

CJ Corporation and Subsidiaries

Consolidated Financial Statements

December 31, 2012 and 2011

CJ Corporation and Subsidiaries

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December 31, 2012 and 2011

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Report of Independent Auditors

To the Board of Directors and Shareholders of
CJ Corporation

We have audited the accompanying consolidated statements of financial position of CJ Corporation (“the Company”) and its subsidiaries (collectively referred to as “the Group”) as of December 31, 2012 and 2011, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the years then ended, expressed in Korean won. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of CJ O Shopping Co., Ltd. and certain other 36 subsidiaries (December 31, 2011: 64), whose financial statements represent 48% of the Group’s consolidated total assets as of December 31, 2012 (December 31, 2011: 54%), and 55% of the Group’s consolidated total sales for the year then ended (2011: 48%). These 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 those companies, is based solely on the reports of the other auditors.

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

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In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements, referred to above, present fairly, in all material respects, the financial position of CJ Corporation and its subsidiaries as of December 31, 2012 and 2011, and their financial performance and cash flows for the years then ended, in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("Korean IFRS").

Auditing standards and their application in practice vary among countries. The procedures and practices used in the Republic of Korea to audit such consolidated financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report is for use by those who are informed about Korean auditing standards and their application in practice.

Samil PricewaterhouseCoopers

Seoul, Korea
March 14, 2013

This report is effective as of March 14, 2013, 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 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 and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2012 and 2011

<i>(in thousands of Korean won)</i>	Notes	2012	2011
Assets			
Current assets			
Cash and cash equivalents	6	₩ 1,224,733,061	₩ 1,446,607,500
Short-term financial instruments	6,7	494,038,924	227,141,182
Short-term loans receivable	6	85,580,818	69,457,854
Trade receivables	6,8	2,138,531,527	1,917,411,377
Other current financial assets	6,8,9	291,958,147	415,052,739
Advance payments		293,823,860	229,913,409
Inventories	10	1,481,140,301	1,338,204,012
Biological assets	11	12,606,346	10,642,741
Other current assets	12	232,632,601	150,882,867
		<u>6,255,045,585</u>	<u>5,805,313,681</u>
Non-current assets held-for-sale and discontinued operations	13	<u>81,133,968</u>	<u>117,686,414</u>
Non-current assets			
Non-current available-for-sale financial assets	6,14	974,091,800	993,170,255
Investment in associates and jointly controlled entities	15	374,255,476	391,949,246
Property, plant and equipment	16	8,170,125,269	7,359,253,700
Intangible assets	17	3,940,270,531	3,628,098,402
Investment property	18	441,834,417	395,918,118
Other non-current financial assets	6,8,9	510,733,403	451,035,227
Deferred income tax assets	22	224,417,952	171,407,227
Other non-current assets	12	413,132,465	342,242,823
		<u>15,048,861,313</u>	<u>13,733,074,998</u>
Total assets		<u>₩ 21,385,040,866</u>	<u>₩ 19,656,075,093</u>

CJ Corporation and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2012 and 2011

<i>(in thousands of Korean won)</i>	Notes	2012	2011
Liabilities			
Current liabilities			
Trade payables	6	₩ 1,190,114,737	₩ 857,107,193
Short-term borrowings	6,19	2,487,787,285	2,763,622,287
Current portion of debentures and non-current borrowings	6,19,20	925,721,953	1,192,993,056
Non-trade payables	6	749,190,776	661,055,135
Other current financial liabilities	6,9	582,747,019	600,995,570
Income taxes payable		106,643,359	264,345,340
Current provisions for liabilities and charges	23	6,048,469	10,182,161
Other current liabilities	12	616,126,057	532,378,741
		<u>6,664,379,655</u>	<u>6,882,679,483</u>
Non-current liabilities held-for-sale and discontinued operations	13	<u>36,174,138</u>	<u>64,572,766</u>
Non-current liabilities			
Non-current borrowings	6,19	2,232,181,040	1,991,558,085
Debentures	6,20	2,672,622,259	1,842,001,815
Deposits received	6	126,133,579	90,118,496
Other non-current financial liabilities	6,9	52,137,949	31,753,084
Retirement benefit liabilities	21	167,632,549	178,446,572
Deferred income tax liabilities	22	879,279,885	789,853,066
Non-current provisions for liabilities and charges	23	6,982,659	7,322,652
Other non-current liabilities	12	163,458,964	213,735,515
		<u>6,300,428,884</u>	<u>5,144,789,285</u>
Total liabilities		<u>13,000,982,677</u>	<u>12,092,041,534</u>
Equity			
Equity attributable to owners of the Company			
Capital stock	24	157,105,430	156,990,135
Paid-in capital in excess of par value	24	977,520,671	975,800,865
Other components of equity	26	(30,095,287)	33,080,237
Retained earnings	27	2,074,037,679	1,895,258,230
Non-controlling interest		<u>5,205,489,696</u>	<u>4,502,904,092</u>
Total equity		<u>8,384,058,189</u>	<u>7,564,033,559</u>
Total liabilities and equity		<u>₩ 21,385,040,866</u>	<u>₩ 19,656,075,093</u>

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

CJ Corporation and Subsidiaries
Consolidated Statements of Income
Years Ended December 31, 2012 and 2011

(in thousands of Korean won, except per share amounts)

	Notes	2012	2011
Sales	5	₩ 17,628,388,035	₩ 13,271,073,391
Cost of sales	29	<u>(12,292,133,603)</u>	<u>(8,689,223,324)</u>
Gross income		5,336,254,432	4,581,850,067
Selling and administrative expenses	29,30	(4,273,282,327)	(3,681,258,170)
Operating income	5	<u>1,062,972,105</u>	<u>900,591,897</u>
Financial income	31	393,967,690	614,286,988
Financial expenses	31	(531,143,013)	(445,882,404)
Share of profit of associates and jointly controlled entities	15	(11,165,583)	410,574
Other non-operating income	32	176,889,386	158,330,112
Other non-operating expenses	32	(287,210,901)	(194,771,159)
Profit before income tax		<u>804,309,684</u>	<u>1,032,966,008</u>
Income tax expense	33	(234,053,074)	(296,817,363)
Profit for the year		<u>₩ 570,256,610</u>	<u>₩ 736,148,645</u>
Profit attributable to owners of the Company		220,797,205	369,046,965
Profit attributable to non-controlling interests		349,459,405	367,101,680
Earnings per share attributable to the equity holders of the Company during the year	34		
Basic earnings per common share		<u>₩ 7,801</u>	<u>₩ 13,147</u>
Diluted earnings per common share		<u>₩ 7,772</u>	<u>₩ 13,142</u>
Basic earnings per preferred share		<u>₩ 7,851</u>	<u>₩ 13,197</u>
Diluted earnings per preferred share		<u>₩ 7,822</u>	<u>₩ 13,192</u>

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

CJ Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2012 and 2011

<i>(in thousands of Korean won)</i>	Notes	2012	2011
Profit for the year		₩ 570,256,610	₩ 736,148,645
Other comprehensive income			
Change in value of available-for-sale financial assets		(18,016,437)	(471,267,321)
Share of other comprehensive loss of associates and jointly controlled entities		(7,408,028)	(5,918,888)
Translation of foreign currency financial statements		(99,731,379)	34,125,032
Gains on valuation of derivative instruments	9	2,166,345	1,230,778
Actuarial loss on post employment benefit obligations	21	(50,640,970)	(26,965,007)
Other comprehensive loss for the year		<u>(173,630,469)</u>	<u>(468,795,406)</u>
Total comprehensive income for the year		<u>₩ 396,626,141</u>	<u>₩ 267,353,239</u>
Attributable to :			
Equity holders of the Company		96,034,360	19,734,639
Non-controlling interests		300,591,781	247,618,600

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

CJ Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
Years Ended December 31, 2012 and 2011

		Attributable to equity holders of the Company							
		Paid-in capital		Other	Retained			Non-controlling	
		in excess of par	value	components of	earnings	Total	interests	Total Equity	
<i>(in thousands of Korean won)</i>	Notes	Capital stock		equity					
Balances at January 1, 2011		₩ 156,895,975	₩ 974,696,756	₩ 432,424,081	₩1,564,147,493	₩ 3,128,164,305	₩ 2,883,141,874	₩6,011,306,179	
Comprehensive income									
Profit for the year		-	-	-	369,046,965	369,046,965	367,101,680	736,148,645	
Loss on valuation of available-for-sale financial assets		-	-	(346,095,570)	-	(346,095,570)	(125,171,751)	(471,267,321)	
Share of other comprehensive loss of associates and jointly controlled entities		-	-	(2,046)	-	(2,046)	(5,916,842)	(5,918,888)	
Translation of foreign currency financial statements		-	-	11,475,295	-	11,475,295	22,649,737	34,125,032	
Gain on valuation of derivative instruments	9	-	-	794,847	-	794,847	435,931	1,230,778	
Actuarial loss on post employment benefit obligations	21	-	-	-	(15,484,852)	(15,484,852)	(11,480,155)	(26,965,007)	
Total comprehensive income for the year		-	-	(333,827,474)	353,562,113	19,734,639	247,618,600	267,353,239	
Transactions with equity holders of the Company									
Issuance of common stock due to exercise of share options		94,160	1,104,109	(289,481)	-	908,788	-	908,788	
Share-based payments		-	-	1,710,505	-	1,710,505	-	1,710,505	
Disposal of treasury stocks		-	-	24,264,200	-	24,264,200	-	24,264,200	
Cash dividends	35	-	-	-	(22,451,376)	(22,451,376)	(44,158,187)	(66,609,563)	
Others		-	-	690,293	-	690,293	(751,212)	(60,919)	
Non-controlling interests arising on business combination		-	-	-	-	-	1,713,909,563	1,713,909,563	
Changes in ownership interests in subsidiaries without change of control	39	-	-	(91,891,887)	-	(91,891,887)	(296,856,546)	(388,748,433)	
Total transaction with equity holders of the Company		94,160	1,104,109	(65,516,370)	(22,451,376)	(86,769,477)	1,372,143,618	1,285,374,141	
Balances at December 31, 2011		₩ 156,990,135	₩ 975,800,865	₩ 33,080,237	₩1,895,258,230	₩ 3,061,129,467	₩ 4,502,904,092	₩7,564,033,559	

CJ Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
Years Ended December 31, 2012 and 2011

(in thousands of Korean won)	Notes	Attributable to equity holders of the Company				Total	Non-controlling interests	Total Equity
		Capital stock	Paid-in capital in excess of par value	Other components of equity	Retained earnings			
Balances at January 1, 2012		₩ 156,990,135	₩ 975,800,865	₩ 33,080,237	₩1,895,258,230	₩ 3,061,129,467	₩ 4,502,904,092	₩7,564,033,559
Comprehensive income								
Profit for the year		-	-	-	220,797,205	220,797,205	349,459,405	570,256,610
Gain(loss) on valuation of available-for-sale financial assets		-	-	(60,000,977)	-	(60,000,977)	41,984,540	(18,016,437)
Share of other comprehensive loss of associates and jointly controlled entities		-	-	(2,649,454)	-	(2,649,454)	(4,758,574)	(7,408,028)
Translation of foreign currency financial statements		-	-	(39,185,412)	-	(39,185,412)	(60,545,967)	(99,731,379)
Gain on valuation of derivative instruments	9	-	-	596,048	-	596,048	1,570,297	2,166,345
Actuarial loss on post employment benefit obligations	21	-	-	-	(23,523,050)	(23,523,050)	(27,117,920)	(50,640,970)
Total comprehensive income for the year		-	-	(101,239,795)	197,274,155	96,034,360	300,591,781	396,626,141
Transactions with equity holders of the Company								
Issuance of common stock due to exercise of share options		115,295	1,719,806	(412,863)	-	1,422,238	-	1,422,238
Share-based payments		-	-	276,493	-	276,493	-	276,493
Cash dividends	35	-	-	-	(18,494,706)	(18,494,706)	(36,067,397)	(54,562,103)
Others		-	-	433,384	-	433,384	396,394	829,778
Issuance of hybrid bond	28	-	-	(1,724,471)	-	(1,724,471)	200,000,000	198,275,529
Non-controlling interests arising on business combination		-	-	-	-	-	20,988,503	20,988,503
Changes in ownership interests in subsidiaries without change of control	39	-	-	39,491,728	-	39,491,728	216,676,323	256,168,051
Total transaction with equity holders of the Company		115,295	1,719,806	38,064,271	(18,494,706)	21,404,666	401,993,823	423,398,489
Balances at December 31, 2012		₩ 157,105,430	₩ 977,520,671	₩ (30,095,287)	₩2,074,037,679	₩ 3,178,568,493	₩ 5,205,489,696	₩ 8,384,058,189

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

CJ Corporation and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2012 and 2011

<i>(in thousands of Korean won)</i>	Notes	2012	2011
Cash flows from operating activities			
Cash generated from operations	36	₩ 1,919,294,697	₩ 904,275,691
Income tax paid		(356,315,303)	(334,586,738)
Net cash generated from operating activities		<u>1,562,979,394</u>	<u>569,688,953</u>
Cash flows from investing activities			
Decrease(increase) in financial instruments, net		(272,705,870)	303,607,191
Decrease in loans receivable		84,474,712	114,761,663
Increase in loans receivable		(161,068,120)	(91,467,921)
Proceeds from disposal of available-for-sale financial assets		167,821,479	372,913,790
Purchase of available-for-sale financial assets	14	(49,372,293)	(14,833,925)
Proceeds from disposal of associates and jointly controlled entities		56,190,641	2,978,335
Acquisition of associates and jointly controlled entities	15	(39,312,103)	(100,137,726)
Proceeds from disposal of property, plant and equipment		53,258,803	37,777,717
Purchase of property, plant and equipment		(1,517,558,854)	(1,188,701,685)
Proceeds from disposal of intangible assets		691,982	16,970,471
Purchase of intangible assets		(725,242,056)	(529,267,758)
Proceeds from disposal of investment property		20,958,036	10,134,437
Purchase of investment property		(82,617,308)	(41,075,094)
Decrease in derivative instruments		25,075,150	56,125,846
Increase in derivative instruments		(47,684,355)	(35,757,700)
Proceeds from disposal of other financial assets		200,168,659	116,015,142
Purchase of other financial assets		(112,496,526)	(70,325,061)
Proceeds from disposal of other assets		1,029,497	530,202
Purchase of other assets		(3,344,755)	(24,473,464)
Proceeds from disposal of subsidiaries		6,668,124	1,330,276
Acquisition of subsidiaries, net of cash acquired		(145,657,540)	(1,636,707,511)
Interest received		64,449,743	51,286,634
Dividends received		18,136,613	27,520,716
Net cash used in investing activities		<u>(2,458,136,341)</u>	<u>(2,620,795,425)</u>

CJ Corporation and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2012 and 2011

<i>(in thousands of Korean won)</i>	Notes	2012	2011
Cash flows from financing activities			
Proceeds from issuance of short-term borrowings		₩ 6,602,567,332	₩ 8,362,218,210
Repayment of short-term borrowings		(7,400,151,037)	(8,113,289,810)
Proceeds from issuance of non-current borrowings		1,282,167,605	1,562,210,869
Repayment of non-current borrowings		(466,110,490)	(146,856,996)
Proceeds from issuance of debentures		1,122,365,367	1,285,273,067
Repayment of debentures		(514,706,238)	(312,180,600)
Increase in deposits received for initiation fee		21,960,000	4,620,000
Decrease in deposits received for initiation fee		(21,526,270)	(16,000,570)
Decrease in derivative instruments		-	(475,400)
Proceeds from exercise of share options		1,422,239	908,788
Increase in non-controlling interests		481,065,695	72,970,005
Decrease in non-controlling interests		(69,163,495)	(188,040,988)
Dividends paid to non-controlling interests		(36,067,397)	(44,158,187)
Interest paid		(294,835,696)	(161,923,040)
Dividends paid	35	(18,494,706)	(22,451,376)
Change from other financing activities		(2,334,952)	(983,986)
Net cash provided by financing activities		<u>688,157,957</u>	<u>2,281,839,986</u>
Net increase(decrease) in cash and cash equivalents		<u>(206,998,990)</u>	<u>230,733,514</u>
Cash and cash equivalents at the beginning of year		1,446,607,500	1,207,683,096
Exchange gains(losses) on cash and cash equivalents		(39,630,184)	8,562,001
Cash and cash equivalents at the end of year		<u>1,199,978,326</u>	<u>1,446,978,611</u>
Net increase(decrease) in cash and cash equivalents of held-for-sale investments classified as disposal groups		<u>24,754,735</u>	<u>(371,111)</u>
Cash and cash equivalents on the consolidated statement of financial position at the end of year		<u>₩ 1,224,733,061</u>	<u>₩ 1,446,607,500</u>

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

CJ Corporation and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2012 and 2011

1. General Information

CJ Corporation (the "Company") and 70 domestic entities, including CJ CheilJedang Corporation, and 126 foreign entities, including PT CheilJedang Indonesia, (the "Subsidiaries")(collectively referred to as the "Group") with its equity method investments in Kumho Resort Co., Ltd. and other 90 entities, prepare its consolidated financial statements in accordance with Korean IFRS 1027, *Consolidated and Separate Financial Statement*.

CJ Corporation (the "Company") was incorporated in 1953 with capital of ₩2 million. The Company was listed in the Korean Stock Exchange in 1973 and on September 1, 2007, the Company executed the split-off of its investments in subsidiaries and manufacturing divisions. Consequently, the Company became to a holding company managing investments.

As of December 31, 2012, capital stock amounts to ₩157,105 million, and its majority shareholder is Mr. Lee Jae Hyun, who owns 42.30% of the issued shares.

Subsidiaries included in the consolidated financial statements as of December 31, 2012, are as follows:

Subsidiaries	Percentage of ownership (%)	Location	Closing month of accounting year	Division
CJ CheilJedang Corporation ¹	38.00	Korea	December	Food&food service, bio&pharma
CJ Freshway Corporation	51.63	Korea	December	Food&food service
CJ Foodville Corp.	96.29	Korea	December	Food&food service
Sinuido Solar Salt Corporation	88.03	Korea	December	Food&food service
CJ Dondonfarm Co., Ltd. (formerly Superfeed Co., Ltd.)	99.99	Korea	December	Food&food service
CJ Seafood Corporation ¹	46.52	Korea	December	Food&food service
CJ MD1 Co., Ltd.	100.00	Korea	December	Food&food service
CJ N City Co., Ltd.	100.00	Korea	December	Food&food service
Youngwoo Frozen Foods Co., Ltd.	100.00	Korea	December	Food&food service
Wonji Co., Ltd.	100.00	Korea	December	Food&food service
Hanwon Co., Ltd.	100.00	Korea	December	Food&food service
CJ O Shopping Co., Ltd. ¹	41.32	Korea	December	Homeshopping&logistics
CJ Telenix Co., Ltd.	100.00	Korea	December	Homeshopping&logistics
CJ GLS Inc.	99.84	Korea	December	Homeshopping&logistics
CJ Olive Young Corporation	100.00	Korea	December	Homeshopping&logistics
E&C Infra Co., Ltd.	100.00	Korea	December	Homeshopping&logistics
CJ Korea Express Corporation (formerly Korea Express Co., Ltd.)	52.70	Korea	December	Homeshopping&logistics
CJ Korea Express Busan Container Terminal Corporation (formerly Korea Express Busan Container Terminal Co., Ltd.)	66.04	Korea	December	Homeshopping&logistics
CJ Korea express Busan Newport Distripark Co., Ltd. (formerly Korea express Busan Newport Distripark Co., Ltd.)	84.36	Korea	December	Homeshopping&logistics

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2012 and 2011

Subsidiaries	Percentage of ownership (%)	Location	Closing month of accounting year	Division
CJ Korea Express Incheon Container Terminal Corporation (formerly Korea Express Incheon Container Terminal Co., Ltd.)	100.00	Korea	December	Homeshopping&logistics
Korea Integrated Freight Terminal Co., Ltd.	88.89	Korea	December	Homeshopping&logistics
Jung-bu Integrated Freight Terminal Co., Ltd.	55.79	Korea	December	Homeshopping&logistics
PECT New Container Terminal Co., Ltd.	90.00	Korea	December	Homeshopping&logistics
CJ Educations Corporation	70.00	Korea	December	Homeshopping&logistics
Korea Express SB Co., Ltd.	70.00	Korea	December	Homeshopping&logistics
O Trend Lab Co., Ltd.	100.00	Korea	December	Homeshopping&logistics
CJ HelloVision Co., Ltd.	60.29	Korea	December	Entertainment&media
Superace Co., Ltd.	98.79	Korea	December	Entertainment&media
CJ Powercast Inc.	60.00	Korea	December	Entertainment&media
Primus Cinema Inc.	100.00	Korea	December	Entertainment&media
CJIG. Co., Ltd.	100.00	Korea	December	Entertainment&media
Anipark Co., Ltd.	52.54	Korea	December	Entertainment&media
CJ CGV Co., Ltd. ¹	40.05	Korea	December	Entertainment&media
CJ 4DPLEX Co., Ltd.	92.72	Korea	December	Entertainment&media
Goodconcert Co., Ltd.	100.00	Korea	December	Entertainment&media
International Media Genius Co., Ltd.	100.00	Korea	December	Entertainment&media
KM TV Co., Ltd.	100.00	Korea	December	Entertainment&media
Seed9 Games Corp.	53.01	Korea	December	Entertainment&media
Mediaweb Inc.	68.84	Korea	December	Entertainment&media
Korea Baduk Television. Inc.	66.21	Korea	December	Entertainment&media
Orion Cinema Network, Co., Ltd.	90.27	Korea	December	Entertainment&media
On Game Network Inc.	86.73	Korea	December	Entertainment&media
CJ HelloVision Youngdong Broadcasting System Co., Ltd.	100.00	Korea	December	Entertainment&media
CJ HelloVision Daegu Suseong Broadcasting Co., Ltd.	100.00	Korea	December	Entertainment&media
CJ HelloVision Daegu Donggu Broadcasting Co., Ltd.	100.00	Korea	December	Entertainment&media
CJ HelloVision Ara Broadcasting Co., Ltd.	100.00	Korea	December	Entertainment&media
CJ E&M Corporation ¹	40.59	Korea	December	Entertainment&media
CJ Game Lab Corp.	81.82	Korea	December	Entertainment&media
CJ NGC Korea Co., Ltd.	67.00	Korea	December	Entertainment&media
CJC the First Asset Securitization Specialty Co., Ltd. ²	1.00	Korea	December	Entertainment&media
CJ CATV 2nd Co., Ltd. ²	-	Korea	December	Entertainment&media
Gyeongpo Engineering Co., Ltd. ³	66.70	Korea	December	Entertainment&media
Myungsung Enterprise Co., Ltd. ³	100.00	Korea	December	Entertainment&media
Korea Pohang Cable TV Co., Ltd. ³	100.00	Korea	December	Entertainment&media
Okmyung Development Co., Ltd. ³	100.00	Korea	December	Entertainment&media
Pohang Total Cable Broadcasting Co., Ltd. ³	97.46	Korea	December	Entertainment&media
CJ HelloVision Silla Broadcasting Co., Ltd.	100.00	Korea	December	Entertainment&media
AZworks Inc.	74.12	Korea	December	Entertainment&media
Nurien soft Co., Ltd.	52.00	Korea	December	Entertainment&media

CJ Corporation and Subsidiaries
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Subsidiaries	Percentage of ownership (%)	Location	Closing month of accounting year	Division
N2play Co., Ltd.	51.00	Korea	December	Entertainment&media
CJ Games Corporation	50.13	Korea	December	Entertainment&media
TurnOn Games Co., Ltd.	100.00	Korea	December	Entertainment&media
Rada Studio Co., Ltd.	100.00	Korea	December	Entertainment&media
Mezzomedia Inc.	51.00	Korea	December	Entertainment&media
Embargo Inc.	51.00	Korea	December	Entertainment&media
Crealab Co., Ltd.	100.00	Korea	December	Entertainment&media
CJ Systems Co., Ltd.	66.32	Korea	December	Infrastructure
CJ Engineering & Construction Corp.	99.94	Korea	December	Infrastructure
HB PFV Co., Ltd.	82.46	Korea	December	Infrastructure
CJ Venture Investment No.13 - New Industry	95.00	Korea	December	Infrastructure
CJ America Inc.	100.00	USA	December	Food&food service, bio&pharma
CJ Omni, Inc.	100.00	USA	December	Food&food service
Tous Les Jours International Corp.	100.00	USA	December	Food&food service
CJ Bakery, Inc.	100.00	USA	December	Food&food service
TMI Trading Corp.	80.00	USA	December	Food&food service
Twin Marquis Inc.	80.00	USA	December	Food&food service
Chef One Corporation	80.00	USA	December	Food&food service
CJ 500 South State College, Inc.	100.00	USA	December	Food&food service
CJ Cheiljedang Mexico, S.A. DE C.V.	100.00	Mexico	December	Food&food service
CJ Bakery Vietnam Co., Ltd.	100.00	Vietnam	December	Food&food service
Fides Food System Co., Ltd.	100.00	Vietnam	December	Food&food service
CJ Foodville Asia Pte. Ltd.	100.00	Singapore	December	Food&food service
CJ Se Asia Pte. Ltd.	100.00	Singapore	December	Food&food service
CJ Food Europe Ltd.	100.00	UK	December	Food&food service
CJ Pharma Research India Ltd.	100.00	India	December	Food&food service
PT CJ CheilJedang Lestari	75.00	Indonesia	December	Food&food service
CJ Foodville Japan Co., Ltd.	99.85	Japan	December	Food&food service
CJ Japan Corp.	100.00	Japan	December	Food&food service
CJ Food Service(Shanghai) Co., Ltd.	100.00	China	December	Food&food service
CJ Beijing Beverage & Foods Co., Ltd.	100.00	China	December	Food&food service
CJ Qingdao Foods Co., Ltd.	100.00	China	December	Food&food service
CJ Beijing Bakery Co., Ltd.	100.00	China	December	Food&food service
CJ DCH Guangdong Frozen Food Co., Ltd.	60.00	China	December	Food&food service
CJ-Yihai(Kunshan) Foodstuffs Co., Ltd. ¹	50.00	China	December	Food&food service
CJ Freshway Qingdao Corporation	100.00	China	December	Food&food service
Shanghai Blue Wish Catering Service Co., Ltd.	79.00	China	December	Food&food service
CJ Foodville Shanghai Corp.	100.00	China	December	Food&food service
CJ Nutracon Pty.	100.00	Australia	December	Food&food service
CJ Act Pty. Ltd.	74.90	Australia	December	Food&food service
CJ Europe GmbH	100.00	Germany	December	Bio&pharma
CJ Bio Malaysia Sdn. Bhd.	86.00	Malaysia	December	Bio&pharma

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Subsidiaries	Percentage of ownership (%)	Location	Closing month of accounting year	Division
CJ Bio America Inc.	100.00	USA	December	Bio&pharma
CJ Vina Agri Co., Ltd.	100.00	Vietnam	December	Bio&pharma
CJ Vina Food Co., Ltd.	100.00	Vietnam	December	Bio&pharma
CJ DO Brazil Ind. Com. Prod. Alim. Ltda.	100.00	Brazil	December	Bio&pharma
CJ Feed India Private Ltd.	100.00	India	December	Bio&pharma
PT CheilJedang Indonesia	100.00	Indonesia	December	Bio&pharma
PT CheilJedang Superfeed	100.00	Indonesia	December	Bio&pharma
PT CJ Feed Jombang	100.00	Indonesia	December	Bio&pharma
PT Agrobis Panca Ekatama	100.00	Indonesia	December	Bio&pharma
PT Super Unggas Jaya	100.00	Indonesia	December	Bio&pharma
CJ Changsha Feed Co., Ltd.	100.00	China	December	Bio&pharma
CJ Shenyang Feed Co., Ltd.	100.00	China	December	Bio&pharma
CJ Tianjin Feed Co., Ltd.	100.00	China	December	Bio&pharma
CJ Harbin Feed Co., Ltd.	100.00	China	December	Bio&pharma
CJ Qingdao Feed Co., Ltd.	100.00	China	December	Bio&pharma
CJ Liaocheng Biotech Co., Ltd.	100.00	China	December	Bio&pharma
CJ Zhengzhou Feed Co., Ltd.	100.00	China	December	Bio&pharma
CJ Nanjing Feed Co., Ltd.	100.00	China	December	Bio&pharma
CJ Chengdu Feed Co., Ltd.	100.00	China	December	Bio&pharma
CJ (Shenyang) Biotech Co., Ltd. (formerly Shenyang Jilong Corn Biotech Co., Ltd.)	100.00	China	December	Bio&pharma
CJ China, Ltd.	100.00	China	December	Bio&pharma
Liaocheng Lantian Cogeneration Plant Co., Ltd.	100.00	China	December	Bio&pharma
CJ International Trading Co., Ltd.	100.00	China	December	Bio&pharma
CJ (Changchun) Feed Co., Ltd.	100.00	China	December	Bio&pharma
CJ (Liaocheng) Feed Co., Ltd.	100.00	China	December	Bio&pharma
CJ Philippines, Inc.	70.00	Philippines	December	Bio&pharma
CJ Global Holdings Ltd.	100.00	Hong kong	December	Bio&pharma
CJ GLS Europe B.V.	100.00	Netherlands	December	Homeshopping&logistics
Korea Express Europe GmbH	100.00	Germany	December	Homeshopping&logistics
Water Pipeline Works Limited	100.00	Libya	December	Homeshopping&logistics
CJ GLS Malaysia Sdn. Bhd.	100.00	Malaysia	December	Homeshopping&logistics
EC Distribution Sdn. Bhd.	100.00	Malaysia	December	Homeshopping&logistics
EC Service Enterprise Sdn. Bhd.	100.00	Malaysia	December	Homeshopping&logistics
Supply Chain Services Sdn. Bhd.	100.00	Malaysia	December	Homeshopping&logistics
CJ GLS Forwarding Malaysia Sdn. Bhd.	100.00	Malaysia	December	Homeshopping&logistics
CJ GLS Central America, S.A. DE C.V.	99.90	Mexico	December	Homeshopping&logistics
CJ GLS America, Inc.	100.00	USA	December	Homeshopping&logistics
Korea Express U.S.A. Inc.	100.00	USA	December	Homeshopping&logistics
CJ GLS Vietnam Co., Ltd.	100.00	Vietnam	December	Homeshopping&logistics
CJ GLS (VN) Freight Co., Ltd.	100.00	Vietnam	December	Homeshopping&logistics
CJ IMC Vietnam Co., Ltd.	100.00	Vietnam	December	Homeshopping&logistics
Conpac Warehousing Pte. Ltd.	100.00	Singapore	December	Homeshopping&logistics

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Subsidiaries	Percentage of ownership (%)	Location	Closing month of accounting year	Division
CJ GLS Asia Pte. Ltd.	100.00	Singapore	December	Homeshopping&logistics
CJ Korea Express India Private Limited (formerly CJ GLS Logistics India Private Limited)	100.00	India	December	Homeshopping&logistics
PT CJ GLS Indonesia	95.00	Indonesia	December	Homeshopping&logistics
CJ Prime Shopping Inc.	62.62	Japan	December	Homeshopping&logistics
Korea Express Japan Co., Ltd.	100.00	Japan	December	Homeshopping&logistics
CJ IMC Co., Ltd.	100.00	China	December	Homeshopping&logistics
CJ GLS China (Shanghai) Ltd.	100.00	China	December	Homeshopping&logistics
CJ GLS (Shenzhen) Co., Ltd.	100.00	China	December	Homeshopping&logistics
CJ GLS Inc. (Qingdao, China)	100.00	China	December	Homeshopping&logistics
Shanghai CJ Freight Forwarding Co., Ltd.	100.00	China	December	Homeshopping&logistics
Korea Express Tianjin Co., Ltd.	100.00	China	December	Homeshopping&logistics
Kumho Logistics Shanghai Co., Ltd.	100.00	China	December	Homeshopping&logistics
Korea Express Shanghai Co., Ltd.	100.00	China	December	Homeshopping&logistics
CJ Korea Express Dongguan Co., Ltd.	100.00	China	December	Homeshopping&logistics
CJ Olive Young Corporation	100.00	China	December	Homeshopping&logistics
CJ GLS(Thailand) Co., Ltd.	100.00	Thailand	December	Homeshopping&logistics
CJ IMC (Thailand) Co., Ltd.	100.00	Thailand	December	Homeshopping&logistics
CJ IMC Pazarlama Ve Ticaret Ltd., Sti.	100.00	Turkey	December	Homeshopping&logistics
CJ GLS Philippines Inc.	100.00	Philippines	December	Homeshopping&logistics
CJ GLS Philippines VMI Warehouse Inc.	100.00	Philippines	December	Homeshopping&logistics
CJ GLS (Hong Kong) Ltd.	100.00	Hongkong	December	Homeshopping&logistics
CMI Holdings Limited	100.00	Hongkong	December	Homeshopping&logistics
Korea Express Hong Kong Co., Ltd.	100.00	Hongkong	December	Homeshopping&logistics
Imagin Asian Entertainment, Inc.	70.52	USA	December	Entertainment&media
CJ CGV America LA L.L.C.	100.00	USA	December	Entertainment&media
CJ E&M America Inc. (formerly CJ CGV America Holdings, Inc.)	100.00	USA	December	Entertainment&media
CJ Entertainment America L.L.C.	100.00	USA	December	Entertainment&media
CJ Theater LA Holdings, Inc.	100.00	USA	December	Entertainment&media
CJ Games Global Corporation	100.00	USA	December	Entertainment&media
Envoy Media Partners Ltd.	94.40	Virgin Islands	December	Entertainment&media
Megastar Media Co., Ltd.	80.00	Vietnam	December	Entertainment&media
Vietnam Cinema 1 Company Limited	80.00	Vietnam	December	Entertainment&media
PT CJ Internet Indonesia	99.00	Indonesia	December	Entertainment&media
CJ Entertainment Japan Inc.	60.00	Japan	December	Entertainment&media
CJ Internet Japan Co., Ltd.	55.00	Japan	December	Entertainment&media
CJ E&M Japan, Inc. (formerly CJ Media Japan, Inc.) ¹	45.71	Japan	December	Entertainment&media
CJ E&M Broadcasting Inc.	100.00	Japan	December	Entertainment&media
Shanghai CJ CGV Media Consulting Co., Ltd.	100.00	China	December	Entertainment&media
CJ Century Entertainment & Media Consulting Co., Ltd.	100.00	China	December	Entertainment&media
CGV (Shen Yang) Film Investment Management Co.,	100.00	China	December	Entertainment&media

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Subsidiaries	Percentage of ownership (%)	Location	Closing month of accounting year	Division
Ltd.				
Panjin CJ CGV Film Investment Management Co., Ltd.	100.00	China	December	Entertainment&media
CJ CGV (Harbin) International Cinema Co., Ltd.	100.00	China	December	Entertainment&media
CGV (Shang Hai) Film Culture Consulting Co., Ltd.	100.00	China	December	Entertainment&media
Shanghai C Media Co., Ltd.	100.00	China	December	Entertainment&media
CJ E&M Tianjin Co., Ltd.	100.00	China	December	Entertainment&media
CGV(Changsha) Cinema Co., Ltd.	100.00	China	December	Entertainment&media
Yantai CGV Cinema Co., Ltd.	100.00	China	December	Entertainment&media
CGV (Beijing) International Cinema Co., Ltd.	100.00	China	December	Entertainment&media
Stand Best Tech Co., Ltd.	86.14	Thailand	December	Entertainment&media
Joybomb Entertainment Technology Co., Ltd.	60.00	Taiwan	December	Entertainment&media
CJ CGI Holdings Ltd. (formerly CJ CGV Holdings Ltd.)	100.00	Hongkong	December	Entertainment&media
UVD Enterprise Ltd.	100.00	Hongkong	December	Entertainment&media
CJ E&C Malaysia Sdn. Bhd.	100.00	Malaysia	December	Infrastructure

¹ Although the Group owns less than 50% of the voting rights of entities, the percentage of shareholdings by the Group is significantly higher than those owned by any other shareholders and remaining shareholdings are widely spread among minority shareholders. It is clearly demonstrated that the Group has control as it exercised the majority voting rights in its decision-making processes.

² Although the Group owns less than 50% of the voting rights of entities, the Group is considered to have a control over entities, as entities are special purpose entities, and their operations are based on the specific business needs of the Company, and therefore, the Company obtains more than half of the benefits from entities' operations.

³ In 2011, in accordance with the approval of Board of directors and shareholders, these subsidiaries were classified as assets and liabilities held for sale. The sale transactions are expected to be completed within 2013.

The entities that are excluded from the consolidated subsidiaries although the Group owns more than majority of the voting rights as the Group is unable to exercise its voting rights by virtue of an agreement with other investors, are as follows (Note 15):

Subsidiaries	Percentage of ownership (%)
KOREX-SAIGON Logistics Co., Ltd.	66.25
KOREX PACKSIMEX Co., Ltd.	60.00
Ulsan Port Operating Co., Ltd.	51.54
Pohang Yeongilman Port Operating Co., Ltd.	51.00
Daesan Port Operating Co., Ltd.	51.00

CJ Corporation and Subsidiaries
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Summarized financial information of major consolidated subsidiaries as of and for the years ended December 31, 2012 and 2011, follows:

(in millions of Korean won)

Subsidiaries	December 31, 2012					
	Assets	Liabilities	Equity	Sales	Net income (loss)	Comprehen- sive income (loss)
CJ CheilJedang Corporation	₩6,376,700	₩ 3,663,799	₩ 2,712,901	₩ 4,671,189	₩ 179,833	₩ 216,801
CJ Freshway Corporation	598,577	477,164	121,413	1,759,771	9,306	7,628
CJ Foodville Corp.	397,191	357,153	40,038	855,251	878	(2,034)
CJ Seafood Corporation	84,020	45,001	39,019	166,841	5,694	5,598
CJ N City Co., Ltd.	53,650	24,550	29,100	118,251	3,855	2,977
Wonji Co., Ltd. ¹	60,163	40,452	19,711	81,344	2,260	2,147
CJ O Shopping Co., Ltd.	1,007,091	538,762	468,329	1,077,330	122,631	132,574
CJ GLS Inc.	1,355,744	754,140	601,604	1,242,637	(5,040)	(7,379)
CJ Olive Young Corporation	220,402	153,439	66,963	307,507	1,723	(30)
CJ Korea Express Corporation (formerly Korea Express Co., Ltd.)	2,970,388	679,337	2,291,051	2,492,867	71,864	67,415
CJ Korea Express Busan Container Terminal Corporation (formerly Korea Express Busan Container Terminal Co., Ltd.)	95,261	50,232	45,029	98,891	(16,695)	(16,627)
Korea Integrated Freight Terminal Co., Ltd.	578,198	412,213	165,985	137,298	12,695	12,684
Jung-bu Integrated Freight Terminal Co., Ltd.	124,646	100,392	24,254	8,590	(4,372)	(4,379)
PECT New Container Terminal Co., Ltd.	76,670	79,401	(2,731)	23,432	(3,842)	(3,842)
CJ HelloVision Co., Ltd.	1,519,162	735,457	783,705	774,101	75,854	75,605
CJ Powercast Inc.	54,190	17,814	36,376	76,490	7,602	6,909
CJ CGV Co., Ltd.	980,330	591,729	388,601	664,525	72,745	71,518
Orion Cinema Network Co., Ltd.	253,389	35,775	217,614	242,856	23,217	23,088
CJ HelloVision Ara Broadcasting Co., Ltd.	50,100	14,985	35,115	35,954	9,087	9,002
CJ E&M Corporation	1,843,029	682,344	1,160,685	1,058,040	(1,955)	(12,793)
CJC the First Asset Securitization Specialty Co., Ltd.	75,553	77,162	(1,609)	3,243	358	358
CJ CATV 2nd Co., Ltd.	87,064	87,022	42	4,108	981	981
Korea Pohang Cable TV Co., Ltd.	31,830	30,232	1,598	13,390	3,521	3,521
CJ HelloVision Silla Broadcasting Co., Ltd.	50,414	32,591	17,823	31,898	5,499	5,333
CJ Games Corporation	66,560	6,285	60,275	587	(3,188)	(2,459)
CJ Systems Co., Ltd.	197,816	141,834	55,982	210,959	10,891	9,587
CJ Engineering & Construction Corp.	612,370	513,243	99,127	298,921	(34,220)	(35,079)
HB PFV Co., Ltd.	69,098	63,987	5,111	-	(7,451)	(7,451)
CJ America Inc.	150,083	132,118	17,965	259,770	118	(1,258)
CJ Japan Corp.	90,956	85,265	5,691	104,016	905	(133)
CJ Europe GmbH	140,149	130,262	9,887	370,707	685	164
CJ Bio Malaysia Sdn. Bhd.	76,068	11,634	64,434	-	(1,149)	(3,984)
CJ Bio America Inc.	270,182	255,595	14,587	-	(2,058)	(2,987)
CJ Vina Agri Co., Ltd.	59,904	27,336	32,568	190,716	8,823	6,820
CJ DO Brazil Ind. Com. Prod. Alim. Ltda.	228,905	205,824	23,081	204,575	(5,289)	(3,880)

CJ Corporation and Subsidiaries

Notes to Consolidated Financial Statements

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(in millions of Korean won)

Subsidiaries	December 31, 2012					
	Assets	Liabilities	Equity	Sales	Net income (loss)	Comprehen- sive income (loss)
PT CheilJedang Indonesia	₩ 941,667	₩ 340,881	₩ 600,786	₩ 815,102	₩ 94,120	₩ 64,333
PT CheilJedang Superfeed	127,409	106,689	20,720	203,011	5,992	3,163
PT CJ Feed Jombang	84,044	61,740	22,304	198,283	9,425	6,749
CJ Liaocheng Biotech Co., Ltd.	368,865	125,150	243,715	354,192	35,048	20,725
CJ (Shenyang) Biotech Co., Ltd. (formerly Shenyang Jilong Corn Biotech Co., Ltd.)	595,036	445,862	149,174	138,124	(6,804)	(15,697)
CJ China, Ltd.	469,841	457,531	12,310	409,091	890	-
Liaocheng Lantian Congeneration Plant Co., Ltd.	52,717	20,687	32,030	50,414	8,884	7,099
CJ Global Holdings Ltd.	244,386	215,915	28,471	-	(1,012)	(3,135)
CJ GLS Asia Pte. Ltd.	110,743	68,386	42,357	76,206	3,200	2,617
CJ CGI Holdings Ltd. (formerly CJ CGV Holdings Ltd.)	69,016	35,667	33,349	327	(14,647)	(16,850)

¹ A subsidiary newly included in consolidated financial statements in 2012 and whose sales and net income incurred subsequent to the acquisition date are presented.

(in millions of Korean won)

Subsidiaries	December 31, 2011					
	Assets	Liabilities	Equity	Sales	Net income (loss)	Comprehen- sive income (loss)
CJ CheilJedang Corporation	₩ 6,084,056	₩ 3,634,720	₩ 2,449,336	₩ 4,421,058	₩ 158,548	₩ (39,401)
CJ Freshway Corporation	404,380	302,826	101,554	1,511,599	15,068	13,381
CJ Foodville Corp.	306,193	264,122	42,071	790,020	(16,882)	(21,450)
CJ Seafood Corporation	71,628	38,541	33,087	125,366	3,733	3,222
CJ N City Co., Ltd.	49,133	23,009	26,124	104,794	1,816	900
CJ O Shopping Co., Ltd.	905,551	557,860	347,691	894,724	88,413	90,216
CJ GLS Inc.	1,341,998	679,735	662,263	1,046,151	19,615	17,479
CJ Olive Young Corporation	146,673	80,349	66,324	211,916	6,028	(2,173)
CJ Korea Express Corporation (formerly Korea Express Co., Ltd.) ¹	2,930,160	706,523	2,223,637	-	-	-
CJ Korea Express Busan Container Terminal Corporation (formerly Korea Express Busan Container Terminal Co., Ltd.) ¹	108,575	46,919	61,656	-	-	-
Korea Integrated Freight Terminal Co., Ltd. ¹	528,177	374,860	153,317	-	-	-
Jung-bu Integrated Freight Terminal Co., Ltd. ¹	128,254	101,610	26,644	-	-	-
PECT New Container Terminal Co., Ltd. ¹	93,645	92,534	1,111	-	-	-
CJ HelloVision Co., Ltd.	1,086,640	557,302	529,338	581,944	76,357	77,310
CJ Powercast Inc.	47,357	17,890	29,467	69,679	9,021	8,796
CJ CGV Co., Ltd.	904,985	581,578	323,407	547,801	38,611	36,930
Orion Cinema Network Co., Ltd.	231,598	37,566	194,032	222,297	22,189	22,469

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(in millions of Korean won)

Subsidiaries	December 31, 2011					
	Assets	Liabilities	Equity	Sales	Net income (loss)	Comprehen- sive income (loss)
CJ HelloVision Ara Broadcasting Co., Ltd.	₩ 38,088	₩ 11,975	₩ 26,113	₩ 25,063	₩ 3,325	₩ 3,332
CJ E&M Corporation	1,822,676	688,696	1,133,980	818,438	15,992	16,157
CJC the First Asset Securitization Specialty Co., Ltd.	91,731	93,699	(1,968)	4,133	370	370
CJ CATV 2nd Co., Ltd.	101,625	102,564	(939)	4,062	4	4
Korea Pohang Cable TV Co., Ltd. ¹	56,462	58,517	(2,055)	9,015	2,789	2,792
CJ HelloVision Silla Broadcasting Co., Ltd. ¹	46,633	34,143	12,490	20,393	4,695	4,695
CJ Games Corporation	23,277	1	23,276	-	4	4
CJ Systems Co., Ltd.	156,839	110,445	46,394	188,901	6,255	5,377
CJ Engineering & Construction Corp.	564,067	429,862	134,205	217,405	(746)	(629)
HB PFV Co., Ltd.	71,465	52,651	18,814	564	(506)	(506)
CJ America Inc.	79,496	60,273	19,223	274,086	184	416
CJ Japan Corp.	110,609	104,785	5,824	115,551	1,140	1,490
CJ Europe GmbH	95,932	86,208	9,724	370,168	3,356	3,169
CJ Bio Malaysia Sdn. Bhd.	7,259	-	7,259	-	-	-
CJ Vina Agri Co., Ltd.	51,934	26,186	25,748	162,995	6,585	5,450
CJ DO Brazil Ind. Com. Prod. Alim. Ltda.	227,808	233,778	(5,970)	188,331	(29,961)	(30,488)
PT CheilJedang Indonesia	766,609	407,984	358,625	722,377	87,766	94,744
PT CheilJedang Superfeed	126,541	108,985	17,556	169,775	3,527	3,601
PT CJ Feed Jombang	66,561	51,006	15,555	161,886	5,027	5,096
CJ Liaocheng Biotech Co., Ltd.	416,646	136,032	280,614	338,661	80,095	95,571
CJ (Shenyang) Biotech Co., Ltd. (formerly Shenyang Jilong Corn Biotech Co., Ltd.)	367,847	252,163	115,684	148	(2,228)	7,035
CJ China, Ltd.	421,424	409,115	12,309	370,885	1,088	1,287
Liaocheng Lantian Congeneration Plant Co., Ltd.	57,460	32,529	24,931	40,766	1,984	3,363
CJ Global Holdings Ltd.	260,161	228,555	31,606	-	(1,223)	(1,120)
CJ GLS Asia Pte. Ltd.	101,151	61,410	39,741	44,864	865	978
CJ CGI Holdings Ltd. (formerly CJ CGV Holdings Ltd.)	44,777	5,876	38,901	269	(8,711)	(8,644)

¹ Subsidiaries newly included in consolidated financial statements in 2011 and whose sales and net income(loss) incurred subsequent to the acquisition date are presented.

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Subsidiaries newly included in the consolidated financial statements for the year ended December 31, 2012, are as follows:

Location	Subsidiaries	Remark
Korea	Korea Express SB Co., Ltd.	Newly established
Korea	TurnOn Games Co., Ltd.	Newly established
Korea	Wonji Co., Ltd.	Acquisition
Korea	Hanwon Co., Ltd.	Acquisition
Korea	O Trend Lab Co., Ltd.	Newly established
Korea	Rada Studio Co., Ltd.	Newly established
Korea	Mezzomedia Inc.	Acquisition
Korea	Embargo Inc.	Acquisition
Korea	Crealab Co., Ltd.	Acquisition
USA	CJ Bio America Inc.	Newly established
USA	CJ Games Global Corporation	Newly established
USA	TMI Trading Corp.	Acquisition
USA	Twin Marquis Inc.	Acquisition
USA	Chef One Corporation	Acquisition
USA	CJ 500 South State College, Inc.	Newly established
China	CJ-Yihai(Kunshan) Foodstuffs Co., Ltd	Newly established
China	CJ Korea Express Dongguan Co., Ltd.	Acquisition
China	CJ Freshway Qingdao Corporation	Newly established
China	Shanghai C Media Co., Ltd.	Newly established
China	CJ Olive Young Corporation	Newly established
China	CJ E&M Tianjin Co., Ltd.	Newly established
China	CGV (Changsha) Cinema Co., Ltd.	Newly established
China	Yantai CGV Cinema Co., Ltd.	Newly established
China	CGV (Beijing) International Cinema Co., Ltd.	Newly established
China	Shanghai Blue Wish Catering Service Co., Ltd.	Acquisition
China	CJ Foodville Shanghai Corp.	Newly established
Thailand	CJ IMC (Thailand) Co., Ltd.	Newly established
Thailand	Stand Best Tech Co., Ltd.	Acquisition
Thailand	JoyBomb Entertainment Technology CO., Ltd.	Newly established
Indonesia	PT CJ Internet Indonesia	Newly established
Indonesia	PT CJ Cheiljedang Lestari	Newly established
Vietnam	Vietnam Cinema 1 Company Limited	Acquisition
Malaysia	CJ E&C Malaysia Sdn. Bhd.	Newly established
Mexico	CJ Cheiljedang Mexico, S.A. DE C.V.	Newly established
Turkey	CJ IMC Pazarlama Ve Ticaret Ltd., Sti.	Newly established
Australia	CJ ACT Pty. Ltd.	Newly established

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Subsidiaries excluded from the consolidated financial statements for the year ended December 31, 2012, are as follows:

Location	Subsidiaries	Remark
Korea	Dondonfarm Co., Ltd.	Merged
Korea	SA Management Co., Ltd.	Liquidated
Korea	Clipservice Inc.	Decrease in equity
Korea	CJ Sports Co., Ltd.	Liquidated
Korea	MBARO Inc.	Liquidated
Korea	Dongyang Cable Telecommunication Co., Ltd.	Liquidated
Korea	Wooseong Co., Ltd.	Merged
Korea	Jamstudio Co., Ltd.	Disposed
Malaysia	EC Logistics(M) Sdn. Bhd.	Liquidated
Malaysia	Kwik Enterprise Sdn. Bhd.	Liquidated
Malaysia	Quick Logistics(M) Sdn. Bhd.	Liquidated
USA	Lee Entertainment L.L.C.	Liquidated
China	Beijing Hasunjung CJ Food Co., Ltd.	Disposed

The Group disposed of its shares in certain subsidiaries and lost control. Consequently, the Group recognized gain on disposal of investment in subsidiaries of ₩1,534 million (2011: ₩1,908 million) and ₩368 million of loss on disposal of investment in subsidiaries as other non-operating income(expenses).

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation

The Group maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with the International Financial Reporting Standards as adopted by the Republic of Korea ("Korean IFRS"). The accompanying consolidated financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

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

The Group's consolidated financial statements for the annual period beginning on January 1, 2011, have been prepared in accordance with Korean IFRS. These are the standards, subsequent amendments and related interpretations issued by the International Accounting Standards Board ("IASB") that have been adopted by the Republic of Korea.

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The preparation of the consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

2.1.1 Changes in Accounting Policy and Disclosures

(a) New and amended standards adopted by the Group

The Group changed its accounting policy to present the operating income after deducting cost of sales, and selling and administrative expenses from revenue, in accordance with the amendment of Korean IFRS 1001, *Presentation of Financial Statements*.

The Group applies the accounting policy retroactively in accordance with the amended standards and the comparative consolidated statement of comprehensive income is restated by reflecting adjustments resulting from the retrospective application. As a result of the changes in the accounting policy, other non-operating income and expenses of ₩141,165 million and ₩216,577 million, respectively, for the year ended December 31, 2012 (2011: ₩156,216 million and ₩149,237 million, respectively), which include loss on disposal of property, plant and equipment, gain on disposal of investments in jointly controlled entities and associates and others, classified as operating income under the previous standard, were excluded from operating income. Consequently, operating income for the years ended December 31, 2012 and 2011, was higher by ₩75,412 million and lower by ₩6,979 million, respectively, as compared to the amounts under the previous standard. However, there is no material impact on net income and earnings per share for the years ended December 31, 2012 and 2011.

(b) New standards and interpretations not yet adopted

New standards, amendments and interpretations issued but not effective for the financial year beginning January 1, 2012, and not early adopted by the Group are as follows:

- Amendment of Korean IFRS 1001, *Presentation of Financial Statements*

Korean IFRS 1001, *Presentation of Financial Statements*, was amended to require other comprehensive income items to be presented into two groups on the basis of whether they are potentially reclassifiable to profit or loss subsequently. This is effective for annual periods beginning on or after July 1, 2012, with early adoption permitted. The Group is assessing the impact of application of the amended Korean IFRS 1001 on its consolidated financial statements as of the report date.

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- Amendments to Korean IFRS 1019, *Employee Benefits*

According to the amendments to Korean IFRS 1019, *Employee Benefits*, the use of a 'corridor' approach is no longer permitted, and therefore all actuarial gains and losses incurred are immediately recognized in other comprehensive income. All past service costs incurred from changes in pension plan are immediately recognized, and expected returns on interest costs and plan assets that used to be separately calculated are now changed to calculating net interest expense (income) by applying discount rate used in measuring defined benefit obligation in net defined benefit liabilities (assets). This amendment will be effective for annual periods beginning on or after January 1, 2013, and the Group is assessing the impact of application of the amended Korean IFRS 1019 on its consolidated financial statements as of the report date.

- Enactment of Korean IFRS 1113, *Fair Value Measurement*

Korean IFRS 1113, *Fair value measurement*, aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Korean IFRSs. Korean IFRS 1113 does not extend the use of fair value accounting but provides guidance on how it should be applied where its use is already required or permitted by other standards within the Korean IFRSs. This amendment will be effective for annual periods beginning on or after January 1, 2013, and the Group is assessing the impact of application of the amended Korean IFRS 1113 on its consolidated financial statements as of the report date.

- Enactment of Korean IFRS 1110, *Consolidated Financial Statements*

Korean IFRS 1110, *Consolidated Financial Statements*, builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included in the consolidated financial statements of the Controlling Company. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This enactment will be effective for annual periods beginning on or after January 1, 2013, and the Group is assessing the impact of application of the amended Korean IFRS 1110 on its consolidated financial statements as of the report date.

- Enactment of Korean IFRS 1111, *Joint Arrangements*

Korean IFRS 1111, *Joint Arrangements*, aims to reflect the substance of joint arrangements by focusing on the contractual rights and obligations that each party to the arrangement has rather than its legal form. Joint arrangements are classified as either joint operations or joint ventures. A joint operation is when joint operators have rights to the assets and obligations for the liabilities, and account for the assets, liabilities, revenues and expenses, while parties to the joint venture have rights to the net assets of the arrangement and account for their interest in the joint venture using the equity method. This enactment will be effective for annual periods beginning on or after January 1, 2013, and the Group is assessing the impact of application of the amended Korean IFRS 1111 on its consolidated financial statements as of the report date.

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- Enactment of Korean IFRS 1112, *Disclosures of Interests in Other Entities*

Korean IFRS 1112, *Disclosures of Interests in Other Entities*, provides the disclosure requirements for all forms of interests in other entities, including a subsidiary, a joint arrangement, an associate, a consolidated structured entity and an unconsolidated structured entity. This enactment will be effective for annual periods beginning on or after January 1, 2013, and the Group is assessing the impact of application of the amended Korean IFRS 1112 on its consolidated financial statements as of the report date.

2.2 Consolidation

The Group has prepared the consolidated financial statements in accordance with Korean IFRS1027, *Consolidated and Separate Financial Statements*.

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses the existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies and others.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is measured as the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interests in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and the resulting gain or loss is recognized in profit or loss.

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Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with Korean IFRS 1039, either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

Intercompany transactions, balances, income and expenses on transactions between the Group companies are eliminated. Unrealized losses are also eliminated after recognizing impairment of transferred assets. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions; that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

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The Group's share of post-acquisition profit or loss is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount as 'Other non-operating expenses' in the consolidated statement of income.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognized in profit or loss.

(e) Jointly controlled entities

A jointly controlled entity is a contractual arrangement whereby two or more parties (venturers) exercise joint control. As with associates, investments in jointly controlled entities are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in jointly controlled entities includes goodwill identified on acquisition, net of accumulated impairment loss. The Group does not recognize its share of profits or losses from the jointly controlled entity that result from the Group's purchase of assets from the jointly controlled entity until it re-sells the assets to an independent party. However, a loss on the transaction is recognized immediately if the loss provides evidence of a reduction in the net realizable value of current assets, or an impairment loss.

2.3 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker who is Chief Executive Officer (Note 5).

2.4 Foreign Currency Translation

(a) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Korean won, which is the Controlling Company's functional and presentation currency.

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(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to cash and cash equivalents and borrowings are presented in the consolidated statement of income within 'financial income or expenses'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in profit or loss, and other changes in carrying amount are recognized in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in other comprehensive income.

(c) Translation into the presentation currency

The results and financial position of all Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- income and expenses for each statement of income are translated at average exchange rates; and
- all resulting exchange differences are recognized in other comprehensive income.

Exchange differences arising from the translation of borrowings designated for hedging the investment are recognized in other comprehensive income. When foreign operations are wholly or partially sold, exchange differences recognized in equity are transferred to profit or loss in the consolidated statement of income. When the Group ceases to control the subsidiary, exchange differences that were recorded in equity are recognized in the consolidated statement of income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income.

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2.5 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

2.6 Financial Assets

2.6.1 Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, available-for-sale financial assets, and held-to-maturity investments. The classification depends on the purpose for which the financial assets were acquired and the nature of the assets. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial instruments held for trading. A financial instrument is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives including bifurcated derivatives from financial instruments containing embedded derivatives are also categorized as held for trading unless they are designated as hedges. Financial assets at fair value through profit or loss are classified as current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'cash and cash equivalents', 'short-term financial instruments', 'short-term loans receivables', 'trade receivables', 'other current financial assets' and 'other non-current financial assets' in the consolidated statement of financial position.

(c) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group intends and is able to hold to maturity and are classified as 'other financial assets' in the consolidated statements of financial position. If the Group were to sell other than an insignificant amounts of held-to-maturity investments, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity investments are included in non-current assets, except for those with maturities of less than 12 months after the end of the reporting period, which are classified as current assets.

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(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months after the end of the reporting period.

2.6.2 Recognition and Measurement

Regular purchases and sales of financial assets are recognized on the trade date. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the consolidated statement of income. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are subsequently carried at amortized cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the financial assets carried at fair value through profit or loss, including interest income, are presented in the consolidated statement of income within 'financial income(expenses)' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the consolidated statement of income as part of 'financial income' when the Group's right to receive dividend payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognized in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the consolidated statement of income as 'financial income (expenses)'.

Interest on available-for-sale and held-to-maturity securities calculated using the effective interest method is recognized in the consolidated statement of income as part of 'financial income'. Dividends on available-for-sale equity instruments are recognized in the consolidated statement of income as part of 'financial income' when the Group's right to receive dividend payments is established.

2.6.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

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2.6.4 Derecognition

Financial assets are derecognized when the contractual rights to receive cash from the investments have expired or have been transferred, and the Group has substantially transferred all risks and rewards of ownership or when the risk and rewards of ownership of transferred assets have not been substantially retained or transferred and the Group has not retained control over these assets.

2.7 Impairment of Financial Assets

(a) Assets carried at amortized cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or a group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- For economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will undergo bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties;
or
- Observable data suggesting that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, even though the decrease cannot be identified with respect to individual financial assets in the portfolio, such as:
 - (i) adverse changes in the payment status of borrowers in the portfolio;
 - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

Impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced by the impairment loss amount and the amount of the loss is recognized in the consolidated statement of income. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. In practice, the Group may measure impairment loss based on the fair value of financial asset using an observable market price.

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If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (for example, an improvement in debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated statement of income.

(b) Asset classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria referred to in (a) above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the asset is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in the consolidated statement of income. Impairment losses recognized in the consolidated income statement on equity instruments are not reversed through the consolidated statement of income. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the consolidated statement of income.

2.8 Derivative Financial Instruments and Hedging Activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The resulting gain or loss is recognized in 'other non-operating income (expenses)' or 'financial income (expenses)' according to the nature of transactions.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated statement of income within 'financial income (expenses)'.

Amounts accumulated in other comprehensive income are reclassified to profit or loss in the periods when the hedged item affects profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the consolidated statement of income within 'financial income (expenses)'.

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2.9 Trade Receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for doubtful accounts.

2.10 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method, the weighted average cost method and the moving average cost method, except for materials-in-transit which are stated at actual cost as determined using the specific identification method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

CJ Engineering & Construction Corp. and HB PFV Co., Ltd., consolidated subsidiaries, determine the acquisition cost of housing, and building and site under construction using the specific identification method.

2.11 Biological Assets

Biological assets such as growing breed, broiler breed and others are measured at their fair value less costs to sell. The fair value of biological assets are measured as market prices of growing breed, broiler breed and others with similar age and breed less the costs to sell. Biological assets for production, of which fair value cannot be reliably measured, are measured at their acquisition costs less any accumulated depreciation and impairment losses.

2.12 Non-current Assets Held-for-sale

Non-current assets are classified as assets held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2.13 Property, Plant and Equipment

All property, plant and equipment are stated at historical cost less depreciation and accumulated impairment loss. Historical cost includes expenditures directly attribute to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statement of income during the financial period in which they are incurred.

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Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate the difference between their cost and their residual values over their estimated useful lives, as follows:

Buildings	30 - 40 years
Structures	10 - 20 years
Machinery	5 - 10 years
Vehicles	4 - 5 years
Tools, equipment and supplies	4 - 6 years
Heavy equipment	5 - 15 years
Others	13 - 25 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'other non-operating income (expenses)' in the consolidated statement of income.

2.14 Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.15 Government Grants

Grants from a government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants related to assets are presented as a deduction of related assets and are credited to depreciation over the expected lives of the related assets.

Government grants related to income are deferred and recognized in the consolidated statement of income over the period necessary to match them with the costs that they are intended to compensate.

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2.16 Intangible Assets

(a) Goodwill

Goodwill is measured as explained in Note 2.2(1) and goodwill arising from the acquisition of subsidiaries and businesses is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or group of CGUs, that is expected to benefit from the synergies of the combination. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

(b) Industrial rights

Separately acquired industrial rights are shown at historical cost. Industrial rights acquired in a business combination are recognized at fair value at the acquisition date. Industrial rights have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of industrial rights over their estimated useful lives.

(c) Development costs

Costs associated with research activities are recognized as an expense as incurred. Development costs that are individually identifiable, controllable and directly attributable to development projects are recognized as intangible assets when all the following criteria are met:

- It is technically feasible to complete the development project so that it will be available for use;
- Management intends to complete the development project and has ability to use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the development project will generate probable future economic benefits;
- Adequate technical financial and other resources and to use or sell the development project are available; and
- The expenditure attributable to the individual project during its development can be reliably measured.

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Directly attributable costs that are capitalized as part of the development costs include development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Development costs recognized as assets are amortized by straight-line method over their estimated useful lives.

(d) Membership rights and Trademarks

Membership rights and trademarks among industrial rights are regarded as intangible assets with indefinite useful life and not amortized because there is no foreseeable limit to the period over which the asset is expected to be utilized.

(e) Publication rights and copyrights to music contents

The Group has exclusive right receive profits from publishing games, music contents, movies and others, contracting with copyright holder, and use, copy, sales and telecast of contents. The exclusive right is recognized as publication rights and amortized using straight-line method over their estimated useful lives since the date when such were available for use.

(f) Service concession arrangement

On the real estate owned by the Korea Rail Network Authority and the Ministry of Land, Transport and Maritime Affairs, the Group built a cargo terminal with its own fund. The Group owns and operates the cargo terminal that contributes profits to the government and recognizes service concession arrangement as intangible assets. Transfer period of ownership is under discussion with the Ministry of Land, Transport and Maritime Affairs.

(g) Brand, rights of using wharf and registration plate of transporters

Brand, rights of using wharf and registration plate of transporters which were acquired through business combination is recognized at fair value at the acquisition date. They are regarded as intangible assets with indefinite useful life and not amortized because there is no foreseeable limit to the period over which the asset is expected to be utilized.

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(h) Other Intangible assets

Other intangible assets include assets that fulfill the definition of intangible assets such as the land usage rights. Except for those with indefinite useful life, the other intangible assets are amortized using straight-line method over their estimated useful lives since the date when such were available for use.

Industrial rights	5 – 10 years or indefinite useful life
Development costs	5 years
Publication rights and copyrights to music contents	1 – 5 years
Service concession arrangement	10 – 37 years
Other intangible assets	3 – 20 years or indefinite useful life

2.17 Investment Property

Investment property is held to earn rentals or for capital appreciation or both. Investment property also includes property that is being constructed or developed for future use as investment property. Investment property is measured initially at its cost including transaction costs incurred in acquiring the asset. After recognition as an asset, investment property is carried at cost less accumulated depreciation and impairment losses.

Subsequent costs are include in the asset's carrying amount or recognized as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statement of income during the financial period in which they are incurred.

Land held for investment is not depreciated. Investment property, except for land, is depreciated using straight-line method over their useful lives.

The depreciation method, the residual value and the useful life of an asset are reviewed at the end of each financial year and, if management judges that previous estimates should be adjusted, the change is accounted for as a change in an accounting estimate.

Buildings	10 – 40 years
Structures	15 – 40 years

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'other non-operating income (expenses)' in the consolidated statement of income.

The fair value of investment property disclosed in Note 18 reflects market conditions at the end of the reporting period, with adjustment that reflects specific asset's characteristics, condition and location. The book value for financial reporting purpose is determined based on the evaluation of the investment property by an independent valuer, who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

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2.18 Impairment of Non-financial Assets

Goodwill or intangible assets with indefinite useful lives are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets, other than goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.19 Financial Liabilities

(a) Financial liabilities at fair value through profit or loss

The Group's financial liabilities at fair value through profit or loss are financial instruments held for trading. Financial liabilities are classified in this category if incurred principally for the purpose of repurchasing them in the near term. Derivatives including bifurcated derivatives from financial instruments containing embedded derivatives are also categorized as held-for-trading unless they are designated as hedges.

(b) Financial liabilities carried at amortized cost

The Group classifies non-derivative financial liabilities, except for financial liabilities at fair value through profit or loss, financial guarantee contracts and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition, as financial liabilities carried at amortized cost and as 'trade payables', 'short-term borrowings', 'current portion of debentures and non-current borrowings', 'non-trade payables', 'other current financial liabilities', 'borrowings', 'debentures', 'deposits received' and 'other non-current financial liabilities' in the consolidated statement of financial position. Financial liabilities carried at amortized cost are included in non-current liabilities, except for liabilities with maturities within 12 months after the end of the reporting period, which are classified as current liabilities.

2.20 Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within 12 months. If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.21 Financial Guarantee Contract

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

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Financial guarantees are initially measured at fair value on the date the guarantee was given. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the amounts below and recognized as 'other financial liabilities'.

- the amount calculated in accordance with Korean IFRS 1037, *Provisions, Contingent Liabilities and Contingent Assets*; or
- the initial amount, less accumulated amortization recognized in accordance with Korean IFRS1018, *Revenue*.

2.22 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of income over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer the settlement of the borrowings for at least 12 months after the end of the reporting period.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognized in the consolidated statement of income as 'financial expenses'.

2.23 Compound Financial Instruments

Compound financial instruments issued by the Group consist of convertible notes, exchangeable bonds and the convertible redeemable preferred stock that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

2.24 Provisions

Provisions are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

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Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.25 Current and Deferred Income Tax

The tax expense for the period consists of current and deferred tax. Tax is recognized in the consolidated statement of income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the consolidated statement of financial position date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax assets and liabilities are not recognized if they arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the consolidated statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

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2.26 Employee Benefits

(a) Post-employment benefits

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognized in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognized past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognized immediately in income, while costs are amortized over the vesting period.

(b) Share-based payments

The Group operates equity-settled instruments (share options), share-based compensation plans, under which the Group receives services from employees as consideration for equity instruments (share options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted with considerations to market performance conditions and non-vesting conditions.

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Non-market performance and service conditions are included in the assumptions on the number of options that are expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated statement of income, with a corresponding adjustment to equity.

When the options are exercised, the Group issues new shares or treasury shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

(c) Long-term incentive plans and long-term employee benefits

The Group has a long-term incentive plans and entitle long-term employee benefits to employees who stay with the Group for a certain length of time. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the consolidated statement of income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

2.27 Share Capital

Common shares and preferred shares that are not mandatorily redeemable are classified as equity.

Where the Company purchases its own equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such common shares are subsequently reissued, any consideration received is included in equity attributable to the Company's equity holders.

2.28 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods and services supplied, stated net of discounts, rebates, returns and value added taxes, after elimination of intra-company transactions.

The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimate on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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(a) Sale of goods

Sales of goods are recognized when products are delivered to the purchaser. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the purchaser has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) Rendering of services and construction contracts

Revenues from rendering services are generally recognized using the percentage-of-completion method when the amount of revenue can be reliably measured. If outcomes of a service transaction cannot be estimated reliably, revenue is recognized only to the extent of costs accrued that are likely to be recoverable.

Any changes in expected revenue, cost or the amount of services rendered is accounted for as changes in estimates. These changes in estimates may bring adjustments to the expected revenue or cost which is recognized in the consolidated statement of income in the period in which the management recognizes the changes in circumstances.

Construction contract is defined in Korean IFRS1011, *Construction contracts*, as a contract specifically negotiated for the construction of an asset

Contract costs are recognized as expenses. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only up to the levels of collectable costs. When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.

In cases where the aggregate amount of costs incurred and recognized profits (less recognised losses) exceeds progress billings, the total cost incurred plus recognized profits (less recognized losses and progress billings), represents an asset (unbilled amount).

In cases where the progress billings exceeds the aggregate amount of costs incurred and recognised profits (less recognized losses), the total recognized losses and progress billings (less the aggregate amount of costs incurred and recognized profits), represents a liability (overbilled amount).

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(c) Royalty income

Royalty income is recognized on an accrual basis in accordance with the substance of the relevant agreements.

(d) Interest income

Interest income is recognized using the effective interest method according to the time passed. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognized using the original effective interest rate.

(e) Dividend income

Dividend income is recognized when the right to receive payment is established.

(f) Customer loyalty programme

The Group operates a customer loyalty programme in which customers are granted rewards to receive discounts on future purchases when purchasing products or services. The granted reward is recognized as a separately identifiable component of the sale transaction (initial sale transaction) that grants the reward. The fair value of consideration to give or given for the initial sale is allocated to the reward points and remaining of initial sale, and the consideration allocated to the reward points is measured based on the fair value of reward in exchange of reward points, which is the fair value of reward points considered the proportion of reward points that are not expected to be redeemed. Revenue from the award credits is recognized when it is redeemed, and the unredeemed proportion by customers is expected to be depleted within 12 months after the initial sale.

2.29 Lease

A lease is an agreement, whereby the lessor conveys to the lessee, in return for a payment or series of payments, the right to use an asset for an agreed period of time.

(a) Lessee

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in 'current portion of debentures and non-current borrowings' and 'borrowings'. The interest element of the finance cost is charged to the consolidated statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

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Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of income on a straight-line basis over the period of the lease.

(b) Lessor

i) Lease classification

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership at the at the lease's commencement. A lease other than a finance lease is classified as an operating lease. Whether a lease is a finance lease depends on the substance of the transaction rather than the form of the contract and a lease is classified as finance lease when the substance of the transaction meets the following situations individually or in combination:

- the lease transfers ownership of the asset to the lessee by the end of the lease term;
- the lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised;
- the lease term is for the major part of the economic life of the asset even if title is not transferred;
- at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset; and
- the leased assets are of such a specialized nature that only the lessee can use them without major modifications.

ii) Operating lease

Lease income from operating leases is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred by the lessor in negotiating and arranging an operating lease is added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease income.

2.30 Dividend Distribution

Dividend distribution to the Group's shareholders is recognized as a liability in the consolidated financial statements in the period in which the dividends are approved by the Group's shareholders.

2.30 Approval of Issuance of the Financial Statements

The issuance of the December 31, 2012 financial statements of the Company was approved by the Board of Directors on February 7, 2013.

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3. Critical Accounting Estimates and Judgments

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimations and assumptions are continuously evaluated with consideration to factors such as events reasonably predictable in the foreseeable future within the present circumstance according to historical experience. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 2.18. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 17).

(b) Income taxes

The Group is operating in numerous countries and the income generated from these operations is subject to income taxes based on tax laws and interpretations of tax authorities in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recorded, based on its best estimate, current taxes and deferred taxes that the Group will be liable in the future for the operating results as of the financial year end. However, the final tax outcome in the future may be different from the amounts that were initially recorded. Such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(c) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

(d) Provisions

As described in Note 23, the Group recognizes provisions for estimated returns and others as of the reporting date. The amounts are estimated based on historical data.

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(e) Defined benefit liability

The present value of the defined benefit liability depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of the defined benefit liability. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that is used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit liability. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the pension benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability. Other key assumptions for defined benefit liability are based in part on current market conditions. Additional information is disclosed in Note 21.

4. Financial Risk Management

4.1 Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and interest risk), credit risk and liquidity risk. In order to manage such risks, the Group established financial risk management policies and programs which enable to closely monitor and react to individual risk causes.

Certain subsidiaries invest on derivatives to hedge certain risk exposures. The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions.

(a) Market Risk

i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the Euro. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. The Group applies hedge accounting to each entities individually with considering the entity's business characteristics and existence of alternatives against foreign exchange risk.

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If the foreign exchange rate of the Korean won fluctuated by 10% while other variables were fixed, the effects on income before tax as of December 31, 2012 and 2011, are as follows:

<i>(in millions of Korean won)</i>	2012		2011	
	10% increase	10% decrease	10% increase	10% decrease
USD	₩ (68,639)	₩ 68,639	₩ (82,179)	₩ 82,179
EUR	9,862	(9,862)	5,975	(5,975)

ii) Price risk

The Group is exposed to price risk due to investments in equity securities including listed and unlisted stocks for the needs of operations and liquidity managements. The Group utilizes more than one direct or indirect investment methods to reduce price risk.

The Group's investments in equity of other entities that are publicly traded are included in one of the following two equity indexes: KOSPI equity index and KOSDAQ equity index.

The analysis is based on the assumption that all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index, and on the assumption that the unlisted stock prices had uniformly increased/decreased by 10%, the change in other comprehensive income which reflects income tax effects is ₩36,304 million (2011: ₩46,286 million).

iii) Interest rate risk

Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. The Group employs floating interest receipts and fixed interest payment swaps to certain borrowings in order to minimize uncertainty and financial expenses from interest rate changes.

Effects on derivatives when current interest rate increase/decrease by 1%, are as follows:

<i>(in millions of Korean won)</i>	2012		2011	
	1% increase	1% decrease	1% increase	1% decrease
Interest expenses	₩ 23,715	₩ (23,715)	₩ 26,448	₩ (26,448)
Gains(Losses) on valuation of derivative instruments	3,027	(3,027)	9,481	(9,481)

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(b) Credit Risk

Credit risk is managed on an individual company basis. Credit risk arises when client or counterparty does not keep to obligations stated on terms of the contract in committed transactions and investment activities. In order to manage credit risk, the Group continuously evaluates credit quality of the customer through taking into account its financial position, past experience and other factors. Major customers' individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilization of credit limits is regularly monitored.

Furthermore, Credit risk may arise from various financial institution transactions including cash and cash equivalents, deposits with banks and derivative financial instruments. In order to reduce the risk, the Group takes transactions only with highly rated financial institutions.

As of December, 31 2012, the maximum value of exposed credit risk is equal to book value of financial instruments (excluding cash and equity securities), loan commitments and guarantee amounts (Notes 6, 37) provided to related parties.

(c) Liquidity Risk

In order to maintain appropriate amount of liquidity, the Group manages liquidity risk by making cyclical expectations and adjustments of capital inflows and outflows.

In order to maintain sufficient cash to meet its' operational needs, the Group issues factoring trade receivables and asset-backed securities to domestic/foreign financial institutions which has highly rated reliability. Furthermore, the Group has bank overdraft agreements with financial institutions (Note 37).

The analyses of the Group's liquidity risk as of December 31, 2012 and 2011, are as follows:

<i>(In millions of Korean won)</i>	2012			Total
	Less than 1 year	Between 1 and 5 years	Over 5 years	
Trade payables	₩ 1,190,115	₩ -	₩ -	₩ 1,190,115
Borrowings	2,996,814	2,199,509	306,900	5,503,223
Debentures	577,200	2,513,612	400,901	3,491,713
Non-trade payables	749,191	-	-	749,191
Deposits received	145,343	44,146	168,371	357,860
Other financial liabilities	448,823	45,099	-	493,922
Financial guarantee contracts and others	212,377	142,526	-	354,903
	<u>₩ 6,319,863</u>	<u>₩ 4,944,892</u>	<u>₩ 876,172</u>	<u>₩ 12,140,927</u>

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<i>(In millions of Korean won)</i>	2011			
	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Trade payables	₩ 857,107	₩ -	₩ -	₩ 857,107
Borrowings	3,416,843	1,735,205	355,540	5,507,588
Debentures	825,422	1,958,021	-	2,783,443
Non-trade payables	661,055	-	-	661,055
Deposits received	144,077	36,343	169,750	350,170
Other financial liabilities	454,751	22,611	-	477,362
Financial guarantee contracts and others	187,862	48,684	-	236,546
	<u>₩ 6,547,117</u>	<u>₩ 3,800,864</u>	<u>₩ 525,290</u>	<u>₩ 10,873,271</u>

The table above analyzes the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

4.2 Capital Management

The Group's objectives when managing capital are to maintain a secured capital structure. The Group uses debt-to-equity ratio for capital management. This ratio is calculated as total debts divided by total equity as shown in the consolidated statement of financial position.

<i>(in millions of Korean won)</i>	December 31, 2012		December 31, 2011	
Liabilities	₩	13,000,983	₩	12,092,042
Equity		8,384,058		7,564,034
Debt-to-equity ratio		155%		160%

4.3 Fair Value Estimation

The table below analyzes financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

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Financial assets and financial liabilities that are measured at fair value as of December 31, 2012 and 2011, are as follows:

<i>(in millions of Korean won)</i>	2012			
	Level 1	Level 2	Level 3	Total
Assets				
Other current financial assets				
Trading derivatives	₩ -	₩ 6,539	₩ -	₩ 6,539
Available-for-sale financial assets				
Marketable equity securities	775,539	-	-	775,539
Non-marketable equity securities	-	12,418	77,163	89,581
Beneficiary certificate	-	30,037	-	30,037
Debt investments	-	37,307	-	37,307
Other non-current financial assets				
Trading derivatives	-	9,561	-	9,561
Derivatives used for hedging	-	37	-	37
Total assets	₩ 775,539	₩ 95,899	₩ 77,163	₩ 948,601
Liabilities				
Other current financial liabilities				
Trading derivatives	₩ -	₩ 21,250	₩ -	₩ 21,250
Other non-current financial liabilities				
Trading derivatives	-	5,925	-	5,925
Derivatives used for hedging	-	2,826	-	2,826
Total liabilities	₩ -	₩ 30,001	₩ -	₩ 30,001
2011				
<i>(in millions of Korean won)</i>	Level 1	Level 2	Level 3	Total
Assets				
Other current financial assets				
Trading derivatives	₩ -	₩ 54,782	₩ -	₩ 54,782
Available-for-sale financial assets				
Marketable equity securities	707,960	-	-	707,960
Non-marketable equity securities	-	6,500	186,120	192,620
Beneficiary certificate	-	43,637	-	43,637
Debt investments	-	14,825	-	14,825
Other non-current financial assets				
Trading derivatives	-	4,207	-	4,207
Total assets	₩ 707,960	₩ 123,951	₩ 186,120	₩ 1,018,031
Liabilities				
Other current financial liabilities				
Trading derivatives	₩ -	₩ 13,368	₩ -	₩ 13,368
Other non-current financial liabilities				
Derivatives used for hedging	-	5,684	-	5,684
Total liabilities	₩ -	₩ 19,052	₩ -	₩ 19,052

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The fair value of financial instruments traded in active markets is based on quoted market prices at the consolidated statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, an entity in the same industry, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 consist primarily of KOSPI and KOSDAQ indexes equity investments classified as trading securities or available-for-sale.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where there are available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the consolidated statement of financial position date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Changes in Level 3 instruments for the years ended December 31, 2012 and 2011, are as follows:

<i>(in millions of Korean won)</i>	Available-for-sale financial assets			
	2012		2011	
Beginning balance	₩	186,120	₩	210,100
Acquisition due to business combination		-		7,020
Purchases		2,674		-
Disposal		(106,752)		(5,403)
Transfers into Level 3		3,660		7,676
Gains and losses recognized in profit or loss		96,134		(163)
Gains and losses recognized in other comprehensive income		(104,673)		(33,110)
Ending balance	₩	77,163	₩	186,120
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	₩	(4,671)	₩	-

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The fair value of unlisted shares included in the level 3 above was estimated by an independent appraiser using reasonable appraisal models. The independent appraiser estimated financial statements for the next five years based on information of historical performance, future plans, prediction of market conditions and others, and used the Discounted Cash Flow Model, Net Asset Value Model, Dividend Discount Model and others to calculate the fair value by applying discount rate of 8.10% to 12.79%.

In 2012, shares of Seoul Litetower Co., Ltd., which had been measured at cost, were measured at their fair value and transferred to level 3. In relation with the transaction, the Company recognized impairment loss amounting to ₩1,178 million.

Available-for-sale financial assets that are valued at historical cost as of December 31, 2012 and 2011, are as follows:

<i>(in millions of Korean won)</i>	2012	2011
Sovik Global Contents Investment Fund	₩ 7,500	₩ 4,000
Raine-Partners Fund	6,217	3,597
TV Chosun-Daesung investment	6,000	6,000
Virdia Inc.	4,284	-
ISU-culture contents investment	4,000	4,000
CJ Global Contents investment 12rd	4,000	4,000
ISU-global contents investment	4,000	4,000
DongMoon Media Contents & Culture Investment	3,500	3,000
Gunjang New Port Terminal Co., Ltd.	3,315	3,315
SOVIK Contents investment	3,000	3,000
BENEX Digital Culture Contents investment	3,000	3,000
Seoul Litetower Co., Ltd.	-	3,660
Others	22,500	22,854
	₩ 71,316	₩ 64,426

Investments in Raine-Partners Fund and others as unlisted equity instruments are measured at cost since the variability of estimated cash flows is significant and the probabilities of the various estimates cannot be reasonably assessed.

The Group does not have plan to dispose of the above-mentioned equities in the near future. These instruments will be measured at fair value when the Group can develop a reliable estimate of the fair value.

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5. Segment Information

The Group's reportable segments and details are as follows:

The Group has segregated the operating segments based on characters of services and products generating profits. The main operating segments include food&food services, bio&pharma, homeshopping&logistics, entertainment&media and infrastructure.

The chief operating decision maker has been identified as the Management Committee. The Management Committee is responsible for making strategic decisions based on review of the Group's internal reporting. The Management Committee has determined the operating segments based on these reports.

Operating segment information for the years ended December 31, 2012 and 2011, are as follows:

	2012				
	Revenue	Inter-segment revenue	Revenue from external customers	Depreciation and amortization	Operating profit(loss)
<i>(in millions of Korean won)</i>					
Food&food service	₩ 7,290,716	₩ (1,331,597)	₩ 5,959,119	₩ 185,066	₩ 217,110
Bio&pharma	4,510,804	(1,365,474)	3,145,330	104,555	315,976
Homeshopping&logistics	6,462,167	(966,919)	5,495,248	118,078	303,606
Entertainment&media	3,309,836	(393,216)	2,916,620	596,264	256,484
Infrastructure	579,670	(467,599)	112,071	20,675	26,154
Consolidation adjustments	(4,524,805)	4,524,805	-	20,924	(56,358)
	₩ 17,628,388	₩ -	₩ 17,628,388	₩ 1,045,562	₩ 1,062,972
	2011				
	Revenue	Inter-segment revenue	Revenue from external customers	Depreciation and amortization	Operating profit(loss)
<i>(in millions of Korean won)</i>					
Food&food service	₩ 6,735,064	₩ (1,269,686)	₩ 5,465,378	₩ 155,321	₩ 142,521
Bio&pharma	3,997,342	(1,202,833)	2,794,509	73,688	300,284
Homeshopping&logistics	2,890,643	(500,325)	2,390,318	35,544	159,781
Entertainment&media	2,812,468	(320,535)	2,491,933	459,362	296,937
Infrastructure	459,826	(330,891)	128,935	17,275	26,734
Consolidation adjustments	(3,624,270)	3,624,270	-	(5,900)	(25,665)
	₩ 13,271,073	₩ -	₩ 13,271,073	₩ 735,290	₩ 900,592

In 2012, the Group reallocated the biological resource business from Food&food service segment to Bio&pharma segment, and re-prepared the compared operating segment information of the year ended December 31, 2011, according to the amendment of Korean IFRS 1001, *Presentation of Financial Statements*.

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The total amounts of assets and liabilities for each segment are not reported to the Management Committee, and therefore have been excluded from the above information.

Regional segment information for the years ended December 31, 2012 and 2011, is as follows:

<i>(in millions of Korean won)</i>	2012			
	Revenue	Inter-segment revenue	Revenue from external customers	Non-current assets
Domestic	₩ 17,107,763	₩ (3,021,388)	₩ 14,086,375	₩ 9,783,059
Asia	3,915,044	(1,312,353)	2,602,691	1,609,525
America	713,379	(151,804)	561,575	343,579
Others	417,007	(39,260)	377,747	24,653
Consolidation adjustments	(4,524,805)	4,524,805	-	1,204,547
	<u>₩ 17,628,388</u>	<u>₩ -</u>	<u>₩ 17,628,388</u>	<u>₩ 12,965,363</u>

<i>(in millions of Korean won)</i>	2011			
	Revenue	Inter-segment revenue	Revenue from external customers	Non-current assets
Domestic	₩ 12,679,548	₩ (2,384,319)	₩ 10,295,229	₩ 8,852,581
Asia	3,220,308	(1,052,419)	2,167,889	1,312,148
America	596,768	(162,597)	434,171	198,228
Others	398,719	(24,935)	373,784	19,480
Consolidation adjustments	(3,624,270)	3,624,270	-	1,343,076
	<u>₩ 13,271,073</u>	<u>₩ -</u>	<u>₩ 13,271,073</u>	<u>₩ 11,725,513</u>

There is no customer who contributes at least 10% of the total sales of the Group for the years ended December 31, 2012 and 2011.

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6. Financial Instruments by Category

Categorizations of financial assets and liabilities as of December 31, 2012 and 2011, are as follows:

	December 31, 2012					
	Loans and receivables	Assets at fair value through profit or loss	Derivatives used for hedging	Assets classified as available-for-sale	Assets classified as held-to-maturity	Total
<i>(in millions of Korean won)</i>						
Cash and cash equivalents	₩ 1,224,733	₩ -	₩ -	₩ -	₩ -	₩1,224,733
Short-term financial instruments	494,039	-	-	-	-	494,039
Short-term loans receivables	85,581	-	-	-	-	85,581
Trade receivables	2,138,532	-	-	-	-	2,138,532
Other current financial assets	255,423	6,539	-	29,688	308	291,958
Available-for-sale financial assets	-	-	-	974,092	-	974,092
Other non-current financial assets	498,975	9,561	37	-	2,160	510,733
	<u>₩ 4,697,283</u>	<u>₩ 16,100</u>	<u>₩ 37</u>	<u>₩ 1,003,780</u>	<u>₩ 2,468</u>	<u>₩5,719,668</u>

	December 31, 2012				
	Liabilities at fair value through profit or loss	Other financial liabilities at amortized cost	Derivatives used for hedging	Other financial liabilities	Total
<i>(in millions of Korean won)</i>					
Trade payables	₩ -	₩ 1,190,115	₩ -	₩ -	₩ 1,190,115
Borrowings	-	5,176,079	-	-	5,176,079
Debentures	-	3,142,234	-	-	3,142,234
Non-trade payables	-	749,191	-	-	749,191
Other current financial liabilities	21,250	561,497	-	-	582,747
Deposits received	-	126,134	-	-	126,134
Other non-current financial liabilities	5,925	40,914	2,826	2,473	52,138
	<u>₩ 27,175</u>	<u>₩ 10,986,164</u>	<u>₩ 2,826</u>	<u>₩ 2,473</u>	<u>₩ 11,018,638</u>

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December 31, 2011					
<i>(in millions of Korean won)</i>	Loans and receivables	Assets at fair value through profit or loss	Assets classified as available-for- sale	Assets classified as held-to- maturity	Total
Cash and cash equivalents	₩ 1,446,608	₩ -	₩ -	₩ -	₩ 1,446,608
Short-term financial instruments	227,141	-	-	-	227,141
Short-term loans receivables	69,458	-	-	-	69,458
Trade receivables	1,917,411	-	-	-	1,917,411
Other current financial assets	328,888	54,782	30,298	1,085	415,053
Available-for-sale financial assets	-	-	993,170	-	993,170
Other non-current financial assets	444,658	4,207	-	2,170	451,035
	<u>₩ 4,434,164</u>	<u>₩ 58,989</u>	<u>₩ 1,023,468</u>	<u>₩ 3,255</u>	<u>₩ 5,519,876</u>
<i>(in millions of Korean won)</i>	Liabilities at fair value through profit or loss	Other financial liabilities at amortized cost	Derivatives used for hedging	Other financial liabilities	Total
Trade payables	₩ -	₩ 857,107	₩ -	₩ -	₩ 857,107
Borrowings	-	5,177,660	-	-	5,177,660
Debentures	-	2,612,515	-	-	2,612,515
Non-trade payables	-	661,055	-	-	661,055
Other current financial liabilities	13,368	587,628	-	-	600,996
Deposits received	-	90,118	-	-	90,118
Other non-current financial liabilities	-	22,611	5,684	3,458	31,753
	<u>₩ 13,368</u>	<u>₩ 10,008,694</u>	<u>₩ 5,684</u>	<u>₩ 3,458</u>	<u>₩ 10,031,204</u>

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Income and loss of financial instruments by category for the years ended December 31, 2012 and 2011, are as follows:

<i>(in millions of Korean won)</i>	2012	2011
Available-for-sale financial assets		
Gain(Loss) on valuation		
(Other comprehensive income(loss) after income tax)	₩ (18,016)	₩ (471,267)
Interest income	944	564
Dividend income	17,572	26,851
Impairment loss on available-for-sale financial assets	(7,091)	(3,034)
Gain on disposal of available-for-sale financial assets	130,679	346,734
Others	(5,633)	(1,595)
Held-to-maturity investments		
Interest income	108	127
Others	-	(268)
Loans and receivables		
Interest income	71,326	61,168
Bad debt expense	(14,979)	(15,957)
Reversal of allowance for bad debts	10,260	8,515
Other bad debts expense	(13,880)	(7,245)
Others	19,028	(3,948)
Assets and liabilities at fair value through profit or loss		
Gain(loss) on derivatives	(35,448)	4,950
Others	-	(2,535)
Other financial liabilities at amortized cost		
Interest expenses	(333,004)	(215,526)
Derivatives used for hedging		
Interest expenses	(3,282)	(3,739)
Gain on valuation		
(Other comprehensive income)	2,166	1,231

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7. Financial instruments Subject to Withdrawal Restrictions

Financial instruments subject to withdrawal restrictions as of December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012		2011	
Short-term financial instruments				
Government-sponsored research and development projects	₩	3,174,905	₩	3,435,663
Contract performance guarantee		17,466,018		4,729,494
Collateral against borrowings		7,707,978		11,965,377
Withdrawal for support of cooperative firm		10,000,000		-
Other activities		3,480,496		1,773,551
		<u>41,829,397</u>		<u>21,904,085</u>
Long-term financial instruments				
Deposits for opening checking accounts		857,073		107,726
Collateral against borrowings		1,196,000		-
		<u>2,053,073</u>		<u>107,726</u>
	₩	<u>43,882,470</u>	₩	<u>22,011,811</u>

8. Trade and Other Receivables

Trade and other receivables as of December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012		
	Current	Non-current	Total
Trade receivables	₩ 2,196,139,303	₩ 28,590,460	₩ 2,224,729,763
Provision for impairment of trade receivables	(57,607,776)	(340,899)	(57,948,675)
Other receivables ¹	373,636,683	539,125,452	912,762,135
Provision for impairment of other receivables	(32,632,895)	(81,181,638)	(113,814,533)
	<u>₩ 2,479,535,315</u>	<u>₩ 486,193,375</u>	<u>₩ 2,965,728,690</u>
2011			
<i>(in thousands of Korean won)</i>	Current	Non-current	Total
Trade receivables	₩ 1,983,715,341	-	₩ 1,983,715,341
Provision for impairment of trade receivables	(66,303,964)	-	(66,303,964)
Other receivables ¹	429,099,590	514,198,919	943,298,509
Provision for impairment of other receivables	(30,753,635)	(81,065,466)	(111,819,101)
	<u>₩ 2,315,757,332</u>	<u>₩ 433,133,453</u>	<u>₩ 2,748,890,785</u>

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¹Other receivables consist of short-term loans receivables and other financial assets which include long-term loans receivables, non-trade receivables, accrued income and deposits provided in the consolidated statement of financial position.

The aging analysis of trade and other receivables as of December 31, 2012 and 2011, are as follows:

	2012		2011	
	Trade receivables	Other receivables	Trade receivables	Other receivables
<i>(in thousands of Korean won)</i>				
Receivables not past due	₩ 2,037,351,116	₩ 754,637,552	₩ 1,832,336,348	₩ 813,931,944
Past due but not impaired				
Up to 3 months	92,605,619	17,176,307	66,598,943	8,007,131
3 to 6 months	22,948,133	4,588,473	15,738,811	2,978,042
6 month to 1 year	15,920,613	4,353,305	15,247,695	11,849,245
Over 1 year	17,000,290	27,289,685	15,318,988	15,782,408
	<u>148,474,655</u>	<u>53,407,770</u>	<u>112,904,437</u>	<u>38,616,826</u>
Impaired				
Up to 3 months	2,341,158	172,598	2,982,871	666,920
3 to 6 months	1,182,266	372,323	1,036,225	1,895,666
6 month to 1 year	2,514,503	364,503	2,711,659	1,412,135
Over 1 year	32,866,065	103,807,389	31,743,801	86,775,018
	<u>38,903,992</u>	<u>104,716,813</u>	<u>38,474,556</u>	<u>90,749,739</u>
	<u>₩ 2,224,729,763</u>	<u>₩ 912,762,135</u>	<u>₩ 1,983,715,341</u>	<u>₩ 943,298,509</u>

Movements on the provision for impairment of trade and other receivables for the years ended December 31, 2012 and 2011, are as follows:

	2012		2011	
<i>(in thousands of Korean won)</i>				
Beginning balance	₩	178,123,065	₩	208,025,080
Increase due to business combination		1,057,191		12,029,700
Bad debt expense		28,858,869		23,202,350
Write-off		(26,862,547)		(56,624,900)
Reversal		(10,260,072)		(8,514,582)
Effect of foreign currency translation		846,702		5,417
Ending balance	<u>₩</u>	<u>171,763,208</u>	<u>₩</u>	<u>178,123,065</u>

The creation and release of provision for impaired receivables are included in 'selling and administrative costs' and 'other operating income (expenses)' in the consolidated statement of income. Unwind of discount is included in 'financial expense' in the consolidated statement of income. The maximum expense of trade and other receivables to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. There are credit enhancements such as pledges and performance guarantees provided to the Group.

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9. Other Financial Assets and Liabilities

Other financial assets as of December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012	2011
Current		
Available-for-sale financial assets	₩ 29,687,911	₩ 30,297,861
Held-to-maturity financial assets	308,020	1,084,670
Non-trade receivables	174,657,851	241,202,126
Accrued income	9,058,805	11,457,293
Deposits provided	71,706,314	76,228,682
Derivative assets	6,539,246	54,782,107
	<u>291,958,147</u>	<u>415,052,739</u>
Non-current		
Long-term financial instruments	12,782,779	11,524,457
Held-to-maturity financial assets	2,159,650	2,170,250
Trade receivables	28,249,561	-
Loans receivable	40,642,003	8,379,302
Non-trade receivables	143,425,740	134,106,520
Accrued income	278,611	278,611
Deposits provided	273,597,460	290,369,020
Derivative assets	9,597,599	4,207,067
	<u>510,733,403</u>	<u>451,035,227</u>
	<u>₩ 802,691,550</u>	<u>₩ 866,087,966</u>

Other financial liabilities as of December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012	2011
Current		
Accrued expenses	₩ 416,153,859	₩ 443,549,844
Deposits received	145,343,199	144,077,259
Derivative liabilities	21,249,961	13,368,467
	<u>582,747,019</u>	<u>600,995,570</u>
Non-current		
Trade payables	3,412,975	-
Non-trade payables	37,501,421	22,611,027
Derivative liabilities	8,750,925	5,683,723
Non-current portion of other long-term liabilities	2,472,628	3,458,334
	<u>52,137,949</u>	<u>31,753,084</u>
	<u>₩ 634,884,968</u>	<u>₩ 632,748,654</u>

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Transfers of financial assets

In 2011, CJ Foodville Corp., a consolidated subsidiary, entered into a leasehold deposit transfer agreement with Dong Yang CJ Franchise Investment Trust and transferred leasehold deposits amounting to ₩56,000 million. In relation with this transaction, the Group recognized the loss on disposal of ₩1,113 million in 2011.

CJ Foodville Corp. has entered into a purchase agreement with Dong Yang CJ Franchise Investment Trust to purchase the transferred leasehold deposits at their fair value on December 28, 2013 and 2014. Details of undiscounted cash outflows of leasehold deposits which are subject to repurchase are as follows:

<i>(in thousands of Korean won)</i>	Between		
	Less than 1 year	1 and 2 years	Total
Leasehold deposits	₩ 27,000,000	₩ 29,000,000	₩ 56,000,000

CJ Foodville Corp. recognized other non-current financial assets amounting to ₩2,300 million in relation to the continuing involvement in the transferred leasehold deposits. There are no significant differences between the book value and the fair value of assets related to continuing involvement. The maximum exposure to the Group's loss on these amounts to ₩2,300 million.

In 2012, CJ CGV Co., Ltd., a consolidated subsidiary, has entered into a leasehold deposit transfer agreement with Dong Yang Multiplex Private Special Asset Investment Trust No.1 and transferred leasehold deposits amounting to ₩160,094 million. In relation with this transaction, the Group recognized gain on disposal of ₩26,624 million.

CJ CGV Co., Ltd. has entered into a purchase agreement with Dong Yang Multiplex Private Special Asset Investment Trust No.1 to purchase the transferred leasehold deposits at their fair value on August 28, 2015. Undiscounted cash outflows of leasehold deposits which are subject to repurchase amount to ₩160,094 million.

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Derivatives as of December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012		2011	
	Assets	Liabilities	Assets	Liabilities
Current				
Commodity futures contract	₩ -	₩ -	₩ 145,610	₩ 14,086
Commodity option contract	6,046,380	8,642,884	10,160,248	11,187,330
Interest rate swap contract	-	13,390	-	-
Currency forward contract	-	10,334,852	41,689,625	848,323
Currency option contract	-	363,116	1,770,882	1,318,728
Currency swap contract	492,866	1,895,719	1,015,742	-
	<u>6,539,246</u>	<u>21,249,961</u>	<u>54,782,107</u>	<u>13,368,467</u>
Non-current				
Treasury stock of subsidiaries option	8,901,462	-	-	-
Exchangeable bonds right	-	1,323,194	-	-
Exchangeable bonds option	-	3,242,694	-	-
Interest rate swap contract	40,336	2,835,506	-	5,683,723
Currency forward contract	-	1,227,782	-	-
Currency swap contract	354,346	121,749	4,207,067	-
Other derivatives	301,455	-	-	-
	<u>9,597,599</u>	<u>8,750,925</u>	<u>4,207,067</u>	<u>5,683,723</u>
	<u>₩ 16,136,845</u>	<u>₩ 30,000,886</u>	<u>₩ 58,989,174</u>	<u>₩ 19,052,190</u>

Accounts and amounts which include gain and loss from derivatives for the years ended December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012	2011
Financial income	₩ 12,996,544	₩ 38,815,123
Financial expenses	45,353,053	31,098,774
Other non-operating income	63,146,224	87,236,244
Other non-operating expenses	66,237,432	90,002,668

Expected periods of cash flow for derivatives hedging cash flow risk are as follows:

<i>(in thousands of Korean won)</i>	Buy/Sell	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years
Interest rate swap	Buy	₩ 81,510,000	₩ 70,000,000	₩ 60,000,000

CJ HelloVision Co., Ltd., the consolidated subsidiary, entered into swap agreements with Korea Exchange Bank and Shinhan Bank to hedge expected cash flow risks which may arise from floating rate borrowings of ₩221,510 million.

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There is no ineffective portion recognized as current profit or loss under cash flow hedge. Gain on valuation of ₩2,166 million in 2012 (2011: ₩1,231 million) excluding income tax effect that directly reflected on equity account is recognized as other comprehensive income.

Held-to-maturity investments as of December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>			2012		2011
Government	Less than 1 year	₩	8,020	₩	84,670
Bonds	Between 1 and 5 years		159,650		167,670
	Between 5 and 10 years		-		2,580
Debt investments	Less than 1 year		300,000		1,000,000
	Between 5 and 10 years		2,000,000		2,000,000
			<u>2,467,670</u>		<u>3,254,920</u>
Current held-to-maturity financial securities			(308,020)		(1,084,670)
		₩	<u>2,159,650</u>	₩	<u>2,170,250</u>

10. Inventories

Inventories as of December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>			2012		2011
Merchandise		₩	356,817,365	₩	273,808,034
Finished goods			250,586,120		248,274,363
Work-in-process			60,499,550		57,617,731
Raw materials			343,576,348		308,544,471
Sub-materials			36,258,525		31,155,388
Supplies			55,576,400		51,132,058
Goods in transit			337,049,261		320,301,050
Lots			56,637,334		57,857,285
Others			1,361,913		689,395
Inventory allowance for evaluation			(17,222,515)		(11,175,763)
		₩	<u>1,481,140,301</u>	₩	<u>1,338,204,012</u>

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11. Biological Assets

Group of biological assets as of December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012		2011	
Biological assets for consumption				
Growing breed	₩	6,171,988	₩	6,255,082
Broiler breed		6,434,358		4,387,659
		<u>12,606,346</u>		<u>10,642,741</u>
Biological assets for production (Note 16)				
Sows		778,087		545,718
Spawning breed		8,975,013		8,159,492
		<u>9,753,100</u>		<u>8,705,210</u>
	₩	<u>22,359,446</u>	₩	<u>19,347,951</u>

Changes in biological assets for consumption for the years ended December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012		2011	
	Growing breed	Broiler breed	Growing breed	Broiler breed
Beginning balance	₩ 6,255,082	₩ 4,387,659	₩ 5,558,328	₩ 4,515,700
Increase from purchases	97,834,453	188,229,745	97,874,895	102,437,332
Decrease from sales/disposals	(97,550,494)	(185,213,680)	(97,088,853)	(102,510,748)
Gain and loss on valuation	(141,179)	-	656,145	(106,026)
Exchange differences, net	(224,593)	(797,281)	(194,597)	17,615
Others	(1,281)	(172,085)	(550,836)	33,786
Ending balance	₩ <u>6,171,988</u>	₩ <u>6,434,358</u>	₩ <u>6,255,082</u>	₩ <u>4,387,659</u>

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12. Other Assets and Liabilities

Other assets as of December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012		2011	
Current				
Prepaid expenses	₩	102,186,221	₩	76,816,413
Prepaid taxes		125,724,827		71,593,710
Others		4,721,553		2,472,744
		<u>232,632,601</u>		<u>150,882,867</u>
Non-current				
Long-term advance payments		7,160,155		15,695,086
Long-term prepaid expenses		396,766,855		320,748,740
Others		9,205,455		5,798,997
		<u>413,132,465</u>		<u>342,242,823</u>
	₩	<u>645,765,066</u>	₩	<u>493,125,690</u>

Other liabilities as of December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012		2011	
Current				
Advances receipts	₩	160,739,323	₩	175,129,253
Unearned revenues		29,232,122		21,774,964
Withholdings		418,973,235		328,545,711
Others		7,181,377		6,928,813
		<u>616,126,057</u>		<u>532,378,741</u>
Non-current				
Accrued expenses		20,403,731		21,218,684
Unearned revenues		123,211,040		161,784,705
Deffered revenues		16,016,767		22,738,700
Others		3,827,426		7,993,426
		<u>163,458,964</u>		<u>213,735,515</u>
	₩	<u>779,585,021</u>	₩	<u>746,114,256</u>

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13. Assets and liabilities Held-for-Sale

In accordance with the approval of board of directors and shareholders, the Group decided to dispose of Pohang Total Cable Broadcasting Co., Ltd. (a part of entertainment&media segment) and others. Therefore, related assets, liabilities and others of Pohang Total Cable Broadcasting Co., Ltd. and other four entities are classified as held-for-sale. The sale transaction is expected to be completed within 2013.

Assets and liabilities in disposal group classified as held-for-sale as of December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012		2011	
Assets of disposal group				
Cash and cash equivalent	₩	24,273,130	₩	49,027,865
Other current assets		3,248,629		1,887,560
Property, plant and equipment		8,273,228		12,930,883
Intangible assets		41,272,468		43,091,490
Other non-current assets		501,566		696,713
	₩	77,569,021	₩	107,634,511
Liabilities of disposal group				
Current liabilities	₩	5,108,750	₩	6,097,135
Current portion of long-term borrowings		27,500,000		-
Long-term borrowings		-		54,054,500
Other non-current liabilities		3,565,388		4,421,131
	₩	36,174,138	₩	64,572,766

Other assets classified as held for sale as December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012		2011	
Property, plant and equipment	₩	3,564,947	₩	10,051,903

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14. Available-for-sale Financial Assets

Changes in available-for-sale financial assets as of December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012		2011	
Beginning balance	₩	1,023,468,116	₩	1,491,809,123
Increase due to business combination		2,048,650		122,985,914
Acquisition		49,372,293		14,833,925
Disposals		(41,114,713)		(18,502,293)
Impairment		(7,090,686)		(3,034,481)
Net losses transferred from equity		(135,511,681)		(337,708,421)
Net gains(losses) recognized in equity		113,783,015		(247,455,539)
Others		(1,175,283)		539,888
Ending balance		1,003,779,711		1,023,468,116
Less: Non-current portion		(974,091,800)		(993,170,255)
Current portion of available-for-sale financial assets	₩	29,687,911	₩	30,297,861

Current available-for-sale financial assets which included in other current financial assets as of December 31, 2012 and 2011, are as follows;

<i>(in thousands of Korean won)</i>	2012		2011	
Beneficiary certificate	₩	28,289,348	₩	28,957,936
Government Bonds		1,398,563		1,339,925
	₩	29,687,911	₩	30,297,861

Non-current available-for-sale financial assets as of December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>		2012		2011	
Detail		Acquisition cost	Book value	Book value	
Marketable securities	(1)	₩ 106,581,253	₩ 775,538,890	₩	707,959,533
Non-marketable investments	(2)	151,509,332	90,728,425		196,125,371
Investment in partnerships	(3)	84,087,387	70,168,687		60,921,198
Other investments	(4)	39,478,593	37,655,798		28,164,153
		₩ 381,656,565	₩ 974,091,800	₩	993,170,255

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(1) Marketable securities as of December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won, except percentage of ownership)</i>	Percentage of Ownership (%)	2012		2011
		Acquisition Cost	Book Value	Book Value
Samsung Life Insurance Co., Ltd.	3.49	₩ 565,530	₩ 658,765,655	₩ 565,155,265
Kumho Tire Co., Inc.	3.32	43,576,000	54,470,000	53,406,080
POSCO	0.10	34,200,000	31,410,000	34,200,000
SAJOHAEPYO Corporation	12.61	10,926,300	10,971,450	12,009,900
KT Skylife Co., Ltd.	0.33	2,194,500	5,338,620	9,864,000
Softmax Co., Ltd.	7.73	4,369,745	5,304,000	-
KT Corporation	0.05	5,095,467	4,638,182	4,657,779
Theragen Etex Co., Ltd.	1.34	2,004,184	2,893,800	2,977,520
YG Entertainment Inc.	0.06	111,643	376,011	7,360,000
Kumho Industrial Co., Ltd.	-	-	-	10,144,079
TBroad Hanvit Broadcasting Co., Ltd.	-	-	-	6,798,233
Others	-	3,537,884	1,371,172	1,386,677
		<u>₩ 106,581,253</u>	<u>₩ 775,538,890</u>	<u>₩ 707,959,533</u>

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(2) Non-marketable investments as of December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won, except percentage of ownership)</i>	Percentage of Ownership (%)	2012		2011
		Acquisition Cost	Book Value	Book Value
Joongang Ilbo	17.59	₩ 26,524,805	₩ 16,124,425	₩ 16,062,593
Haitai Confectionery & Foods Co., Ltd.	3.68	5,987,475	9,232,698	9,891,294
Tbroad Ginam Broadcasting Co., Ltd.	4.94	7,399,992	8,842,040	8,606,601
Dream Hub PFV Co., Ltd.	1.00	10,000,000	8,102,000	10,278,000
Al Nahr Company Limited ¹	25.00	6,426,600	6,426,600	6,919,800
VIRDIA INC.	4.25	4,284,400	4,284,400	-
HCN Seocho Co., Ltd.	4.02	4,910,290	4,122,769	3,989,030
CJ Lion Corporation	19.00	2,700,470	4,059,350	3,829,830
Simuline Inc.	11.74	4,000,000	3,640,313	2,361,000
Join Corp.	6.10	4,150,000	3,461,432	3,788,618
Gunjang New Port Terminal Co., Ltd.	15.00	3,315,000	3,315,000	3,315,000
Barunson Holdings Co., Ltd.	14.93	2,801,462	2,801,462	2,801,462
Foshan Property Investment Company	10.00	2,578,306	2,578,306	-
Seoul Litetower Co., Ltd.	1.51	3,660,000	2,481,725	3,660,000
HCN Busan Systems Co., Ltd.	1.89	693,502	1,709,206	1,478,496
Samsung Everland Inc. ²	-	-	-	109,511,191
Others	-	62,077,030	9,546,699	9,632,456
		<u>₩151,509,332</u>	<u>₩ 90,728,425</u>	<u>₩ 196,125,371</u>

¹ Although the Group owns more than 20% of the shares, it is classified as available-for-sale financial assets because the Group does not have significant influence.

² In 2012, the Group disposed of all of the unlisted shares of Samsung Everland Inc.

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Investment in partnerships as of December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won, except percentage of ownership)</i>	Percentage of Ownership (%)	2012		2011
		Acquisition Cost	Book Value	Book Value
Construction Guarantee Cooperative	0.23	₩ 11,418,317	₩ 12,016,637	₩ 4,091,225
Sovik Global Contents Investment Fund	4.21	7,500,000	7,500,000	4,000,000
Raine-Partners Fund	4.88	6,216,569	6,216,569	3,597,197
Vogo Fund LP	2.99	14,843,773	6,038,889	10,079,687
TV Chosun-Daesung investment	14.29	6,000,000	6,000,000	6,000,000
ISU Global Contents investment	18.91	4,000,000	4,000,000	4,000,000
CJ Global Contents investment 12rd	9.55	4,000,000	4,000,000	4,000,000
ISU-culture contents investment	16.00	4,000,000	4,000,000	4,000,000
DongMoon Media Contents & Culture Investment	10.27	3,500,000	3,500,000	3,000,000
BENEX Digital Culture Contents investment	11.95	3,000,000	3,000,000	3,000,000
SOVIK Contents investment	15.00	3,000,000	3,000,000	3,000,000
Stonebridge Digital investment	10.34	3,000,000	2,820,000	2,820,000
Leading Asia culture contents investment	10.50	2,000,000	2,000,000	-
GAEUN-BENEX culture contents investment	19.90	1,990,000	1,990,000	1,990,000
SOVIK 5rd Fund	-	-	-	1,286,893
Others	-	9,618,728	4,086,592	6,056,196
		<u>₩ 84,087,387</u>	<u>₩ 70,168,687</u>	<u>₩ 60,921,198</u>

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Other available-for-sale financial assets as of December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012		2011
	Acquisition cost	Book value	Book value
Beneficiary certificate	₩ 3,265,588	₩ 1,747,296	₩ 14,679,243
Debt securities	36,213,005	35,908,502	13,484,910
	₩ 39,478,593	₩ 37,655,798	₩ 28,164,153

The difference between acquisition costs and fair value of available-for-sale financial assets is recognized as other components of equity (gain on valuation of available-for-sale financial assets). The Group recognized ₩323,290 million which does not include income tax effect directly reflected on equity and non-controlling interests (2011: ₩384,808 million) as gain on valuation of available-for-sale financial assets.

15. Investments in jointly controlled entities and associates

Investments in jointly controlled entities as of December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won, except percentage of ownership)</i>	Location	Percentage of Ownership (%)	2012		2011	
			Acquisition Cost	Net asset Value	Book Value	Book Value
Kumho Resort Co., Ltd.	Korea	50.00	₩ 83,498,449	₩ 55,938,565	₩ 79,396,158	₩ 83,498,449
Sichuan Jixiangju Food Co., Ltd.	China	49.00	23,723,315	10,421,531	26,270,512	24,495,073
Beijing Ershang CJ Food Co., Ltd.	China	49.00	7,081,587	8,463,943	8,478,279	6,846,453
SCJ TV Shopping Co., Ltd.	Vietnam	50.00	8,138,085	5,414,747	5,414,747	5,229,613
Gumbo D.D.F Co., Ltd.	Korea	49.00	4,760,000	1,523,062	4,748,790	4,759,998
GMM CJ O Shopping Co., Ltd.	Thailand	49.00	6,479,102	4,501,126	4,652,530	2,728,870
Beijing CJ Xingxing International Cinema Co., Ltd.	China	49.00	5,254,113	4,423,136	4,423,136	4,864,692
Freshone Gangnam Co., Ltd.	Korea	20.00	3,444,791	2,102,633	3,499,367	-
CJ Xingxing(TJ) International Cinema Co., Ltd.	China	49.00	4,349,067	3,215,853	3,234,436	3,926,013
Shanghai Shangying CGV Xinzhuang Cinema Co., Ltd.	China	49.00	1,820,123	2,795,977	2,795,977	2,913,316
Freshone Namseoul Co., Ltd. ¹	Korea	14.46	3,179,336	2,018,863	2,487,841	3,503,190
Shanghai Shangying CGV Cinema Co., Ltd.	China	50.00	1,191,990	2,610,386	2,610,386	2,670,733
Freshone Dongseoul Co., Ltd.	Korea	20.00	2,022,342	1,452,659	1,991,639	-
Korea Express Saigon Port Co., Ltd.	Vietnam	50.00	2,501,081	1,669,733	1,922,620	2,501,081

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<i>(in thousands of Korean won, except percentage of ownership)</i>	Location	Percentage of Ownership (%)	2012			2011
			Acquisition Cost	Net asset Value	Book Value	Book Value
CJ Mediasa Television Broadcasting Corporation	Turkey	50.00	₩ 2,388,870	₩ 1,819,813	₩ 1,854,568	₩ -
PT CJ PIA	Indonesia	50.00	898,788	1,826,695	1,826,695	1,685,912
SMC-CJ O Shopping Co., Ltd.	China	23.00	3,779,194	1,774,405	1,774,405	2,013,923
CJ Xingxing(Fushun) Cinema Co., Ltd.	China	49.00	1,551,435	1,719,560	1,719,560	1,703,477
Freshone Daegugyoungbuk Co., Ltd.	Korea	20.00	1,583,800	1,458,337	1,627,395	-
CJ Mediasa Shopping & Retail Corporation	Turkey	50.00	2,656,580	1,579,499	1,613,086	-
Wuhan CJ Xingxing Tiandi Cinema Co., Ltd.	China	49.00	1,601,699	1,593,645	1,593,645	1,655,165
CJ Xingxing (Shanghai) Cinema Co., Ltd.	China	49.00	1,482,600	1,434,163	1,434,163	1,454,702
Polaris Mnet Co., Ltd.	Korea	50.00	1,750,000	1,370,803	1,370,803	-
Korea Express Saigon Logistics Co., Ltd. ²	Vietnam	66.25	1,348,045	1,363,163	1,363,163	1,348,044
Freshone Gwangju Co., Ltd.	Korea	20.00	1,216,223	1,178,056	1,333,473	1,425,740
Freshone Jungbu Co., Ltd.	Korea	20.00	1,308,653	1,004,697	1,248,851	1,374,949
Star CJ Network India Private Ltd.	India	50.00	37,211,540	879,500	879,500	5,532,269
EBARA CJ Fresh Foods Inc.	Japan	50.00	3,364,250	482,582	482,582	2,895,723
CJ&HACL Foodtech Co., Ltd.	Korea	49.00	19,209,570	12,168,824	-	16,671,920
Others ²	-	-	9,778,197	2,457,142	3,116,943	6,652,724
			<u>₩248,572,825</u>	<u>₩140,663,098</u>	<u>₩175,165,250</u>	<u>₩192,352,029</u>

¹ Although the Group owns less than 20.00% of the shares of Freshone Namseoul Co., Ltd., the Group exercises joint control through an agreement with other shareholders.

² Although the Group owns 66.25% and 60% of the shares in Korean Express Saigon Logistics Co., Ltd. and Korex Packsimex Co., Ltd., respectively, which are more than the majority, the Group excluded these subsidiaries for consolidation because the Group does not have the control through an agreement with other shareholders.

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Investments in associates as of December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won, except percentage of ownership)</i>	Location	Percentage of Ownership (%)	2012		2011	
			Acquisition Cost	Net asset Value	Book Value	Book Value
MBC Plus Media Co., Ltd.	Korea	22.88	₩ 27,009,989	₩ 34,689,414	₩ 36,100,547	₩ 32,831,168
Shanghai SMG-CJ Home Shopping Co., Ltd. ¹	China	15.84	2,772,205	29,290,027	29,290,027	37,910,556
BMC Cinema Investment	Korea	44.83	13,000,000	16,481,355	16,519,559	13,449,131
YJM Entertainment Co., Ltd.	Korea	30.00	15,000,000	7,852,881	15,564,208	15,250,576
Gretech Corporation	Korea	24.54	13,434,886	5,867,484	14,710,623	14,388,363
MVP Venture Investment - Culture Industry	Korea	25.00	6,000,000	6,480,250	6,480,250	6,410,159
Lucky Union Foods, Inc.	Thailand	20.00	5,800,026	6,309,793	6,309,793	5,660,318
Sovik picture venture investment	Korea	30.00	5,000,000	5,092,136	5,592,136	4,982,971
Company K Partners Limited - CINEMA	Korea	30.00	4,500,000	5,464,654	5,464,654	4,799,264
CJ-KTF Investment	Korea	40.00	4,000,000	4,041,779	5,096,620	4,030,540
CJ Venture Investment No.14 - Culture Contents	Korea	25.00	5,000,000	4,702,222	4,702,222	5,007,639
Home Choice Corp.	Korea	26.27	2,336,640	4,463,726	4,459,638	3,567,442
Art Service Co., Ltd.	Korea	41.35	4,474,144	4,390,319	4,390,319	4,706,528
Arkema Thiochemicals Malaysia Sdn. Bhd. ¹	Malaysia	14.00	4,182,249	3,693,223	3,693,223	-
Company K Partners Limited - CINEMA	Korea	30.00	3,000,000	3,248,578	3,248,578	3,017,062
Michigan global contents Investment	Korea	28.00	3,500,000	3,037,113	3,037,113	3,262,243
IBK Group Contents Investment Fund	Korea	33.33	2,800,000	2,869,043	2,878,687	-
Shanghai-Inchon International Ferry Co., Ltd.	China	24.50	1,728,367	2,568,276	2,568,276	1,728,367
Ningbo Culture Plaza CJ Cinema Co., Ltd.	China	45.00	2,674,660	2,558,710	2,558,710	2,714,649
Tiantian CJ Home Shopping Co., Ltd.	China	44.00	5,167,219	2,248,452	2,248,452	2,533,368
Enprani Co., Ltd.	Korea	27.76	5,681,397	1,961,956	1,961,956	2,243,315
Gunsan Container Terminal Co., Ltd.	Korea	24.11	2,124,108	285,961	1,691,310	2,124,108
Incheon South Terminal Operation Company	Korea	40.00	1,271,828	1,658,712	1,658,712	1,271,828
CJ Worldis Co., Ltd.	Korea	50.00	4,000,000	1,639,795	1,639,795	1,483,602
Michigan global contents Fund	Korea	20.00	1,941,371	1,404,994	1,594,347	1,851,649
Pohang Yeongilman Port Operating Co., Ltd. ²	Korea	51.00	1,355,885	1,355,892	1,355,892	233,885

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	Location	Percentage of Ownership (%)	2012			2011
			Acquisition Cost	Net asset Value	Book Value	Book Value
<i>(in thousands of Korean won, except percentage of ownership)</i>						
Wooridul Venture Capital Co., Ltd.	Korea	25.00	₩ 1,599,000	₩ 660,944	₩ 1,270,598	₩ 1,293,478
Clipservice Inc	Korea	45.07	1,397,125	1,254,481	1,254,481	-
Ficcjm asia Limited	Hong kong	49.00	1,678,512	1,452,353	1,205,193	-
United Asia Live Entertainment Co., Ltd.	China	20.00	1,005,500	1,169,209	1,173,910	1,113,404
Als Bac Ninh Company Limited	Vietnam	30.00	609,616	1,181,334	1,057,846	1,037,795
CenturyOn multimedia Investment No.2	Korea	20.00	2,020,259	1,027,540	1,027,540	1,022,454
Daishin Contents Investment Partnership No.1	Korea	33.33	1,342,108	970,957	972,094	1,127,398
Hanhwa Culture Contents Investment No.1	Korea	26.09	3,000,000	775,644	775,644	2,329,574
Cinema Service Co., Ltd.	Korea	37.10	9,059,253	2,008,505	596,505	3,497,916
Incheon North Port Bulk Terminal Co., Ltd.	Korea	28.00	2,320,564	497,215	497,215	2,320,564
CJ Venture Investment No. 9 - cinema	Korea	-	-	-	-	3,546,586
Others ²	-	-	8,679,864	3,155,387	4,443,553	6,849,317
			₩180,466,775	₩177,810,314	₩199,090,226	₩199,597,217

¹ Although the Group owns less than 20% of the equity shares of Shanghai SMG-CJ Home Shopping Co., Ltd. and Arkema Thiochemicals Malaysia Sdn. Bhd., the Group classified these companies as investments in associates because the Group exercises significant influence through an agreement with other shareholders.

² Although the Group owns 51.00%, 51.54% and 51.00% of the shares of Pohang Yeongilman Port Operating Co., Ltd., Ulsan Port Operating Co., Ltd. and Daesan Port Operating Co., Ltd., respectively, which are more than the majority, the Group excluded these subsidiaries for consolidation because the Group does not have the control through an agreement with other shareholders.

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Changes in investments in associates and jointly controlled entities for the years ended December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012					
	Beginning balance	Acquisition	Disposal ¹	Share of profit(loss)	Others ²	Ending balance
Kumho Resort Co., Ltd.	₩ 83,498,449	₩ -	₩ -	₩ (5,279,190)	₩ 1,176,899	₩ 79,396,158
MBC Plus Media Co., Ltd.	32,831,168	-	-	3,264,294	5,085	36,100,547
Shanghai SMG-CJ Home Shopping Co., Ltd.	37,910,556	-	(18,749,905)	11,833,919	(1,704,543)	29,290,027
Sichuan Jixiangju Food Co., Ltd.	24,495,073	-	-	2,367,854	(592,415)	26,270,512
BMC Cinema Investment	13,449,131	-	-	3,070,428	-	16,519,559
YJM Entertainment Co., Ltd.	15,250,576	-	-	313,632	-	15,564,208
Gretech Corporation	14,388,363	-	-	470,157	(147,897)	14,710,623
Beijing Ershang CJ Food Co., Ltd.	6,846,453	2,004,805	-	124,888	(497,867)	8,478,279
MVP Venture Investment - Culture Industry	6,410,159	-	-	70,091	-	6,480,250
Lucky Union Foods, Inc.	5,660,318	-	-	1,127,665	(478,190)	6,309,793
Sovik picture venture investment	4,982,971	-	-	609,165	-	5,592,136
Company K Partners Limited – CINEMA	4,799,264	-	-	665,390	-	5,464,654
SCJ TV Shopping Co., Ltd.	5,229,613	1,707,685	-	(272,167)	(1,250,384)	5,414,747
CJ-KTF Investment	4,030,540	-	-	1,066,080	-	5,096,620
Gumbo D.D.F Co., Ltd.	4,759,998	-	-	(11,208)	-	4,748,790
CJ Venture Investment No.14 - Culture Contents	5,007,639	-	-	(305,417)	-	4,702,222
GMM CJ O Shopping Co., Ltd.	2,728,870	3,751,169	-	(1,666,070)	(161,439)	4,652,530
Home Choice Corp.	3,567,442	-	-	838,940	53,256	4,459,638
Beijing CJ Xingxing International Cinema Co., Ltd.	4,864,692	-	-	(164,606)	(276,950)	4,423,136
Art service	4,706,528	-	-	(316,209)	-	4,390,319
Arkema Thiochemicals Malaysia Sdn. Bhd.	-	4,182,249	-	15,907	(504,933)	3,693,223
Freshone Gangnam Co., Ltd.	-	3,444,791	-	54,576	-	3,499,367
Company K Partners Limited – Contents	3,017,062	-	-	231,516	-	3,248,578
CJ Xingxing(Tj) International Cinema Co., Ltd.	3,926,013	-	-	(482,085)	(209,492)	3,234,436
Michigan global contents Investment	3,262,243	-	-	(225,130)	-	3,037,113
IBK Group Contents Investment Fund	-	2,800,000	-	78,687	-	2,878,687

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2012

<i>(in thousands of Korean won)</i>	Beginning		Acquisition		Disposal ¹		Share of		Others ²		Ending	
	balance						profit(loss)				balance	
Shanghi Shangying CGV Xinzhuang Co., Ltd.	₩	2,913,316	₩	-	₩	-	₩	508,560	₩	(625,899)	₩	2,795,977
Shanghai Shangying CGV Cinema Co., Ltd.		2,670,733		-		-		635,975		(696,322)		2,610,386
Shanghai-Inchon International Ferry Co., Ltd.		1,728,367		-		-		983,893		(143,984)		2,568,276
Ningbo Culture Plaza CJ Cinema Co., Ltd.		2,714,649		-		-		-		(155,939)		2,558,710
Freshone Namseoul Co., Ltd.		3,503,190		-		-		(604,454)		(410,895)		2,487,841
Tiantian CJ Home Shopping Co., Ltd.		2,533,368		-		-		(142,719)		(142,197)		2,248,452
Freshone Dongseoul Co., Ltd.		-		2,022,342		-		(30,703)		-		1,991,639
Enprani Co., Ltd.		2,243,315		-		-		(283,918)		2,559		1,961,956
Korea Express Saigon Port Co., Ltd.		2,501,081		-		-		160,302		(738,763)		1,922,620
CJ Mediasa Television Broadcasting Corporation		-		2,388,870		-		(521,684)		(12,618)		1,854,568
PT CJ PIA		1,685,912		-		-		376,484		(235,701)		1,826,695
SMC-CJ O Shopping Co., Ltd.		2,013,923		1,065,948		-		(1,241,424)		(64,042)		1,774,405
CJ Xingxing(Fushun) Cinema Co., Ltd.		1,703,477		-		-		118,262		(102,179)		1,719,560
Gunsan Container Terminal Co., Ltd.		2,124,108		-		-		(432,798)		-		1,691,310
Incheon South Terminal Operation Company		1,271,828		-		-		1,006,884		(620,000)		1,658,712
CJ Worldis Co., Ltd.		1,483,602		-		-		156,193		-		1,639,795
Freshone Daegugyoungbuk Co., Ltd.		-		1,583,800		-		43,595		-		1,627,395
CJ Mediasa Shopping & Retail Corporation		-		2,656,580		-		(1,011,893)		(31,601)		1,613,086
Michigan global contents Fund		1,851,649		-		-		(257,302)		-		1,594,347
Wuhan CJ Xingxing Tiandi Cinema Co., Ltd.		1,655,165		-		-		36,242		(97,762)		1,593,645
CJ Xingxing (Shanghai) Cinema Co., Ltd.		1,454,702		-		-		66,690		(87,229)		1,434,163
Polaris Mnet Co., Ltd.		-		1,750,000		-		(379,197)		-		1,370,803
Korea Express Saigon Logistics Co., Ltd.		1,348,044		-		-		395,413		(380,294)		1,363,163
Pohang Yeongilman Port Operating Co., Ltd		233,885		1,122,000		-		7		-		1,355,892
Freshone Gwangju Co., Ltd.		1,425,740		-		-		(47,385)		(44,882)		1,333,473

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2012

<i>(in thousands of Korean won)</i>	Beginning		Disposal ¹	Share of		Ending
	balance	Acquisition		profit(loss)	Others ²	
Wooridul Venture Capital Co., Ltd.	₩ 1,293,478	₩ -	₩ -	₩ (22,880)	₩ -	₩ 1,270,598
Clipservice Inc ³	-	-	-	370,370	884,111	1,254,481
Freshone Jungbu Co., Ltd.	1,374,949	-	-	(109,465)	(16,633)	1,248,851
Ficcjm asia Limited	-	1,449,557	-	(425,952)	181,588	1,205,193
United Asia Live Entertainment Co., Ltd.	1,113,404	-	-	129,849	(69,343)	1,173,910
Als Bac Ninh Company Limited	1,037,795	-	-	699,245	(679,194)	1,057,846
CenturyOn multimedia Investment No.2	1,022,454	-	-	5,086	-	1,027,540
Daishin Contents Investment Partnership No.1	1,127,398	-	-	(155,304)	-	972,094
Star CJ Network India Private Ltd.	5,532,269	5,379,665	-	(9,842,086)	(190,348)	879,500
Hanhwa Culture Contents Investment No.1	2,329,574	-	-	(1,553,930)	-	775,644
Cinema Service Co., Ltd.	3,497,916	-	-	(2,901,411)	-	596,505
Incheon North Port Bulk Terminal Co., Ltd.	2,320,564	-	-	(1,823,349)	-	497,215
Ebara CJ Fresh Foods Inc.	2,895,723	-	-	(2,208,642)	(204,499)	482,582
CJ&HAACL Foodtech Co., Ltd. ⁴	16,671,920	-	-	(3,579,794)	(13,092,126)	-
CJ Venture Investment No. 9 – cinema	3,546,586	-	(3,546,586)	-	-	-
Others	13,502,041	2,002,642	(740,700)	(6,763,450)	(440,037)	7,560,496
	₩ 391,949,246	₩ 39,312,103	₩ (23,037,191)	₩ (11,165,583)	₩ (22,803,099)	₩ 374,255,476

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2011

<i>(in thousands of Korean won)</i>	Acquisition		Acquisition	Share of profit(loss)	Others ²	Ending balance
	Beginning balance	from business combination				
Kumho Resort Co., Ltd.	₩ -	₩ 83,498,449	₩ -	₩ -	₩ -	₩ 83,498,449
Shanghai SMG-CJ Home Shopping Co., Ltd.	34,380,066	-	-	8,190,817	(4,660,327)	37,910,556
MBC Plus Media Co., Ltd.	30,952,598	-	-	2,648,701	(770,131)	32,831,168
Sichuan Jixiangju Food Co., Ltd.	-	-	23,723,315	687,673	84,085	24,495,073
CJ&HACL Foodtech Co., Ltd.	16,796,401	-	-	(1,027,838)	903,357	16,671,920
YJM Entertainment Co., Ltd.	-	-	15,000,000	250,576	-	15,250,576
Gretech Corporation	13,408,257	-	-	980,106	-	14,388,363
BMC Cinema Investment	13,030,412	-	-	456,923	(38,204)	13,449,131
Beijing Ershang CJ Food Co., Ltd.	6,609,332	-	-	(137,579)	374,700	6,846,453
MVP Venture Investment - Culture Industry	6,000,000	-	-	410,159	-	6,410,159
Lucky Union Foods, Inc.	6,237,217	-	-	873,669	(1,450,568)	5,660,318
Star CJ Network India Private Ltd.	5,641,819	-	14,883,515	(14,326,683)	(666,382)	5,532,269
CJ Toyota Tsusho Philippines Inc.	5,671,025	-	-	(484,272)	45,397	5,232,150
SCJ TV Shopping Co., Ltd.	-	-	6,430,400	(993,921)	(206,866)	5,229,613
CJ Venture Investment No. 14 - Culture Contents	-	-	5,000,000	7,639	-	5,007,639
Sovik picture venture investment	-	-	5,000,000	(17,029)	-	4,982,971
Beijing CJ Xingxing International Cinema Co., Ltd.	2,251,758	-	2,778,831	(284,295)	118,398	4,864,692
Company K Partners Limited – CINEMA	4,681,068	-	-	118,196	-	4,799,264
Gumbo D.D.F Co., Ltd.	-	-	4,760,000	7,391	(7,393)	4,759,998
Art service	4,567,093	-	-	139,435	-	4,706,528
CJ-KTF Investment	3,961,201	-	-	69,339	-	4,030,540
CJ Xingxing(Tj) International Cinema Co., Ltd.	4,083,637	-	-	(388,252)	230,628	3,926,013
CJ Venture Investment No. 9 – cinema	-	-	-	-	3,546,586	3,546,586
Freshone Namseoul Co., Ltd.	-	-	3,179,336	323,854	-	3,503,190
Cinema Service Co., Ltd.	1,683,293	-	-	1,863,501	(48,878)	3,497,916
Michigan global contents Investment	3,418,064	-	-	(155,821)	-	3,262,243
Company K Partners Limited – Contents	2,931,886	-	-	85,176	-	3,017,062
Bluepepper. Inc	-	-	2,948,850	-	-	2,948,850

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2011

<i>(in thousands of Korean won)</i>	Beginning balance		Acquisition from business combination		Acquisition	Share of profit(loss)		Others ²	Ending balance	
Shanghi Shangying CGV Xinzhuang Co., Ltd.	₩	2,641,944	₩	-	₩	445,263	₩	(173,891)	₩	2,913,316
Ebara CJ Fresh Foods Inc.		-		-		3,364,250		(3,042,214)		2,895,723
GMM CJ O Shopping Co., Ltd.		-		-		2,727,933		937		2,728,870
Ningbo Culture Plaza CJ Cinema Co., Ltd.		409,379		-		2,279,862		25,408		2,714,649
Shanghai Shangying CGV Cinema Co., Ltd.		2,334,694		-		481,151		(145,112)		2,670,733
Tiantian CJ Home Shopping Co., Ltd.		3,116,300		-		(719,471)		136,539		2,533,368
Korea Express Saigon Port Co., Ltd.		-		2,501,081		-		-		2,501,081
Hanhwa Culture Contents Investment No.1		3,000,000		-		(670,426)		-		2,329,574
Incheon North Port Bulk Terminal Co., Ltd.		-		2,320,564		-		-		2,320,564
Enprani Co., Ltd.		3,028,705		-		(743,476)		(41,914)		2,243,315
Gunsan Container Terminal Co., Ltd.		-		2,124,108		-		-		2,124,108
SMC-CJ O Shopping Co., Ltd.		-		-		2,713,246		(64,914)		2,013,923
Michigan global contents Fund		2,016,645		-		(164,996)		-		1,851,649
Shanghai-Inchon International Ferry Co., Ltd.		-		1,728,367		-		-		1,728,367
CJ Xingxing(Fushun) Cinema Co., Ltd.		-		-		1,551,435		146,617		1,703,477
PT CJ PIA		1,280,752		-		397,898		7,262		1,685,912
Wuhan CJ Xingxing Tiandi Cinema Co., Ltd.		1,466,099		-		97,716		91,350		1,655,165
CJ Worldis Co., Ltd.		1,321,223		-		162,379		-		1,483,602
CJ Xingxing (Shanghai) Cinema Co., Ltd.		-		-		1,482,600		129,650		1,454,702
Freshone Gwangju Co., Ltd.		1,248,185		-		177,555		-		1,425,740
Freshone Jungbu Co., Ltd.		-		-		1,308,653		66,296		1,374,949
Korea Express Saigon Logistics Co., Ltd.		-		1,348,044		-		-		1,348,044
Wooridul Venture Capital Co., Ltd.		1,541,888		-		(248,410)		-		1,293,478
Daishin Contents Investment Partnership No.1		1,363,383		-		(235,985)		-		1,127,398
United Asia Live Entertainment Co., Ltd.		-		-		1,005,500		95,083		1,113,404

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2011

<i>(in thousands of Korean won)</i>	Beginning balance	Acquisition from business combination	Acquisition	Share of profit(loss)	Others²	Ending balance
Als Bac Ninh Company Limited	₩ 639,518	₩ -	₩ -	₩ 511,237	₩ (112,960)	₩ 1,037,795
CenturyOn multimedia Investment No.2	1,022,064	-	-	390	-	1,022,454
CJ Venture Investment No.12 – Global Contents Fund	6,889,748	-	-	(184,045)	(6,705,703)	-
Champ Vision Inc.	3,932,410	-	-	(26,240)	(3,906,170)	-
CJ Venture Investment No.11 – Culture Contents Fund	1,144,781	-	-	(49,625)	(1,095,156)	-
Others	4,459,873	4,533,888	-	14,985	1,385,450	10,394,196
	<u>₩ 209,162,718</u>	<u>₩ 98,054,501</u>	<u>₩ 100,137,726</u>	<u>₩ 410,574</u>	<u>₩ (15,816,273)</u>	<u>₩ 391,949,246</u>

¹ In 2012, the Group disposed of the shares of Shanghai SMG-CJ Home Shopping Co., Ltd. and others, and recognized the gain on disposal of investment in associates amounting to ₩33,534 million (2011: ₩206 million).

² Others are composed of dividends, gain and loss on foreign currency translation, other comprehensive income (loss) and others.

³ In 2012, the Group lost its control due to the disposal of portion of shares held by CJ E&M Corporation, a consolidated subsidiary, and therefore the investment is reclassified from investment in subsidiaries to investment in associates.

⁴ In 2012, the Group recognized the impairment loss of ₩12,261 million on CJ&HACL Foodtech Co., Ltd..

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Financial information of major jointly controlled entities and associates as of and for the years ended December 31, 2012 and 2011, is as follows:

<i>(in thousands of Korean won)</i>	2012					
	Assets	Liabilities	Equity	Sales	Net income (loss)	Other comp- rehensive income (loss)
Kumho Resort Co., Ltd.	₩ 527,582,207	₩ 415,705,077	₩ 111,877,130	₩ 91,014,579	₩ (11,221,859)	₩ (12,572,225)
MBC Plus Media Co., Ltd.	177,213,403	25,598,832	151,614,571	15,880,127	14,266,238	14,289,243
Shanghai SMG-CJ Home Shopping Co., Ltd.	188,203,197	3,291,411	184,911,786	142,280,243	53,964,356	43,713,037
Sichuan Jixiangju Food Co., Ltd.	48,712,379	27,443,950	21,268,429	44,098,835	3,946,579	3,623,344
YJM Entertainment Co., Ltd.	29,630,082	11,307,915	18,322,167	-	731,759	731,759
BMC Cinema Investment	36,841,709	77,589	36,764,120	10,949,497	6,849,045	6,849,045
Gretech Corporation	25,277,318	1,367,440	23,909,878	23,385,247	1,814,887	1,697,887
Beijing Ershang CJ Food Co., Ltd.	21,457,623	4,184,269	17,273,354	31,399,530	254,875	(761,194)
MVP Venture Investment - Culture Industry	26,178,625	257,626	25,920,999	5,723,176	2,476,569	2,476,569
Lucky Union Foods, Inc.	68,729,196	37,180,231	31,548,965	49,525,276	5,638,325	5,638,325
Sovik picture venture investment	16,973,788	-	16,973,788	2,532,802	2,030,551	2,030,551
Company K Partners Limited – CINEMA	18,261,970	46,456	18,215,514	3,776,532	2,226,285	2,226,285
SCJ TV Shopping Co., Ltd.	14,168,969	3,339,476	10,829,493	15,032,737	(3,167,901)	(3,939,447)
CJ-KTF Investment	10,114,447	10,000	10,104,447	50,637	23,137	23,137
Gumbo D.D.F Co., Ltd.	4,599,128	1,490,839	3,108,289	1,499,619	(7,553)	(7,553)
CJ Venture Investment No.14 - Culture Contents	18,913,914	105,027	18,808,887	1,665,913	(1,221,669)	(1,221,669)
GMM CJ O Shopping Co., Ltd.	12,362,914	3,176,943	9,185,971	3,111,568	(3,400,933)	(3,730,399)
Home Choice Corp.	31,744,413	14,752,689	16,991,724	92,652,575	2,922,525	2,922,525
Beijing CJ Xingxing International Cinema Co., Ltd.	11,369,233	2,342,426	9,026,807	2,149,994	(335,932)	(901,592)
Art service	23,263,932	12,646,472	10,617,460	12,355,394	(744,301)	(744,301)
Arkema Thiochemicals Malaysia Sdn. Bhd.	40,778,635	14,398,468	26,380,167	-	(23,715)	(3,630,382)
Freshone Gangnam Co., Ltd.	27,817,895	17,304,730	10,513,165	52,150,296	272,879	272,879
Company K Partners Limited - Contents	10,915,155	86,563	10,828,592	2,543,694	771,719	771,719
CJ Xingxing(Tj) International Cinema Co., Ltd.	15,570,491	9,007,526	6,562,965	6,705,071	(983,840)	(1,411,381)
Michigan global contents Investment	10,849,973	3,142	10,846,831	75,774	(804,038)	(804,038)
IBK Group Contents Investment Fund	8,798,098	190,110	8,607,988	398,616	207,988	207,988
Shanghai Shangying CGV Xinzhuang Cinema Co., Ltd.	7,706,049	1,999,974	5,706,075	7,191,134	1,037,877	652,649
Shanghai Shangying CGV Cinema Co., Ltd.	7,488,437	2,267,664	5,220,773	7,046,603	1,271,950	913,124

CJ Corporation and Subsidiaries
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2012

<i>(in thousands of Korean won)</i>	Assets	Liabilities	Equity	Sales	Net income (loss)	Other comp- rehensive income (loss)
Shanghai-Inchon International Ferry Co., Ltd.	₩ 19,106,403	₩ 8,623,643	₩ 10,482,760	₩ 4,655,346	₩ 4,655,346	₩ 4,121,248
Ningbo Culture Plaza CJ Cinema Co., Ltd.	5,701,784	15,762	5,686,022	-	-	(351,655)
Freshone Namseoul Co., Ltd.	33,546,859	19,585,151	13,961,708	102,154,062	(2,838,256)	(2,838,256)
Tiantian CJ Home Shopping Co., Ltd.	27,479,533	22,369,415	5,110,118	75,408,470	(324,361)	(647,536)
Freshone Dongseoul Co., Ltd.	19,065,736	11,802,443	7,263,293	5,099,274	22,736	22,736
Enprani Co., Ltd.	26,850,663	19,783,096	7,067,567	76,474,944	(1,022,704)	(1,013,539)
Korea Express Saigon Port Co., Ltd.	3,809,184	469,718	3,339,466	4,199,358	320,605	75,586
CJ Mediasa Television Broadcasting Corporation	3,667,405	27,778	3,639,627	2,379,698	(1,043,367)	(1,068,604)
PT CJ PIA	4,158,457	505,068	3,653,389	3,874,356	752,968	281,566
SMC-CJ O Shopping Co., Ltd.	11,112,490	3,397,687	7,714,803	18,182,271	(5,397,497)	(5,704,983)
CJ Xingxing(Fushun) Cinema Co., Ltd.	4,699,313	1,190,006	3,509,307	985,840	241,351	29,628
Gunsan Container Terminal Co., Ltd.	2,364,638	1,178,572	1,186,066	2,001,391	(1,794,666)	(1,794,666)
Incheon South Terminal Operation Company	5,807,930	1,661,150	4,146,780	13,068,375	2,517,210	2,517,210
CJ Worldis Co., Ltd.	9,706,973	6,427,384	3,279,589	442,361	442,361	442,361
Freshone Daegugyoungbuk Co., Ltd.	20,844,417	13,552,732	7,291,685	22,434,004	217,977	217,977
CJ Mediasa Shopping & Retail Corporation	3,844,343	685,345	3,158,998	232,677	(2,023,787)	(2,086,988)
Michigan global contents Fund	7,176,565	151,594	7,024,971	184,523	(1,335,703)	(1,335,703)
Wuhan CJ Xingxing Tiandi Cinema Co., Ltd.	4,717,836	1,465,498	3,252,338	3,188,206	73,964	(125,550)
CJ Xingxing(Shanghai) Cinema Co., Ltd.	3,710,348	783,484	2,926,864	2,997,181	136,101	(41,917)
Polaris Mnet Co., Ltd.	2,882,840	141,235	2,741,605	138,995	(758,395)	(758,395)
Korea Express Saigon Logistics Co., Ltd.	4,147,081	2,089,478	2,057,603	14,556,438	660,049	476,846
Pohang Yeongilman Port Operating Co., Ltd	4,603,317	1,944,705	2,658,612	1,960,767	15	15
Freshone Gwangju Co., Ltd.	17,299,569	11,409,286	5,890,283	71,550,684	(236,927)	(236,927)
Wooridul Venture Capital Co., Ltd.	3,198,398	554,621	2,643,777	-	(91,521)	(91,521)
Clipservice Inc	7,552,554	4,769,148	2,783,406	821,794	821,794	821,794
Freshone Jungbu Co., Ltd.	16,528,100	11,504,616	5,023,484	57,850,666	(547,323)	(547,323)
Ficcjm asia Limited	15,683,645	12,719,660	2,963,985	4,882,002	(43,137)	(366,372)
United Asia Live Entertainment Co., Ltd.	9,627,752	3,781,706	5,846,046	14,790,856	649,247	302,524
Als Bac Ninh Company Limited	6,779,856	2,842,074	3,937,782	9,300,633	2,735,894	2,480,839
CenturyOn multimedia Investment No.2	5,138,073	371	5,137,702	77,878	25,429	25,429

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<i>(in thousands of Korean won)</i>	Assets	Liabilities	Equity	Sales	Net income (loss)	Other comp- rehensive income (loss)
Kumho Resort Co., Ltd. ¹	₩ 529,895,268	₩ 408,611,849	₩ 121,283,419	₩ -	₩ -	₩ -
Shanghai SMG-CJ Home Shopping Co., Ltd.	143,170,706	1,924,219	141,246,487	110,309,278	30,517,204	20,265,885
MBC Plus Media Co., Ltd.	160,900,961	23,575,633	137,325,328	156,901,465	17,155,514	17,178,520
Sichuan Jixiangju Food Co., Ltd.	42,353,877	24,708,791	17,645,086	36,935,052	4,759,105	3,550,094
CJ&HACL Foodtech Co., Ltd.	46,000,810	12,164,106	33,836,704	12,946,194	(2,097,629)	(3,794,296)
YJM Entertainment Co., Ltd.	17,687,243	96,835	17,590,408	1,000,000	464,213	464,213
Gretech Corporation	23,899,587	2,201,783	21,697,804	26,986,847	4,035,814	3,918,814
BMC Cinema Investment	30,067,711	152,636	29,915,075	4,690,076	1,019,236	1,019,236
Beijing Ershang CJ Food Co., Ltd.	21,226,132	7,253,779	13,972,353	27,575,003	(280,774)	(1,296,842)
MVP Venture Investment - Culture Industry	23,633,683	189,255	23,444,428	3,536,775	1,721,585	1,721,585
Lucky Union Foods, Inc.	48,681,621	20,380,031	28,301,590	46,882,000	5,341,528	5,341,528
Star CJ Network India Private Ltd.	28,174,938	17,995,636	10,179,302	49,665,873	(28,653,367)	(29,013,486)
CJ Toyota Tsusho Philippines Inc.	71,929,690	60,224,727	11,704,963	-	(1,061,748)	(1,293,488)
SCJ TV Shopping Co., Ltd.	12,866,368	1,359,910	11,506,458	3,209,411	(1,869,943)	(2,641,489)
CJ Venture Investment No.14 - Culture Contents	20,084,666	54,110	20,030,556	86,646	30,556	30,556
Sovik picture venture investment	14,943,237	-	14,943,237	247,874	(56,764)	(56,764)
Beijing CJ Xingxing International Cinema Co., Ltd.	12,117,492	2,189,092	9,928,400	2,958,032	(577,893)	(1,143,553)
Company K Partners Limited - CINEMA	16,005,865	8,318	15,997,547	1,695,003	385,668	385,668
Gumbo D.D.F Co., Ltd.	4,272,406	1,141,243	3,131,163	288,098	15,084	15,084
ART SERVICE	26,498,794	15,116,622	11,382,172	14,068,758	316,796	316,796
CJ-KTF Investment	10,076,350	-	10,076,350	318,228	173,348	173,348
CJ Xingxing(Tj) International Cinema Co., Ltd.	12,057,685	4,083,340	7,974,345	3,806,963	(789,210)	(1,216,751)
CJ Venture Investment No. 9 - cinema ¹	7,455,017	66,296	7,388,721	445,459	(697,081)	(697,081)
Freshone Namseoul Co., Ltd.	19,016,994	17,907,359	1,109,635	33,315,566	809,635	809,635
Cinema Service Co., Ltd.	16,892,197	8,616,318	8,275,879	4,088,242	(1,551,488)	(1,551,488)
Michigan global contents Investment	11,734,070	83,202	11,650,868	178,862	(556,504)	(556,504)
Company K Partners Limited - CINEMA	10,058,386	1,513	10,056,873	1,860,651	283,922	283,922
Bluepepper. Inc	734,754	617,620	117,134	-	-	-
Shanghi Shangying CGV Xinzhuang Co., Ltd.	8,020,469	2,074,926	5,945,543	6,410,632	1,119,418	734,190

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<i>(in thousands of Korean won)</i>	Assets	Liabilities	Equity	Sales	Net income (loss)	Other comp- rehensive income (loss)
EBARA CJ Fresh Foods Inc.	₩ 7,805,058	₩ 2,013,612	₩ 5,791,446	₩ 3,335,474	₩ (1,531,077)	₩ (1,940,074)
GMM CJ O Shopping Co., Ltd.	5,504,790	11,294	5,493,496	13,234	1,914	(327,552)
Ningbo Culture Plaza CJ Cinema Co., Ltd.	6,037,676	-	6,037,676	-	-	-
Shanghai Shangying CGV Cinema Co., Ltd.	8,448,566	3,107,100	5,341,466	6,668,878	1,255,033	896,207
Tiantian CJ Home Shopping Co., Ltd.	17,640,811	11,883,156	5,757,655	44,280,967	(1,895,627)	(2,218,803)
Korea Express Saigon Port Co., Ltd. ¹	3,690,505	260,688	3,429,817	-	-	-
Hanhwa Culture Contents Investment No.1	2,906,557	39,298	2,867,259	108,438	(2,642,071)	(2,642,071)
Incheon North Port Bulk Terminal Co., Ltd. ¹	98,633,551	90,345,823	8,287,728	-	-	-
Enprani Co., Ltd.	28,762,189	20,681,083	8,081,106	69,951,646	(2,678,229)	(2,669,064)
Gunsan Container Terminal Co., Ltd. ¹	3,845,520	864,788	2,980,732	-	-	-
SMC-CJ O SHOPPING CO., LTD.	11,056,038	2,299,851	8,756,187	2,093,941	(2,758,297)	(3,065,783)
Michigan global contents Fund	8,380,797	69,312	8,311,485	587,223	393,120	393,120
Shanghai-Inchon International Ferry Co., Ltd.	12,765,047	5,601,688	7,163,359	183,193	1,248,306	714,208
CJ Xingxing(Fushun) Cinema Co., Ltd.	4,490,394	1,010,714	3,479,680	1,777,176	11,027	(200,696)
PT CJ PIA	5,921,640	2,549,818	3,371,822	3,754,957	795,795	324,394
Wuhan CJ Xingxing Tiandi Cinema Co., Ltd.	4,409,622	1,031,734	3,377,888	3,295,717	199,421	(94)
CJ Worldis Co., Ltd	6,281,791	3,314,587	2,967,204	4,908,475	324,744	324,744
CJ Xingxing (Shanghai) Cinema Co., Ltd.	3,313,162	344,382	2,968,780	851,183	(287,133)	(465,151)
Freshone Gwangju Co., Ltd.	13,241,097	11,893,512	1,347,585	61,292,563	893,665	893,665
Freshone Jungbu Co., Ltd.	10,613,464	9,981,984	631,480	21,198,306	331,480	331,480
Korea Express Saigon Logistics Co., Ltd. ¹	4,397,681	470,421	3,927,260	-	-	-
Wooridul Venture Capital Co., Ltd.	3,292,758	557,462	2,735,296	-	(1,563,931)	(1,563,931)
Daishin Contents Investment Partnership No.1	3,808,748	50,755	3,757,993	202,920	(787)	(787)
United Asia Live Entertainment Co., Ltd.	8,054,999	2,511,479	5,543,520	9,137,417	65,310	(281,413)
Als Bac Ninh Company Limited	6,707,123	3,247,806	3,459,317	5,041,731	1,630,617	1,375,562
CenturyOn multimedia Investment No.2	5,126,008	13,733	5,112,275	6,640	1,951	1,951

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¹ An associate or jointly controlled entity newly included in consolidated financial statement in 2011 and whose sales and net income(loss) incurred subsequent to the acquisition date are presented.

The Group has suspended the application of the equity method of accounting on eight investees, including D-cinema of Korea Corp. due to their accumulated losses. Unrecognized loss of these investments amount to ₩3,729 million in 2012 (2011: ₩4,149 million) and unrecognized accumulated loss of these investments amount to ₩10,219 million as of December 31, 2012 (2011: ₩6,490 million).

16. Property, Plant and Equipment

Changes in property, plant and equipment for the years ended December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012					
	Land	Buildings	Structures	Machinery	Vehicles	Tools, equipment and supplies
Beginning net book value	₩ 2,704,085,316	₩1,395,800,411	₩ 380,397,440	₩1,572,842,867	₩ 95,303,688	₩ 407,252,534
Increase due to business combination	17,755,929	13,876,832	4,014,408	39,354,465	196,574	3,878,469
Acquisition	7,595,429	124,871,811	49,444,808	525,220,285	18,411,038	188,311,457
Transfer to investment property	(533,460)	(10,230,260)	(4,665)	374,532	-	16,527
Transfer	-	44,955,820	42,945,946	236,839,419	1,576,581	14,815,862
Disposal	(13,042,644)	(8,887,873)	(7,774,890)	(17,416,053)	(654,692)	(3,480,379)
Depreciation	-	(62,544,466)	(37,805,434)	(308,972,688)	(20,681,561)	(145,669,633)
Impairment	-	-	(115,907)	-	(959)	(79,387)
Effect of foreign currency translation	(1,835,886)	(19,644,394)	(4,794,212)	(59,823,244)	(858,636)	(3,239,958)
Others	(1,957,170)	(455,951)	(1,048,022)	61,473,995	142,433	(6,199,167)
Ending net book value	<u>₩ 2,712,067,514</u>	<u>₩1,477,741,930</u>	<u>₩ 425,259,472</u>	<u>₩2,049,893,578</u>	<u>₩ 93,434,466</u>	<u>₩ 455,606,325</u>
At December 31, 2012						
Acquisition cost	₩ 2,716,663,552	₩2,089,651,706	₩ 675,325,120	₩4,053,053,528	₩ 250,597,540	₩1,341,437,467
Accumulated depreciation	-	(604,080,104)	(247,177,606)	(1,996,602,588)	(157,153,246)	(881,226,815)
Accumulated impairment loss	-	(157,669)	-	(3,193,154)	-	(2,893,376)
Government Subsidy	(4,596,038)	(7,672,003)	(2,888,042)	(3,364,208)	(9,828)	(1,710,951)
Net book value	<u>₩ 2,712,067,514</u>	<u>₩1,477,741,930</u>	<u>₩ 425,259,472</u>	<u>₩2,049,893,578</u>	<u>₩ 93,434,466</u>	<u>₩ 455,606,325</u>

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<i>(in thousands of Korean won)</i>	Course	Biotechnology assets	Heavy equipment	Others	Construction- in- Progress	Total
Beginning net book value	₩ 65,617,874	₩ 8,705,210	₩ 88,746,071	₩ 46,234,433	₩ 594,267,856	₩ 7,359,253,700
Increase due to business combination	-	-	-	-	221,502	79,298,179
Acquisition	1,873,821	12,158,399	2,658,161	10,275,617	590,261,484	1,531,082,310
Transfer to investment property	-	-	-	-	(6,001,030)	(16,378,356)
Transfer	-	13,321	1,421,518	63,480,382	(406,048,849)	-
Disposal	(60,883)	(9,894,048)	(157,768)	(77,253)	(2,405,654)	(63,852,137)
Depreciation	-	-	(4,480,296)	(9,258,501)	-	(589,412,579)
Impairment	-	-	-	(350,890)	-	(547,143)
Effect of foreign currency translation	-	(1,229,782)	(2,567)	55,295	(20,862,211)	(112,235,595)
Others	-	-	(61,228,327)	(1,432,707)	(6,378,194)	(17,083,110)
Ending net book value	<u>₩ 67,430,812</u>	<u>₩ 9,753,100</u>	<u>₩ 26,956,792</u>	<u>₩ 108,926,376</u>	<u>₩ 743,054,904</u>	<u>₩ 8,170,125,269</u>
At December 31, 2012						
Acquisition cost	₩ 67,430,812	₩ 9,753,100	₩ 61,249,726	₩ 149,919,437	₩ 745,497,533	₩12,160,579,521
Accumulated depreciation	-	-	(34,292,934)	(40,541,481)	-	(3,961,074,774)
Accumulated impairment loss	-	-	-	(451,580)	-	(6,695,779)
Government Subsidy	-	-	-	-	(2,442,629)	(22,683,699)
Net book value	<u>₩ 67,430,812</u>	<u>₩ 9,753,100</u>	<u>₩ 26,956,792</u>	<u>₩ 108,926,376</u>	<u>₩ 743,054,904</u>	<u>₩ 8,170,125,269</u>

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<i>(in thousands of Korean won)</i>	Land	Buildings	Structures	Machinery	Vehicles	Tools, equipment and supplies
Beginning net book value	₩ 1,877,090,301	₩ 968,613,871	₩ 287,735,313	₩1,214,278,846	₩ 9,400,685	₩ 261,157,837
Increase due to business combination	819,570,015	370,071,157	65,421,294	79,780,038	81,687,900	26,682,866
Acquisition	3,543,279	44,114,082	13,438,185	276,727,577	8,826,562	176,774,384
Transfer to investment property	14,214,828	(19,206,442)	3,102,675	104,249	-	(49,980)
Transfer	5,683,465	85,824,601	40,575,078	248,721,928	142,249	30,874,370
Disposal	(14,857,697)	(846,562)	(2,746,872)	(5,417,629)	(526,975)	(8,946,214)
Depreciation	-	(42,817,084)	(26,526,800)	(250,417,794)	(4,239,042)	(79,245,031)
Impairment	-	-	-	-	-	(24,545)
Reversal of impairment	-	-	-	774,220	-	-
Transferred to disposal group classified as held for sale	(1,123,510)	(1,207,998)	-	-	-	-
Effect of foreign currency translation	(35,365)	(259,896)	644,296	9,166,563	90,501	739,696
Others	-	(8,485,318)	(1,245,729)	(875,131)	(78,192)	(710,849)
Ending net book value	<u>₩ 2,704,085,316</u>	<u>₩1,395,800,411</u>	<u>₩ 380,397,440</u>	<u>₩1,572,842,867</u>	<u>₩ 95,303,688</u>	<u>₩ 407,252,534</u>
At December 31, 2011						
Acquisition cost	₩ 2,708,681,354	₩1,939,085,791	₩ 596,435,294	₩3,290,917,320	₩ 245,439,974	₩1,160,552,119
Accumulated depreciation	-	(535,220,421)	(212,800,732)	(1,711,611,542)	(150,120,562)	(748,740,166)
Accumulated impairment loss	-	(169,308)	(1,027,647)	(3,390,636)	-	(3,227,075)
Government Subsidy	(4,596,038)	(7,895,651)	(2,209,475)	(3,072,275)	(15,724)	(1,332,344)
Net book value	<u>₩ 2,704,085,316</u>	<u>₩1,395,800,411</u>	<u>₩ 380,397,440</u>	<u>₩1,572,842,867</u>	<u>₩ 95,303,688</u>	<u>₩ 407,252,534</u>

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<i>(in thousands of Korean won)</i>	2011						Total
	Course	Biotechnology assets	Heavy equipment	Others	Construction-in-Progress		
Beginning net book value	₩ 65,410,346	₩ 8,536,355	₩ -	₩ 21,402,489	₩ 238,553,007	₩ 4,952,179,050	
Increase due to business combination	-	-	88,746,071	11,451,499	137,223,578	1,680,634,418	
Acquisition	129,357	1,925,892	-	8,724,553	654,497,814	1,188,701,685	
Transfer to investment property	-	-	-	-	(3,055,597)	(4,890,267)	
Transfer	78,171	-	-	2,640,537	(414,540,399)	-	
Disposal	-	(1,372,969)	-	(24,062)	(13,507,520)	(48,246,500)	
Depreciation	-	-	-	(5,280,587)	-	(408,526,338)	
Impairment	-	-	-	(130)	-	(24,675)	
Reversal of impairment	-	-	-	-	-	774,220	
Transferred to disposal group classified as held for sale	-	-	-	-	-	(2,331,508)	
Effect of foreign currency translation	-	(31,152)	-	15,151	13,179,623	23,509,417	
Others	-	(352,916)	-	7,304,983	(18,082,650)	(22,525,802)	
Ending net book value	₩ 65,617,874	₩ 8,705,210	₩ 88,746,071	₩ 46,234,433	₩ 594,267,856	₩ 7,359,253,700	
At December 31, 2011							
Acquisition cost	₩ 65,617,874	₩ 8,705,210	₩ 174,634,704	₩ 82,526,507	₩ 595,251,082	₩10,867,847,229	
Accumulated depreciation	-	-	(85,888,633)	(36,116,397)	-	(3,480,498,453)	
Accumulated impairment loss	-	-	-	(175,677)	-	(7,990,343)	
Government Subsidy	-	-	-	-	(983,226)	(20,104,733)	
Net book value	₩ 65,617,874	₩ 8,705,210	₩ 88,746,071	₩ 46,234,433	₩ 594,267,856	₩ 7,359,253,700	

Depreciation expenses of property, plant and equipment for the years ended December 31, 2012 and 2011, are classified as follows:

<i>(In thousands of Korean won)</i>	2012	2011
Cost of sales	₩ 441,514,667	₩ 300,765,087
Selling and administrative expenses	147,897,912	107,761,251
	<u>₩ 589,412,579</u>	<u>₩ 408,526,338</u>

Bank borrowings are secured by a portion of land, buildings and machinery for the book value of ₩1,082,896 million as of December 31, 2012.

In 2012, the Group has capitalized borrowing costs amounting to ₩10,851 million (2011: ₩12,794 million) on qualifying assets. Borrowing costs were capitalized at the weighted average rate of its general borrowings of 3.23% - 6.04% (2011: 1.35% - 7.30%).

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Machinery, tools, equipment and supplies and vehicles include the following amounts where the Group is a lessee under a finance lease as of December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012		2011	
	Machinery	Equipment and vehicles	Machinery	Equipment and vehicles
Cost (capitalized finance leases)	₩ 23,394,022	₩ 2,458,488	₩ 29,228,437	₩ 4,509,629
Accumulated depreciation	(9,336,145)	(169,857)	(8,387,261)	(713,984)
Net book value	₩ 14,057,877	₩ 2,288,631	₩ 20,841,176	₩ 3,795,645

The Group leases various machineries under non-cancellable finance lease agreements. The lease terms are between two and ten years.

The Group leases certain buildings and vehicles under operating lease agreement. The amount of lease expense recorded in relation to operating lease agreements is ₩446,885 million.

17. Intangible Assets

Changes in intangible assets for the years ended December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012				
	Goodwill	Industrial rights	Development costs	Membership rights	Publication rights and rights to music contents
Beginning net book value	₩ 1,833,083,458	₩ 28,951,037	₩ 98,967,409	₩ 75,886,908	₩ 233,366,266
Increase due to business combination	64,185,093	11,543	-	312,965	-
Acquisition	-	10,436,442	94,679,934	1,189,069	347,805,527
Transfer	-	3,661,718	4,251,369	-	481,533
Disposal	-	(129,445)	-	(39,882)	(746,419)
Amortization	-	(3,204,111)	(15,609,415)	-	(319,528,158)
Impairment	-	-	(4,486,430)	-	-
Effect of foreign currency translation	(986,565)	(24,947)	(18,762)	(139,354)	(1,824,049)
Others	(9,205,841)	80,309	132,563	(13,743,364)	(802,557)
Ending net book value	₩ 1,887,076,145	₩ 39,782,546	₩ 177,916,668	₩ 63,466,342	₩ 258,752,143
At December 31, 2012					
Acquisition cost	₩ 1,887,076,145	₩ 54,838,070	₩ 236,553,634	₩ 65,416,183	₩ 780,186,013
Accumulated amortization	-	(14,978,815)	(58,232,623)	-	(521,073,421)
Accumulated impairment loss	-	(67,125)	-	(1,949,841)	(360,449)
Government Subsidy	-	(9,584)	(404,343)	-	-
Net book value	₩ 1,887,076,145	₩ 39,782,546	₩ 177,916,668	₩ 63,466,342	₩ 258,752,143

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<i>(in thousands of Korean won)</i>	2012			
	Service concession arrangement	Brand	Others	Total
Beginning net book value	₩ 377,538,370	₩ 220,560,000	₩ 759,744,954	₩ 3,628,098,402
Increase due to business combination	-	-	41,345,984	105,855,585
Acquisition	67,127,024	-	221,131,138	742,369,134
Transfer	35,228,443	-	(39,815,187)	3,807,876
Disposal	-	-	(10,254)	(926,000)
Amortization	(10,925,346)	-	(97,409,731)	(446,676,761)
Impairment	-	-	(23,158,634)	(27,645,064)
Effect of foreign currency translation	-	-	(5,262,824)	(8,256,501)
Others	802,662	-	(33,619,912)	(56,356,140)
Ending net book value	<u>₩ 469,771,153</u>	<u>₩ 220,560,000</u>	<u>₩ 822,945,534</u>	<u>₩ 3,940,270,531</u>
At December 31, 2012				
Acquisition cost	₩ 606,017,533	₩ 220,560,000	₩1,091,479,339	₩ 4,942,126,917
Accumulated depreciation	(130,809,261)	-	(234,431,439)	(959,525,559)
Accumulated impairment loss	-	-	(7,941,533)	(10,318,948)
Government Subsidy	(5,437,119)	-	(26,160,833)	(32,011,879)
Net book value	<u>₩ 469,771,153</u>	<u>₩ 220,560,000</u>	<u>₩ 822,945,534</u>	<u>₩ 3,940,270,531</u>

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<i>(in thousands of Korean won)</i>	2011				
	Goodwill	Industrial rights	Development costs	Membership rights	Publication rights and rights to music contents
Beginning net book value	₩ 1,294,693,237	₩ 17,771,462	₩ 37,712,791	₩ 44,979,233	₩ 216,696,321
Increase due to business combination	527,476,244	9,942,645	-	11,193,376	-
Acquisition	15,685,163	472,737	58,441,863	20,594,789	76,909,887
Transfer	-	4,144,895	4,645,037	598,389	207,734,546
Disposal	-	(880,329)	(1)	(1,025,195)	(4,556,399)
Amortization	-	(1,605,637)	(4,656,676)	-	(264,023,512)
Impairment	(4,876,894)	-	-	(1,850,197)	(287,592)
Reversal of impairment	-	-	-	-	-
Effect of foreign currency translation	105,708	850	(15,200)	26,392	757,507
Others	-	(895,586)	2,839,595	1,370,121	135,508
Ending net book value	<u>₩ 1,833,083,458</u>	<u>₩ 28,951,037</u>	<u>₩ 98,967,409</u>	<u>₩ 75,886,908</u>	<u>₩ 233,366,266</u>
At December 31, 2011					
Acquisition cost	₩ 1,833,083,458	₩ 38,612,414	₩ 138,727,057	₩ 77,836,749	₩ 431,953,179
Accumulated amortization	-	(9,655,613)	(39,317,315)	-	(198,212,584)
Accumulated impairment loss	-	-	-	(1,949,841)	(374,329)
Government Subsidy	-	(5,764)	(442,333)	-	-
Net book value	<u>₩ 1,833,083,458</u>	<u>₩ 28,951,037</u>	<u>₩ 98,967,409</u>	<u>₩ 75,886,908</u>	<u>₩ 233,366,266</u>

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<i>(in thousands of Korean won)</i>	2011			
	Service concession arrangement	Brand	Others	Total
Beginning net book value	₩ -	₩ -	₩ 278,349,963	₩ 1,890,203,007
Increase due to business combination	377,538,370	220,560,000	372,928,907	1,519,639,542
Acquisition	-	-	357,163,319	529,267,758
Transfer	-	-	(209,748,467)	7,374,400
Disposal	-	-	(7,380,532)	(13,842,456)
Amortization	-	-	(47,346,322)	(317,632,147)
Impairment	-	-	(3,123,336)	(10,138,019)
Reversal of impairment	-	-	100,000	100,000
Effect of foreign currency translation	-	-	2,833,204	3,708,461
Others	-	-	15,968,218	19,417,856
Ending net book value	<u>₩ 377,538,370</u>	<u>₩ 220,560,000</u>	<u>₩ 759,744,954</u>	<u>₩ 3,628,098,402</u>
At December 31, 2011				
Acquisition cost	₩ 502,859,404	₩ 220,560,000	₩ 928,898,919	₩ 4,172,531,180
Accumulated depreciation	(119,389,354)	-	(143,891,816)	(510,466,682)
Accumulated impairment loss	-	-	(4,089,713)	(6,413,883)
Government Subsidy	(5,931,680)	-	(21,172,436)	(27,552,213)
Net book value	<u>₩ 377,538,370</u>	<u>₩ 220,560,000</u>	<u>₩ 759,744,954</u>	<u>₩ 3,628,098,402</u>

Amortization expense of intangible for the years ended December 31, 2012 and 2011, is classified as follows:

<i>(in thousands of Korean won)</i>	2012		2011	
Cost of sales	₩	386,020,701	₩	281,070,136
Selling and administrative costs		60,656,060		36,562,011
	<u>₩</u>	<u>446,676,761</u>	<u>₩</u>	<u>317,632,147</u>

In 2012, the Group has capitalized borrowing costs amounting to ₩8,110 million on qualifying assets. Borrowing costs were capitalized at the weighted average rate of its general borrowings of 3.55%.

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17.1 Impairment Tests for Goodwill

Goodwill allocated according to cash-generating units for the years ended December 31, 2012 and 2011, is as follows:

<i>(in millions of Korean won)</i>	2012	2011
Cash-Generating Units		
CJ Corporation's portion of goodwill relating to CJ Cheil Jedang Corporation	₩ 431,098	₩ 431,098
CJ Corporation's portion of goodwill relating to CJ O Shopping Co., Ltd.	104,648	104,648
CJ Corporation's portion of goodwill relating to CJ E&M Corporation	43,972	43,972
CJ E&M Corporation(Music)	20,820	20,820
CJ E&M Corporation(Media)	146,854	146,854
CJ HelloVision Co., Ltd.(Gyeongin Regional Headquarters)	146,640	146,640
CJ HelloVision Co., Ltd.(Gyeongnam Regional Headquarters)	61,310	61,310
CJ HelloVision Co., Ltd.(Busan Regional Headquarters)	148,141	148,141
CJ HelloVision Co., Ltd.(Gyeongbuk Regional Headquarters)	93,770	93,770
CJ CheilJedang Corporation and CJ GLS Inc.'s portion of goodwill relating to CJ Korea Express Corporation (formerly Korea Express Co., Ltd.)	430,348	430,348
Others	259,475	205,482
	<u>₩ 1,887,076</u>	<u>₩ 1,833,083</u>

Goodwill is allocated by the management at the operating segment level (cash-generating units or group of cash-generating units). The Group used the same goodwill allocation method for both years ended December 31, 2012 and 2011.

Goodwill impairment reviews are undertaken annually. Impairment test suggests that the carrying value of cash generating units does not exceed the recoverable amount. The recoverable amounts of certain portion of cash-generating units have been determined based on value-in-use calculations. These calculations use post-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the permanent growth rates.

The Group determined budgeted gross margin growth rate based on past performance and its expectations of market development. The discount rates used are post-tax and reflect specific risks relating to the relevant operating segments.

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17.2 Service Concession Arrangements

Service concession arrangements as of December 31, 2012, are as follows:

	Gunpo	Yangsan
Contents of agreement	On the real estate owned by Korea Rail Network Authority, the Group built a cargo terminal with its own fund. The Group owns and operates the cargo terminal and contributes profits to the government.	On the real estate owned by Ministry of Land, Transport and Maritime Affairs, the Group built a cargo terminal with its own fund. The Group owns and operates cargo terminal and contributes profits to the government.
Classification of Private investment business	BOT	BOT
Transfer period of ownership	Under discussion with the Ministry of Land, Transport and Maritime Affairs	Under discussion with the Ministry of Land, Transport and Maritime Affairs
Application standards for accounting treatment	Application of 2112 <i>Service concession arrangement</i>	Application of 2112 <i>Service concession arrangement</i>
Related account	Intangible assets	Intangible assets

18. Investment Property

Changes in investment property for the years ended December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012		2011	
Beginning net book value	₩	395,918,118	₩	219,203,015
Increase due to business combination		-		143,622,061
Acquisition		91,870,826		41,075,094
Transfer		16,378,356		4,890,267
Disposal		(37,453,897)		(10,785,341)
Depreciation		(9,472,229)		(9,131,914)
Impairment		(3,965,916)		(758,973)
Reversal of impairment		-		2,718,080
Transferred to disposal group held for sale		-		(24,648)
Effect of foreign currency translation		(15,819,257)		5,037,547
Others		4,378,416		72,930
Ending net book value	₩	<u>441,834,417</u>	₩	<u>395,918,118</u>
Acquisition cost	₩	481,972,619	₩	428,272,220
Ending accumulated depreciation		(31,835,735)		(28,124,081)
Ending accumulated impairment loss		(8,302,467)		(4,230,021)
Ending net book value	₩	<u>441,834,417</u>	₩	<u>395,918,118</u>

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Investment property above consists of land amounting to ₩351,325 million, buildings amounting to ₩88,581 million and other property, plant and equipment.

The Group recognized the impairment loss of ₩3,966 million on investment property (2011: ₩759 million) for investment property whose differences between fair value and carrying amount, and between value-in-use and carrying amount decreased significantly. Additionally, in 2011, the Group recognized the gain on reversal of impairment of investment property of ₩2,718 million whose either fair value or value-in-use is increased significantly.

Fair value of investment property as of December 31, 2012, is ₩546,271 million (2011: ₩483,059 million).

In 2012, rental income from investment property is ₩29,005 million (2011: ₩13,764 million), and operating expenses (including repairs and maintenance) directly related to those investment properties amount to ₩14,038 million (2011: ₩11,331 million).

19. Borrowings

Short-term borrowings as of December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	Financial Institution	Annual interest rate(%)	Amount	
		December 31, 2012	2012	2011
Local currency loans				
General loans	Kookmin Bank and others	1.65 - 5.97	₩ 597,865,932	₩ 1,148,928,178
Notes payable	-	-	-	2,421,395
Commercial papers	Woori Bank and others	3.05 - 5.61	297,000,000	160,000,000
Working Fund	Woori Bank and others	4.60 - 7.50	80,124,708	85,959,000
Loans for facilities	Shinhan Bank	4.20 - 5.06	25,000,000	16,000,000
Loans for livestock promotion fund	NongHyup Bank and others	3.00 - 4.00	15,836,000	17,901,000
			<u>1,015,826,640</u>	<u>1,431,209,573</u>
Foreign currency loans				
General loans	Kookmin Bank and others	1.24 - 14.00	658,717,602	526,537,760
Usance	Shinhan Bank and others	0.76 - 2.11	406,168,353	497,776,954
Working Fund	Woori Bank and others	1.55 - 11.00	367,168,090	215,956,280
Loans for facilities	SMBC Bank and others	1.82 - 4.88	31,074,300	86,336,842
Others	Korea Exchange Bank and others	1.60 - 2.31	8,832,300	5,804,878
			<u>1,471,960,645</u>	<u>1,332,412,714</u>
			<u>₩ 2,487,787,285</u>	<u>₩ 2,763,622,287</u>

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Non-current borrowings as of December 31, 2012 and 2011, are as follows:

(in thousands of Korean won)	Financial Institution	Annual interest rate(%) December 31, 2012	Amount	
			2012	2011
Local currency loans				
Broadcasting promotion fund	Woori Bank and others	2.75 - 3.07	₩ 2,050,000	₩ 1,000,000
General loans	Woori Bank and others	1.00 - 9.91	714,236,220	795,046,752
Loans for livestock promotion and agricultural credit funds	NongHyup Bank and others	3.00 - 4.00	9,600,000	4,485,000
Loans for operating funds	Kookmin Bank and others	3.53 - 5.60	23,000,000	27,377,000
Policy fund	Kookmin Bank and others	2.00 - 4.90	51,883,970	36,603,463
Loans for facilities	Kookmin Bank and others	2.81 - 11.40	609,921,078	805,761,408
Convertible redeemable preferred stock ¹	Sable(Asia) Ltd. and others	1.50 - 9.00	75,662,893	75,112,477
Middle/Long-term CP	SK securities Co., Ltd. and others	3.17 - 3.97	478,000,000	12,500,000
Others	42th Hana Daol Land Chip Real Estate Investment Trust	2.57 - 6.80	145,521,404	-
Less : Present value discount			(46,349,282)	(46,217,555)
Current maturities			(221,250,140)	(183,338,450)
			<u>1,842,276,143</u>	<u>1,528,330,095</u>
Foreign currency loans				
GSM fund	The Export-Import Bank of Korea and others	0.91 - 3.49	196,192,434	262,158,176
Policy fund	The Export-Import Bank of Korea	2.27	62,123,800	66,891,400
Loans for facilities	The Export-Import Bank of Korea and others	1.90 - 6.50	169,906,239	143,783,521
General loans	The Export-Import Bank of Korea and others	1.75 - 6.50	164,194,636	189,665,672
Less : Current maturities			(223,211,043)	(232,109,988)
			<u>369,206,066</u>	<u>430,388,781</u>
Finance lease obligations				
Machinery and others	KDB Capital Corp. and others	1.88 - 6.50	32,348,084	39,870,333
Less : Current maturities			(11,649,253)	(7,031,124)
			<u>20,698,831</u>	<u>32,839,209</u>
			<u>₩2,232,181,040</u>	<u>₩1,991,558,085</u>

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¹ The convertible redeemable preferred stock was issued by CJ HelloVision Co., Ltd. and others. At the date of issuance, the amount of ₩13,825 million was classified as equities, and the amount of ₩187,581 million was classified as liabilities. Among these liabilities, ₩111,918 million was converted to equities.

Certain portions of short-term financial instruments, available-for-sale financial assets, property, plant and equipment, donated assets usage rights, investment property and deposits provided are pledged as collaterals in relation to the Group's borrowings above.

Minimum lease payments to the lessor as of December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012		2011	
Total minimum lease payments				
No later than 1 year	₩	13,048,289	₩	12,429,754
Between 1 and 5 years		22,166,213		32,998,661
Later than 5 years		-		54,348
	₩	<u>35,214,502</u>	₩	<u>45,482,763</u>
Unearned financial income	₩	<u>(2,866,418)</u>	₩	<u>(5,612,430)</u>
Net minimum lease payment				
No later than 1 year	₩	11,649,253	₩	7,031,124
Between 1 and 5 years		20,698,831		32,787,610
Later than 5 years		-		51,599
	₩	<u>32,348,084</u>	₩	<u>39,870,333</u>

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20. Debentures

Details of debentures as of December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	Annual interest rate(%)	Amount	
	December 31, 2012	2012	2011
Local currency debentures			
Non-guarantee public bonds	3.27 - 7.55	₩ 2,470,300,000	₩ 2,190,000,000
Non-guarantee private bonds	5.83 - 6.03	11,000,000	-
Less : Present value discount		(8,485,143)	(6,718,394)
Current maturities		(469,611,517)	(539,991,036)
		<u>2,003,203,340</u>	<u>1,643,290,570</u>
Foreign currency debentures			
Non-guarantee public bonds	0.33 - 2.67	424,717,756	200,760,148
Floating rate note	-	-	230,660,000
Less : Present value discount		(2,425,001)	(2,186,445)
Current maturities		-	(230,522,458)
		<u>422,292,755</u>	<u>198,711,245</u>
Exchangeable bonds			
Redemption premium	1.80 - 3.20	253,550,000	-
Less : Present value discount		15,230,490	-
		(21,654,326)	-
		<u>247,126,164</u>	-
		<u>₩ 2,672,622,259</u>	<u>₩ 1,842,001,815</u>

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Exchangeable bonds

	13th Non-guaranteed exchangeable bonds	14th Non-guaranteed exchangeable bonds
Issued company	CJ CheilJedang Corporation	CJ CheilJedang Corporation
Total face amount	₩166,840,000 thousand	₩86,710,000 thousand
Maturity date	February 17, 2015	March 14, 2017
Coupon rate	3.2%	1.8%
Interest rate at maturity	6.0%	1.8%
Exchange rate	100.0%	100.0%
Exchange price ¹	₩ 208,550 per share	₩ 433,550 per share
Shares to be exchanged ²	800,000 registered common stock of CJ Korea Express Corporation (formerly Korea Express Co., Ltd.)	200,000 registered common stock of CJ CheilJedang Corporation
Exchange period	From March 17, 2012 to January 17, 2015	From April 14, 2012 to February 14, 2017 A debenture holder can request the early redemption for all or certain portion of debentures on March 14, 2015, the day after three years from the issuing date.
Early redemption right	Not applicable	

¹ The exchange price is subject to occurrence of issuance of stock, stock dividends, capital increase without consideration and others and cash dividends with more than 80% against its par value per share.

² As of December 31, 2012, the registered common stock of 800,000 shares of CJ Korea Express Corporation (formerly Korea Express Co., Ltd.) and 200,000 shares of CJ CheilJedang Corporation, which are subject to exchange of the debentures, are deposited with Korea Securities Depository.

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21. Defined Benefit Liability

The amounts of defined benefit liability recognized in the consolidated statements of financial position as of December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012	2011
Present value of funded defined benefit liability	₩ 400,582,341	₩ 292,178,838
Present value of unfunded defined benefit liability	68,994,023	71,353,284
	<u>469,576,364</u>	<u>363,532,122</u>
Fair value of plan assets ¹	(301,943,815)	(185,085,550)
Liability in the consolidated statement of financial position	<u>₩ 167,632,549</u>	<u>₩ 178,446,572</u>

¹ The fair value of plan assets includes contributions to the National Pension Fund of ₩293 million as of December 31, 2012 (2011: ₩325 million).

The movements in the defined benefit obligation for the years ended December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012	2011
Beginning balance	₩ 363,532,122	₩ 230,346,163
Increase due to business combination	3,807,199	70,684,963
Current service cost	103,852,884	65,653,759
Interest cost	15,848,466	10,775,997
Benefits paid	(78,662,206)	(47,408,977)
Actuarial losses (before tax)	62,682,627	33,106,646
Disposal of subsidiaries	(573,639)	(158,994)
Effect of foreign currency translation	(911,089)	532,565
Ending balance	<u>₩ 469,576,364</u>	<u>₩ 363,532,122</u>

In 2012, expenses incurred due to defined contribution liabilities are ₩1,956 million (2011: ₩2,833 million).

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The movements in the fair value of plan assets for the years ended December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012		2011	
Beginning balance	₩	185,085,550	₩	151,438,626
Increase due to business combination		1,223,801		2,067,976
Employer contributions		129,418,714		44,300,772
Expected return on plan assets		9,063,248		11,108,135
Actuarial losses (before tax)		(918,782)		(398,428)
Benefits paid		(21,926,110)		(23,431,849)
Effect of foreign currency translation		(2,606)		318
Ending balance	₩	<u>301,943,815</u>	₩	<u>185,085,550</u>

The amounts recognized on the consolidated statements of income for the years ended December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012		2011	
Current service cost	₩	103,852,884	₩	65,653,759
Expenses recognized from contribution (Defined Contribution obligation)		1,955,657		2,833,000
Interest cost		15,848,466		10,775,997
Expected return on plan assets		<u>(9,063,248)</u>		<u>(11,108,135)</u>
	₩	<u>112,593,759</u>	₩	<u>68,154,621</u>

Actuarial losses recognized as other comprehensive income for the years ended December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012		2011	
Actuarial losses before income tax	₩	(63,601,409)	₩	(33,505,074)
Tax effects		<u>12,960,439</u>		<u>6,540,067</u>
Actuarial losses after income tax	₩	<u>(50,640,970)</u>	₩	<u>(26,965,007)</u>

Accumulated actuarial losses recognized as other comprehensive loss amount to ₩107,169 million as of December 31, 2012 (2011: ₩56,528 million).

Actual return on plan assets was ₩8,144 million (2011: ₩10,710 million).

The amounts included in expenses for the years ended December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012		2011	
Cost of sales	₩	55,281,642	₩	26,451,934
Selling and administrative expenses		<u>57,312,117</u>		<u>41,702,687</u>
	₩	<u>112,593,759</u>	₩	<u>68,154,621</u>

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The principal actuarial assumptions as of December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012	2011
Discount rate	3.50% - 14.00%	4.00% - 14.00%
Expected return on plan assets	3.00% - 8.00%	3.00% - 8.00%
Future salary increases (inflation rate included)	4.00% - 20.00%	3.00% - 20.00%

The assumption for future death applies for pension plan mortality rate based on the Insurance Business Act from Korea Insurance Development Institute.

The sensitivity of the overall pension liability to changes in the weighted principal assumptions is:

	Changes in principal assumption	Impact on overall liability
Discount rate	1.0% increase/decrease	4.33% decrease / 4.88% increase
Salary growth rate	1.0% increase/decrease	5.06% increase / 4.31% decrease

Plan assets as of December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012		2011	
Cash and deposits	₩	126,594,581	₩	56,265,342
Beneficiary certificate		174,563,721		125,788,249
Others		785,513		3,031,959
	₩	<u>301,943,815</u>	₩	<u>185,085,550</u>

The expected interest rates of the plan assets are based on the interest rates of the public market.

The deficit of the defined benefit liabilities as of December 31, 2012, 2011 and 2010, and January 1, 2010, is as follows:

<i>(in thousands of Korean won)</i>	December 31, 2012	December 31, 2011	December 31, 2010	January 1, 2010
Present value of defined benefit obligations	₩ 469,576,364	₩ 363,532,122	₩ 230,346,163	₩ 226,659,718
Fair value of plan assets	(301,943,815)	(185,085,550)	(151,438,626)	(148,227,710)
Deficit of the funded plans	167,632,549	178,446,572	78,907,537	78,432,008

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22. Deferred Income Tax

The analyses of deferred tax assets and deferred tax liabilities as of December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012	2011
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	₩ 161,551,814	₩ 118,702,515
Deferred tax asset to be recovered within 12 months	71,848,492	108,808,663
	<u>233,400,306</u>	<u>227,511,178</u>
Deferred tax liabilities		
Deferred tax liability to be recovered after more than 12 months	(886,187,790)	(845,697,064)
Deferred tax liability to be recovered within 12 months	(2,074,449)	(259,953)
	<u>(888,262,239)</u>	<u>(845,957,017)</u>
Deferred tax assets(liabilities), net	<u>₩ (654,861,933)</u>	<u>₩ (618,445,839)</u>

The gross movements on the deferred income tax account for the years ended December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012	2011
Beginning balance	₩ (618,445,839)	₩ (611,127,125)
Tax charged to the consolidated statement of income	(53,060,123)	60,609,545
Tax charge relating to components of other comprehensive income	16,016,698	120,115,240
Increase due to business combination	(2,176,990)	(186,580,241)
Effect of foreign currency translation	2,804,321	(1,463,258)
Ending balance	<u>₩ (654,861,933)</u>	<u>₩ (618,445,839)</u>

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The movements in deferred income tax assets and liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction, for the years ended December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012					
	Beginning net book value	Statement of income	Other comprehensive income	Acquisition of subsidiaries	Currency translation differences	Ending net book value
Deferred tax assets						
Allowance for doubtful accounts	₩ 32,820,823	₩ (1,772,756)	₩ -	₩ 39,196	₩ (99,349)	₩ 30,987,914
Allowance for retirement benefit liability	19,658,449	(1,722,230)	-	386,571	(103,008)	18,219,782
Loss on valuation of inventories	2,141,530	1,152,025	-	49,219	51,766	3,394,540
Amortization	1,217,362	913,705	-	-	(5,632)	2,125,435
Impairment loss on investment property	20,385,628	(1,244,883)	-	-	-	19,140,745
Impairment loss on property, plant and equipment	299,365	850,623	-	-	-	1,149,988
Impairment loss on intangible assets	1,566,892	3,948,049	-	-	-	5,514,941
Accrued expenses	67,037,834	(29,664,597)	-	42,420	(917)	37,414,740
Government subsidy	2,293,937	341,122	-	-	-	2,635,059
Tax loss	15,581,492	56,965,707	-	-	(138,189)	72,409,010
Tax credit	10,434,120	757,618	-	-	(38,922)	11,152,816
Gain(Loss) on valuation of hedging derivative	1,375,461	-	(729,064)	-	-	646,397
Actuarial gains and losses	12,290,390	-	12,960,439	-	-	25,250,829
Others	24,045,614	(23,994,334)	-	-	19	51,299
	<u>211,148,897</u>	<u>6,530,049</u>	<u>12,231,375</u>	<u>517,406</u>	<u>(334,232)</u>	<u>230,093,495</u>
Deferred tax liabilities						
Legal reserve under Special Tax						
Treatment Control Law	(43,034,538)	(11,977,196)	-	-	-	(55,011,734)
Foreign currency translation	6,755,799	(7,080,049)	-	473	-	(323,777)
Depreciation	(42,008,267)	3,618,064	-	(268,926)	3,256,936	(35,402,193)
Capitalization of financial expense	(2,519,226)	(877,769)	-	-	37,566	(3,359,429)
Gains on revaluation of property, plant and equipment	(352,391,565)	3,340,940	-	-	-	(349,050,625)
Change in value of available-for-sale financial assets	(163,233,752)	-	3,712,230	-	-	(159,521,522)
Cumulative effect of foreign currency translation	(73,093)	-	73,093	-	-	-
Others	(1,728,795)	(5,421,500)	-	53,626	(353,328)	(7,449,997)
	<u>(598,233,437)</u>	<u>(18,397,510)</u>	<u>3,785,323</u>	<u>(214,827)</u>	<u>2,941,174</u>	<u>(610,119,277)</u>
Deferred tax due to consolidation adjustments						
	(212,582,678)	6,422,307	-	(2,479,569)	91,381	(208,548,559)
Allowance for evaluation	(18,778,621)	(47,614,969)	-	-	105,998	(66,287,592)
	<u>₩ (618,445,839)</u>	<u>₩ (53,060,123)</u>	<u>₩ 16,016,698</u>	<u>₩ (2,176,990)</u>	<u>₩ 2,804,321</u>	<u>₩ (654,861,933)</u>

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	2011					
	Beginning net book value	Statement of income	Other comprehensive income	Acquisition of subsidiaries	Currency translation differences	Ending net book value
<i>(in thousands of Korean won)</i>						
Deferred tax assets						
Allowance for doubtful accounts	₩ 30,538,782	₩ 852,123	₩ -	₩ 1,420,497	₩ 9,421	₩ 32,820,823
Allowance for retirement liability	3,340,519	4,125,541	-	12,174,945	17,444	19,658,449
Loss on valuation of inventories	1,306,904	835,659	-	-	(1,033)	2,141,530
Amortization	1,094,315	123,047	-	-	-	1,217,362
Impairment loss on investment property	2,419,709	(354,214)	-	18,320,133	-	20,385,628
Impairment loss on property, plant and equipment	4,724,022	(4,419,279)	-	-	(5,378)	299,365
Impairment loss on intangible assets	1,234,167	332,725	-	-	-	1,566,892
Accrued expenses	15,061,279	6,549,297	-	45,417,579	9,679	67,037,834
Foreign currency translation	1,682,447	5,073,352	-	-	-	6,755,799
Government subsidy	1,465,706	828,231	-	-	-	2,293,937
Tax loss	16,460,154	(944,001)	-	715,147	(649,808)	15,581,492
Tax credit	9,623,227	(5,730,736)	-	6,548,033	(6,404)	10,434,120
Gain(Loss) on valuation of hedging derivative	1,623,834	-	(248,373)	-	-	1,375,461
Actuarial gains and losses	5,750,323	-	6,540,067	-	-	12,290,390
Others	5,663,938	14,256,814	-	752,848	3,372,014	24,045,614
	<u>101,989,326</u>	<u>21,528,559</u>	<u>6,291,694</u>	<u>85,349,182</u>	<u>2,745,935</u>	<u>217,904,696</u>
Deferred tax liabilities						
Legal reserve under Special Tax Treatment Control Law	(32,272,356)	(10,762,182)	-	-	-	(43,034,538)
Depreciation	(33,276,186)	(1,557,929)	-	(6,636,872)	(537,280)	(42,008,267)
Capitalization of financial expense	(10,569)	490,391	-	(2,394,705)	(604,343)	(2,519,226)
Gains on revaluation of property, plant and equipment	(241,402,909)	(22,536,698)	-	(88,451,958)	-	(352,391,565)
Change in value of available-for- sale financial assets	(277,130,391)	-	113,896,639	-	-	(163,233,752)
Cumulative effect of foreign currency translation	-	-	(73,093)	-	-	(73,093)
Others	(14,226)	(1,653,817)	-	(55,657)	(5,095)	(1,728,795)
	<u>(584,106,637)</u>	<u>(36,020,235)</u>	<u>113,823,546</u>	<u>(97,539,192)</u>	<u>(1,146,718)</u>	<u>(604,989,236)</u>
Deferred tax due to consolidation adjustments	(107,934,696)	72,815,872	-	(174,390,231)	(3,073,623)	(212,582,678)
Allowance for evaluation	(21,075,118)	2,285,349	-	-	11,148	(18,778,621)
	<u>₩ (611,127,125)</u>	<u>₩ 60,609,545</u>	<u>₩ 120,115,240</u>	<u>₩ (186,580,241)</u>	<u>₩ (1,463,258)</u>	<u>₩ (618,445,839)</u>

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23. Provisions for Liabilities and Charges

Details and changes of provisions for liabilities and charges for the years ended December 31, 2012 and 2011, are as follows:

	2012					
	Mileage	Sales returns	Restoration	Construction warranties	Other liabilities and charges	Total
<i>(in thousands of Korean won)</i>						
Beginning balance	₩ 4,260,472	₩ 3,703,463	₩ 258,338	₩ 4,029,400	₩ 5,253,140	₩ 17,504,813
Increase due to business combination	-	-	77,814	-	87,500	165,314
Provisions adjustment	17,182,518	5,359,363	-	838,291	551,083	23,931,255
Unused amounts reversed	(76,459)	-	(258,338)	-	(4,672,490)	(5,007,287)
Used during year	(17,202,852)	(4,247,328)	-	(1,244,221)	(831,499)	(23,525,900)
Effect of foreign currency translation	-	(8,518)	-	-	(28,549)	(37,067)
Ending balance	<u>₩ 4,163,679</u>	<u>₩ 4,806,980</u>	<u>₩ 77,814</u>	<u>₩ 3,623,470</u>	<u>₩ 359,185</u>	<u>₩ 13,031,128</u>
Current	₩ 1,171,295	₩ 4,673,607	₩ 77,814	₩ -	₩ 125,753	₩ 6,048,469
Non-current	2,992,384	133,373	-	3,623,470	233,432	6,982,659

	2011					
	Mileage	Sales returns	Restoration	Construction warranties	Other liabilities and charges	Total
<i>(in thousands of Korean won)</i>						
Beginning balance	₩ 1,729,107	₩ 3,851,404	₩ 150,800	₩ 4,666,843	₩ 701,650	₩ 11,099,804
Increase due to business combination	-	-	258,338	407,453	374,782	1,040,573
Provisions adjustment	10,861,491	3,494,826	-	-	4,724,960	19,081,277
Unused amounts reversed	(28,265)	-	-	(1,044,896)	-	(1,073,161)
Unwinding of discount	-	-	-	-	(25,799)	(25,799)
Used during year	(8,301,861)	(3,642,926)	(150,800)	-	(543,196)	(12,638,783)
Effect of foreign currency translation	-	159	-	-	20,743	20,902
Ending balance	<u>₩ 4,260,472</u>	<u>₩ 3,703,463</u>	<u>₩ 258,338</u>	<u>₩ 4,029,400</u>	<u>₩ 5,253,140</u>	<u>₩ 17,504,813</u>
Current	₩ 1,770,646	₩ 3,703,463	₩ -	₩ -	₩ 4,708,052	₩ 10,182,161
Non-current	2,489,826	-	258,338	4,029,400	545,088	7,322,652

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24. Equity and Paid-in Capital in Excess of Par Value

Under its Articles of Incorporation, the Company is authorized to issue 100 million shares with a par value of ₩5,000 per share. As of December 31, 2012, the Company has issued 29,015,122 common shares and 2,260,223 preferred shares. The Company may also authorize the issuance of 20 million shares of non-voting, cumulative and participating preferred stock (maturity date between three to ten years depending on the decision of the Board of Directors) which can receive more dividends than common shareholders (non-voting, non-cumulative and non-participating preferred share issued before February 27, 1997, has 1% more dividend than common share dividend). The Board of Directors decides the preferred share dividend rate if the shares are issued at a dividend rate more than 9% of the par value.

The preferred stock the Company has issued as of December 31, 2012, is as follows:

	Preferred stock
Numbers of shares	2,260,223
Voting rights	No voting rights
Maturity date	No Maturity
Dividends	Non-cumulative, and paying annually 1% more dividend than common share
Minimum dividend rate	None

The Company may grant options to purchase 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 options may be granted with the Board of Directors' approval.

In 2009, the Company retired 145,741 shares of treasury stock, repurchased of common stock; therefore, the amount of common capital stock and the total face value of outstanding common shares are not equivalent.

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Changes in paid-in capital for the years ended December 31, 2012 and 2011, are as follows:

	Number of outstanding shares			Capital stock			Paid-in capital in excess of par value
	Common stock	Preferred stock	Total	Common stock	Preferred stock	Total	
<i>(In thousands of Korean won, except number of shares)</i>							
At January 1, 2011	25,663,920	2,259,106	27,923,026	₩ 145,594,860	₩ 11,301,115	₩ 156,895,975	₩ 974,696,756
Exercise of share options	18,832	-	18,832	94,160	-	94,160	1,104,109
Disposal of treasury shares	337,758	-	337,758	-	-	-	-
At December 31, 2011	26,020,510	2,259,106	28,279,616	₩ 145,689,020	₩ 11,301,115	₩ 156,990,135	₩ 975,800,865
Exercise of share options	23,059	-	23,059	115,295	-	115,295	1,719,806
Acquisition of treasury shares	(3)	-	(3)	-	-	-	-
At December 31, 2012	26,043,566	2,259,106	28,302,672	₩ 145,804,315	₩ 11,301,115	₩ 157,105,430	₩ 977,520,671

25. Share-based Payment

Share options which were granted to its directors and employees are as follows:

- Stocks issued through share option : registered common stock
- Grant method : New shares of common stock
- Number of shares to be issued by share options and the exercise price per share
(Excluding the options forfeited due to the event such as retirement)

2012	Date of the grant				
	March 11, 2003	April 8, 2004	March 8, 2005	March 13, 2006	February 29, 2008
Options granted	134,300	77,800	94,100	56,900	230,000
Exercised quantity, Prior to 2012	107,526	48,132	46,416	-	-
Forfeited quantity	1,300	4,600	10,200	4,500	-
Transfer-out quantity due to split-off	19,111	11,507	14,615	46,500	-
Exercised quantity during 2012	6,363	11,356	5340	-	-
Options outstanding as of December 31, 2012	-	2,205	17,529	5,900	230,000
Exercise price per share ¹	₩ 41,000	₩ 69,000	₩ 71,000	₩ 120,000	₩ 70,000

Options exercised in 2012 resulted in 23,059 shares being issued at a weighted average price of ₩61,737 each. The related weighted average share price at the time of exercise was ₩98,477 per share.

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2011	Date of the grant					
	April 27, 2002	March 11, 2003	April 8, 2004	March 8, 2005	March 13, 2006	February 29, 2008
Options granted	95,600	134,300	77,800	94,100	56,900	230,000
Exercised quantity, Prior to 2011	81,657	94,830	45,083	46,416	-	-
Forfeited quantity	126	1,300	4,600	10,200	4,500	-
Transfer-out quantity due to split-off	10,730	19,111	11,507	14,615	46,500	-
Exercised quantity during 2011	3,087	12,696	3,049	-	-	-
Options outstanding as of December 31, 2011	-	6,363	13,561	22,869	5,900	230,000
Exercise price per share ¹	₩ 58,000	₩ 41,000	₩ 69,000	₩ 71,000	₩ 120,000	₩ 70,000

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

- Vesting period:

2nd-6th: Options are conditional on the employee completing two years' service after the grant date. The options are exercisable within seven years from two years after the grant date.

7th: Options are conditional on the employee completing two years' service after the grant date. The options are exercisable within six years from four years after the grant date.

The weighted average fair value of options granted during the period using the Black-Scholes valuation model is determined as follows:

	Date of the grant					
	April 27, 2002(2 nd)	March 11, 2003(3 rd)	April 8, 2004(4 th)	March 8, 2005(5 th)	March 13, 2006(6 th)	February 29, 2008(7 th)
Fair value of share options	₩ 22,457	₩ 12,593	₩ 19,769	₩ 20,269	₩ 32,557	₩ 38,128
Weighted average share price at the grant date	56,514	46,403	50,095	56,157	68,378	78,115
Price volatility ¹	66.18%	54.81%	38.48%	35.73%	36.34%	66.64%
Dividend yield	2.03%	2.64%	1.79%	2.07%	1.37%	1.43%
Expected option life	3 years	3 years	3 years	3 years	3 years	5 years
Expected forfeiture rate	1.00%	1.00%	6.00%	6.00%	6.00%	6.00%
Annual risk-free interest rate	6.37%	4.69%	4.56%	4.12%	4.93%	5.09%

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¹ The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the past four years for the first and second grants, over the past three years for the third to sixth grants, and over the past five months for the seventh grant.

26. Other Components of Equity

Other components of equity as of December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012	2011
Share-based payments	₩ 7,437,677	₩ 7,574,047
Treasury stocks	(186,310,252)	(186,310,252)
Gain on valuation of available-for-sale financial assets	323,289,834	384,807,762
Loss on valuation of equity method investees	1,541,015	(2,507,005)
Loss on valuation of derivatives	(370,408)	(943,671)
Cumulative effect of foreign currency translation	(28,882,060)	8,951,725
Others	(146,801,093)	(178,492,369)
	<u>₩ (30,095,287)</u>	<u>₩ 33,080,237</u>

The Company acquired treasury shares in odd-lot from split-off, merger of subsidiaries and for stabilization of the share price. As of December 31, 2012, the Company will dispose of treasury shares (2,971,556 common shares and 1,117 preferred shares) depending on market conditions.

27. Retained Earnings

Retained earnings as of December 31, 2012 and 2011, consist of:

<i>(in thousands of Korean won)</i>	2012	2011
Legal reserves ¹	₩ 79,869,424	₩ 79,869,424
Discretionary reserves ²	1,417,782,383	995,025,274
Unappropriated retained earnings	576,385,872	820,363,532
	<u>₩ 2,074,037,679</u>	<u>₩ 1,895,258,230</u>

¹ The Commercial Code of the Republic of Korea requires the Company to appropriate, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued capital stock. The 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, with the ratification of the Company's majority shareholders.

² The Company appropriates a certain portion of its retained earnings as reserves for loss on disposal of treasury shares and others under the Special Tax Treatment Control Law. Accumulation and disposal of reserves are regulated by related law.

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28. Issuance of Hybrid Securities

In 2012, PT CheilJedang Indonesia, a subsidiary, issued hybrid securities with the face value of ₩200,000 million. Interest rate of these bonds with issuer's early redemption right is 5.82% and the maturity date is April 26, 2042.

The Group has no contractual obligation to make payment of the principal and interest of the above bond, and accordingly, the bonds is classified as equity.

29. Expenses by Nature

Expenses by nature for the years ended December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012	2011
Raw materials, sub-materials, biological assets and cost of Merchandise Purchased	₩ 8,555,441,499	₩ 8,317,488,804
Changes in inventories and biological assets	(147,867,134)	(344,734,476)
Salaries	1,700,398,819	1,272,799,331
Severance benefits	112,593,759	68,154,621
Employee benefits	254,077,483	222,130,360
Freight expenses	437,030,262	334,023,100
Transportation expenses	2,991,727,552	777,941,058
Advertising costs	434,607,855	392,724,122
Rental expense	489,977,988	294,186,912
Service Fees	1,220,169,709	1,422,111,921
Sales commission	157,429,042	147,702,644
Sales promotional expense	224,499,254	204,481,293
Screening premium	242,065,845	180,359,753
Utility expenses	193,295,890	62,403,492
Power expenses	106,243,616	21,813,628
Packing material charge	271,627,876	210,650,991
Program usage fee	71,685,345	50,913,056
Network expenses	100,884,036	53,811,319
Repairs and maintenance expenses	86,367,355	26,647,467
Depreciation	589,412,579	408,526,338
Amortization	446,676,761	317,632,147
Others and consolidation adjustments	<u>(1,972,929,461)</u>	<u>(2,071,286,387)</u>
Total cost of sales and selling and administrative expenses	<u>₩ 16,565,415,930</u>	<u>₩ 12,370,481,494</u>

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30. Selling and Administrative Expenses

Selling and administrative expenses for the years ended December 31, 2012 and 2011, are as follows:

(in thousands of Korean won)

	2012		2011
Salaries	₩ 937,435,784	₩	780,293,735
Severance benefits	57,312,117		41,702,687
Employee benefits	142,968,248		108,735,293
Conference expenses	23,154,474		23,318,098
Entertainment expenses	47,719,319		50,653,838
Travel expenses	82,817,164		71,483,850
Communication expenses	30,324,715		28,723,310
Taxes and dues	79,866,201		70,618,056
Utility expenses	31,852,443		26,549,930
Research expenses	47,539,227		42,322,052
Repairs expenses	14,478,382		16,175,893
Rental expenses	302,603,527		253,537,058
Foreign business expenses	20,458,068		17,077,921
Supplies expenses	27,715,413		26,927,929
Depreciation	147,897,912		107,761,251
Amortization	60,656,060		36,562,011
Insurance premium	15,492,359		14,003,233
Service fees	917,739,245		803,239,323
Sales commissions	153,052,566		145,608,556
Training expenses	35,089,651		26,215,481
Freight expenses	360,507,393		313,973,154
Advertising expenses	430,774,626		388,718,879
Vehicles maintenance expenses	14,692,674		11,102,927
Sales promotional expenses	230,435,139		215,385,084
Bad debts expense	14,979,410		15,957,407
Miscellaneous expenses	24,318,434		19,984,176
Others	21,401,776		24,627,038
	₩ 4,273,282,327	₩	3,681,258,170

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31. Financial Income and Expenses

Financial income and expenses for the years ended December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012	2011
Financial income		
Interest income	₩ 72,377,861	₩ 61,859,392
Gain on foreign currency transaction	160,125,718	139,281,419
Dividends income	17,571,895	26,850,934
Gain on derivative instruments	12,996,544	38,815,123
Gain on disposal of available-for-sale financial assets	130,678,522	346,734,009
Others	217,150	746,111
	<u>₩ 393,967,690</u>	<u>₩ 614,286,988</u>
Financial expenses		
Interest expenses	₩ 336,285,917	₩ 219,265,078
Loss on disposal of trade receivables	7,430,011	2,153,302
Loss on foreign currency transaction	127,924,475	184,781,292
Loss on derivative instruments	45,353,053	31,098,774
Loss on disposal of available-for-sale financial assets	5,633,435	1,594,772
Impairment loss on available-for-sale financial assets	7,090,686	3,034,481
Others	1,425,436	3,954,705
	<u>₩ 531,143,013</u>	<u>₩ 445,882,404</u>

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32. Other non-operating Income and Expenses

Other non-operating income and expenses for the years ended December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012	2011
Other operating income		
Gain on disposal of investment in associates and jointly controlled entities	₩ 33,534,508	₩ 206,197
Gain on disposal of plant, property and equipment	4,482,062	10,201,868
Gain on derivative instruments	63,146,224	87,236,244
Gain on disposal of other investment assets	26,678,378	1,420
Miscellaneous revenues	40,398,748	45,244,721
Others	8,649,466	15,439,662
	<u>₩ 176,889,386</u>	<u>₩ 158,330,112</u>
Other operating expenses		
Other bad debts expense	₩ 35,255,263	₩ 7,688,943
Impairment loss on investment in associates and jointly controlled entities	12,260,760	-
Loss on disposal of property, plant and equipment	15,075,395	11,670,651
Impairment loss on intangible assets	27,645,064	10,138,019
Loss on disposal of investment property	16,495,861	775,163
Loss on derivative instruments	66,237,432	90,002,668
Miscellaneous expenses	34,808,358	14,071,628
Donations	55,405,847	41,793,859
Others	24,026,921	18,630,228
	<u>₩ 287,210,901</u>	<u>₩ 194,771,159</u>

33. Income Tax

Income tax expense for the years ended December 31, 2012 and 2011, consists of:

<i>(in thousands of Korean won)</i>	2012	2011
Current tax:		
Current tax on profits for the year	₩ 163,476,807	₩ 341,467,609
Adjustments in respect of prior years	17,516,144	15,959,299
	<u>180,992,951</u>	<u>357,426,908</u>
Deferred tax:		
Origination and reversal of temporary differences	53,060,123	(60,609,545)
Income tax expense	<u>₩ 234,053,074</u>	<u>₩ 296,817,363</u>

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Reconciliation between profit before tax and income tax for the years ended December 31, 2012 and 2011, follows:

<i>(in thousands of Korean won)</i>	2012	2011
Profit before tax	₩ 804,309,684	₩ 1,032,966,008
Tax calculated at domestic tax rates applicable to profits in the respective countries	₩ 182,530,051	₩ 272,621,519
Tax effects of:		
Consolidation adjustments	4,507,183	25,241,839
Adjustments in respect of prior years	17,516,144	15,959,299
Income(expenses) not subject to tax	(1,038,504)	(5,145,912)
Tax credit	(10,850,673)	(10,591,978)
Tax losses for which no deferred income tax asset was recognized	47,614,968	(2,285,349)
Others	(6,226,095)	1,017,945
Tax charge	<u>₩ 234,053,074</u>	<u>₩ 296,817,363</u>

The income tax (charged)/credited directly to other comprehensive income and equity as of December 31, 2012 and 2011, is as follows:

<i>(in thousands of Korean won)</i>	2012			2011		
	Before tax	Tax (charge) credit	After tax	Before tax	Tax (charge) credit	After tax
Tax (charge) / credit relating to components of other comprehensive income:						
Fair value gains from available-for-sale financial assets	₩ (21,728,667)	₩ 3,712,230	₩ (18,016,437)	₩ (585,163,960)	₩ 113,896,639	₩ (471,267,321)
Cumulative Effect of Foreign Currency Translation	(99,804,472)	73,093	(99,731,379)	34,198,125	(73,093)	34,125,032
Gain on valuation of derivatives	2,895,409	(729,064)	2,166,345	1,479,151	(248,373)	1,230,778
Actuarial losses on retirement benefit obligations	(63,601,409)	12,960,439	(50,640,970)	(33,505,074)	6,540,067	(26,965,007)
	<u>(182,239,139)</u>	<u>16,016,698</u>	<u>(166,222,441)</u>	<u>(582,991,758)</u>	<u>120,115,240</u>	<u>(462,876,518)</u>
The income tax (charged) / credited directly to equity:						
Other components of equity	(21,014,426)	5,358,095	(15,656,331)	17,044,643	(2,484,756)	14,559,887
	<u>₩ (203,253,565)</u>	<u>₩ 21,374,793</u>	<u>₩ (181,878,772)</u>	<u>₩ (565,947,115)</u>	<u>₩ 117,630,484</u>	<u>₩ (448,316,631)</u>

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34. Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of common shares in issue during the year excluding common shares purchased by the Company and held as treasury shares. A preferred share has the right to participate in the Company's income distribution as a participating preferred share. Therefore, earnings per share for preferred share is also calculated.

Basic earnings per common share for the years ended December 31, 2012 and 2011, is as follows:

<i>(In thousands of Korean won except number of shares and earnings per share)</i>	2012		2011	
Net income	₩	220,797,205	₩	369,046,965
Less: Dividends for preferred shares		17,736,136		29,812,490
Net income available for common shares		203,061,069		339,234,475
Weighted average number of common shares in issue ¹		26,030,288		25,803,995
Basic earnings per share (in Korean won)	₩	7,801	₩	13,147

¹ The calculation of weighted average number of common shares in issue for 2012 is as follows:

	Number of shares	Number of days	Weighted number of shares
Beginning balance	26,020,510	366	9,523,506,660
Exercised share options (3 rd)	6,363	307	1,953,441
Exercised share options (4 th)	4,639	215	997,385
Exercised share options (4 th)	6,717	32	214,944
Exercised share options (5 th)	1,323	215	284,445
Exercised share options (5 th)	4,017	32	128,544
Exchange of treasury shares odd lot	(3)	1	(3)
			<u>9,527,085,416</u>

Weighted average number of shares of common share in issue for 2012:

9,527,085,416/366 days = 26,030,288 shares

(2011: 9,418,458,093/365 days = 25,803,995 shares)

Basic earnings per preferred share for the years ended December 31, 2012 and 2011, is as follows:

<i>(In thousands of Korean won, except number of shares and earnings per share)</i>	2012		2011	
Net income available for preferred shares	₩	17,736,136	₩	29,812,490
Weighted average number of preferred shares in issue		2,259,106		2,259,106
Basic earnings per preferred share (in Korean won)	₩	7,851	₩	13,197

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Diluted earnings per common share for the years ended December 31, 2012 and 2011, is as follows:

<i>(In thousands of Korean won, except number of shares and earnings per share)</i>	2012	2011
Net income available for common shares	₩ 203,061,069	₩ 339,234,475
Changes in the amount of dividend per preferred share from diluting effect	<u>65,168</u>	<u>10,143</u>
Diluted earnings	203,126,237	339,244,618
Weighted average number of common shares including dilutive potential common shares ¹	<u>26,135,286</u>	<u>25,813,582</u>
Diluted earnings per share (in Korean won)	<u>₩ 7,772</u>	<u>₩ 13,142</u>

¹ The calculation of weighted average number of dilutive potential common shares for 2012 is as follows:

	Number of shares	Number of days	Weighted number of shares
Exercised share options (3 rd)	4154	60	249,240
Exercised share options (4 th)	1929	152	293,208
Exercised share options (4 th)	2,793	335	935,655
Exercised share options (5 th)	528	152	80,256
Exercised share options (5 th)	1603	335	537,005
Unexercised share options	99,273	366	<u>36,333,918</u>
			<u>38,429,282</u>

Weighted average number of shares of common share equivalents for 2012:

38,429,282/366 days = 104,998 shares
(2011: 3,499,128/365 days = 9,587 shares)

Diluted earnings per preferred share for the years ended December 31, 2012 and 2011, is as follows:

<i>(In thousands of Korean won, except number of shares and earnings per share)</i>	2012	2011
Net income available for preferred shares ¹	₩ 17,670,968	₩ 29,802,347
Weighted average number of preferred shares in issue	<u>2,259,106</u>	<u>2,259,106</u>
Diluted earnings per preferred shares (in Korean won)	<u>₩ 7,822</u>	<u>₩ 13,192</u>

¹ Net income available for preferred shares is changed due to the dilution of common shares.

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Non-dilutive potential common shares as of December 31, 2012, are as follows:

	Shares to be issued	Conditions
Share options granted on March 13, 2006 (6 th)	5,900	Exercise price of ₩120,000 per share

35. Dividends per Share

The dividends paid in 2012 and 2011 were ₩18,495 million (₩650 per common share, ₩700 per preferred share) and ₩22,451 million (₩800 per common share, ₩850 per preferred share), respectively. A dividend in respect of the year ended December 31, 2012, of ₩650 per common share and ₩700 per preferred share, amounting to a total dividend of ₩18,510 million, is to be proposed at the annual general meeting on March 22, 2013. These financial statements do not reflect this dividend payable.

36. Cash Generated from Operations

Cash generated from operations for the years ended December 31, 2012 and 2011, is as follows:

<i>(in thousands of Korean won)</i>	2012	2011
Profit before income tax	₩ 804,309,684	₩ 1,032,966,008
Adjustments for:		
Depreciation	589,412,579	408,526,338
Amortization	446,676,761	317,632,147
Bad debts expense	14,979,410	15,957,407
Interest income	(72,377,861)	(61,859,392)
Dividend income	(17,571,895)	(26,850,934)
Gain on derivative instruments	(76,142,768)	(126,051,367)
Gain on disposal of available-for-sale financial assets	(130,678,522)	(346,734,009)
Interest expenses	336,285,917	219,265,078
Loss on derivative instruments	111,590,485	121,101,442
Gain(loss) on foreign currency translation, net	(34,498,882)	70,807,839
Other bad debts expense	35,255,263	7,688,943
Loss on disposal of property, plant and equipment	15,075,395	11,670,651
Impairment loss on intangible assets	27,645,064	10,138,019
Others	45,409,864	23,525,296
Changes in working capital		
Increase in trade receivables	(248,151,795)	(265,067,694)
Increase in other financial assets	(10,494,695)	(129,767,347)
Increase in advance payments	(91,379,461)	(67,770,420)
Increase in inventories	(189,528,036)	(307,044,739)

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<i>(in thousands of Korean won)</i>	2012	2011
Increase in biological assets	₩ (3,496,852)	₩ (892,986)
Increase in other current assets	(51,851,467)	(20,962,880)
Increase in other non-current assets	(58,838,859)	(9,889,275)
Increase in trade payables	377,410,790	36,719,424
Increase(decrease) in non-trade payables	51,130,377	(169,646,323)
Increase(decrease) in other financial liabilities	(32,841,564)	27,573,673
Increase in other current liabilities	48,407,217	84,845,342
Increase(decrease) in other non-current liabilities	(69,195,353)	30,693,531
Increase(decrease) in deposits received	36,985,415	(24,499,959)
Increase(decrease) in provisions	(23,525,900)	857,385
Increase in retirement benefit liabilities	89,294,386	41,344,493
Cash generated from operations	<u>₩ 1,919,294,697</u>	<u>₩ 904,275,691</u>

Significant transactions not affecting cash flows for the years ended December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012	2011
Reclassification of construction in-progress to property, plant and equipment	₩ 406,048,849	₩ 414,540,399
Non-trade payables related to acquisition of property, plant and equipment	13,523,456	-
Non-trade payables related to acquisition of intangible assets	17,127,078	-
Non-trade payables related to acquisition of investment property	9,253,518	-
Changes of other component of equity due to valuation, disposal and other activities of associates	2,903,777	3,035
Changes of other component of equity due to valuation, disposal and other activities of available-for-sale financial assets	61,517,928	346,095,570
Changes in accumulated other comprehensive income due to translation of foreign currency financial statements	37,833,784	11,470,212
Changes in accumulated other comprehensive income due to valuation of derivatives	573,263	794,847

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37. Commitments and Contingencies

Payment guarantees as of December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>		Financial institution	Loan amounts		Guarantee amounts	
Guarantor	Guarantee	2012	2012	2011	2012	2011
CJ CheilJedang Corporation	Sichuan Jixiangju Food Co., Ltd.	The Export-Import Bank of Korea	₩ 5,355,500	₩ 5,766,500	₩ 5,355,500	₩ 5,766,500
	CJ Toyota Tsuho Philippines Inc.	The Export-Import Bank of Korea	38,798,455	35,708,474	38,798,455	41,775,986
CJ O Shopping Co., Ltd.	Damul Trading Pvt. Ltd.	SAMSUNG C&T India Pvt., Ltd.	4,284,400	4,613,200	4,284,400	4,613,200
	Smart Korea Co., Ltd.	Korea Exchange Bank	-	1,800,000	-	1,800,000
CJ Korea Express Corporation (formerly Korea Express Co., Ltd.)	Highone Solar Power Generation. Co., Ltd	Woori Bank	6,600,000	7,500,000	9,000,000	9,000,000
	Kumho Tire Tian Jin Co., Inc	Landes Bank and others	69,905,000	87,814,929	91,043,500	98,030,500
	Yang San ICD Co., Ltd.	Korea Development Bank	3,500,000	6,875,000	3,500,000	8,000,000
		Korea Technology Finance Corporation	-	875,000	-	875,000
CJ 4Dplex Co., Ltd.	Simuline Inc.					
			<u>₩ 128,443,355</u>	<u>₩ 150,953,103</u>	<u>₩ 151,981,855</u>	<u>₩ 169,861,186</u>

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Subsidiaries, CJ E&M Corporation and KT Rental Corporation (formerly Kumho Rent-a-car Co., Ltd.) are under joint liability for the debts incurred before the spin-off with the Company, CJ O Shopping Co., Ltd., and CJ Korea Express Corporation (formerly Korea Express Co., Ltd.), respectively.

The Company, CJ CheilJedang Corporation and nine other subsidiaries provided guarantees in relation to the loans of employees and directors from financial institutions.

As of December 31, 2012, CJ Korea Express Corporation (formerly Korea Express Co., Ltd.) and five other subsidiaries obtained a guarantee from NongHyup Bank and others amounting to ₩244,528 million (2011: ₩224,087 million) relating to a performance guarantee and their borrowings.

As of December 31, 2012, CJ Engineering & Construction Corp., a consolidated subsidiary, obtained a guarantee from the Korea Construction Financial Cooperative amounting to ₩94,851 million (2011: ₩23,122 million).

The Company, CJ Freshway Corporation and 16 other subsidiaries obtained a guarantee from Seoul Guarantee Insurance Co., Ltd. in relation to their operations.

As of December 31, 2012, certain portions of the Group's financial assets amounting to ₩1,053,234 million, property, plant and equipment amounting to ₩1,082,896 million and donated assets usage rights amounting to ₩57,624 million are pledged as collaterals to financial institutions and others. Additionally, 4,700,400 shares of HB PFV Co., Ltd. and 297,352 shares of Korea Integrated Freight Terminal Co., Ltd. are pledged as collaterals relating to borrowings and 349,294 shares of CJ Korea Express Corporation (formerly Korea Express Co., Ltd.), a consolidated subsidiary, are pledged as collaterals relating to performance guarantee.

The construction-in-progress of Korea Integrated Freight Terminal Co., Ltd., a consolidated subsidiary, is pledged as collateral after completion for government fund borrowings under agreements related to expenses for Gunpo extension work.

Loan agreements with financial institutions as of December 31, 2012 and 2011, are as follows:

<i>(in million of Korean won)</i>	Maximum loan limit	
	2012	2011
Corporate purchase card	₩ 628,295	₩ 980,438
Bank overdraft	138,791	159,631
Discount note agreement	965,000	334,844
General loans	3,326,208	2,121,482
Import letter of credit	2,250,110	2,044,052
Other loans for facilities	848,562	1,110,157
DA negotiation agreements	57,645	-

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As of December 31, 2012, the Group provided six notes and bills (five blanked bills, one note: ₩200,000 thousand) as collateral for contracts with related banks.

As of December 31, 2012, the Group is a party to 53 legal claims and proceedings amounting to ₩58,750 million (2011: ₩41,913 million) as the plaintiff and ₩78,024 million (2011: ₩81,475 million) as the defendant, all of which are pending as of December 31, 2012. The Group's management believes that, although the outcome of these cases is uncertain, the ultimate resolution of these cases will not have a material adverse effect on the operations or financial position of the Group.

CJ O Shopping Co., Ltd., a consolidated subsidiary, reached an agreement with AA Merchant Banking B.V. and four other investors as well as CJ HelloVision Co., Ltd. and its shareholders, relating to the third party allocation of the redeemable preferred stock totaling ₩201,406 million is its capital increase.

In 2011, CJ HelloVision Co., Ltd. issued common stock for the amount of ₩126,294 million. Therefore, as of December 31, 2012, CJ O Shopping Co., Ltd. is contractually responsible for ₩75,112 million. According to the agreement, should CJ HelloVision Co., Ltd. fail to fulfill the recourse obligation, CJ O Shopping Co., Ltd. may either buy at the retirement price (computed at compounded interest of 1.5% per year for the issued price and dividends payable) or grant drag-along rights to the investors.

As of December 31, 2012, two subsidiaries, including CJ CheilJedang Corporation, have 20(2011: 25) technical assistance agreements regarding product manufacturing, and are required to pay license fees based on the sales amount of the product or the use of the patent right.

As of December 31, 2012, CJ CheilJedang Corporation and two other subsidiaries entered into sales and leaseback contract with Woori Bank, the trustee of 42nd Hana Daol Land Chip Real Estate Investment Trust for property, plant and equipment worth of ₩158,093 million. In this regard, the Company entered into a contract to repurchase ₩150,034 million worth of beneficiary certificate from shareholders of 42nd Hana Daol Land Chip Real Estate Investment Trust on June 29, 2017.

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38. Business Combinations

38.1 Acquisition of significant interests

On April 22, 2012, CJ CheilJedang Corporation, a consolidated subsidiary, acquired 100% of the share capital of Wonji Co., Ltd. for ₩29,889 million. The goodwill of ₩9,256 million arising from the acquisition is attributable to acquired customer base and economies of scale expected from combining the operations of the Group and Wonji Co., Ltd.

None of the goodwill recognized is expected to be deductible for income tax purposes. The following table summarizes the consideration paid for Wonji Co., Ltd., the fair value of assets acquired and liabilities assumed at the acquisition date:

(In thousands of Korean won)

Consideration		
Cash	₩	29,888,759
Total consideration	₩	29,888,759
Recognized amounts of identifiable assets acquired and liabilities assumed		
Cash and cash equivalents	₩	1,627,685
Trade and other receivables		8,391,838
Inventories		6,008,330
Available-for-sale financial assets		202,690
Property, plant and equipment		22,240,164
Intangible assets		4,300,228
Other non-current assets		808,974
Trade and other payables		(9,641,737)
Borrowings		(11,430,070)
Retirement benefit obligations		(785,567)
Deferred tax liabilities		(1,089,933)
Total identifiable net assets		20,632,602
Goodwill		9,256,157
	₩	29,888,759

Had Wonji Co., Ltd. been consolidated from January 1, 2012, the consolidated statement of comprehensive income would show revenue of ₩11,286 million and profit of ₩776 million.

On November 30, 2012, CJ America Inc. acquired 80% of the share capital of TMI Trading Corp., Twin Marquis Inc. and Chef One Corporation for ₩52,066 million. The goodwill of ₩14,717 million arising from the acquisition is attributable to acquired customer base and economies of scale expected from combining the operations of the Group, TMI Trading Corp., Twin Marquis Inc. and Chef One Corporation.

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None of the goodwill recognized is expected to be deductible for income tax purposes. The following table summarizes the consideration paid for TMI Trading Corp., Twin Marquis Inc. and Chef One Corporation, the fair value of assets acquired, liabilities assumed and the non-controlling interests at the acquisition date:

(in thousands of Korean won)

Consideration	
Cash	₩ 52,065,600
Total consideration	<u>₩ 52,065,600</u>
Recognized amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	1,166,053
Trade and other receivables	8,414,018
Inventories	4,580,688
Other current assets	329,749
Property, plant and equipment	10,464,919
Intangible assets	31,340,386
Other non-current assets	570,552
Trade and other payables	(7,313,088)
Borrowings	<u>(2,867,947)</u>
Total identifiable net assets	<u>46,685,330</u>
Non-controlling interests	<u>(9,337,066)</u>
Goodwill	<u>14,717,336</u>
	<u>₩ 52,065,600</u>

Had TMI Trading Corp., Twin Marquis Inc. and Chef One Corporation been consolidated from January 1, 2012, the consolidated statement of comprehensive income would show revenue of ₩43,346 million and profit of ₩8,027 million.

On December 30, 2011, CJ CheilJedang Corporation and CJ GLS Inc. acquired 52.69% of shares of CJ Korea Express Corporation (formerly Korea Express Co., Ltd.) (excluding treasury shares) for ₩1,777,085 million to increase the value of companies and to decrease transportation costs and use non-business purpose assets.

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The following table summarizes the consideration paid for CJ Korea Express Corporation (formerly Korea Express Co., Ltd.), the fair value of assets acquired, liabilities assumed and the non-controlling interests at the acquisition date.

(in millions of Korean won)

Consideration	
Cash	₩ 1,777,085
Total consideration	<u>₩ 1,777,085</u>
Recognized amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	231,787
Trade receivables	524,616
Property, plant and equipments	1,626,085
Intangible assets	944,736
Other financial assets and other assets	816,701
Trade payables	(227,310)
Short-term borrowings	(110,050)
Current portion of bonds payable and borrowings	(118,567)
Long-term borrowings	(535,486)
Other liabilities	<u>(528,380)</u>
Total identifiable net assets	<u>2,624,132</u>
Non-controlling interests	<u>(1,277,395)</u>
Goodwill	<u>430,348</u>
	<u>₩ 1,777,085</u>

The goodwill arising from the acquisition is attributable to acquired customer base and economies of scale expected from combining the operations of the Group and CJ Korea Express Corporation (formerly Korea Express Co., Ltd.)

The Group measures non-controlling interests on the basis of its proportionate interest in the acquiree's identifiable net assets.

38.2 Acquisition of significant business

As of July 10, 2012, CJ CheilJedang Corporation acquired Parenteral fluid production business of Medipharma Co., Ltd. As a result of the acquisition, the Group is expected to enhance its competitive edge in these markets.

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None of the goodwill recognized is expected to be deductible for income tax purposes. The following table summarizes the consideration paid for Medipharma Co., Ltd., the fair value of assets acquired and liabilities assumed at the acquisition date:

(In thousands of Korean won)

Consideration		
Cash	₩	52,500,000
Total consideration	₩	52,500,000
Recognized amounts of identifiable assets acquired and liabilities assumed		
Property, plant and equipment	₩	32,509,552
Total identifiable net assets		32,509,552
Goodwill		19,990,448
	₩	52,500,000

Had the Group acquired Parenteral fluid production business from January 1, 2012, the consolidated statement of comprehensive income would show revenue of ₩22,658 million and loss of ₩1,988 million.

39. Transactions with Non-controlling Interests

The effective ratio of shareholdings for certain subsidiaries has changed through additional acquisition, disposal, and sale and purchase among subsidiaries for the year. Accordingly, differences between considerations of acquisition and disposal and carrying amount of non-controlling interests amounting to ₩39,492 million (2011: ₩91,892 million) are treated as increase (decrease) in equity attributable to owners of the Company.

40. Related Party Transactions

Significant transactions with related parties for the years ended December 31, 2012 and 2011, and the related receivables and payables as of December 31, 2012 and 2011, are as follows:

<i>(in millions of Korean won)</i>	2012		2011		2012		2011	
	Sales	Purchases ¹	Sales	Purchases ¹	Receivables	Payables	Receivables	Payables
Jointly controlled entities and associates	₩322,736	₩ 72,217	₩121,928	₩ 24,933	₩ 73,689	₩ 13,186	₩ 42,092	₩ 9,880
Others	62,877	22,227	55,683	25,870	50,237	8,202	14,581	4,431
	₩385,613	₩ 94,444	₩177,611	₩ 50,803	₩ 123,926	₩ 21,388	₩ 56,673	₩ 14,311

¹ Acquisition of tangible assets and others are included under purchases.

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Acquisition and disposal of significant interests between the Group and related parties excluded above for the years ended December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	Counterparties	Substance of transaction	2012	2011
Disposal of shares	C&I Leisure Industry Corp.	CJ Venture Investment Equity securities	₩	- ₩12,416,469
Purchase of shares	Main share holder	CJ GLS Inc. Equity securities		- 60,965,890

Key management includes directors (executive and non-executive). The compensation paid or payable to key management for employee services for the years ended December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012	2011
Short-term employee benefits	₩ 7,322,165	₩ 9,053,040
Long-term employee benefits	1,027,986	2,605,985
Severance	672,951	1,046,724
Share-based payments	276,493	1,710,505
	<u>₩ 9,299,595</u>	<u>₩ 14,416,254</u>

41. Subsequent Events

According to the resolution of the Board of Directors held on January 7, 2013, the Company plans to establish KX Holdings Corporation, the newly incorporated company, through a spinoff of the investment and management business from distribution division on March 25, 2013.

According to the resolution of the Board of Directors held on January 7, 2013, CJ Korea Express Corporation (formerly Korea Express Co., Ltd.) and CJ GLS Inc., the consolidated subsidiaries, have decided to merge on April 1, 2013.

The Company decided to liquidate HB PFV Co., Ltd., a consolidated subsidiary, as approved by the shareholders on March 11, 2013, and its liquidation will be completed on May 15, 2013.