

CJ Corporation

Non-Consolidated Financial Statements

December 31, 2009 and 2008

CJ Corporation
Index
December 31, 2009 and 2008

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Report of Independent Auditors

To the Shareholders and Board of Directors of
CJ Corporation

We have audited the accompanying non-consolidated statements of financial position of CJ Corporation (the "Company") as of December 31, 2009 and 2008, and the related non-consolidated statements of income, appropriations of retained earnings, changes in shareholders' equity and the cash flows for the years then ended, expressed in Korean won. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of CJ O Shopping Co., Ltd. (formerly CJ Home Shopping Co., Ltd.) and certain other subsidiaries, the investments in which are reflected in the accompanying financial statements using the equity method of accounting. The investments in these subsidiaries represent 33% of the Company's total assets as of December 31, 2009 (2008:31%) and gain on valuation of equity-method investments amounts to ₩135,069 million for the year ended December 31, 2009 (2008: loss of ₩20,600 million). These financial statements were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for the subsidiaries, is based solely on the reports of the other auditors.

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

In our opinion, based on our audits and the reports of other auditors, the non-consolidated financial statements referred to above present fairly, in all material respects, the financial position of CJ Corporation as of December 31, 2009 and 2008, and the results of its operations, the changes in its retained earnings, the changes in its shareholders' equity and its cash flows for the years then ended in conformity with accounting principles generally accepted in the Republic of Korea.

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

Seoul, Korea
March 18, 2010

This report is effective as of March 18, 2010, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying non-consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

CJ Corporation
Non-Consolidated Statements of Financial Position
December 31, 2009 and 2008

<i>(in thousands of Korean won)</i>	2009	2008
Assets		
Current assets		
Cash and cash equivalents	₩ 439,677,996	₩ 247,377,132
Short-term investments (Note 3)	105,118,000	350,095,009
Other accounts receivable	3,642,033	3,742,000
Accrued revenues	3,717,619	8,179,260
Short-term derivative assets	25,662,500	31,966,502
Short-term deferred income tax assets (Note 17)	-	1,349,651
Prepaid expenses and other current assets	670,680	1,985,279
Total current assets	<u>578,488,828</u>	<u>644,694,833</u>
Property and equipment, net of accumulated depreciation (Note 6)	78,754,247	81,046,537
Long-term available-for-sale securities (Note 4)	70,084,526	37,365,968
Equity-method investments (Note 5)	1,994,673,138	1,898,611,171
Intangible assets, net of accumulated amortization (Note 7)	411,898	517,173
Long-term derivative assets	57,173,360	111,827,795
Long-term guarantee deposits and other non-current assets	11,855,286	7,066,496
Total assets	<u>₩ 2,791,441,283</u>	<u>₩ 2,781,129,973</u>
Liabilities and Shareholders' Equity		
Current liabilities		
Other accounts payable	₩ 1,153,635	₩ 12,566,255
Current portion of long-term debts (Note 8)	139,974,566	133,923,750
Accrued expenses	12,070,723	9,666,122
Income taxes payable	57,814	89,321,574
Short-term deferred income tax liabilities (Note 17)	6,854,348	-
Other current liabilities	3,862,044	3,068,314
Total current liabilities	<u>163,973,130</u>	<u>248,546,015</u>
Long-term debts, net of current maturities (Note 8)	557,248,836	535,413,580
Accrued severance benefits, net (Note 9)	1,870,011	870,912
Long-term deferred income tax liabilities (Note 17)	12,518,007	15,101,831
Long-term accrued expense	-	489,747
Total liabilities	<u>₩ 735,609,984</u>	<u>₩ 800,422,085</u>

CJ Corporation
Non-Consolidated Statements of Financial Position
December 31, 2009 and 2008

<i>(in thousands of Korean won)</i>	2009	2008
Commitments and contingencies (Note 10)		
Shareholders' equity		
Capital stock (Note 12)		
Common stock	₩ 142,816,935	₩ 137,715,430
Preferred stock	13,966,980	19,062,185
Capital surplus		
Paid-in capital in excess of par value (Note 12)	973,308,062	973,240,584
Other capital surplus	629,900,551	629,900,551
Capital adjustments		
Treasury stock (Note 14)	(206,826,657)	(215,681,006)
Stock option compensation (Note 15)	4,846,651	3,159,795
Capital adjustment on equity-method investments	(129,365,879)	(118,763,764)
Other capital adjustments	-	3,011,736
Other cumulative comprehensive income(loss)		
Gain on valuation of available-for-sale securities (Note 4)	6,728,066	490,615
Loss on valuation of available-for-sale securities (Note 4)	-	(276,994)
Gain on valuation of equity-method investments (Note 5)	48,324,262	86,051,077
Loss on valuation of equity-method investments (Note 5)	(71,080,652)	(52,128,792)
Loss on valuation of derivatives (Note 11)	(13,136,357)	(20,073,576)
Retained earnings (Note 13)	656,349,337	535,000,047
Total shareholders' equity	<u>2,055,831,299</u>	<u>1,980,707,888</u>
Total liabilities and shareholders' equity	<u>₩ 2,791,441,283</u>	<u>₩ 2,781,129,973</u>

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

CJ Corporation
Non-Consolidated Statements of Income
Years ended December 31, 2009 and 2008

<i>(in thousands of Korean won, except per share amounts)</i>	2009	2008
Operating income		
Gain on valuation of equity-method investments (Note 5)	₩ 210,234,814	₩ 115,939,089
Royalty revenue	24,706,493	22,726,485
Rental revenue	8,584,030	8,510,583
Dividend income	1,307,518	1,307,518
	<u>244,832,855</u>	<u>148,483,675</u>
Operating expense		
Loss on valuation of equity-method investments (Note 5)	23,111,262	110,006,786
Selling and administrative expenses (Note 20)	30,807,023	32,026,178
	<u>53,918,285</u>	<u>142,032,964</u>
Operating profit	<u>190,914,570</u>	<u>6,450,711</u>
Ion-operating income		
Interest income	26,081,916	12,905,068
Gain on foreign currency transactions	10,526,487	11,029,340
Gain on foreign currency translation (Note 16)	38,387,300	-
Gain on disposal of equity-method investments	-	417,764,174
Gain on derivative transactions	8,967,300	-
Gain on valuation of derivatives (Note 11)	-	169,317,550
Gain on valuation of short-term investments	118,000	-
Others	612,359	177,157
	<u>84,693,362</u>	<u>611,193,289</u>
Non-operating expenses		
Interest expenses	30,879,062	25,052,048
Loss on foreign currency transactions	9,883,996	1,175,440
Loss on foreign currency translation	-	169,317,550
Donations	1,624,806	11,565,305
Loss on valuation of derivatives (Note 11)	38,387,300	-
Others	13,142	174,557
	<u>80,788,306</u>	<u>207,284,900</u>
Net income before income tax	194,819,626	410,359,100
Income tax expense (Note 17)	21,956,074	117,529,677
Net income	<u>₩ 172,863,552</u>	<u>₩ 292,829,423</u>
Basic earnings per share (Note 18)	<u>₩ 6,192</u>	<u>₩ 10,591</u>
Diluted earnings per share (Note 18)	<u>₩ 6,191</u>	<u>₩ 10,580</u>

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

CJ Corporation
Non-Consolidated Statements of Appropriations of Retained Earnings
Years ended December 31, 2009 and 2008
(Dates of Appropriations: March 26, 2010 and February 27, 2009
for the years ended December 31, 2009 and 2008, respectively)

(in thousands of Korean won)

	2009	2008
Retained earnings before appropriations		
Unappropriated retained earnings carried over from the prior year	₩ 500,000	₩ 500,000
Retirement of treasury stock	(8,854,349)	-
Net income	<u>172,863,552</u>	<u>292,829,423</u>
	<u>164,509,203</u>	<u>293,329,423</u>
Appropriations of retained earnings (Note 13)		
Cash dividends	22,433,451	42,659,913
Discretionary reserve	<u>141,575,752</u>	<u>250,169,510</u>
	<u>164,009,203</u>	<u>292,829,423</u>
Unappropriated retained earnings carried forward to subsequent year	<u>₩ 500,000</u>	<u>₩ 500,000</u>

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

CJ Corporation
Non-Consolidated Statements of Changes in Shareholders' Equity
Years ended December 31, 2009 and 2008

<i>(in thousands of Korean won)</i>	Capital stock	Capital surplus	Capital adjustments	Other cumulative comprehensive income(loss)	Retained earnings	Total
Balances as of January 1, 2008	₩ 156,725,060	₩ 1,555,252,267	₩ (719,187,215)	₩ (10,638,658)	₩ 734,828,477	₩ 1,716,979,931
Cumulative effect of accounting changes	-	52,676,064	(97,623,797)	44,947,733	-	-
Adjusted Shareholders' equity	156,725,060	1,607,928,331	(816,811,012)	34,309,075	734,828,477	1,716,979,931
Issuance of common stock due to exercise of stock options	52,555	499,811	(191,290)	-	-	361,076
Donation of treasury stock	-	(5,287,007)	13,648,386	-	-	8,361,379
Capital reduction	-	-	492,657,853	-	(492,657,853)	-
Stock compensation expenses	-	-	3,562,791	-	-	3,562,791
Capital adjustment on investments	-	-	(21,139,967)	-	-	(21,139,967)
Loss on valuation of available-for-sale securities, net	-	-	-	(2,642,917)	-	(2,642,917)
Loss on valuation of equity-method investments, net	-	-	-	(7,183,249)	-	(7,183,249)
Loss on valuation of derivative	-	-	-	(10,420,579)	-	(10,420,579)
Net income	-	-	-	-	292,829,423	292,829,423
Balances as of December 31, 2008	₩ 156,777,615	₩1,603,141,135	₩ (328,273,239)	₩ 14,062,330	₩ 535,000,047	₩ 1,980,707,888

CJ Corporation
Non-Consolidated Statements of Changes in Shareholders' Equity
Years ended December 31, 2009 and 2008

<i>(in thousands of Korean won)</i>	Capital stock	Capital surplus	Capital adjustments	Other cumulative income(loss)	Retained earnings	Total
Balances as of January 1, 2009	₩ 156,777,615	₩ 1,603,141,135	₩ (328,273,239)	₩ 14,062,330	₩ 535,000,047	₩1,980,707,888
Cash dividends	-	-	-	-	(42,659,913)	(42,659,913)
Retained earnings after appropriations					492,340,134	1,938,047,975
Issuance of common stock due to exercise of stock options	6,300	67,478	(23,649)	-	-	50,129
Payment of long-term incentive	-	-	(3,011,736)	-	-	(3,011,736)
Stock compensation expenses	-	-	1,710,505	-	-	1,710,505
Retirement of treasury stock	-	-	8,854,349	-	(8,854,349)	-
Capital adjustment on investments	-	-	(10,602,115)	-	-	(10,602,115)
Gain on valuation of available-for-sale securities, net	-	-	-	6,514,445	-	6,514,445
Loss on valuation of equity-method investments, net	-	-	-	(56,678,675)	-	(56,678,675)
Loss on valuation of derivatives	-	-	-	6,937,219	-	6,937,219
Net income	-	-	-	-	172,863,552	172,863,552
Balances as of December 31, 2009	<u>₩ 156,783,915</u>	<u>₩ 1,603,208,613</u>	<u>₩ (331,345,885)</u>	<u>₩ (29,164,681)</u>	<u>₩ 656,349,337</u>	<u>₩ 2,055,831,299</u>

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

CJ Corporation
Non-Consolidated Statements of Cash Flows
Years ended December 31, 2009 and 2008

(in thousands of Korean won)

	2009	2008
Cash flows from operating activities		
Net income	₩ 172,863,552	₩ 292,829,423
Adjustments to reconcile net income to net cash used in operating activities		
Depreciation and amortization	3,193,149	3,138,841
Provision for severance benefits	1,629,749	1,387,098
Stock compensation expenses	1,710,505	3,983,465
Loss(gain) on valuation of derivatives, net	38,387,300	(169,317,550)
Loss(gain) on foreign currency translation, net	(38,387,300)	169,317,550
Gain on foreign currency transactions, net	(664,889)	-
Gain on valuation of equity-method investments, net	(187,123,552)	(5,932,303)
Gain on disposal of equity-method investments	-	(417,764,174)
Gain on derivative transactions	(8,967,300)	-
Deferred income taxes	16,479,798	27,418,570
Others	520,096	5,937,664
Changes in operating assets and liabilities		
Decrease (increase) in other accounts receivable	142,137	(1,728,396)
Decrease (Increase) in accrued revenues	4,461,641	(8,149,492)
Increase(Decrease) in other accounts payable	(11,412,620)	696,936
Increase in accrued expenses	2,404,589	2,405,495
Increase(Decrease) in income taxes payable	(89,263,760)	59,851,090
Payment of severance benefits	(1,347,166)	(464,114)
Dividends from equity-method investments	15,341,229	13,266,787
Others	(234,465)	(229,263)
Net cash used in operating activities	<u>₩ (80,267,307)</u>	<u>₩ (23,352,373)</u>

CJ Corporation
Non-Consolidated Statements of Cash Flows
Years ended December 31, 2009 and 2008

<i>(in thousands of Korean won)</i>	2009	2008
Cash flows from investing activities		
Proceeds from disposal of available-for-sale securities	₩ -	₩ 20,941,721
Acquisition of available-for-sale securities	(24,366,207)	(36,582,266)
Decrease in short-term investments	245,095,009	-
Increase in short-term investments	-	(350,095,009)
Proceeds from disposal of equity-method investments	52,282,928	561,605,697
Acquisition of equity-method investments	(52,541,567)	(76,514,113)
Acquisition of property and equipment	(1,058,306)	(1,152,200)
Others	(3,353,214)	(2,432,740)
Net cash used in investing activities	216,058,643	115,771,090
Cash flows from financing activities		
Proceeds from short-term borrowings	-	4,901,893
Repayment of short-term borrowings	-	(4,901,893)
Proceeds from long-term debts	199,119,300	112,339,334
Repayment of current maturities of long-term debts	(100,000,000)	-
Payment of dividends	(42,659,901)	-
Issuance of common stock due to exercise of stock options	50,129	361,076
Net cash provided by financing activities	56,509,528	112,700,410
Net increase in cash and cash equivalents	192,300,864	205,119,127
Cash and cash equivalents		
Beginning of the year	247,377,132	42,258,005
End of the year	₩ 439,677,996	₩ 247,377,132

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

CJ Corporation

Notes to Non-Consolidated Financial Statements

December 31, 2009 and 2008

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

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

As of December 31, 2009, capital stock amounts to ₩156,784 million and its majority shareholder is Mr. Lee Jae Hyun, who owns 38.25% of the outstanding shares.

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

The following is a summary of significant accounting policies followed by the company in the preparation of its financial statements.

Revenue Recognition

Revenue is the gross inflow of economic benefits arising in the ordinary course of the Company's activities and is measured as the fair value of the consideration received or receivable for the services in the said ordinary course of the Company's activities. The Company recognizes revenue when the amount of revenue can be reliably measured, and it is probable that future economic benefits will flow into the Company.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and in banks, and financial instruments with maturity of three months or less at the time of purchase. These financial instruments are readily convertible into cash without significant transaction costs and bear low risks from changes in value due to interest rate fluctuations.

CJ Corporation

Notes to Non-Consolidated Financial Statements

December 31, 2009 and 2008

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.

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

Investees over which the Company can exercise significant influence should reflect any changes in equity after the initial purchase date. Under the equity method, the Company records changes in its proportionate ownership in the book value of the investee in current operations, as capital adjustments or as adjustments to retained earnings, depending on the nature of the underlying change in the book value of the investee. All other changes in equity should be accounted for under other comprehensive income and expense.

Property and Equipment

Property and equipment are stated at cost, which includes acquisition cost, production cost and other costs required to prepare the asset for its intended use.

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

	Estimated useful Lives
Buildings	8-30 years
Structures	4-30 years
Vehicle	4 years
Tools, furniture and others	3-6 years

Expenditures incurred after the acquisition or completion of assets is 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.

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Notes to Non-Consolidated Financial Statements

December 31, 2009 and 2008

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
Industrial property rights	5-10 years

Impairment of Assets

When the book value of an asset is significantly greater than its recoverable value due to obsolescence, physical damage or an abrupt decline in the market value of the asset, the said decline in value is deducted from the book value to agree with recoverable amount and is recognized as an asset impairment loss for the period. When the recoverable value subsequently exceeds the book value, the impairment amount is recognized as gain for the period to the extent that the revised book value does not exceed the book value that would have been recorded without the impairment. Reversal of impairment of goodwill is not allowed.

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 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.

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 date of statement of financial position, and the resulting translation gains and losses are recognized in current operations.

CJ Corporation

Notes to Non-Consolidated Financial Statements

December 31, 2009 and 2008

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 date of statement of financial position.

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 date of the statement of financial position date and at settlement date. The change in fair value is recognized as an expense.

Provisions and Contingent Liabilities

When there is a probability that an outflow of economic benefits will occur due to a present obligation resulting from a past event, and whose amount is reasonably estimable, a corresponding amount of provision is recognized in the financial statements. However, when such outflow is dependent upon a future event, is not certain to occur, or cannot be reliably estimated, a disclosure regarding the contingent liability is made in the notes to the financial statements.

CJ Corporation
Notes to Non-Consolidated Financial Statements
December 31, 2009 and 2008

3. Short-Term Investments

Short-term investments as of December 31, 2009 and 2008, consist of the following:

<i>(In thousands of Korean won)</i>	2009		2008	
Time deposit	₩	15,000,000	₩	100,000,000
Certificates of deposit		50,000,000		250,095,009
Available for-sale securities		40,118,000		-
	₩	<u>105,118,000</u>	₩	<u>350,095,009</u>

4. Long-Term Available-For-Sale Securities

Long-term available-for-sale securities as of December 31, 2009 and 2008, consist of the following:

<i>(in thousands of Korean won)</i>	Detail	2009			2008	
		Acquisition Cost	Fair Value or Net Book Value	Recorded Book Value	Recorded Book Value	Recorded Book Value
Marketable investments	(1)	₩ 3,759,430	₩ 11,739,000	₩ 11,739,000	₩ 3,404,310	₩ 3,404,310
Non-marketable investments	(2)	36,698,871	449,082,539	37,327,864	28,961,658	28,961,658
Other investments	(3)	21,000,000	21,017,662	21,017,662	5,000,000	5,000,000
		<u>₩ 61,458,301</u>	<u>₩ 481,839,201</u>	<u>₩ 70,084,526</u>	<u>₩ 37,365,968</u>	<u>₩ 37,365,968</u>

(1) Marketable investments

Marketable investments as of December 31, 2009 and 2008, consist of the following:

<i>(in thousands of Korean won, except number of shares and percentage of ownership)</i>	2009				2008	
	Number of Shares Owned	Percentage of Ownership (%)	Acquisition Cost	Fair Value	Recorded Book Value	Recorded Book Value
SAJO Haepyo Corporation	903,000	12.61	<u>₩ 3,759,430</u>	<u>₩11,739,000</u>	<u>₩11,739,000</u>	<u>₩ 3,404,310</u>

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(2) Non-marketable investments

Non-marketable investments as of December 31, 2009 and 2008, consist of the following:

<i>(in thousands of Korean won, except number of shares and percentage of ownership)</i>	2009			2008		
	Number of Shares Owned	Percentage of Ownership (%)	Acquisition Cost	Fair Value or Net book Value	Recorded Book Value	Recorded Book Value
Samsung Everland Co., Ltd. ³	58,823	2.35	₩ 5,180,472	₩ 54,423,061	₩ 5,180,472	₩ 5,180,472
Samsung Life Insurance Co., Ltd. ³	639,434	3.20	517,645	347,222,656	517,645	517,645
Korea CATV Yong-Dong Broadcast ²	95,500	2.82	1,671,250	2,300,244	2,300,244	2,300,244
Dream Hub PFV Co., Ltd. ³	2,000,000	1.00	10,000,000	9,164,914	10,000,000	10,000,000
CJ Lion ³	190,000	19.00	2,563,290	5,630,481	2,563,290	2,563,290
Joongang Ilbo ^{1,3}	572,519	26.20	14,456,214	28,383,888	14,456,213	8,400,007
Sangam Landmark PFV Co., Ltd. ³	462,000	1.50	2,310,000	1,957,295	2,310,000	-
Total			₩ 36,698,871	₩ 449,082,539	₩ 37,327,864	₩ 28,961,658

The Company acquired the shares of Joongang Ilbo from its subsidiary, CJ Engineering & Construction Corporation and the shares of Sangam Landmark PFV CO., Ltd. in 2009.

- ¹ The Company percentage of ownership in Joongang Ilbo exceeds 20%. However, the equity method was not applied as the Company does not have any significant influence in the investee as of December 31, 2009.
- ² The fair value of Korea CATV Yong-Dong Broadcast was valued by using the discounted cash flow model.
- ³ The fair values of six non-marketable equity securities could not be reliably estimated. Accordingly, these equities are presented at their acquisition cost.

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(3) Other investments

Other investments as of December 31, 2009 and 2008, consist of the following:

<i>(in thousands of Korean won)</i>	2009			2008	
	Annual Interest Rates (%)	Acquisition Cost	Recorded Book Value	Recorded Book Value	
Subordinated Bonds of Woori Bank	5.90 - 7.80	₩ 6,000,000	₩ 6,000,000	₩ 5,000,000	
Convertible Bond of M-net Media Corp.	8.00	10,000,000	10,000,000	-	
Beneficiary Certificate	-	5,000,000	5,017,662	-	
Total		₩ 21,000,000	₩ 21,017,662	₩ 5,000,000	

For the years ended December 31, 2009 and 2008, the changes in valuation gain or loss on long-term available-for-sale securities are as follows:

Valuation Gain on Available-For-Sale Securities

<i>(in millions of Korean won)</i>	2009				2008			
	January 1, 2009	Valuation Amount	Included in Earnings	December 31, 2009	January 1, 2008	Valuation Amount	Included in Earnings	December 31, 2008
Marketable investments	₩ -	₩ 6,224	₩ -	₩ 6,224	₩ 2,401	₩ (2,401)	₩ -	₩ -
Non-marketable investments	491	-	-	491	456	35	-	491
Other investments	-	13	-	13	-	-	-	-
	₩ 491	₩ 6,237	₩ -	₩ 6,728	₩ 2,857	₩ (2,366)	₩ -	₩ 491

Valuation Loss on Available-For-Sale Securities

<i>(in millions of Korean won)</i>	2009				2008			
	January 1, 2008	Valuation Amount	Included in Earnings	December 31, 2008	January 1, 2008	Valuation Amount	Included in Earnings	December 31, 2008
Marketable investments	₩(277)	₩277	₩ -	₩ -	₩ -	₩ (277)	₩ -	₩ (277)

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5. Equity-Method Investments

Equity-method investments as of December 31, 2009, consist of the following:

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

Investee	Number of Shares	Percentage of Ownership (%)	Acquisition Cost	Net Asset Value	Recorded Book Value
CJ CheilJedang Corporation ¹	4,413,707	36.66	₩ 812,086,961	₩ 381,043,742	₩ 857,856,088
CJ Freshway Corporation	5,592,220	51.89	43,038,582	42,147,559	39,638,738
CJ Foodville Co., Ltd.	12,273,236	95.81	61,060,357	54,668,391	54,345,630
CJ Engineering & Construction Corporation	8,915,707	99.92	107,774,480	145,203,464	116,086,066
CJ Systems Co., Ltd.	621,333	62.12	5,616,562	21,342,511	13,302,893
CJ Entertainment Inc.	3,000,000	100.00	160,603,021	121,499,527	121,297,108
CJ Media Inc.	9,374,499	49.93	87,469,216	54,303,895	54,302,652
CJ O Shopping Co., Ltd. (formerly CJ Home Shopping Co., Ltd.)	4,400,901	39.97	370,886,404	208,769,258	313,205,778
CJ Venture Capital Co., Ltd.	1,800,000	90.00	18,000,000	9,947,641	9,947,641
CJ GLS Co., Ltd.	2,385,617	41.52	74,839,204	72,316,255	78,036,119
CJ Olive Young Co., Ltd.	6,720,000	100.00	40,365,600	24,093,518	24,094,442
CJ Internet Co., Ltd.	6,259,500	27.46	107,095,388	65,031,682	105,463,433
CJ CGV Co., Ltd.	8,257,000	40.05	69,833,544	92,297,400	92,312,933
M-net Media Corp.	23,884,889	49.31	63,837,042	15,952,972	19,498,740
HB PFV Co., Ltd.	4,700,400	78.34	23,929,736	19,947,214	19,947,214
Enprani Co., Ltd	1,240,209	27.76	4,108,812	3,900,456	4,361,630
East Busan Theme Park Corporation	300,000	50.00	1,500,000	1,326,700	1,500,000
Lee Entertainment L.L.C	-	99.36	14,852,517	52,714,688	52,714,688
CJ Japan Corp.	4,000	100.00	405,048	2,736,538	2,572,871
CJ Global Holdings Ltd.	44,318,275	100.00	29,191,357	14,188,474	14,188,474
			<u>₩2,096,493,831</u>	<u>₩1,403,431,885</u>	<u>₩1,994,673,138</u>

¹ Percentage of ownership is based on the common stock.

In 2009, the Company acquired the shares of HB PFV Co., Ltd. and Enprani Co., Ltd. from its subsidiary, CJ Engineering & Construction Corporation, and the shares of M-net Media Corp. from its subsidiary, CJ Media Inc. Also, the Company acquired the additional shares of CJ GLS Co., Ltd.

Lee Entertainment L.L.C. reduced its capital stock through share repurchase and CJ properties Co., Ltd. went into liquidation during the year.

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Equity-method investments as of December 31, 2008, consisted of the following:

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

Investee	Number of Shares	Percentage of Ownership (%)	Acquisition Cost	Net Asset Value	Recorded Book Value
CJ CheilJedang Corporation ¹	4,413,707	39.14	₩812,086,961	₩312,791,309	₩810,719,421
CJ Freshway Corporation	5,592,220	51.94	43,038,582	39,042,996	37,169,894
CJ Foodville Co., Ltd.	12,273,236	95.81	61,060,357	50,840,760	50,595,107
CJ Engineering & Construction Corporation	8,915,707	99.92	107,774,480	139,168,645	123,962,405
CJ Systems Co., Ltd.	621,333	62.12	5,616,562	20,095,740	14,212,306
CJ Entertainment Inc.	3,000,000	100.00	160,603,021	116,493,465	116,365,142
CJ Media Inc.	9,374,499	50.14	87,469,216	56,416,337	56,421,330
CJ O Shopping Co., Ltd. (formerly CJ Home Shopping Co., Ltd.)	4,400,901	39.99	370,886,404	186,524,728	300,923,968
CJ Venture Capital Co., Ltd.	1,800,000	90.00	18,000,000	10,011,344	10,011,344
CJ GLS Co., Ltd.	2,098,342	36.52	64,497,304	55,594,680	60,801,944
CJ Olive Young Co., Ltd.	6,720,000	100.00	40,365,600	23,126,738	23,125,465
CJ Internet Co., Ltd.	6,259,500	27.46	107,095,388	57,251,681	100,545,385
CJ CGV Co., Ltd.	8,257,000	40.05	69,833,544	78,186,069	78,187,469
M-net Media Corp.	16,106,084	33.25	51,177,123	10,790,415	14,246,148
CJ Properties Co., Ltd.	2,000,000	100.00	10,000,000	9,136,681	9,136,681
Lee Entertainment L.L.C	-	99.36	50,130,328	90,364,342	90,364,342
CJ Japan Corp.	4,000	100.00	405,048	1,974,215	1,822,820
CJ Global Holdings Ltd.	44,318,275	100.00	29,191,357	(5,100,702)	-
			<u>₩2,089,231,275</u>	<u>₩1,252,709,443</u>	<u>₩1,898,611,171</u>

¹ Percentage of ownership is based on the common stock. ¹

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Changes in goodwill for the year ended December 31, 2009, are as follows:

<i>(in thousands of Korean won)</i>					
Investee	January 1, 2009	Increase (Decrease)	Amortization (Reversal)		December 31, 2009
CJ CheilJedang Corporation	₩ 455,047,999	₩ -	₩ 23,949,895	₩	431,098,104
CJ O Shopping Co., Ltd. (formerly CJ Home Shopping Co., Ltd.)	114,614,983	-	9,966,520		104,648,463
CJ GLS Co., Ltd.	5,207,264	2,357,669	1,845,068		5,719,865
CJ Internet Co., Ltd.	43,295,835	-	2,886,389		40,409,446
M-net Media Corp.	3,455,733	716,667	610,235		3,562,165
	<u>₩ 621,621,814</u>	<u>₩ 3,074,336</u>	<u>₩ 39,258,107</u>	<u>₩</u>	<u>585,438,043</u>

In 2009, 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 ₩10,602 million resulting from additional investments in nine subsidiaries, including M-net Media Corp. as capital adjustment on equity-method investments.

Changes in goodwill (negative goodwill) for the year ended December 31, 2008, were as follows:

<i>(in thousands of Korean won)</i>					
Investee	January 1, 2008	Increase (Decrease)	Amortization (Reversal)		December 31, 2008
CJ CheilJedang Corporation	₩ 478,997,894	₩ -	₩ 23,949,895	₩	455,047,999
CJ Media Inc.	(138,378)	-	(138,378)		-
CJ O Shopping Co., Ltd. (formerly CJ Home Shopping Co., Ltd.)	124,581,503	-	9,966,520		114,614,983
CJ GLS Co., Ltd.	7,626,319	-	2,419,055		5,207,264
CJ Internet Co., Ltd.	46,182,224	-	2,886,389		43,295,835
M-net Media Corp.	3,906,481	-	450,748		3,455,733
	<u>₩ 661,156,043</u>	<u>₩ -</u>	<u>₩ 39,534,229</u>	<u>₩</u>	<u>621,621,814</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, 2009 and 2008, are as follows:

<i>(in thousands of Korean won)</i>	<u>2009</u>	<u>2008</u>
Investee	Total	Total
CJ CheilJedang Corporation	₩ (14,945,850)	₩ (13,156,540)
CJ Freshway Corporation	(2,508,820)	(1,873,102)
CJ Foodville Co., Ltd.	(322,761)	(245,653)
CJ Engineering & Construction Corporation	(29,117,398)	(15,206,240)
CJ Systems Co., Ltd.	(8,039,618)	(5,883,434)
CJ Media Inc.	(1,243)	4,993
CJ O Shopping Co., Ltd. (formerly CJ Home Shopping Co., Ltd.)	(211,942)	(215,743)
CJ Entertainment Inc.	(202,419)	(128,323)
CJ Olive Young Co., Ltd.	924	(1,273)
CJ Internet Co., Ltd.	22,305	(2,131)
CJ CGV Co., Ltd.	15,532	1,400
M-net Media Corp.	(16,397)	-
Enprani Co., Ltd	461,173	-
CJ Japan Corp.	(163,667)	(151,395)
	<u>₩ (55,030,181)</u>	<u>₩ (36,857,441)</u>

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The changes in the book values of equity-method investments for the year ended December 31, 2009, are as follows:

<i>(in thousands of Korean won)</i>				
Investee	January 1, 2009	Gain(loss) on valuation of Equity-method Investments	Other Increase (Decrease)	December 31, 2009
CJ CheilJedang Corporation	₩ 810,719,421	₩ 62,339,495	₩ (15,202,828)	₩ 857,856,088
CJ Freshway Corporation	37,169,893	3,049,730	(580,885)	39,638,738
CJ Foodville Co., Ltd.	50,595,107	3,646,263	104,260	54,345,630
CJ Engineering & Construction Corporation	123,962,405	(14,368,016)	6,491,677	116,086,066
CJ Systems Co., Ltd.	14,212,306	2,431,964	(3,341,377)	13,302,893
CJ Entertainment Inc.	116,365,142	2,913,503	2,018,463	121,297,108
CJ Media Inc.	56,421,330	(5,664,056)	3,545,378	54,302,652
CJ O Shopping Co., Ltd. (formerly CJ Home Shopping Co., Ltd.)	300,923,968	21,564,259	(9,282,449)	313,205,778
CJ Venture Capital Co., Ltd.	10,011,344	357,725	(421,428)	9,947,641
CJ GLS Co., Ltd.	60,801,944	5,664,452	11,569,723	78,036,119
CJ Olive Young Co., Ltd.	23,125,465	968,977	-	24,094,442
CJ Internet Co., Ltd.	100,545,385	4,329,140	588,908	105,463,433
CJ CGV Co., Ltd.	78,187,469	16,299,736	(2,174,272)	92,312,933
M-net Media Corp.	14,246,148	(1,083,827)	6,336,419	19,498,740
CJ Properties Co., Ltd.	9,136,681	(697,174)	(8,439,507)	-
HB PFV Co., Ltd.	-	(1,298,189)	21,245,403	19,947,214
Enprani Co., Ltd	-	252,386	4,109,244	4,361,630
East Busan Theme Park Corporation	-	-	1,500,000	1,500,000
Lee Entertainment L.L.C.	90,364,343	64,093,595	(101,743,250)	52,714,688
CJ Japan Corp.	1,822,820	1,010,990	(260,939)	2,572,871
CJ Global Holdings Ltd.	-	21,312,599	(7,124,125)	14,188,474
	<u>₩1,898,611,171</u>	<u>₩ 187,123,5</u>	<u>₩ (91,061,585)</u>	<u>₩1,994,673,138</u>

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The changes in the book values of equity-method investments for the year ended December 31, 2008, were as follows:

Investee	<i>(in thousands of Korean won)</i>			
	January 1, 2008	Gain(loss) on valuation of Equity-method Investments	Other Increase (Decrease)	December 31, 2008
CJ CheilJedang Corporation	₩ 816,593,173	₩ (27,612,503)	₩ 21,738,751	₩ 810,719,421
CJ Freshway Corporation	34,921,534	1,976,772	271,587	37,169,893
CJ Foodville Co., Ltd.	79,571,020	(21,821,870)	(7,154,043)	50,595,107
CJ Engineering & Construction Corporation	60,110,684	57,749,829	6,101,892	123,962,405
CJ Systems Co., Ltd.	11,322,820	2,889,486	-	14,212,306
CJ Entertainment Inc.	112,776,977	3,166,191	421,974	116,365,142
CJ Media Inc.	72,953,986	(16,713,566)	180,910	56,421,330
CJ O Shopping Co., Ltd. (formerly CJ Home Shopping Co., Ltd.)	315,580,951	1,672,247	(16,329,230)	300,923,968
CJ Investment & Securities Co., Ltd.	117,541,525	14,422,688	(131,964,213)	-
CJ Venture Capital Co., Ltd.	7,167,804	2,303,867	539,673	10,011,344
CJ GLS Co., Ltd.	62,275,168	(4,570,929)	3,097,705	60,801,944
CJ Olive Young Co., Ltd.	6,865,357	1,933,885	14,326,223	23,125,465
CJ Internet Co., Ltd.	95,100,210	3,970,855	1,474,320	100,545,385
CJ CGV Co., Ltd.	65,945,228	7,912,124	4,330,117	78,187,469
M-net Media Corp.	33,637,830	(20,392,904)	1,001,222	14,246,148
CJ Sports Co., Ltd	555,079	(316,288)	(238,791)	-
CJ Properties Co., Ltd.	-	(712,427)	9,849,108	9,136,681
Lee Entertainment L.L.C.	90,171,269	16,800,326	(16,607,252)	90,364,343
CJ Japan Corp.	3,007,211	1,140,819	(2,325,210)	1,822,820
CJ Global Holdings Ltd.	17,866,299	(17,866,299)	-	-
	<u>₩2,003,964,125</u>	<u>₩ 5,932,303</u>	<u>₩ (111,285,257)</u>	<u>₩1,898,611,171</u>

Gain and loss on valuation of equity-method investments recorded as other cumulative comprehensive income(loss) for the years ended December 31, 2009 and 2008, are as follows:

	2009				2008			
	January 1, 2008	Valuation Amount	Included in Earnings	December 31, 2008	January 1, 2008	Valuation Amount	Included in Earnings	December 31, 2008
<i>(in millions of Korean won)</i>								
Gain on valuation of equity-method investments	₩ 86,051	₩(37,727)	₩ -	₩ 48,324	₩ 69,490	₩ 24,346	₩ 7,785	₩ 86,051
Loss on valuation of equity-method investments	(52,129)	(19,103)	151	(71,081)	(28,384)	(23,744)	-	(52,129)
	<u>₩ 33,922</u>	<u>₩(56,830)</u>	<u>₩ 151</u>	<u>₩ (22,757)</u>	<u>₩ 41,106</u>	<u>₩ 602</u>	<u>₩ 7,785</u>	<u>₩ 33,922</u>

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Financial information of significant investees as of and for the year ended December 31, 2009, follows:

<i>(in thousands of Korean won)</i>	2009			
	Investee	Assets	Liabilities	Sales
CJ CheilJedang Corporation	₩ 3,035,886,957	₩1,996,395,201	₩3,838,732,304	₩ 272,139,112
CJ Freshway Corporation	239,482,938	158,263,144	742,223,937	7,789,182
CJ Foodville Co., Ltd.	267,343,729	210,285,352	648,966,968	3,886,149
CJ Engineering & Construction Corporation	655,035,730	509,720,250	180,841,052	(457,212)
CJ Systems Co., Ltd.	118,299,095	83,941,298	140,193,637	7,538,708
CJ Entertainment Co., Ltd.	278,446,568	156,947,041	166,147,409	3,592,071
CJ Media Inc.	267,768,431	159,000,338	152,540,415	(8,864,398)
CJ O Shopping Co., Ltd. (formerly CJ Home Shopping Co., Ltd.)	1,093,108,428	570,784,694	644,153,403	78,561,633
CJ Venture Capital Co., Ltd.	11,286,439	233,504	1,157,073	397,472
CJ GLS Co., Ltd.	348,382,805	174,217,004	751,359,145	13,720,318
CJ Olive Young Co., Ltd.	57,084,598	32,991,081	98,696,049	767,036
CJ Internet Co., Ltd.	296,459,050	59,570,405	220,575,264	26,191,254
CJ CGV Co., Ltd.	575,880,202	345,416,622	421,878,415	26,191,254
M-net Media Corp.	151,612,741	119,259,807	128,685,900	(837,325)
HB PFV Co., Ltd.	73,198,811	47,736,450	2,256,000	(1,657,122)
Enprani Co., Ltd	35,166,888	21,116,253	84,353,642	2,030,447
East Busan Theme Park Corporation	2,653,403	-	-	(313,671)
Lee Entertainment L.L.C.	53,056,084	-	-	64,508,685
CJ Japan Corp.	91,753,660	89,017,122	87,308,477	1,023,262
CJ Global Holdings Ltd.	241,493,514	227,305,040	618,807,043	26,413,301

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Financial information of significant investees as of and for the year ended December 31, 2008, follows:

<i>(in thousands of Korean won)</i>	2008			
	Investee	Assets	Liabilities	Sales
CJ CheilJedang Corporation	₩2,756,349,683	₩1,957,191,516	₩3,494,878,333	₩ 25,366,072
CJ Freshway Corporation	210,748,894	135,584,309	677,228,450	3,891,434
CJ Foodville Co., Ltd.	301,262,055	248,198,644	587,703,218	(22,653,557)
CJ Engineering & Construction Corporation	590,106,185	450,830,179	182,026,781	37,077,399
CJ Systems Co., Ltd.	75,411,233	43,060,524	128,318,936	6,415,013
CJ Entertainment Co., Ltd.	230,917,879	114,424,414	140,176,792	3,815,864
CJ Media Inc.	270,844,287	158,330,077	159,045,388	(33,494,658)
CJ O Shopping Co., Ltd. (formerly CJ Home Shopping Co., Ltd.)	940,458,967	474,050,577	542,419,521	29,109,050
CJ Venture Capital Co., Ltd.	11,682,439	558,724	3,438,790	2,559,851
CJ GLS Co., Ltd.	321,612,272	169,387,742	630,505,146	(5,808,744)
CJ Olive Young Co., Ltd.	50,005,208	26,878,470	71,031,917	1,935,193
CJ Internet Co., Ltd.	262,550,129	54,029,237	193,606,695	25,160,148
CJ CGV Co., Ltd.	479,829,439	284,622,317	358,776,386	20,047,479
M-net Media Corp.	124,023,896	91,571,745	118,535,379	(61,768,270)
CJ Properties Co., Ltd.	9,616,261	479,580	-	(712,428)
Lee Entertainment L.L.C.	90,954,413	4,844	17,213,841	16,890,621
CJ Japan Corp.	100,009,893	98,035,678	50,236,005	1,264,827
CJ Global Holdings Ltd.	264,039,927	269,140,629	421,837,873	(23,892,300)

In 2008, CJ CheilJedang Corporation, CJ Foodville Co., Ltd. and CJ O Shopping Co., Ltd. (formerly CJ Home Shopping Co., Ltd.) have revalued their land after adopting SKFAS No.5, Property, plant and Equipment, as revised. However, the Company adjusted the revalued amounts of these investees to the acquisition cost in applying the equity method of accounting.

The adjustments to reconcile the accounting policies of the Company and the investees for the year ended December 31, 2009, are as follows:

<i>(in thousands of Korean won)</i>	Equity		Equity	
	Investee	Before Adjustment	Adjustment	After Adjustment
CJ CheilJedang Corporation	₩ 1,827,011,304	₩ (787,519,547)	₩ 1,039,491,757	
CJ Foodville Co., Ltd.	65,241,760	(8,183,383)	57,058,377	
CJ O Shopping Co., Ltd. (formerly CJ Home Shopping Co., Ltd.)	553,247,111	(30,923,377)	522,323,734	

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Market value information of investees as of December 31, 2009 and 2008, is as follows:

(in thousands of Korean won)

Investee	2009		2008	
	Market Value	Recorded Book Value	Market Value	Recorded Book Value
CJ ChilJedang Corporation	₩ 907,016,789	₩ 857,856,088	₩ 801,087,821	₩ 810,719,421
CJ Freshway Corporation	78,291,080	39,638,738	24,661,690	37,169,893
CJ O Shopping Co., Ltd. (formerly CJ Home Shopping Co., Ltd.)	341,069,828	313,205,778	173,615,544	300,923,968
CJ Internet Co., Ltd.	86,381,100	105,463,433	72,610,200	100,545,385
CJ CGV Co., Ltd.	181,654,000	92,312,933	118,075,100	78,187,469
M-net Media Corp.	65,205,747	19,498,740	19,166,240	14,246,148
	<u>₩ 1,659,618,544</u>	<u>₩ 1,427,975,710</u>	<u>₩ 1,209,216,595</u>	<u>₩ 1,341,792,284</u>

6. Property and Equipment

Property and equipment as of December 31, 2009 and 2008, and the changes in the accounts for the years then ended, consist of the following:

(in thousands of Korean won)

	2009			
	Land	Buildings	Structures	Vehicles
Balance at January 1, 2009	₩ 41,052,392	₩ 38,104,531	₩ 710,985	₩ 24,951
Acquisition	-	8,585	-	-
Transfer	-	-	-	-
Transfer to intangible assets	-	-	-	-
Disposal	-	-	-	-
Depreciation	-	(2,534,106)	(148,124)	(24,949)
Balance at December 31, 2009	<u>₩ 41,052,392</u>	<u>₩ 35,579,010</u>	<u>₩ 562,861</u>	<u>₩ 2</u>

(in thousands of Korean won)

	2009		
	Equipment	Construction-in-progress	Total
Balance at January 1, 2009	₩ 815,497	₩ 338,181	₩ 81,046,537
Acquisition	89,740	959,981	1,058,306
Transfer	377,985	(377,985)	-
Transfer to intangible assets	-	(338,899)	(338,899)
Disposal	-	(2,445)	(2,445)
Depreciation	(302,073)	-	(3,009,252)
Balance at December 31, 2009	<u>₩ 981,149</u>	<u>₩ 578,833</u>	<u>₩ 78,754,247</u>

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(in thousands of Korean won)

	2008			
	Land	Buildings	Structures	Vehicles
Balance at January 1, 2008	₩ 41,052,392	₩ 40,478,567	₩ 893,968	₩ 64,293
Acquisition	-	155,000	-	-
Transfer	-	-	-	-
Transfer to intangible assets	-	-	-	-
Depreciation	-	(2,529,036)	(182,983)	(39,342)
Balance at December 31, 2008	<u>₩ 41,052,392</u>	<u>₩ 38,104,531</u>	<u>₩ 710,985</u>	<u>₩ 24,951</u>

(in thousands of Korean won)

	2008		
	Equipment	Construction- in-progress	Total
Balance at January 1, 2008	₩ 270,919	₩ 187,246	₩ 82,947,385
Acquisition	719,375	277,825	1,152,200
Transfer	18,020	(18,020)	-
Transfer to intangible assets	-	(108,870)	(108,870)
Depreciation	(192,817)	-	(2,944,178)
Balance at December 31, 2008	<u>₩ 815,497</u>	<u>₩ 338,181</u>	<u>₩ 81,046,537</u>

As of December 31, 2009, the Company has insurance for depreciable assets and directors' and officers' liability amounting to ₩74,627 million and ₩10,000 million, respectively.

As of December 31, 2009, the value of land based on the posted price issued by the Korean tax authority amounted to ₩55,934 million.

7. Intangible Assets

The changes in intangible assets for the years ended December 31, 2009 and 2008, are as follows:

(in thousands of Korean won)

	2009	
	Industrial Property Rights	
Balance at January 1, 2009	₩	517,173
Acquisition		340,613
Disposal		(261,991)
Amortization		(183,897)
Balance at December 31, 2009	<u>₩</u>	<u>411,898</u>
Accumulated amortization	<u>₩</u>	<u>904,682</u>

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<i>(in thousands of Korean won)</i>	<u>2008</u>	
	Industrial Property Rights	
Balance at January 1, 2008	₩	602,966
Acquisition		108,870
Amortization		<u>(194,663)</u>
Balance at December 31, 2008	₩	<u>517,173</u>
Accumulated amortization	₩	<u>721,369</u>

The amortization expense of intangible assets for the years ended December 31, 2009 and 2008, is allocated to selling and administrative expenses.

8. Long-Term Debts

Long-term debts as of December 31, 2009 and 2008, consist of the following:

<i>(in thousands of Korean won)</i>	2009		2008	
Loans payable ¹	₩	124,933,200	₩	268,476,250
Debentures ²		<u>572,290,202</u>		<u>400,861,080</u>
		697,223,402		669,337,330
Less: Current maturities		<u>(139,974,566)</u>		<u>(133,923,750)</u>
	₩	<u>557,248,836</u>	₩	<u>535,413,580</u>

¹ Long-term loans payable as of December 31, 2009 and 2008, consist of the following:

<i>(in thousands of Korean won)</i>	Annual Interest Rates (%)		
	2009	2009	2008
Foreign currency loans (Won equivalent)			
Kookmin Bank	5.94	₩ 124,933,200	₩ 268,476,250
Less: Current maturities		<u>-</u>	<u>(133,923,750)</u>
		<u>₩ 124,933,200</u>	<u>₩ 134,552,500</u>

In order to hedge the impact of fluctuations in fair value of the loans amounting to ₩124,933 million, the Company has entered into foreign currency and interest rate swap contracts, and recorded ₩3,259 million as loss on valuation of derivatives under other cumulative comprehensive income(loss) for the year ended December 31, 2009.

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² Debentures outstanding as of December 31, 2009 and 2008, consist of the following:

<i>(in thousands of Korean won)</i>	Annual Interest		2009	2008
	Rates (%)			
Foreign Currency Debentures				
149 th Floating rate notes	5.63	₩	233,520,000	₩ 251,500,000
150 th Floating rate notes	4.24		<u>140,112,000</u>	<u>150,900,000</u>
			373,632,000	402,400,000
Less: Unamortized discounts			<u>(683,854)</u>	<u>(1,538,920)</u>
			<u>372,948,146</u>	<u>400,861,080</u>
Local Currency Debentures				
151 st Unsecured notes	5.40 - 5.80		100,000,000	-
152 nd Unsecured notes	4.35 - 5.10		<u>100,000,000</u>	<u>-</u>
			200,000,000	-
Less: Unamortized discounts			<u>(657,944)</u>	<u>-</u>
			<u>199,342,056</u>	<u>-</u>
Less: Current maturities			<u>(139,974,566)</u>	<u>-</u>
Total		₩	<u>432,315,636</u>	₩ <u>400,861,080</u>

In 2009, the Company issued 151st and 152nd unsecured notes amounting to ₩100,000 million, respectively.

The 149th floating rate notes, with the face value of US\$ 200 million and with the interest payable semiannually, have been issued in the Eurodollar market and listed at the London Stock Exchange.

In order to hedge the impact of fluctuations in fair value of certain foreign floating rate notes amounting to ₩373,632 million, the Company has entered into foreign currency and interest ratio swap contracts and recorded ₩9,877 million of loss on valuation of derivatives under other comprehensive income for the year ended December 31, 2009.

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

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Maturities of long-term debts outstanding as of December 31, 2009, excluding discounts and long-term accrued interests on debentures, are as follows:

(in thousands of Korean won)

Year of maturity	Debentures	Loans	Total
2011	₩ 99,750,753	₩ 124,933,200	₩ 224,683,953
2012	282,783,780	-	134,552,500
2013	49,781,103	-	49,781,103
	<u>₩ 432,315,636</u>	<u>₩ 124,933,200</u>	<u>₩ 557,248,836</u>

9. Accrued Severance Benefits

Accrued severance benefits as of December 31, 2009 and 2008, consist of the following:

(in thousands of Korean won)

	2009	2008
Balance at January 1, 2009	₩ 4,977,987	₩ 3,987,810
Provision for severance benefits	2,256,456	1,454,291
Actual severance payments	<u>1,347,166</u>	<u>464,114</u>
	5,887,277	4,977,987
Less : Cumulative deposits to National Pension Fund	(11,722)	(12,969)
Severance insurance deposits	<u>(4,005,544)</u>	<u>(4,094,106)</u>
Balance at December 31, 2009	<u>₩ 1,870,011</u>	<u>₩ 870,912</u>

As of December 31, 2009, the Company funded 68.0% (2008: 82.2%) of severance payable through severance insurance deposits with Samsung Fire & Marine Insurance Co., Ltd.

10. Commitments and Contingencies

As of December 31, 2009, the Company has loan agreement amounting to ₩20,000 million with two banks including Woori Bank, and has a general foreign currency loan agreement amounting to US\$ 107,000,000 with Kookmin Bank. Also, the Company has general loan agreements for up to ₩29,000million with two financial institutions including Nonghyup.

As of December 31, 2009, in connection with international business zone development in the Yongsan-gu area in Seoul, the Company is provided with performance guarantees from Seoul Guarantee Insurance Company.

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11. Derivatives

Details of the changes in valuation gain or loss on derivatives for the years ended December 31, 2009 and 2008, are as follows:

2009 <i>(in thousands of Korean won)</i>	Trading		Hedge		Other comprehensive income(loss) ¹
	Valuation gain	Valuation loss	Valuation gain	Valuation loss	
Interest rate swap	₩ -	₩ -	₩ -	₩ -	₩ 11,352,612
Foreign currency swap	-	-	-	(38,387,300)	-
	₩ -	₩ -	₩ -	₩ (38,387,300)	₩ 11,352,612

¹ The ₩13,136 million, net of tax, was charged to other cumulative comprehensive income.

2008 <i>(in thousands of Korean won)</i>	Trading		Hedge		Other comprehensive income(loss) ¹
	Valuation gain	Valuation loss	Valuation gain	Valuation loss	
Interest rate swap	₩ -	₩ -	₩ -	₩ -	₩ (15,024,474)
Foreign currency swap	-	-	169,317,550	-	-
	₩ -	₩ -	₩169,317,550	₩ -	₩ (15,024,474)

¹ The ₩20,074 million, net of tax, was charged to other accumulative comprehensive income.

The Company applies cash flow hedge accounting and is exposed to fluctuations in cash flows up to August 10, 2012. Total other cumulative comprehensive income recognized under the cash flow hedge amounts to ₩16,986 million, of which ₩837 million is expected to be recognized as income within 12 months from December 31, 2009.

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12. Capital Stock

Under its Articles of Incorporation, the Company is authorized to issue 100 million shares of capital stock with a par value of ₩5,000 per share. As of December 31, 2009, 28,417,646 shares of common stock and 2,793,396 preferred stock are issued and outstanding. Also the Company may, among the authorized number of shares, issue 20 million shares of non-voting, cumulative and participating preferred stock. The Board of Directors of the Company may decide on the dividend rate of preferred shares if the shares are issued at a dividend rate greater than 9% of the par value.

The preferred stock the Company has issued as of December 31, 2009, consists of:

	Preferred Stock	Third-preferred Stock
Numbers of shares	2,260,223	533,173
Voting right	No voting rights	No voting rights. However, if these shares are not paid out prior to common stock, voting rights are granted until the next general shareholders' meeting declaring dividends on preferred shares.
Maturity date	No maturity	Conversion to common stock on January 1, 2010. However if the dividends are not paid before the maturity date, the maturity is extended.
Dividends	Non-cumulative and paying 1% more than common stock annually	Participating and cumulative
Minimum dividend rate (Annual)	-	9%

The Company may grant option to purchase shares of common stock to key employees or directors who have contributed or are expected to contribute to the management and technological innovation of the Company with the approval of shareholders. The grant limit of the option is 15% of outstanding shares. However, within 10% of outstanding shares, the option may be granted with the Board of Directors' approval.

As of January 1, 2009, the Company has issued 1,019,041 shares of common stock due to the second-preferred stock's conversion into common stock. As a result, common stock equity increased, while preferred stock equity decreased by ₩5,905 million each.

Total amount of par value of issued common stock is not equal to capital stock due to the retirement of 45,741 treasury shares through retained earnings.

The Company has issued 1,260 shares of common stock due to the exercise of certain stock options in 2009. The Company has recognized the additional paid-in capital of ₩67 million.

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13. Retained Earnings

Retained earnings as of December 31, 2009 and 2008, consist of the following:

<i>(in thousands of Korean won)</i>	2009	2008
Legal reserve	₩ 79,869,424	₩ 79,869,424
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	319,643,409	69,473,899
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>28,992,714</u>	<u>28,992,714</u>
	491,840,134	241,670,624
Retained earnings before appropriations	<u>164,509,203</u>	<u>293,329,423</u>
	<u>₩ 656,349,337</u>	<u>₩ 535,000,047</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 total amount of par value of issued common 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.

Year ended cash dividends for 2009 and 2008 are as follows:

		2009	2008
Number of shares eligible for dividends	Common stock	₩ 25,109,019	₩ 24,089,360
	Preferred stock	2,259,106	2,259,106
	Second-preferred stock	-	1,018,407
	Third-preferred stock	<u>532,495</u>	<u>532,495</u>
Dividend rate	Common stock	16.0%	30.0%
	Preferred stock	17.0%	31.0%
	Second-preferred stock	-	39.0%
	Third-preferred stock	<u>16.0%</u>	<u>39.0%</u>
Dividend per share	Common stock	₩ 800	₩ 1,500
	Preferred stock	₩ 850	₩ 1,550
	Second-preferred stock	₩ -	₩ 1,950
	Third-preferred stock	<u>₩ 800</u>	<u>₩ 1,950</u>
Dividend payout ratio (Dividend amount / Net income)		<u>13.0%</u>	<u>14.6%</u>
Dividend yield ratio (Dividend per share / Market price)	Common stock	1.3%	3.8%
	Preferred stock	3.6%	10.4%
	Second -preferred stock	-	5.3%
	Third-preferred stock	<u>1.3%</u>	<u>5.8%</u>

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14. Treasury Stock

As of December 31, 2009, the Company holds 3,308,627 common shares with a book value of ₩206,749 million and 1,795 preferred shares with a book value of ₩78 million as treasury stock. The treasury stock is recorded as a capital adjustment and will be sold depending on stock market conditions.

The Company retired 145,741 treasury shares through retained earning as approved by the Board of Directors. In addition, 634 shares of second series preferred stock that the Company held as treasury stock were converted into 634 common shares.

15. 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.

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	February 29, 2008
Options granted	48,000	95,600	134,300	77,800	94,100	56,900	230,000
Exercised quantity	41,775	70,805	85,979	45,083	46,416	-	-
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	2,709	14,065	27,910	16,610	22,869	5,900	230,000
Exercise price per share ¹	₩ 40,000	₩ 58,000	₩ 41,000	₩ 69,000	₩ 71,000	₩ 120,000	₩ 70,000
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	4~10 years

¹ The exercise price per share 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 in 2009 and thereafter are as follows:

	Date of the grant						
	August 14, 2001	April 27, 2002	March 11, 2003	April 8, 2004	March 8, 2005	March 13, 2006	February 29, 2008
Prior to 2009	₩ 827,204	₩ 2,104,165	₩1,657,544	₩1,469,078	₩1,700,566	₩ 1,304,215	₩ 1,438,698
During 2009	-	-	-	-	-	-	1,710,505
Thereafter	-	-	-	-	-	-	3,697,502
	<u>₩ 827,204</u>	<u>₩ 2,104,165</u>	<u>₩ 1,657,544</u>	<u>₩ 1,469,078</u>	<u>₩1,700,566</u>	<u>₩ 1,304,215</u>	<u>₩ 6,846,705</u>

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	February 29, 2008
Risk-free interest rates	5.10%	6.37%	4.69%	4.56%	4.12%	4.93%	5.09%
Expected stock price volatility	70.60%	66.18%	54.81%	38.48%	35.73%	36.34%	66.64%
Expected life	3 years	3 years	3 years	3 years	3 years	3 years	5 years
Expected forfeiture rate	1%	1%	1%	6%	6%	6%	6%

Additionally, the Company has granted stock incentives based on a three-year performance of the management and officers of the Company from January 1, 2007. The Company paid the incentives with cash on the maturity date.

16. Monetary Assets and Liabilities Denominated in Foreign Currency

As of December 31, 2009, assets and liabilities denominated in foreign currencies and related gains and losses on foreign currency translation, are as follows:

Account	2009			
	Foreign Currencies	Korean won equivalent	Translation Gain	Translation Loss
Loans payable	US\$ 107,000,000	₩ 124,933,200	₩ 9,619,300	₩ -
Debentures	US\$ 320,000,000	₩ 373,632,000	₩ 28,768,000	₩ -
		<u>₩ 498,565,200</u>	<u>₩ 38,387,300</u>	<u>₩ -</u>

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17. Income Tax

Income tax expense for the years ended December 31, 2009 and 2008, consists of the following:

<i>(in thousands of Korean won)</i>	2009	2008
Current income taxes	₩ 5,003,984	₩ 90,111,107
Deferred income taxes due to temporary differences	5,620,175	32,334,849
Additional payment of income taxes	<u>472,292</u>	<u>-</u>
	11,096,451	122,445,956
Deferred income taxes charged directly to equity	<u>10,859,623</u>	<u>(4,916,279)</u>
Income tax expense	<u>₩ 21,956,074</u>	<u>₩ 117,529,677</u>

Reconciliation between net income before tax and income tax expense for the years ended December 31, 2009 and 2008, follows :

<i>(in thousands of Korean won)</i>	2009	2008
Net income before tax	₩ 194,819,626	₩ 410,359,100
Income tax based on statutory rate	₩ 47,122,149	₩ 112,817,953
Adjustments		
Non-taxable income	(24,013,556)	(1,244,911)
Non-deductible expense	-	7,287,886
Additional payment of income taxes	472,292	-
Tax credit	-	(1,464,539)
Effect of the changes in tax rates	(1,612,479)	131,354
Others	<u>(12,332)</u>	<u>1,934</u>
Income tax expense	<u>₩ 21,956,074</u>	<u>₩ 117,529,677</u>
Effective tax rate	11.27%	28.64%

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Changes in the temporary differences and related deferred tax assets and liabilities as of and for the year ended December 31, 2009, are as follows:

	Temporary Differences			Deferred tax assets (liabilities)	
	Beginning Balance	Increase (decrease)	Ending Balance	Beginning Balance	Ending Balance
Deferred tax arising from temporary differences					
Equity-method investments	₩ 12,587,750	₩ (76,036,477)	₩(63,448,727)	₩ 2,769,305	₩(13,958,720)
Stock compensation expenses	3,501,483	(3,501,483)	-	770,326	-
Special reserves for loss on disposal of treasury stock	(28,992,714)	-	(28,992,714)	(6,378,397)	(7,016,237)
Investments in kind	2,579,518	-	2,579,518	567,494	567,494
Others	716,714	5,082,580	5,799,294	(14,879)	1,641,514
	(9,607,249)	(74,455,380)	(84,062,629)	(2,286,151)	(18,765,949)
Temporary differences directly related to shareholders' equity	(61,349,256)	58,081,048	(3,268,208)	(11,466,029)	(606,406)
Total	<u>₩(70,956,505)</u>	<u>₩(16,374,332)</u>	<u>₩(87,330,837)</u>	<u>₩ (13,752,180)</u>	<u>₩(19,372,355)</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 ₩88,976 million temporary difference resulting from earnings arising from equity method as the Company does not expect cash flows, such as proceeds from the disposal of, or receipts of dividends from the equity-method investments, within foreseeable future.

The gross balances of deferred tax assets and liabilities as of December 31, 2009, are as follows :

(in thousands of Korean won)

	Current	Non-current
Deferred tax assets	₩ 161,889	₩ 2,249,552
Deferred tax liabilities	(7,016,237)	(14,767,559)
	<u>₩ (6,854,348)</u>	<u>₩ (12,518,007)</u>

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Deferred income taxes charged directly to the shareholders' equity as of December 31, 2009, are as follows:

<i>(in thousands of Korean won)</i>	Temporary Difference	Deferred Tax
Gain on valuation of available-for-sale securities	₩ 7,997,231	₩ (1,759,780)
Loss on valuation of available-for-sale securities	355,120	(78,126)
Gain on equity-method investments	(67,728,856)	14,900,348
Loss on equity-method investments	(14,677,845)	3,229,126
Capital adjustments of equity method	4,620,690	(1,016,552)
Loss on valuation of derivatives	11,352,612	(4,415,393)
	<u>₩ (58,081,048)</u>	<u>₩ 10,859,623</u>

18. Earnings Per Share

Basic earnings per share is computed by dividing net income allocated to common stock by the weighted average number of common shares outstanding during the year. Net income allocated to common stock is computed by subtracting dividend to preferred stock.

Diluted earnings per share is computed by dividing diluted net income as adjusted by adding back the after-tax amount of interest expense on any convertible debt and dividends on any convertible preferred stock, by the weighted average number of common shares and diluted securities outstanding during the year.

Basic earnings per share and diluted earnings per share for the years ended December 31, 2009 and 2008, are calculated as follows:

Basic earnings per share

<i>(in millions of Korean won, except number of shares and earnings per share)</i>	2009	2008
Net income	₩ 172,864	₩ 292,829
Adjustments		
Dividends for preferred stock	(2,346)	(5,828)
Undeclared participating preferred stock dividend	<u>(15,051)</u>	<u>(34,259)</u>
Net income attributable to common stock	155,467	252,742
Weighted average number of common stock outstanding ¹	<u>25,107,869</u>	<u>23,864,396</u>
Basic earnings per share	<u>₩ 6.192</u>	<u>₩ 10.591</u>

¹ The calculation of weighed average number of shares of common stock is as follows:

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	Number of shares	Number of Days	Weighted number of shares
Beginning balance	24,089,352	365	8,792,613,480
Conversion of second-preferred stock to common stock	1,018,407	365	371,718,555
Stock options exercised	1,260	32	40,320
			<u>9,164,372,355</u>

Weighted average number of shares of common stock for 2009 :
 9,164,372,355/365 days = 25,107,869 shares

Weighted average number of shares of common stock for 2008 :
 8,734,368,861/366 days = 23,864,396 shares

Diluted earnings per share

(in millions of Korean won,

except number of shares and earnings per share)

	2009	2008
Net income attributable to common stock	₩ 155,466	₩ 252,742
Adjustment		
Convertible preferred stock dividend	<u>-</u>	<u>16,272</u>
Diluted income attributable to common stock	155,466	269,014
Weighted average number of common stock for diluted earnings per share ²	<u>25,111,472</u>	<u>25,426,749</u>
Diluted earnings per share	<u>₩ 6,191</u>	<u>₩ 10,580</u>

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
Exercised stock options	142	333	47,286
Unexercised stock options	3,474	365	1,268,010
			<u>1,315,296</u>

Weighted average number of shares of common stock equivalents for 2009:
 1,315,296/365 days = 3,603 shares

Weighted average number of shares of common stock equivalents for 2008:
 571,821,198/366 days = 1,562,353 shares

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Non-dilutive potential common stocks as of December 31, 2009, are as follows:

	Shares to be issued	Conditions
Third series preferred stock	533,173	A share of preferred stock can be converted to a share of common stock.
Share options granted on April 27, 2002	14,065	Exercise price of ₩58,000 per share
Share options granted on April 8, 2004	16,610	Exercise price of ₩69,000 per share
Share options granted on March 8, 2005	22,869	Exercise price of ₩71,000 per share
Share options granted on March 13, 2006	5,900	Exercise price of ₩120,000 per share
Share options granted on February 29, 2008	230,000	Exercise price of ₩70,000 per share

19. Related Party Transactions

As of December 31, 2009, the subsidiaries and equity method investees of the Company as of December 31, 2009, are as follows:

Local subsidiaries

CJ CheilJedang Corporation, CJ O Shopping Co., Ltd. (formerly CJ Home Shopping Co., Ltd.), CJ Freshway Corporation, CJ Internet Co., Ltd., CJ CGV Co., Ltd., CJ Engineering & Construction Corporation, CJ Systems Co., Ltd., CJ Media Inc., CJ Venture Capital Co., Ltd., CJ Foodville Co., Ltd., CJ HelloVision Co., Ltd., CJ Telenix Co., Ltd., CJ MD1 Co., Ltd., CJ Olive Young Co., Ltd., CJ Powercast Inc., CJ HelloVision HaeundaeGijang Broadcasting Co. Ltd., Shindongbang CP Corporation, M-net Media Corp., CJ IG Co., Ltd., Samho F&G Corp., Primuscinema Co., Ltd., Superfeed Co., Ltd., Dondonfarm Co., Ltd., Anypark Co., Ltd., CJ N City Co., Ltd., CJ Entertainment Inc., CJ Venture Investment No. 9 Cinema Fund, CJ HelloVision Dreamcity Broadcasting Co., Ltd., Hasunjung General Food Co., Ltd., CJ GLS Co., Ltd., HB PFV Co., Ltd.

Foreign subsidiaries

CJ America, Inc., Lee Entertainment L.L.C., CJ Europe GmbH, PT. Cheil Jedang Indonesia, PT. Cheil Jedang Superfeed, PT. Super Unggas Jaya, PT. CJ Feed Jombang, CJ Philippines, Incorporated., CJ VINA AGRI CO., LTD., CJ CHINA., LTD., CJ Qingdao Foods Co., Ltd., CJ Beiging Beverage & Foods Co., Ltd., CJ Japan Corp., CJ Liaocheng Biotech Co., Ltd., CJ Internet Japan, CJ Do Brasil Ind. Com. Prod. Alim. Ltda., CJ Media Japan Co., Ltd., Liaocheng Lantian Cogenerations Plant Co., Ltd, CJ Global Holdings Limited., CJ NUTRACON PTY., LTD., CJ Shenyang Feed Co., Ltd., CJ International Asia Pte, Ltd., CJ Bakery INC. CJ GLS Asia Pte Ltd., CJ GLS(Thailand) CO., LTD., CJ GLS Malaysia Sdn, Bhd., PT CJ GLS Indonesia., EC Distribution Sdn, Bhd., CJ Beijing Bakery Co., Ltd., CJIT2 Holding Limited., CMI Holding Limited., CJ Food Festa CO., LTD.

Local equity method investees

East Busan Theme Park Corporation, Enprani Co., Ltd.

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Significant transactions with related parties for the years ended December 31, 2009 and 2008, and the related receivables and payables as of December 31, 2009 and 2008, are as follows:

<i>(in thousands of Korean won)</i>	Sales		Purchases		Accounts Receivable		Accounts Payable	
	2009	2008	2009	2008	2009	2008	2009	2008
Subsidiaries	₩29,894,900	₩ 28,755,488	₩2,317,659	₩1,494,177	₩3,223,045	₩3,351,555	₩ 320,939	₩10,411,779
Equity-method investees	5,437,749	4,961,027	307,802	2,098	278,917	299,135	29,315	2,421
Others	44,069	84,620	480,471	409,989	-	-	20,134	36,835
Total	₩35,376,718	₩ 33,801,135	₩3,105,932	₩1,906,264	₩3,501,962	₩3,650,690	₩ 370,388	₩10,451,035

For the years ended December 31, 2009 and 2008, the key management compensation consists of:

<i>(in thousands of Korean won)</i>	2009	2008
Salaries	₩ 10,583,090	₩ 305,433
Stock compensation expenses	1,268,332	3,983,465
	₩ 11,851,422	₩ 11,288,898

The Company provided guarantees to indebtedness of related parties as of December 31, 2009 and 2008, as follows:

<i>(in thousands of Korean won)</i>	Financial institutions	Loan amounts		Guarantee amounts	
		2009	2008	2009	2008
Guarantee beneficiary					
CJ Tur Yem Sanayi Ve Ticaret A.S.	Citi Bank Korea	₩ -	₩ 5,328,660	₩ -	₩ 5,328,660
CJ Shenyang Feed Co., Ltd.	Citi Bank Korea	10,417,554	6,781,698	10,417,554	12,683,801
PT. Cheil Jedang Superfeed	Citi Bank Korea	1,383,606	-	4,086,600	-
PT. CJ Feed Jombang	Citi Bank Korea	1,227,148	-	1,751,400	-
CJ Global Holdings Limited	Export-Import Bank of Korea	29,190,000	-	29,190,000	-
CJ VINA AGRI CO., Ltd.	Woori Bank	4,553,640	-	4,553,640	-
CJ Japan Corp.	Korea Exchange Bank and others	32,524,257	-	32,524,257	-
		₩ 79,296,205	₩ 12,110,358	₩ 82,523,451	₩ 18,012,461

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20. Selling and Administrative Expenses

<i>(in thousands of Korean won)</i>	2009	2008
Salaries	₩ 14,122,754	₩ 11,655,126
Provision for severance benefits	1,629,749	1,387,098
Employee benefits	1,298,129	1,312,468
Travel expense	219,195	620,667
Rent	158,641	85,148
Depreciation	3,009,252	2,944,178
Taxes and dues	714,037	803,926
Commission service charges	3,885,615	3,599,411
Advertising expense	971,887	1,117,871
Transportation expense	135,246	102,812
Research expense	943,674	1,243,241
Expenses for company events	93,975	91,345
Stock compensation expense	1,710,505	3,983,465
Others	1,914,364	3,079,422
	<u>₩ 30,807,023</u>	<u>₩ 32,026,178</u>

21. Supplementary Information for Computation of Value Added

<i>(In thousands of Korean won)</i>	Selling and administrative expenses	
	2009	2008
Wage and salaries	₩ 14,122,754	₩ 11,655,126
Provision for severances benefits	1,629,749	1,387,098
Employee benefits	1,298,129	1,312,468
Rent	158,641	85,148
Depreciation and amortization	3,193,149	3,333,504
Taxes and dues	714,037	803,926
	<u>₩ 21,116,459</u>	<u>₩ 18,577,270</u>

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22. Supplemental Cash Flow Information

Significant transactions not affecting cash flows for the years ended December 31, 2009 and 2008, are as follows:

<i>(in thousands of Korean won)</i>	2009	2008
Reclassification of construction in-progress to property, plant and equipment	₩ 716,884	₩ 126,890
Increase of non-trade payables due to acquisition of available-for-sale securities	-	9,331,030
Reclassification of current maturities of long-term debts	150,123,225	133,923,750
Increase(decrease) of other cumulative comprehensive income due to disposition and valuation of available-for-sale securities	6,514,445	(2,642,917)
Decrease of other cumulative comprehensive income due to disposition and valuation of equity-method investments	(56,678,675)	(7,183,249)
Increase(decrease) of other cumulative comprehensive income due to valuation of derivative instruments	6,937,219	(10,420,579)
Decrease of capital adjustments due to valuation of equity-method investments	(10,602,115)	(21,139,967)
Conversion of preferred stocks to common stock	5,095,205	-
Retirement of treasury stock	8,854,349	-

23. Comprehensive Income

Comprehensive income for the years ended December 31, 2009 and 2008, consists of:

<i>(in thousands of Korean won)</i>	2009	2008
Net income	₩ 172,863,552	₩ 292,829,423
Other cumulative comprehensive income		
Gain on valuation of available-for-sale securities, net of tax of (-)₩1,759,780thousand (2008: (-)₩945,136 thousand)	6,237,451	(2,365,923)
Loss on valuation of available-for-sale securities, net of tax of (-)₩78,126 thousand (2008: (-)₩78,126 thousand)	276,994	(276,994)
Gain on valuation of equity-method investments, net of tax of ₩14,900,348 thousand (2008: ₩2,454,193 thousand)	(37,726,815)	16,561,337
Loss on valuation of equity-method investments, net of tax of ₩3,229,126 thousand (2008: ₩5,768,903 thousand)	(18,951,860)	(23,744,586)
Loss on valuation of derivatives, net of tax of (-)₩4,415,393 thousand (2008: ₩2,283,555 thousand)	6,937,219	(10,420,579)
Comprehensive income	<u>₩ 129,636,541</u>	<u>₩ 272,582,678</u>

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Notes to Non-Consolidated Financial Statements

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24. Last Quarter Financial Information

A summary of information on the Company's operations for the three-month periods ended December 31, 2009 and 2008, follows:

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

		2009		2008
Operating income	₩	31,624	₩	6,524
Operating profit		23,899		(94,007)
Net income(loss)		21,823		(95,193)
Basic earnings (loss) per share		781		(3,445)
Diluted earnings (loss) per share		781		(3,445)

25. Preparation for IFRS Adoption

The Company is required to prepare its financial statements in accordance with the Korean International Financial Reporting Standards (K-IFRS) starting 2011, based on the roadmap on the adoption of international Reporting Standards announced in March 2007. In this regard, the Company organized a task force for its K-IFRS adoption and has appointed external consultants to help in the adoption.

26. Subsequent Event

On January 1, 2010, the Company issued 533,173 shares of common stock due to the third-preferred stock's conversion into common stock. As a result, common stock increased, while preferred stock decreased by ₩2,666 million each.

27. Approval of Financial Statements

The December 31, 2009 financial statements of the Company were approved by the Board of Directors on March 9, 2010.

**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") as of December 31, 2009. 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, 2009, the Company's IACS has been designed and is operating effectively as of December 31, 2009 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, 2009, and we did not review management's assessment of its IACS subsequent to December 31, 2009. 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
March 18, 2010

Report of 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, 2009.

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 statement, for the purpose of establishing the reliability of financial reporting and the preparation of financial statements for external purpose. 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, 2009, in accordance with the IACS standards.

March 9, 2010

Seong Yong-Jun
Internal Accounting Control System Officer

Ha Dae-Joong
Chief Effective Officer and President