., Ltd.	71,586,331	7,984,689	-	-	79,571,020
CJ Development Co., Ltd.	86,776,221	(18,421,034)	(8,244,503)	-	60,110,684
CJ Systems Co., Ltd.	1,800,336	7,432,405	2,090,079	-	11,322,820
CJ Entertainment Inc.	135,549,234	(22,790,903)	18,646	-	112,776,977
CJ Media Inc.	53,137,916	(6,786,533)	26,602,603	-	72,953,986
CJ Home Shopping Co., Ltd.	289,968,282	1,554,049	24,058,620	-	315,580,951
CJ Investment & Securities Co., Ltd.	100,328,583	46,337,614	(29,124,672)	-	117,541,525
CJ Venture Capital Co., Ltd.	6,201,554	880,918	85,332	-	7,167,804
CJ GLS Co., Ltd.	65,454,721	(2,035,770)	(1,143,783)	-	62,275,168
CJ Music Co., Ltd.	12,740,436	443,932	(13,184,368)	-	-
Samyang Oil Co., Ltd.	9,233,733	1,785,520	137,656	(11,156,909)	-
Superfeed Co., Ltd.	23,478,354	(1,096,037)	-	(22,382,317)	-
CJ Olive Young Co., Ltd.	3,822,677	(899,538)	3,942,218	-	6,865,357
CJ MD1 Co., Ltd.	2,444,886	(336,529)	(1,700,000)	(408,357)	-
Shindongbang CP Corporation	63,352,045	14,173,401	56,871	(77,582,317)	-
CJ Internet Co., Ltd.	92,929,316	3,513,694	(1,342,800)	-	95,100,210
CJ CGV Co., Ltd.	64,731,778	4,473,689	(3,260,239)	-	65,945,228
Samho F&G Corp.	16,306,882	(1,511,729)	127,716	(14,922,869)	-
M-net Media Corp.	28,547,860	(11,053,477)	16,143,447	-	33,637,830
CJ Sports Co., Ltd	410,762	(902,390)	1,046,707	-	555,079
Hasunjung General Food Co., Ltd.	-	(363,644)	33,093,290	(32,729,646)	-
CJ Liaocheng Biotech Co., Ltd.	27,171,402	(1,792,369)	11,572,568	(36,951,601)	-
CJ Do Brasil Ind. Com. Prod. Alim. Ltda.	44,138,692	(5,151,432)	17,852,210	(56,839,470)	-
CJ America Inc.	-	473,485	4,128,826	(4,602,311)	-
CJ China Ltd.	2,917,565	860,228	30,050	(3,807,843)	-
P.T. Cheil Jedang Indonesia	101,413,673	(3,510,601)	1,104,410	(99,007,482)	-

CJ Corporation (formerly CJ Corp.)
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(in thousands of Korean won)

	January 1, 2007	Earnings from Equity- method Investments	Other Increase (Decrease)	Decrease due to split-off	December 31, 2007
CJ Qingdao Food Co., Ltd.	₩ 5,354,779	₩ (3,007,880)	₩ 197,452	₩ (2,544,351)	₩ -
CJ Beijing Beverage & Foods Co., Ltd.	10,522,638	(1,010,070)	477,443	(9,990,011)	-
CJ Ord River Sugar Pty., Ltd.	2,035,713	(680,859)	88,019	(1,442,873)	-
CJ Europe GMBH.	831,692	196,088	55,904	(1,083,684)	-
Lee Entertainment L.L.C.	103,176,643	(432,120)	(12,573,254)	-	90,171,269
CJ Japan Corp.	2,096,434	770,313	140,464	-	3,007,211
CJ Cambodia Co., Ltd. –Preferred stock	-	(879,239)	5,408,271	(4,529,032)	-
Annie Chun's Inc.	4,725,535	(1,052,689)	12,819	(3,685,665)	-
CJ Pacific Corp.	944,585	16,364	10,602	(971,551)	-
CJ Beijing Bakery Co., Ltd.	1,621,282	(2,128,837)	507,555	-	-
CJ Nutracon Pty.	4,752,273	(1,391,635)	204,675	(3,565,313)	-
Liaocheng Lantian Cogenerations Plant Co., Ltd.	8,854,450	(1,577,387)	375,143	(7,652,206)	-
CJ Global Holdings Ltd.	25,461,564	(9,112,027)	1,516,762	-	17,866,299
Beijing Ershang CJ Food Co., Ltd.	-	(94,851)	5,115,223	(5,020,372)	-
CJ Omni Inc.	-	(814,534)	6,790,911	(5,976,377)	-
CJ International Trading Co., Ltd.	-	-	564,180	(564,180)	-
	<u>₩1,512,681,535</u>	<u>₩ (4,508,237)</u>	<u>₩903,207,564</u>	<u>₩(407,416,737)</u>	<u>₩2,003,964,125</u>

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The changes in the book values of equity-method investments for the year ended December 31, 2006, were as follows:

(in thousands of Korean won)

Investee	January 1, 2006	Earnings from Equity- method Investments	Other Increase (Decrease)	December 31, 2006
CJ Morningwell Co., Ltd.	₩ 12,525,320	₩ 698,921	₩(13,224,241)	₩ -
CJ Food System Co., Ltd.	51,832,508	(12,217,043)	(1,754,757)	37,860,708
CJ Foodville Co., Ltd.	21,918,919	3,416,421	46,250,991	71,586,331
Haechandle Co., Ltd.	78,982,511	1,743,214	(80,725,725)	-
CJ Development Co., Ltd.	72,245,242	(12,203,246)	26,734,225	86,776,221
CJ Systems Co., Ltd.	4,256,741	(2,456,405)	-	1,800,336
CJEH Co., Ltd. (CJ Entertainment Inc.)	62,958,151	(1,987,161)	(60,970,990)	-
CJ Entertainment Inc.	-	(25,051,732)	160,600,966	135,549,234
CJ Media Inc.	26,878,541	(4,109,427)	30,368,802	53,137,916
CJ Home Shopping Co., Ltd.	254,715,415	6,607,001	28,645,866	289,968,282
CJ Investment & Securities Co., Ltd.	8,502,821	10,113,803	81,711,959	100,328,583
CJ Venture Capital Co., Ltd.	8,385,866	(2,207,837)	23,525	6,201,554
CJ GLS Co., Ltd.	24,808,739	1,187,801	39,458,181	65,454,721
CJ N City Co., Ltd.	6,716,081	(404,446)	(6,311,635)	-
CJ Music Co., Ltd.	15,744,650	(907,668)	(2,096,546)	12,740,436
Samyang Oil Co., Ltd.	15,449,204	(7,142,786)	927,315	9,233,733
Superfeed Co., Ltd.	19,197,082	45,134	4,236,138	23,478,354
CJ Olive Young Co., Ltd.	5,482,236	(1,659,559)	-	3,822,677
CJ MD1 Co., Ltd.	1,790,240	654,646	-	2,444,886
Shindongbang CP Corporation	58,781,293	4,566,744	4,008	63,352,045
CJ Internet Co., Ltd.	51,099,450	1,076,644	40,753,222	92,929,316
Hanil Pharmaceutical Ind, Co., Ltd.	22,383,450	(251,320)	(22,132,130)	-
CJ CGV Co., Ltd.	-	4,670,405	60,061,373	64,731,778
Samho F&G Corp.	-	(3,849,498)	20,156,380	16,306,882
M-net Media Corp.	-	(9,523,062)	38,070,922	28,547,860
CJ Sports Co., Ltd	-	(389,238)	800,000	410,762
CJ Liaocheng Biotech Co., Ltd.	14,500,219	(2,476,273)	15,147,456	27,171,402
CJ Do Brasil Ind. Com. Prod. Alim. Ltda.	-	142,551	43,996,141	44,138,692
CJ China Ltd.	3,401,192	(185,823)	(297,804)	2,917,565
CJ Philippines Inc.	6,651,877	1,806,076	(8,457,953)	-
P.T. Cheil Jedang Superfeed	1,341,746	563,336	(1,905,082)	-
P.T. Cheil Jedang Indonesia	113,221,544	(9,179,281)	(2,628,590)	101,413,673

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(in thousands of Korean won)

Investee	Earnings from			December 31, 2006
	January 1, 2006	Equity- method Investments	Other Increase (Decrease)	
CJ Qingdao Food Co., Ltd.	₩ 6,597,166	₩ (850,182)	₩ (392,205)	₩ 5,354,779
CJ Beijing Beverage & Foods Co., Ltd.	12,009,272	(850,196)	(636,438)	10,522,638
CJ Ord River Sugar Pty., Ltd.	2,117,920	(55,506)	(26,701)	2,035,713
CJ Vina Agri Co., Ltd.	7,327,902	1,005,178	(8,333,080)	-
CJ Europe GMBH.	924,149	(111,641)	19,184	831,692
Lee Entertainment L.L.C.	130,453,643	54,613,332	(81,890,332)	103,176,643
CJ Japan Corp.	1,261,105	999,172	(163,843)	2,096,434
CJ Cambodia Co., Ltd.	943,024	(943,024)	-	-
Annie Chun's Inc.	6,201,053	(1,297,398)	(178,120)	4,725,535
CJ Bakery Inc.	2,707,121	-	(2,707,121)	-
CJ Entertainment Co., Ltd.	-	(258,100)	258,100	-
CJ Pacific Corp.	-	861,726	82,859	944,585
CJ Beijing Bakery Co., Ltd.	-	(1,121,667)	2,742,949	1,621,282
CJ Nutracon Pty.	-	(740,798)	5,493,071	4,752,273
Liaocheng Lantian Cogenerations Plant Co., Ltd.	-	(699,530)	9,553,980	8,854,450
CJ Chengdu Feed Co., Ltd.	-	(353,876)	353,876	-
CJ Nanjing Feed Co., Ltd.	-	(1,015,222)	1,015,222	-
CJ Guiyang Feed Co., Ltd.	-	(381,407)	381,407	-
CJ Tianjin Feed Co., Ltd.	-	(749,928)	749,928	-
CJ Zhengzhou Feed Co., Ltd.	-	(617,750)	617,750	-
CJ Shenyang Feed Co., Ltd.	-	281,937	(281,937)	-
CJ Qingdao Feed Co., Ltd.	-	(736,266)	736,266	-
CJ Tur Yem Sanayi Ve Ti Caret A. S	-	(1,307,826)	1,307,826	-
CJ Global Holdings Ltd.	-	1,241,520	24,220,044	25,461,564
	<u>₩1,134,313,393</u>	<u>₩(11,996,560)</u>	<u>₩390,364,702</u>	<u>₩1,512,681,535</u>

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Gain and loss on equity-method investments recorded as other cumulative comprehensive income as of December 31, 2007 and 2006, are as follows:

(in millions of Korean won)

	2007				2006			
	January 1, 2007	Valuation Amount	Decrease due to split-off	December 31, 2007	January 1, 2006	Valuation Amount	Included in Earnings	December 31, 2006
Gain on valuation of equity-method investments	₩ 77,458	₩ 13,333	₩ 6,470	₩ 84,321	₩ 73,213	₩ 4,245	₩ -	₩ 77,458
Loss on valuation of equity-method investments	<u>(148,125)</u>	<u>(29,446)</u>	<u>(89,408)</u>	<u>(88,163)</u>	<u>(173,495)</u>	<u>25,370</u>	<u>-</u>	<u>(148,125)</u>
	<u>₩ (70,667)</u>	<u>₩(16,113)</u>	<u>₩(82,938)</u>	<u>₩ (3,842)</u>	<u>₩(100,282)</u>	<u>₩ 29,615</u>	<u>₩ -</u>	<u>₩(70,667)</u>

Financial information of significant investee companies as of and for the year ended December 31, 2007, is as follows:

Investee	2007			
	Assets	Liabilities	Sales	Net income (loss)
CJ CheilJedang Corporation	₩ 2,197,278,564	₩ 1,490,055,293	₩ 1,002,840,555	₩ 16,261,823
CJ Food System Co., Ltd.	196,012,752	125,761,513	612,828,166	553,734
CJ Foodville Co., Ltd.	278,700,032	195,516,261	497,235,683	8,831,092
CJ Development Co., Ltd.	512,554,643	434,989,351	178,983,583	(14,174,784)
CJ Systems Co., Ltd.	64,135,122	38,462,129	155,480,526	5,358,213
CJ Entertainment Co., Ltd.	231,383,016	118,606,039	129,856,664	(22,790,903)
CJ Media Inc.	268,489,125	122,927,325	153,271,102	(15,062,416)
CJ Home Shopping Co., Ltd.	888,584,823	410,500,045	518,809,174	31,647,667
CJ Investment & Securities Co., Ltd.	836,988,765	640,057,307	237,771,776	72,706,419
CJ Venture Capital Co., Ltd.	8,165,576	201,349	1,830,382	978,799
CJ GLS Co., Ltd.	263,490,466	115,971,895	519,394,519	595,339
CJ Olive Young Co., Ltd.	33,300,666	19,570,020	53,722,894	(1,808,440)
CJ Internet Co., Ltd.	229,217,433	34,133,756	159,776,628	25,791,296
CJ CGV Co., Ltd.	438,709,766	259,193,017	320,465,664	12,148,447
M-net Media Corp.	173,313,096	82,281,981	62,892,777	(34,546,033)

CJ Corporation (formerly CJ Corp.)
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<i>(in thousands of Korean won)</i>	2007			
	Assets	Liabilities	Sales	Net income (loss)
CJ Sports Co., Ltd	₩ 2,339,761	₩ 1,784,682	₩ 1,260,930	₩ (902,390)
Lee Entertainment L.L.C.	90,755,246	-	-	(434,919)
CJ Japan Corp.	55,996,200	52,961,601	27,934,920	747,801
CJ Bakery Inc.	7,813,067	14,467,633	4,030,139	(2,809,463)
CJ Beijing Bakery Co., Ltd.	6,179,727	6,365,728	4,084,787	(2,314,838)
CJ Global Holdings Ltd.	212,899,691	195,033,392	384,024,881	(5,959,583)

CJ Corporation (formerly CJ Corp.)
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Financial information of significant investee companies as of and for the year ended December 31, 2006, is as follows:

<i>(in thousands of Korean won)</i>	2006			
	Assets	Liabilities	Sales	Net income (loss)
Investee				
CJ Food System Co., Ltd.	₩182,385,701	₩115,072,196	₩613,032,191	₩(20,072,763)
CJ Foodville Co., Ltd.	209,700,835	135,141,953	286,011,166	3,456,287
CJ Development Co., Ltd.	525,169,245	425,176,468	212,696,411	(11,054,109)
CJ Systems Co., Ltd.	53,704,390	33,390,525	143,216,062	3,468,440
CJ Entertainment Co., Ltd.	236,736,314	101,187,081	118,380,808	(25,033,434)
CJ Media Inc.	192,616,937	102,952,040	126,315,855	(7,065,717)
CJ Home Shopping Co., Ltd.	864,159,228	404,950,255	512,828,750	48,216,984
CJ Investment & Securities Co., Ltd.	691,239,580	566,843,835	124,395,745	(82,552,021)
CJ Venture Capital Co., Ltd.	7,105,221	214,607	1,344,871	(2,453,040)
CJ GLS Co., Ltd.	246,420,052	124,775,217	477,998,958	6,548,736
CJ Music Co., Ltd.	48,786,991	28,595,292	25,628,709	589,452
Samyang Oil Co., Ltd.	18,431,944	9,919,773	35,572,161	(6,864,251)
Superfeed Co., Ltd.	35,855,128	13,215,715	38,495,494	846,893
CJ Olive Young Co., Ltd.	26,822,277	19,167,627	38,885,318	(3,383,966)
CJ MD1 Co., Ltd.	14,167,180	11,751,278	76,393,362	656,719
Shindongbang CP Corporation	61,142,988	49,068,738	94,844,516	11,811,747
CJ Internet Co., Ltd.	195,179,737	20,658,576	105,206,998	16,608,231
CJ CGV Co., Ltd.	378,306,613	202,061,672	272,015,686	22,864,650
Samho F&G Corp.	36,599,427	26,924,795	82,446,479	(6,448,990)
M-net Media Corp.	139,878,437	20,095,412	22,643,185	(45,860,326)
CJ Sports Co., Ltd.	1,210,631	799,869	1,152,364	(374,378)
CJ Liaocheng Biotech Co., Ltd.	99,968,382	72,786,602	35,651,765	(3,151,653)
CJ Do Brasil Ind. Com. Prod. Alim. Ltda.	93,005,474	48,866,730	-	62,930
CJ America Inc.	31,238,003	33,999,123	54,427,575	(503,667)
CJ China Ltd.	78,123,990	75,136,811	254,377,921	(346,372)
P.T. Cheil Jedang Indonesia	461,503,885	358,906,943	268,724,884	(10,398,094)
CJ Qingdao Food Co., Ltd.	20,717,130	13,418,345	21,899,033	(2,081,377)
CJ Beijing Beverage & Foods Co., Ltd.	14,465,831	1,942,996	736,960	(1,102,903)
CJ Ord River Sugar Pty., Ltd.	23,691,270	13,512,706	15,153,191	(341,529)
CJ Europe GMBH.	57,822,567	56,802,235	123,991,361	134,078
Lee Entertainment L.L.C.	104,538,507	693,661	-	54,974,588
CJ Japan Corp.	51,241,506	49,134,591	20,980,395	995,467
CJ Cambodia Co., Ltd.	5,035,586	5,379,784	945,585	(2,064,095)
Annie Chun's Inc.	2,901,369	567,555	6,563,674	(749,188)
CJ Bakery Inc.	3,624,753	7,106,284	2,486,012	(2,790,396)
CJ Entertainment Co., Ltd.	2,031	790,519	302	(237,249)
CJ Pacific Corp.	945,409	824	9,069,037	61,726

CJ Corporation (formerly CJ Corp.)
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<i>(in thousands of Korean won)</i>	2006			
	Assets	Liabilities	Sales	Net income (loss)
CJ Nutracon Pty	₩ 8,903,505	₩ 4,151,232	₩ -	₩ (740,798)
Liaocheng Lantian Cogenerations Plant Co., Ltd.	24,695,504	15,841,054	371,201	(699,530)
CJ Global Holdings Ltd.	135,979,995	113,877,131	303,474,514	1,241,520

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Market value information of investee companies as of December 31, 2007 and 2006, is as follows:

<i>(in thousands of Korean won)</i>	2007		2006	
	Market Value	Recorded Book Value	Market Value	Recorded Book Value
CJ				
ChilJedang Corporation.	₩1,306,457,272	₩ 816,593,173	₩ -	₩ -
CJ Food System Co., Ltd.	46,974,648	34,921,534	54,971,523	37,860,708
CJ Home Shopping Co., Ltd.	230,607,212	315,580,951	286,432,377	289,968,282
CJ Internet Co., Ltd.	91,922,950	95,100,210	138,740,850	92,929,316
CJ CGV Co., Ltd.	97,674,040	65,945,228	162,032,903	64,731,778
Samho F&G Corp.	-	-	24,736,853	16,306,882
M-net Media Corp.	99,052,417	33,637,830	59,901,810	28,547,860
	<u>₩1,872,688,539</u>	<u>₩ 1,361,778,926</u>	<u>₩ 726,816,316</u>	<u>₩ 530,344,826</u>

6. Long-Term and Short-Term Loans Receivable

Long-term and short-term loans receivable as of December 31, 2007 and 2006, consist of the following:

<i>(in thousands of Korean won)</i>	Annual Interest Rates (%)		2007	2006
	2007	2007		
Loans to employee stock ownership association	-	₩ 434,599	₩ 60,077,082	
Others	-	-	<u>9,271,371</u>	
		434,599	69,348,453	
Less: Current portion of long-term loans receivable		-	<u>(4,991,259)</u>	
		<u>₩ 434,599</u>	<u>₩ 64,357,194</u>	

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7. Property, Plant and Equipment

Property, plant and equipment as of December 31, 2007 and 2006, and the changes in the accounts for the years then ended, consist of the following:

<i>(in thousands of Korean won)</i>	2007				
	Land	Buildings	Structures	Machinery	Vehicles
Balance at January 1, 2007	₩518,689,822	₩282,257,976	₩40,617,130	₩171,920,608	₩ 2,024,444
Acquisition	-	670,607	3,245	42,008	1,000,536
Transfer	104,600	11,544,410	845,537	21,526,004	46,500
Transfer to intangible asset	-	-	-	-	-
Disposal	(197,138)	(102,796)	(420,945)	(1,146,755)	(17,183)
Depreciation	-	(14,606,659)	(2,098,826)	(27,736,680)	(622,877)
Decrease due to split-off	(477,544,892)	(239,083,163)	(38,052,173)	(164,492,421)	(2,367,127)
Others	-	(201,808)	-	(112,764)	-
Balance at December 31, 2007	<u>₩ 41,052,392</u>	<u>₩ 40,478,567</u>	<u>₩ 893,968</u>	<u>₩ -</u>	<u>₩ 64,293</u>

<i>(in thousands of Korean won)</i>	2007			
	Equipment	Others	Construction- in-progress	Total
Balance at January 1, 2007	₩ 34,855,460	₩ 2,965,471	₩ 32,852,907	₩1,086,183,818
Acquisition	9,915,375	54,000	58,706,690	70,392,461
Transfer	3,487,157	-	(37,554,208)	-
Transfer to intangible asset	-	-	(1,522,707)	(1,522,707)
Disposal	(75,446)	(210,208)	(83,835)	(2,254,306)
Depreciation	(12,930,591)	(86,829)	-	(58,082,462)
Decrease due to split-off	(34,968,070)	(2,722,434)	(52,211,601)	(1,011,441,881)
Others	(12,966)	-	-	(327,538)
Balance at December 31, 2007	<u>₩ 270,919</u>	<u>₩ -</u>	<u>₩ 187,246</u>	<u>₩ 82,947,385</u>

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<i>(in thousands of Korean won)</i>	2006				
	Land	Buildings	Structures	Machinery	Vehicles
Balance at January 1, 2006	₩476,478,595	₩241,172,346	₩37,160,811	₩135,649,092	₩ 1,353,172
Acquisition	5,652,490	7,687,486	84,291	2,334,993	1,346,476
Transfer	2,336,435	23,328,070	3,313,255	63,625,273	101,960
Increase due to merger	38,961,523	43,300,137	3,853,580	16,123,905	118,121
Disposal	(1,629,413)	(386,812)	(118,479)	(2,175,687)	(117,826)
Impairment	-	(181,690)	(192,178)	(13,757)	-
Depreciation	-	(20,347,521)	(3,072,177)	(37,948,548)	(777,458)
Invested in CJ Foodville	(3,109,808)	(12,314,040)	(411,973)	(5,674,663)	(1)
Others	-	-	-	-	-
Balance at December 31, 2006	<u>₩518,689,822</u>	<u>₩282,257,976</u>	<u>₩40,617,130</u>	<u>₩171,920,608</u>	<u>₩ 2,024,444</u>

<i>(in thousands of Korean won)</i>	2006			
	Equipment	Others	Construction- in-progress	Total
Balance at January 1, 2006	₩ 40,360,185	₩ 2,751,152	₩ 22,229,181	₩ 957,154,534
Acquisition	13,304,183	212,879	103,148,111	133,770,909
Transfer	5,554,753	242,935	(98,502,681)	-
Increase due to merger	4,284,954	394,873	747,664	107,784,757
Disposal	(521,261)	(240,655)	-	(5,190,133)
Impairment	-	-	-	(387,625)
Depreciation	(22,029,650)	(208,983)	-	(84,384,337)
Invested in CJ Foodville	(6,097,704)	(186,730)	(235,827)	(28,030,746)
Others	-	-	5,466,459	5,466,459
Balance at December 31, 2006	<u>₩ 34,855,460</u>	<u>₩ 2,965,471</u>	<u>₩ 32,852,907</u>	<u>₩1,086,183,818</u>

As of December 31, 2007, the Company has insurance for depreciable assets and directors' and officers' liability amounting to ₩59,564 million and ₩50,000 million, respectively.

As of December 31, 2007, the value of land based on the posted price issued by the Korean tax authority amounted to ₩53,910 million.

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8. Intangible Assets

The details of the changes in intangible assets for the years ended December 31, 2007 and 2006, are as follows:

<i>(in thousands of Korean won)</i>	2007			
	Goodwill	Intellectual Property Rights	Development Costs	Total
Balance at				
January 1, 2007	₩ 14,215,177	₩ 4,419,294	₩ -	₩ 18,634,471
Acquisition ¹	31,051	1,583,778	-	1,614,829
Disposal	-	(170,284)	-	(170,284)
Amortization	(2,450,367)	(854,033)	-	(3,304,400)
Decrease due to split-off	<u>(11,795,861)</u>	<u>(4,375,789)</u>	<u>-</u>	<u>(16,171,650)</u>
Balance at				
December 31, 2007	<u>₩ -</u>	<u>₩ 602,966</u>	<u>₩ -</u>	<u>₩ 602,966</u>
Accumulated amortization	<u>₩ -</u>	<u>₩ 526,706</u>	<u>₩ -</u>	<u>₩ 526,706</u>

¹ Includes amount transferred from construction-in-progress.

<i>(in thousands of Korean won)</i>	2006			
	Goodwill	Intellectual Property Rights	Development Costs	Total
Balance at				
January 1, 2006	₩ 743,533	₩ 4,360,985	₩ 1,600,247	₩ 6,704,765
Acquisition	2,068,948	928,923	-	2,997,871
Disposal	(58,499)	(2,788)	(1,600,247)	(1,661,534)
Amortization	(1,283,237)	(941,125)	-	(2,224,362)
Increase due to merger	13,826,229	73,299	-	13,899,528
Invested in CJ Foodville	<u>(1,081,797)</u>	<u>-</u>	<u>-</u>	<u>(1,081,797)</u>
Balance at				
December 31, 2006	<u>₩ 14,215,177</u>	<u>₩ 4,419,294</u>	<u>₩ -</u>	<u>₩ 18,634,471</u>
Accumulated amortization	<u>₩ 4,204,780</u>	<u>₩ 8,064,191</u>	<u>₩ 12,647,316</u>	<u>₩ 24,916,287</u>
Accumulated impairment	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 8,925,418</u>	<u>₩ 8,925,418</u>

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The amortization expense of intangible assets for the years ended December 31, 2007 and 2006, is allocated to the following account:

Account	2007	2006
<i>(in thousands of Korean won)</i>		
Selling, general and administrative expenses	₩ 3,304,400	₩ 2,224,362

The Company expensed research and development costs of ₩29,902 million (2006: ₩42,245 million) for the year ended December 31, 2007.

9. Short-Term Borrowings

Short-term borrowings as of December 31, 2007 and 2006, consist of the following:

<i>(in thousands of Korean won)</i>	Annual Interest Rates (%)		
	2007	2007	2006
Bank overdraft facilities	-	₩ -	₩ 3,175,291
Usance financing	-	-	215,401,237
Notes discounted	-	-	48,000,000
		₩ -	₩ 266,576,528

As of December 31, 2007, the Company has bank overdraft agreements of up to a maximum of ₩20,000 million with two banks including Woori Bank.

10. Long-Term Debts

Long-term debts as of December 31, 2007 and 2006, consist of the following:

<i>(in thousands of Korean won)</i>	2007	2006
Loans payable ¹	₩ 200,305,700	₩ 449,696,733
Debentures ²	186,718,166	526,388,020
	387,023,866	976,084,753
Less: Current maturities	-	(175,921,186)
	₩ 387,023,866	₩ 800,163,567

¹ Long-term loans payable as of December 31, 2007 and 2006, consist of the following:

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<i>(in thousands of Korean won)</i>	Annual Interest Rates (%)		
	2007	2007	2006
Local currency loans			
Korea Exchange Bank	-	₩ -	₩ 100,000,000
Shinhan Bank	-	-	100,000,000
Foreign currency loans (Won equivalent)			
Kookmin Bank	5.02 - 5.11	200,305,700	198,469,600
Woori Bank	-	-	45,510,365
Shinhan Bank	-	-	<u>5,716,768</u>
		<u>₩ 200,305,700</u>	<u>₩ 449,696,733</u>

In order to hedge the impact of fluctuations in fair value of the loans amounting to ₩200,306 million, the Company has entered into interest rate swap contracts with Kookmin Bank and recorded ₩3,507 million of loss on valuation of derivatives under capital adjustments for the year ended December 31, 2007.

² Debentures outstanding as of December 31, 2007 and 2006, consist of the following:

<i>(in thousands of Korean won)</i>	Annual Interest Rates (%)		
	2007	2007	2006
Public bonds	-	₩ -	₩ 469,262,164
Private bonds	-	-	58,000,000
Bonds payable in foreign currency ¹	5.63	<u>187,640,000</u>	<u>-</u>
		187,640,000	527,262,164
Less: Unamortized discounts		<u>(921,834)</u>	<u>(874,144)</u>
		<u>₩ 186,718,166</u>	<u>₩ 526,388,020</u>

Floating rate notes have been issued with face value of US\$ 200 million, with interest payable semiannually, in the Eurodollar market and listed at London Stock Exchange.

In order to hedge the impact of fluctuations in fair value of certain foreign floating rate notes amounting to ₩187,640 million, the Company has entered into foreign exchange rate swap contracts and recorded ₩6,146 million of loss on valuation of derivatives under other cumulative comprehensive income for the year ended December 31, 2007. In addition, the Company has redeemed corporate bonds and recognized redemption loss of ₩738 million in 2007.

With regard to foreign floating rate notes, the Company has an agreement requiring the debt rate to be below 300% in the financial statements and EBITDA be more than 2.5 times of interest expenses.

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Maturities of long-term debts outstanding as of December 31, 2007, excluding discounts and long-term accrued interests on debentures, are as follows:

(in thousands of Korean won)

Year of maturity	Loans	Debentures	Total
2009	₩ -	₩ 99,918,300	₩ 99,918,300
2010	-	-	-
2011	-	100,387,400	100,387,400
2012	<u>186,718,166</u>	<u>-</u>	<u>186,718,166</u>
	<u>₩ 186,718,166</u>	<u>₩ 200,305,700</u>	<u>₩ 387,023,866</u>

11. Accrued Severance Benefits

Changes in accrued severance benefits for the years ended December 31, 2007 and 2006, consist of the following:

(in thousands of Korean won)

	2007	2006
Accrued severance benefits	₩ 3,987,810	₩ 71,369,779
Less: Funded portion		
Severance insurance fund	(2,421,619)	(37,250,371)
National Pension Fund	<u>(15,642)</u>	<u>(782,161)</u>
Unfunded portion	<u>₩ 1,550,549</u>	<u>₩ 33,337,247</u>

As of December 31, 2007, the Company funded 60.73% (2006: 40%) of severance payable through severance insurance deposits with Samsung Fire & Marine Insurance Co., Ltd.

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12. Commitments and Contingencies

The Company recognized as non-operating income the ₩17,900 million received as settlement in a certain case during the year ended December, 31 2007. Further, the Company recognized as non-operating expenses ₩3,800 million in relation to litigation charges.

As of December 31, 2007, the Company has an agreement of payment guarantee amounting to ₩23,900 million with Woori Bank in relation to a deferral of interim tax prepayment.

The Company received a penalty amounting to ₩22,763 million from the Free Trade Commission on July 18, 2007 in relation to sugar price collusion and recorded it as non-operation expenses and accrued expenses.

The Company has voided three checks during current year, and the bank statement has not been reconciled as of December 31, 2007. The Company is planning to pursue judgment of nullification regarding two of the said checks voided during 2007.

13. Derivatives

Details of the changes in valuation gain or loss on derivatives are as follow:

2007 (in thousands of Korean won)	Trading		Hedge		Other comprehensive income ¹
	Valuation gain	Valuation loss	Valuation gain	Valuation loss	
Interest rate swap	₩ -	₩ -	₩ -	₩ -	₩ (13,314,479)
Foreign currency swap	-	-	4,346,100	-	-
	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 4,346,100</u>	<u>₩ -</u>	<u>₩ (13,314,479)</u>

¹ The ₩9,653 million, net of tax, was charged to accumulated other comprehensive income.

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14. Capital Stock

The Company is authorized to issue 100 million shares with the par value per share of ₩5,000. As of December 31, 2007, the Company has issued 27,532,575 shares of common stocks and 3,812,437 shares of preferred stock.

	Preferred stock	Second-preferred stock	Third-preferred stock
Numbers of shares	2,260,223	1,019,041	533,173
Voting rights	No voting rights	No voting rights. However, if these shares are not paid out prior to common stock, voting rights are given until the next general shareholders' meeting deciding paying out preference dividends	No voting rights. However, if these shares are not paid out prior to common stock, voting rights are given until the next general shareholders' meeting deciding paying out preference dividends
Maturity date	Perpetual	Convertible to common stocks on January 1, 2009. If the dividends are not paid out before the maturity date, the duration is extended	Convertible to common stocks on January 1, 2009. If the dividends are not paid out before the maturity date, the duration is extended
Dividends	Non-participating, non-cumulative, and paying out 1% more than common stock annually	Participating, cumulative	Participating, cumulative
Minimum dividend rate (Annual)	-	9%	9%

The Company has issued 129,742 shares of registered common stock due to the exercise of certain stock options in 2007. The Company has recognized the additional paid-in capital of ₩9,633 million.

The Company has executed a split-off on September 1, 2007, and incurred common stock of ₩56,383 million, preferred stock of ₩11,195 million, additional paid-in capital of ₩197,535 million (including issuing costs), and loss on capital reduction of ₩492,658 million.

The Company has issued new shares through exchanges in kind on December 28, 2007. The Company has obtained 2,259,691 common shares of CJ CheilJedang Corporation as investment in kind, and issued 8,328,090 shares in return. In addition, the Company recognized additional paid-in capital of ₩636,266 million.

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15. Retained Earnings

Retained earnings as of December 31, 2007 and 2006, consist of the following:

<i>(in thousands of Korean won)</i>	2007	2006
Legal reserve	₩ 79,869,424	₩ 75,264,287
Reserve for improvement of financial structure	6,709,860	6,709,860
Reserve for business rationalization	54,804,727	54,804,727
Reserve for research and human resource development	524,789,992	434,796,663
Reserve for export losses	720,000	720,000
Reserve for overseas market development	1,100,000	1,100,000
Reserve for loss on disposal of treasury stock	<u>35,544,626</u>	<u>35,544,626</u>
	703,538,629	608,940,163
Retained earnings before appropriations	<u>31,289,848</u>	<u>141,149,833</u>
	<u>₩ 734,828,477</u>	<u>₩ 750,089,996</u>

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.

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.

		2007	2006
Number of shares eligible for dividends	Common stock	<u>27,532,575</u>	<u>24,529,835</u>
	Preferred stock	2,260,223	3,587,656
	Convertible preferred stock	<u>1,552,214</u>	<u>2,463,832</u>
Dividend rate	Common stock	-	30%
	Preferred stock	-	31%
	Convertible preferred stock	-	30%
Dividend amount (in thousands of Korean won)	Common stock	₩ -	₩ 36,794,752
	Preferred stock	₩ -	₩ 5,560,867
	Convertible preferred stock	₩ -	₩ 3,695,748

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16. Treasury Stock

As of December 31, 2007, the Company has treasury stock consisting of 3,678,376 shares of common stock with a book value of ₩229,224,021 thousand and 2,429 shares of preferred stock with a book value of ₩105,371 thousand. The treasury stock is recorded as a capital adjustment and will be sold subject to stock market conditions.

The Company has reclassified shares of CJ CheilJedang Corporation as equity-method investments on September 1, 2007. In addition, the Company recognized 13,151 shares of common and preferred stocks due to split-off as treasury stock.

17. Stock Option Plan

The Company has a stock option plan that provides for the granting of stock purchase options to employees or directors who have contributed or are expected to contribute to the management and technological innovation of the Company. The options can be fully vested in two years from the date of the grant.

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

	Date of the grant					
	August 14, 2001	April 27, 2002	March 11, 2003	April 8, 2004	March 8, 2005	March 13, 2006
Options granted	48,000	95,600	134,300	77,800	94,100	56,900
Exercised quantity	40,515	66,915	82,152	43,297	45,408	-
Forfeited quantity	1,000	-	1,300	4,600	10,200	4,500
Transferred quantity due to split-off	2,516	10,730	19,111	11,507	14,615	46,500
Options outstanding	3,969	17,955	31,737	18,396	23,877	5,900
Exercise price ¹	₩ 40,000	₩ 58,000	₩ 41,000	₩ 69,000	₩ 71,000	₩ 120,000
Exercise period from the date of the grant	2~9 years	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 split, or stock merger.

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The compensation expenses recognized during 2007 and thereafter are as follow:

(In thousands of Korean won)	Date of the grant					
	August 14, 2001	April 27, 2002	March 11, 2003	April 8, 2004	March 8, 2005	March 13, 2006
Prior to 2007	₩ 827,204	₩ 2,104,165	₩ 1,657,544	₩ 1,469,078	₩ 1,402,606	₩ 641,013
During 2007	-	-	-	-	297,960	644,282
Thereafter	-	-	-	-	-	18,920
	₩ 827,204	₩ 2,104,165	₩ 1,657,544	₩ 1,469,078	₩ 1,700,566	₩ 1,304,215

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, 2001	April 27, 2002	March 11, 2003	April 8, 2004	March 8, 2005	March 13, 2006
Risk-free interest rates	5.10%	6.37%	4.69%	4.56%	4.12%	4.93%
Expected stock price volatility	70.60%	66.18%	54.81%	38.48%	35.73%	36.34%
Expected life	3 years	3 years	3 years	3 years	3 years	3 years
Expected forfeiture rate	1%	1%	1%	6%	6%	6%

The Company introduced long-term incentive plans for its executives based on a three-year management performance criteria and has made a provision for the estimated incentive cost for the accrued period. The estimated amount of the incentive has been recognized as long-term liability of ₩69 million and other capital adjustment of ₩907 million.

18. Assets and Liabilities Denominated in Foreign Currencies

As of December 31, 2007, assets and liabilities denominated in foreign currencies and related gains and losses on foreign currency translation, are as follows:

(in thousands of Korean won)	Account	2007			
		Foreign Currencies	Korean won equivalent	Translation Gain	Translation Loss
Long-term borrowings	US\$	213,500,000	₩ (200,305,700)	₩ -	₩ (1,836,100)
Debts	US\$	200,000,000	(187,640,000)	-	(2,510,000)
			₩ 387,945,700	₩ -	₩ (4,346,100)

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19. Income Tax

The statutory income tax rate applicable to the Company including resident surcharges, is approximately 27.5% for the year ended December 31, 2007.

Income tax expense for the years ended December 31, 2007 and 2006, consists of the following:

<i>(in thousands of Korean won)</i>	2007	2006
Current income taxes	₩ 35,580,918	₩ 65,698,415
Deferred income taxes	(10,531,281)	4,863,106
Income taxes charged to other capital surplus	13,999,491	5,238,367
Supplementary payment	<u>4,838,012</u>	<u>5,243,720</u>
Income tax expense	<u>₩ 43,887,140</u>	<u>₩ 81,043,608</u>

Net income before income tax and adjustment for taxable income as of December 31, 2007 and 2006, are as follow:

<i>(in thousands of Korean won)</i>	Amount	
	2007	2006
Net income before income tax	₩ 81,940,585	₩ 220,929,278
Decrease due to temporary differences	(16,117,226)	(52,143,347)
Increase due to perpetual differences	67,305,895	97,880,573
Taxable income	<u>₩ 133,129,254</u>	<u>₩ 266,666,504</u>
Adjustment	<u>₩ (3,505,552)</u>	<u>₩ (8,965,191)</u>

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Components of deferred income taxes as of December 31, 2007, are as follows:

<i>(in thousands of Korean won)</i>	Temporary Differences			Ending Balance
	Beginning Balance	Increase (decrease)	Decrease due to split-off	
Deferred tax arising from temporary differences				
Special reserves appropriated for tax purposes	₩ (12,833,335)	₩ (1,111,109)	₩ 13,944,444	₩ -
Deferred foreign exchange loss(gain)	211,975	-	(211,975)	-
Equity-method investments	85,173,241	(25,664,249)	(7,338,047)	52,170,945
Allowances for bad debts	7,373,975	496,894	(7,870,869)	-
Provision for severance benefits	4,816,477	9,098,498	(13,151,375)	763,600
Depreciation	(2,657,164)	2,262,877	394,287	-
Gain(loss) on valuation of derivative investments	950,196	(6,298,167)	5,347,971	-
Interest income	(844,226)	658,008	434,356	248,138
Accrued expenses	2,641,233	(2,641,233)	-	-
Gain(loss) on disposal of property, plant and equipment	(13,918,680)	4,639,560	9,279,120	-
Loss on impairment of available-for-sale securities	34,221,349	(3)	(2,837,931)	31,383,415
Special reserves for loss on disposal of treasury stock	(35,516,811)	-	-	(35,516,811)
Government subsidy	2,550,047	-	(2,550,047)	-
Investments in kind	(1,560,982)	4,140,502	-	2,579,520
Goodwill	39,351,855	(5,621,695)	(33,730,160)	-
Others	(1,388,432)	7,428,443	(10,690,498)	(4,650,487)
	₩ 108,570,718	₩ (12,611,674)	₩ (48,980,724)	₩ 46,978,320
Deferred tax assets (liabilities)	₩ 5,899,785	₩ -	₩ -	₩ 5,899,785
Tax Credit	₩ 279,786	₩ -	₩ 279,786	-
Temporary differences directly related to shareholders' equity	₩ (84,641,441)	₩ 50,907,237	₩ 1,479,324	₩ (32,254,880)
				₩ 20,623,225

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Deferred Income Taxes

<i>(in thousands of Korean won)</i>	Beginning Balance	Increase (decrease)	Decrease due to split-off	Ending Balance	Current	Non-Current
Deferred tax arising from temporary differences						
Special reserves appropriated for tax purposes	₩ (3,529,167)	₩ (305,555)	₩ 3,834,722	₩ -	₩ -	₩ -
Deferred foreign exchange loss(gain)	58,293	-	(58,293)	-	-	-
Equity-method investments	23,422,641	(7,057,668)	(2,017,963)	14,347,010	-	14,347,010
Allowances for bad debts	2,027,843	136,646	(2,164,489)	-	-	-
Provision for severance benefits	1,324,531	2,502,087	(3,616,628)	209,990	-	209,990
Depreciation	(730,720)	622,291	108,429	-	-	-
Gain(loss) on valuation of derivative investments	261,304	(1,731,996)	1,470,692	-	-	-
Interest income	(232,162)	180,952	119,448	68,238	-	68,238
Other accrued expenses	726,339	(726,339)	-	-	-	-
Gain(loss) on disposal of property, plant and equipment	(3,827,637)	1,275,879	2,551,758	-	-	-
Loss on impairment of available-for-sale securities	9,410,871	(1)	(780,431)	8,630,439	-	8,630,439
Special reserves for loss on disposal of treasury stock	(9,767,123)	-	-	(9,767,123)	-	(9,767,123)
Government subsidy	701,263	-	(701,263)	-	-	-
Investments in kind	(429,270)	1,138,638	-	709,368	-	709,368
Goodwill	10,821,760	(1,545,966)	(9,275,794)	-	-	-
Others	(381,819)	2,042,822	(2,939,887)	(1,278,884)	-	(1,278,884)
	₩ 29,856,947	₩ (3,468,210)	₩ (13,469,699)	₩ 12,919,038	-	12,919,038
Deferred tax assets (liabilities)	₩ 1,622,441	₩ -	₩ -	₩ 1,622,441	1,622,441	-
Tax credit	₩ 251,807	₩ -	₩ (251,807)	₩ -	-	-
Temporary differences directly related to shareholders' equity	₩ (23,276,396)	₩ 13,999,491	₩ 406,813	₩ (8,870,092)	-	(8,870,092)
					₩ 1,622,441	₩ 4,048,946

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Deferred income taxes charged directly to the shareholders' equity are as follows:

<i>(in thousands of Korean won)</i>	2007	2006
Gain on valuation of available-for-sale securities	₩ 656,083	₩ (180,423)
Loss on valuation of available-for-sale securities	2,325,171	(639,422)
Gain on equity-method investments	(10,585,323)	2,910,964
Loss on equity-method investments	(29,467,047)	8,103,438
Gain on valuation of derivative instruments	2,920,285	(803,078)
Loss on valuation of derivative instruments	(16,756,406)	4,608,012
	<u>₩ (50,907,237)</u>	<u>₩ 13,999,491</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 ₩104,013 million temporary difference resulting from the revaluation of land as the Company does not expect cash inflows from the revalued land.

The Company did not recognize the income tax effect of a ₩145,424 million temporary difference resulting from earnings arising from equity method investments as the Company does not expect cash inflows, such as proceeds from the disposal of, or receipts of dividends from the equity method investments, within the foreseeable future.

20. Earnings Per Share

Earnings per share and diluted earnings per share for the years ended December 31, 2007 and 2006, are calculated as follows:

Basic earnings per share

<i>(in millions of Korean won, except number of shares and earnings per share)</i>	2007	2006
Net income	₩ 38,053	₩ 139,886
Adjustments:		
Dividends for preferred stock	(698)	(9,256)
Undeclared participating preferred stock dividend	<u>(1,625)</u>	<u>(18,568)</u>
Net income available for common stock	35,730	112,062
Weighted average number of shares of common stock ¹	<u>21,637,815</u>	<u>23,495,935</u>
Basic earnings per share (in Korean won)	<u>₩ 1.651</u>	<u>₩ 4.769</u>

CJ Corporation (formerly CJ Corp.)
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¹ The calculation of weighed average number of shares of common stock is as follows:

	Number of shares	Number of days	Weighted number of shares
Beginning balance	24,529,835	365	8,953,389,775
Stock option exercise	129,742		24,731,179
Decrease due to split-off	(11,276,688)		(1,375,755,936)
Decrease in treasury stock due to split-off	2,154,016		262,789,952
Acquisition of treasury stock through a fractional lot	(10,722)		(664,764)
Issue of stock through tender offer	8,328,090		33,312,360
			<u>7,897,802,566</u>

Weighted average number of shares of common stock for 2007:
7,897,802,566/365 days = 21,637,815 shares

Diluted earnings per share

*(in millions of Korean won,
except number of shares and earnings per share)*

	2007	2006
Net income available for common stock	₩ 35,730	₩ 112,062
Adjustment:		
Convertible preferred stock dividend	<u>2,323</u>	<u>-</u>
Net income available for common stock and common equivalent stock	38,053	112,062
Weighted average number of shares of common stock and common stock equivalents ²	<u>23,242,831</u>	<u>23,591,894</u>
Diluted earnings per share (in Korean won)	<u>₩ 1,637</u>	<u>₩ 4,750</u>

CJ Corporation (formerly CJ Corp.)
Notes to Non-Consolidated Financial Statements
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² The calculation of weighed average number of shares of common stock equivalents is as follows:

	Number of shares	Number of days	Weighted number of shares
Untransferred convertible preferred stock	1,552,214	365	566,558,110
Unexercised stock option	35,113	365	12,816,245
Exercised stock options granted on August 14, 2001	3,025		223,039
Exercised stock options granted on April 27, 2002	12,902		1,879,627
Exercised stock options granted on March 11, 2003	26,321		2,676,510
Exercised stock options granted on April 8, 2004	10,554		1,677,229
			<u>585,830,760</u>

Weighted average number of shares of common stock equivalents for 2007:
585,830,760/365 days = 1,605,016 shares

CJ Corporation (formerly CJ Corp.)
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21. Related Party Transactions

As of December 31, 2007, the subsidiaries of the Company are as follows:

Local companies

CJ CheilJedang, Corporation, CJ Home Shopping Co., Ltd., CJ Food System Co., Ltd., CJ Internet Co., Ltd., CJ CGV Co., Ltd., CJ Development Co., Ltd., CJ Systems Co., Ltd., CJ Media Inc., CJ Investment & Securities Co., Ltd., CJ Asset Management Co., Ltd., CJ Venture Capital Co., Ltd., CJ Foodville Co., Ltd., CJ CableNet Co., Ltd., CJ Telenix Co., Ltd., CJ MD1 Co., Ltd., Samyang Oil Co., Ltd., CJ Olive Young Co., Ltd., CJ CableNet Haewoondae/Kijang Broadcasting Co. Ltd., Shindongbang CP Corporation, CJ Joycube Co., Ltd., CJ PowerCast Inc., CJ TVN, M-net Media Corp., CJ IG Co., Ltd., Traumhaus Co., Ltd., CJ CGV Cinema Co., Ltd., Samho F&G Corp., Primuscinema, Superfeed Co., Ltd., Dondonfarm Co., Ltd., Anypark Co., Ltd., CJ N City Co., Ltd., CJ Entertainment Inc., CJ Venture Investment No. 5 Cinema Fund, CJ Venture Investment No. 6 Broadcast Fund, CJ Venture Investment No. 9 Cinema Fund, Dreamcity Media Co., Ltd., Sun TV Co., Ltd. Youngnam Cable television Network Co., Ltd., Broadband Solutions Inc., Hasunjung General Food Co., Ltd., Chungnam Cable TV Broadcasting Corporation, CJ CableNet Joong-Ang Broadcasting Co., Ltd., CJ CableNet Geum-Jeong Co., Ltd.

Overseas companies

CJ America, Inc., Lee Entertainment L.L.C., CJ Europe GMBH., CJ Ord River Sugar Pty, Ltd., PT C.J. Indonesia, PT C.J. Superfeed, PT Superunggas Jaya, PT CJ Feed Jombang, CJ Philippines, Inc., CJ Vina Agri Co., Ltd., CJ China Ltd., CJ Qingdao Foods Co., Ltd., CJ Beijing Beverage Co., Ltd., CJ Japan Corp., CJ Liaocheng Biotech Co., Ltd., CJ Internet Japan Corp., CJ Do Brasil Ind. Com. Prod. Alim.Ltda., Liaocheng Lantian Cogeneration Plant Co., Ltd., CJ Global Holdings Ltd., CJ Nutracon, Pty, Ltd.,

Significant transactions with related parties for the years ended December 31, 2007 and 2006, and the related receivables and payables as of December 31, 2007 and 2006, are as follows:

	Sales		Purchases		Accounts Receivable		Accounts Payable	
	2007	2006	2007	2006	2007	2006	2007	2006
<i>(in thousands of Korean won)</i>								
Affiliated companies	₩180,489,751	₩283,766,267	₩229,963,467	₩310,507,421	₩1,993,874	₩76,191,688	₩1,614,086	₩53,349,775
Equity-method investees	5,212,061	7,455,042	86,346,742	124,061,555	-	299,594	-	22,737,214
Others	3,670,918	38,048	4,918,910	1,470,356	-	949	-	276,480
Total	₩189,372,730	₩291,259,357	₩321,229,119	₩436,039,332	₩1,993,874	₩76,492,231	₩1,614,086	₩76,363,469

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For the years ended December 31, 2007 and 2006, the key management compensation consists of:

<i>(in thousands of Korean won)</i>	2007		2006	
Salaries	₩	12,821,262	₩	22,326,626
Stock compensation expenses		4,828,152		1,643,965
	₩	<u>17,649,414</u>	₩	<u>23,970,591</u>

The Company provided guarantees to indebtedness of related parties as of December 31, 2007 and 2006, as follows:

<i>(in thousands of Korean won)</i>	Financial institutions	Loan amounts		Guarantee amounts			
		2007	2007	2006	2007	2006	
Guarantee beneficiary							
PT Cheil Jedang Indonesia	Export-Import Bank of Korea & others	₩	-	₩232,929,100	₩	-	₩232,929,100
PT Cheil Jedang Superfeed	Export-Import Bank of Korea & others		-	13,014,400	-	-	13,014,400
CJ China Ltd.	BOA & other		-	56,890,590	-	-	65,072,000
CJ Chengdu Feed Co., Ltd.	Hana Bank		-	464,800	-	-	464,800
CJ Shenyang Feed Co., Ltd.	Hana Bank		-	557,760	-	-	557,760
CJ Qingdao Food Co., Ltd.	Hana Bank		-	4,648,000	-	-	4,648,000
CJ Qingdao Feed Co., Ltd.	Woori Bank		-	464,800	-	-	464,800
CJ Changsha Feed Co., Ltd.	Hana Bank		-	1,022,560	-	-	1,022,560
CJ Zhengzhou Feed Co., Ltd.	Woori Bank		-	660,016	-	-	660,016
CJ Liaocheng Biotech Co., Ltd.	Export-Import Bank of Korea		-	54,846,400	-	-	54,846,400
Liaocheng Lantian Cogeneration Plant Co., Ltd.	Korea Development Bank		-	13,944,000	-	-	13,944,000
CJ Beijing Beverage & Foods Co., Ltd.	Hana Bank		-	1,626,800	-	-	2,091,600
CJ Beijing Bakery Co., Ltd.	Hana Bank		-	2,602,880	-	-	2,602,880
CJ Nanjing Feed Co., Ltd.	Woori Bank		-	790,160	-	-	790,160
CJ Harbin Feed Co., Ltd.	Hana Bank		-	557,760	-	-	557,760
CJ Tianjin Feed Co., Ltd.	Hana Bank		-	836,640	-	-	836,640
CJ Guiyang Feed Co., Ltd.	Hana Bank		-	278,880	-	-	278,880
CJ Philippines Inc.	BOA & other		-	1,044,870	-	-	3,532,480
CJ Cambodia Co., Ltd.	Export-Import Bank of Korea & other		-	5,205,760	-	-	5,205,760
CJ Vina Agri Co., Ltd.	Citi Bank & other		-	6,470,016	-	-	7,901,600
CJ Japan Corp.	Shinhan Bank & other		-	10,007,424	-	-	10,007,424
CJ America Inc.	Korea Exchange Bank		-	12,456,640	-	-	14,873,600
CJ Bakery Inc.	Woori Bank	4,691,000		2,045,120	4,691,000		3,718,400
CJ Europe GMBH.	Korea Exchange Bank & other		-	10,699,489	-	-	12,222,400
CJ Ord River Sugar Pty., Ltd.	Korea Exchange Bank		-	6,581,475	-	-	6,972,000
CJ Nutracon Inc.	Korea Exchange Bank		-	1,876,656	-	-	8,600,130
CJ Tur Yem Sanayi Ve Ticaret A. S	HSBC & other		-	2,528,512	-	-	2,528,848
		₩	<u>4,691,000</u>	<u>₩445,051,508</u>	₩	<u>4,691,000</u>	<u>₩470,344,398</u>

CJ Corporation (formerly CJ Corp.)
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22. 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, 2007 and 2006, 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>	
	2007	2006	2007	2006	2007	2006	2007	2006
	Wage and salaries	₩ 47,029,322	₩ 60,761,579	₩ 99,013,947	₩124,903,524	₩ -	₩ 163,459	₩146,043,269
Provision for								
severances benefits	5,976,079	6,495,659	10,238,359	14,845,897	-	23,612	16,214,438	21,365,168
Employee benefits	8,498,671	11,995,979	11,858,528	15,675,092	-	31,180	20,357,199	27,702,251
Rent	3,573,472	5,958,438	4,780,010	8,826,981	-	-	8,353,482	14,785,419
Depreciation and								
amortization	39,999,782	55,729,563	21,387,080	30,657,231	-	221,905	61,386,862	86,608,699
Taxes and dues	4,068,173	5,957,437	6,569,513	9,536,332	-	9,806	10,637,686	15,503,575
	<u>₩109,145,499</u>	<u>₩146,898,655</u>	<u>₩153,847,437</u>	<u>₩204,445,057</u>	<u>₩ -</u>	<u>₩ 449,962</u>	<u>₩262,992,936</u>	<u>₩351,793,674</u>

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23. Supplemental Cash Information

Significant transactions not affecting cash flows for the years ended December 31, 2007 and 2006, are as follows:

<i>(in thousands of Korean won)</i>	2007	2006
Reclassification of construction in-progress to property, plant and equipment	₩ 39,076,915	₩ 98,502,681
Reclassification of current maturities of long-term debts	102,357,931	175,921,186
Changes in capital adjustments from the valuation of available-for-sale securities and equity-method investments	(13,951,412)	37,792,293
Exchange of exchangeable bonds	-	97,398,642
Decrease in current assets due to split-off	590,361,194	-
Decrease in non-current assets due to split-off	1,619,340,441	-
Decrease in current liabilities due to split-off	888,540,847	-
Decrease in non-current liabilities due to split-off	642,375,334	-
Decrease in equity due to split-off	67,578,695	-
Increase in loss on capital reduction due to split-off	492,657,853	-
Increase in equity-method investments due to split-off	134,179,661	-
Increase in capital stock due to investment in kind	41,640,450	-
Increase in paid-in capital in excess of par value due to split-off	636,266,850	-
Increase in current assets due to merger	-	104,081,960
Increase in non-current assets due to merger	-	403,959,340
Increase in current liabilities due to merger	-	134,835,624
Increase in non-current liabilities due to merger	-	63,197,546
Increase in capital stock due to merger	-	31,150,795
Increase in paid-in capital in excess of par value due to merger	-	275,339,719
Increase in treasury stock due to merger	-	173,181,829
Decrease in current assets due to investment in kind	-	9,406,622
Decrease in non-current assets due to investment in kind	-	47,074,139
Increase in equity-method investments due to investment in kind	-	75,417,263
Decrease in current liabilities due to investment in kind	-	9,284,918
Decrease in non-current liabilities due to investment in kind	-	1,135,486

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24. 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
<ul style="list-style-type: none"> • Support for employees’ personal property accumulation • Living support 	<ul style="list-style-type: none"> • Allots a portion of newly issued shares to the employee stock ownership association. • Individual pension plans to support a comfortable life upon retirement. • Support for tuition fees

25. Development of Professional Human Resources and Professional Training

The Company has various programs for human resources development and training.

The details of the various programs are as follows:

Type of Program	Description
<ul style="list-style-type: none"> • Leadership Development • IT basic courses • MBA courses • Executive manager development • Next-generation manager development • CJ-Management Academy 	<ul style="list-style-type: none"> • Improvement of leadership skills • Improvement of information technology skills • Developing specialists • Improvement of managerial skills

CJ Corporation (formerly CJ Corp.)
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26. Segment Information

A summary of information on the Company's operations by business segment as of December 31, 2007 and 2006, and for the years then ended, is as follows:

Financial Data by Business Segment

<i>(in millions of Korean won)</i>	2007					
	Investment	Processed Foods	Bio Pharma	Animal Feeds	Others	Total
Operating income						
Gain on evaluation of available-for-sale and others	₩ 112,235	₩ -	₩ -	₩ -	₩ -	₩ 112,235
Sales to unaffiliated customers	-	1,373,752	271,639	214,695	1,071	1,861,157
Inter-segment sales	-	5,398	-	-	-	5,398
	<u>₩ 112,235</u>	<u>₩ 1,379,150</u>	<u>₩ 271,639</u>	<u>₩ 214,695</u>	<u>₩ 1,071</u>	<u>₩ 1,978,790</u>
Operating profit	<u>₩ (6,760)</u>	<u>₩ 116,332</u>	<u>₩ 44,128</u>	<u>₩ 9,623</u>	<u>₩ 206</u>	<u>₩ 163,529</u>
Property plant and equipment & intangible assets	<u>₩ 83,550</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 83,550</u>
Depreciation and amortization	<u>₩ 1,100</u>	<u>₩ 44,292</u>	<u>₩ 10,827</u>	<u>₩ 5,157</u>	<u>₩ 11</u>	<u>₩ 61,387</u>

CJ Corporation (formerly CJ Corp.)
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<i>(in millions of Korean won)</i>	2006					
	Investment	Processed Foods	Bio Pharma	Animal Feeds	Others	Total
Operating income						
Gain on evaluation of available-for-sale and others	₩ 118,577	₩ -	₩ -	₩ -	₩ -	₩ 118,577
Sales to unaffiliated customers	-	1,834,004	384,181	310,684	103,849	2,632,718
Inter-segment sales	-	5,652	-	-	-	5,652
	<u>₩ 118,577</u>	<u>₩ 1,839,656</u>	<u>₩ 384,181</u>	<u>₩ 310,684</u>	<u>₩ 103,849</u>	<u>₩ 2,756,947</u>
Operating profit	<u>₩ 10,285</u>	<u>₩ 111,857</u>	<u>₩ 43,507</u>	<u>₩ 16,539</u>	<u>₩ 2,488</u>	<u>₩ 184,676</u>
Property plant and equipment & intangible assets	<u>₩ -</u>	<u>₩ 761,590</u>	<u>₩ 244,744</u>	<u>₩ 83,627</u>	<u>₩ 14,857</u>	<u>₩ 1,104,818</u>
Depreciation and amortization	<u>₩ -</u>	<u>₩ 59,181</u>	<u>₩ 16,954</u>	<u>₩ 7,562</u>	<u>₩ 2,912</u>	<u>₩ 86,609</u>

Reconciliation of Operating Profit

<i>(in millions of Korean won)</i>	2007	2006
Business segment operating profit	₩ 163,529	₩ 184,676
Inter-segment revenues	<u>489</u>	<u>409</u>
Operating profit per statements of income	<u>₩ 163,040</u>	<u>₩ 184,267</u>

CJ Corporation (formerly CJ Corp.)
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27. Comprehensive Income

Comprehensive income for the years ended December 31, 2007 and 2006, consists of:

<i>(in thousands of Korean won)</i>	<u>2007</u>		<u>2006</u>	
Net income	₩	38,053,445	₩	139,885,670
Other cumulative comprehensive income				
1. Gain on valuation of available-for-sale securities, net of tax of (-)₩180,423 thousand (2006: ₩3,362,834 thousand)		475,660		(8,865,654)
2. Loss on valuation of available-for-sale securities, net of tax of (-)₩639,422 thousand (2006: (-)₩7,311 thousand)		1,685,749		687,992
3. Gain on valuation of equity-method investments, net of tax of ₩2,910,964 thousand (2006: (-)₩3,640,741 thousand)		13,333,060		4,244,439
4. Loss on valuation of equity-method investments, net of tax of ₩8,103,438 thousand (2006: nil)		(29,445,881)		25,370,192
5. Gain on valuation of derivative instruments net of tax of ₩(-)803,078 thousand (2006: nil)		2,009,539		-
6. Loss on valuation of derivative instruments net of tax of ₩3,661,482 thousand (2006: nil)		(8,945,335)		(3,095,393)
Comprehensive income	₩	<u>17,166,237</u>	₩	<u>158,227,246</u>

28. Operations of Three-Month Period

A summary of information on the Company's operations for the three-month period ended December 31, 2007 and 2006, is as follows:

<i>(in millions of Korean won except earnings per share)</i>	<u>2007</u>		<u>2006</u>	
Operating income	₩	28,731	₩	654,178
Operating profit	₩	16,352	₩	8,378
Net income	₩	13,086	₩	2,875
Earnings per share <i>(in Korean won)</i>	₩	895	₩	74
Diluted earnings per share <i>(in Korean won)</i>	₩	854	₩	74

CJ Corporation (formerly CJ Corp.)
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29. Company Separation and Turning into a Holding Company

The Company spun off its manufacturing business segment and established a new company, CJ CheilJedang Corporation, in accordance with the resolution of board of directors on June 12, 2007, and approval of the shareholders on July 26, 2007. CJ Corporation has turned into a holding company.

The Company has determined the amount of assets and liabilities transferred to CheilJedang Corporation in accordance with a special resolution approved by shareholders on July 26, 2007. In addition, the Company has deducted increased amount of transferred assets incurred prior to split-off.

All the calculations regarding transferred assets, rights and obligations have been transferred as of the date of split-off. Allocation ratio is 0.37 shares per one share of CJ Corporation.

The employees and their retirement payments of transferred business divisions were assumed by the newly established company as of the date of split-off.

In addition, CJ Corporation and the newly established company have the joint responsibility to pay for the contingent liabilities that the Company incurred before split-off.

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As of August 31, 2007, the balance sheet of the CJ Corporation before split-off and balance sheets of the Company and newly established company after split-off are as follows:

	Before separation		After separation			
	CJ Corporation		CJ Corporation	CJ CheilJedang Corporation		
Asset						
Current assets	₩	661,573	₩	71,212	₩	590,361
Quick assets		358,276		71,212		287,064
Inventories		303,297		-		303,297
Non-current assets		2,948,419		1,465,310		1,619,341
Investment assets ¹		1,780,945		1,376,536		538,588
Property plant and equipment		1,095,306		83,864		1,011,442
Intangible asset		16,842		670		16,172
Others ²		55,326		4,240		53,139
Total assets	₩	<u>3,609,992</u>	₩	<u>1,536,522</u>	₩	<u>2,209,702</u>
Liabilities						
Current liabilities	₩	948,732	₩	60,191	₩	888,541
Non-current liabilities ²		<u>1,037,224</u>		<u>396,902</u>		<u>642,375</u>
Total liabilities	₩	<u>1,985,956</u>	₩	<u>457,093</u>	₩	<u>1,530,916</u>
Shareholders' equity						
Capital stock	₩	182,645	₩	115,066	₩	67,579
Capital surplus		1,116,385		918,851		690,910
Retained earnings		764,059		764,059		-
Capital adjustments ¹		(358,558)		(719,917)		2,162
Other cumulative comprehensive income		(80,495)		1,370		(81,865)
Total shareholder's equity	₩	<u>1,624,036</u>	₩	<u>1,079,429</u>	₩	<u>678,786</u>

¹ The Company reclassified certain shares of treasury stock amounting to ₩134,180 million, owned prior to split-off as investment assets of the newly established company.

² Due to the split-off, the Company and CJ CheilJedang Corporation both individually recognized deferred income tax assets and liabilities, resulting in an increase of both the non-current assets and non-current liabilities by ₩2,053 million.

CJ Corporation (formerly CJ Corp.)
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30. Events Subsequent to Balance Sheet Date

On January 15, 2008, the board of directors decided to acquire 2,610,000 shares of Olive Young Co., Ltd. from Mulgrave BV. for US\$ 21 million. The shares represent 50% ownership in Olive Young Co., Ltd.

On February 15, 2008, the Company purchased additional stocks of CJ Development Co., Ltd. amounting to ₩20,000 million and convertible debts of ₩20,000 million issued by CJ Development Co., Ltd.

31. Approval of financial statements

The financial statements as of and for the year ended December 31, 2007, were approved by the Board of Directors on February 12, 2008.

**Report of Independent Accountants'
Review of Internal Accounting Control System**

To the President of
CJ Corporation

We have reviewed the accompanying management's report on the operations of the Internal Accounting Control System ("IACS") of CJ Corporation (the "Company", formerly CJ Corp.) as of December 31, 2007. The Company's management is responsible for designing and operating IACS and for its assessment of the effectiveness of IACS. Our responsibility is to review the management's report on the operations of the IACS and issue a report based on our review. The management's report on the operations of the IACS of the Company states that "based on its assessment of the operations of the IACS as of December 31, 2007, the Company's IACS has been designed and is operating effectively as of December 31, 2007 in all material respects, in accordance with the IACS standards established by the Internal Accounting Control System Operations Committee (IACSOC) of the Korea Listed Companies Association."

Our review was conducted in accordance with the IACS review standards established by the Korean Institute of Certified Public Accountants. Those standards require that we plan and perform, in all material respects, the review of management's report on the operations of the IACS to obtain a lower level of assurance than an audit. A review is to obtain an understanding of a company's IACS and consists principally of inquiries of management and, when deemed necessary, a limited inspection of underlying documents, which is substantially less in scope than an audit.

A company's IACS is a system to monitor and operate those policies and procedures designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the Republic of Korea. Because of its inherent limitations, IACS may not prevent or detect a material misstatement of the financial statements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on our review, nothing has come to our attention that causes us to believe that management's report on the operations of the IACS, referred to above, is not presented fairly, in all material respects, in accordance with the IACS standards established by IACSOC.

Our review is based on the Company's IACS as of December 31, 2007, and we did not review management's assessment of its IACS subsequent to December 31, 2007. This report has been prepared pursuant to the Acts on External Audit for Stock Companies in Korea and may not be appropriate for other purposes or for other users.

Samil PricewaterhouseCoopers
February 18, 2008

Report on the Operations of the Internal Accounting Control System

To the Board of Directors and Audit Committee of
CJ Corporation

I, as the Internal Accounting Control Officer (“IACO”) of CJ Corporation (“the Company”), assessed the status of the design and operations of the Company’s internal accounting control system (“IACS”) for the year ended December 31, 2007.

The Company’s management including the IACO is responsible for designing and operating the IACS. I, as the IACO, assessed whether the IACS has been effectively designed and is operating to prevent and detect any error or fraud which may cause misstatements to the financial statements, for the purpose of establishing the reliability of financial reporting and the preparation of financial statements for external purposes. I, as the IACO, applied the IACS standards to assess the design and operations of the IACS.

Based on the assessment on the operations of the IACS, in all material respects, the design and operations of the Company’s IACS were effective as of December 31, 2007, in accordance with the IACS standards.

February 5, 2008

Seong, Yong-Jun
Internal Accounting Control System Officer

Chung, Hong-Kyoon
Chief Executive Officer or President