

# **CJ Corporation and Subsidiaries**

**Consolidated Financial Statements**

**December 31, 2013 and 2012**

# CJ Corporation and Subsidiaries

## Index

December 31, 2013 and 2012

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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, 2013 and 2012, 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 31 other subsidiaries (December 31, 2012: 36), whose financial statements represent 52% of the Group’s consolidated total assets as of December 31, 2013 (December 31, 2012: 48%), and 52% of the Group’s consolidated total sales for the year then ended (2012: 55%). 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.

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, 2013 and 2012, 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”).

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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.

Seoul, Korea  
March 13, 2014

This report is effective as of March 13, 2014, 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, 2013 and 2012**

<i>(in thousands of Korean won)</i>	Notes	2013	2012
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	₩ 1,240,341,399	₩ 1,224,733,061
Short-term financial instruments	6,7	318,036,776	494,038,924
Short-term loans receivable	6	83,203,866	85,580,818
Trade receivables	6,8	2,379,216,183	2,138,531,527
Other current financial assets	6,8,9	492,726,807	291,958,147
Advance payments		262,263,989	293,823,860
Inventories	10	1,293,816,082	1,481,140,301
Biological assets	11	15,748,581	12,606,346
Other current assets	12	266,441,596	232,632,601
		<u>6,351,795,279</u>	<u>6,255,045,585</u>
<b>Non-current assets held-for-sale and discontinued operations</b>	13	<u>184,741,930</u>	<u>81,133,968</u>
<b>Non-current assets</b>			
Non-current available-for-sale financial assets	6,14	626,803,835	974,091,800
Investment in associates and joint ventures	15	352,093,185	374,255,476
Property, plant and equipment	16	8,833,246,209	8,170,125,269
Intangible assets	17	4,290,491,280	3,940,270,531
Investment property	18	429,194,289	441,834,417
Other non-current financial assets	6,8,9	434,328,563	510,733,403
Deferred income tax assets	22	229,661,275	224,417,952
Other non-current assets	12	391,349,009	413,132,465
		<u>15,587,167,645</u>	<u>15,048,861,313</u>
<b>Total assets</b>		<u>₩ 22,123,704,854</u>	<u>₩ 21,385,040,866</u>

**CJ Corporation and Subsidiaries**  
**Consolidated Statements of Financial Position**  
**December 31, 2013 and 2012**

<i>(in thousands of Korean won)</i>	<b>Notes</b>	<b>2013</b>	<b>2012</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables	6	₩ 1,198,161,316	₩ 1,190,114,737
Short-term borrowings	6,19	2,122,552,719	2,487,787,285
Current portion of debentures and non-current borrowings	6,19,20	1,090,753,815	925,721,953
Non-trade payables	6	782,758,463	749,190,776
Other current financial liabilities	6,9	538,469,154	582,747,019
Income taxes payable		112,686,981	106,643,359
Current provisions for liabilities and charges	23	7,797,302	6,048,469
Other current liabilities	12	564,254,130	616,126,057
		<u>6,417,433,880</u>	<u>6,664,379,655</u>
<b>Non-current liabilities held-for-sale and discontinued operations</b>	13	<u>92,659,236</u>	<u>36,174,138</u>
<b>Non-current liabilities</b>			
Non-current borrowings	6,19	2,701,866,349	2,232,181,040
Debentures	6,20	3,006,732,827	2,672,622,259
Deposits received	6	133,854,465	126,133,579
Other non-current financial liabilities	6,9	81,929,477	52,137,949
Net defined benefit liabilities	21	180,650,243	167,632,549
Deferred income tax liabilities	22	730,570,704	879,279,885
Non-current provisions for liabilities and charges	23	16,600,308	6,982,659
Other non-current liabilities	12	160,462,023	163,458,964
		<u>7,012,666,396</u>	<u>6,300,428,884</u>
<b>Total liabilities</b>		<u>13,522,759,512</u>	<u>13,000,982,677</u>
<b>Equity</b>			
<b>Equity attributable to owners of the Company</b>			
Capital stock	24	157,232,680	157,105,430
Paid-in capital in excess of par value	24	979,794,142	977,520,671
Other components of equity	26	(108,093,132)	(30,095,287)
Retained earnings	27	2,198,752,296	2,074,037,679
<b>Non-controlling interest</b>		<u>5,373,259,356</u>	<u>5,205,489,696</u>
<b>Total equity</b>		<u>8,600,945,342</u>	<u>8,384,058,189</u>
<b>Total liabilities and equity</b>		<u>₩ 22,123,704,854</u>	<u>₩ 21,385,040,866</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, 2013 and 2012**

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

	Notes	2013	2012
<b>Sales</b>	39	₩ 18,851,698,863	₩ 17,628,388,035
<b>Cost of sales</b>	29	<u>(13,346,666,623)</u>	<u>(12,292,133,603)</u>
<b>Gross income</b>		5,505,032,240	5,336,254,432
Selling and administrative expenses	29,30	(4,718,965,200)	(4,273,282,327)
<b>Operating income</b>	39	<u>786,067,040</u>	<u>1,062,972,105</u>
Financial income	31	571,634,828	393,967,690
Financial expenses	31	(600,110,920)	(531,143,013)
Share of profit of associates and joint ventures	15	(27,126,499)	(11,165,583)
Other non-operating income	32	111,505,696	176,889,386
Other non-operating expenses	32	(411,699,403)	(287,210,901)
Profit before income tax		<u>430,270,742</u>	<u>804,309,684</u>
Income tax expense	22	(107,662,405)	(234,053,074)
<b>Profit for the year</b>		<u>₩ 322,608,337</u>	<u>₩ 570,256,610</u>
Profit attributable to owners of the Company		149,588,186	220,797,205
Profit attributable to non-controlling interests		173,020,151	349,459,405
<b>Earnings per share attributable to the equity holders of the Company during the year</b>	33		
Basic earnings per common share		<u>₩ 5,280</u>	<u>₩ 7,801</u>
Diluted earnings per common share		<u>₩ 5,261</u>	<u>₩ 7,772</u>
Basic earnings per preferred share		<u>₩ 5,330</u>	<u>₩ 7,851</u>
Diluted earnings per preferred share		<u>₩ 5,311</u>	<u>₩ 7,822</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, 2013 and 2012**

<i>(in thousands of Korean won)</i>	<b>Notes</b>	<b>2013</b>	<b>2012</b>
<b>Profit for the year</b>		₩ 322,608,337	₩ 570,256,610
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Remeasurements of net defined benefit liabilities	21	(10,730,450)	(50,640,970)
<b>Items to be reclassified subsequently to profit or loss:</b>			
Change in value of available-for-sale financial assets		(181,025,789)	(18,016,437)
Share of other comprehensive loss of associates and joint ventures	15	(7,009,656)	(7,408,028)
Translation of foreign currency financial statements		(25,950,633)	(99,731,379)
Gains on valuation of derivative instruments	9	1,289,649	2,166,345
<b>Other comprehensive loss for the year</b>		<u>(223,426,879)</u>	<u>(173,630,469)</u>
<b>Total comprehensive income for the year</b>		<u>₩ 99,181,458</u>	<u>₩ 396,626,141</u>
<b>Attributable to :</b>			
Equity holders of the Company		₩ 10,479,704	₩ 96,034,360
Non-controlling interests		88,701,754	300,591,781

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, 2013 and 2012**

(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			
<b>Balances at January 1, 2012</b>		₩ 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
<b>Comprehensive income</b>								
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 joint ventures		-	-	(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
Remeasurements of net defined benefit liabilities	21	-	-	-	(23,523,050)	(23,523,050)	(27,117,920)	(50,640,970)
<b>Total comprehensive income for the year</b>		-	-	(101,239,795)	197,274,155	96,034,360	300,591,781	396,626,141
<b>Transactions with equity holders of the Company</b>								
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	34	-	-	-	(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	40	-	-	39,491,728	-	39,491,728	216,676,323	256,168,051
<b>Total transaction with equity holders of the Company</b>		115,295	1,719,806	38,064,271	(18,494,706)	21,404,666	401,993,823	423,398,489
<b>Balances at December 31, 2012</b>		₩ 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

**CJ Corporation and Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**Years Ended December 31, 2013 and 2012**

	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			
<i>(in thousands of Korean won)</i>								
<b>Balances at January 1, 2013</b>		₩ 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
<b>Comprehensive income</b>								
Profit for the year		-	-	-	149,588,186	149,588,186	173,020,151	322,608,337
Loss on valuation of available-for-sale financial assets		-	-	(122,948,733)	-	(122,948,733)	(58,077,056)	(181,025,789)
Share of other comprehensive loss of associates and joint ventures		-	-	(2,479,380)	-	(2,479,380)	(4,530,276)	(7,009,656)
Translation of foreign currency financial statements		-	-	(7,596,766)	-	(7,596,766)	(18,353,867)	(25,950,633)
Gain on valuation of derivative instruments	9	-	-	280,274	-	280,274	1,009,375	1,289,649
Remeasurements of net defined benefit liabilities	21	-	-	-	(6,363,877)	(6,363,877)	(4,366,573)	(10,730,450)
<b>Total comprehensive income for the year</b>		-	-	(132,744,605)	143,224,309	10,479,704	88,701,754	99,181,458
<b>Transactions with equity holders of the Company</b>								
Issuance of common stock due to exercise of share options		127,250	2,273,471	(609,986)	-	1,790,735	-	1,790,735
Cash dividends	34	-	-	-	(18,509,692)	(18,509,692)	(41,368,336)	(59,878,028)
Others		-	-	267,990	-	267,990	443,257	711,247
Issuance of hybrid bond	28	-	-	(387,150)	-	(387,150)	59,637,150	59,250,000
Non-controlling interests arising on business combination		-	-	-	-	-	16,413,287	16,413,287
Changes in ownership interests in subsidiaries without change of control	40	-	-	55,475,906	-	55,475,906	43,942,548	99,418,454
<b>Total transaction with equity holders of the Company</b>		127,250	2,273,471	54,746,760	(18,509,692)	38,637,789	79,067,906	117,705,695
<b>Balances at December 31, 2013</b>		₩ 157,232,680	₩ 979,794,142	₩ (108,093,132)	₩2,198,752,296	₩3,227,685,986	₩5,373,259,356	₩8,600,945,342

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, 2013 and 2012**

<i>(in thousands of Korean won)</i>	Notes	2013	2012
<b>Cash flows from operating activities</b>			
Cash generated from operations	35	₩ 1,677,712,844	₩ 1,919,294,697
Income tax paid		(201,236,303)	(356,315,303)
<b>Net cash generated from operating activities</b>		<u>1,476,476,541</u>	<u>1,562,979,394</u>
<b>Cash flows from investing activities</b>			
Decrease(increase) in short-term financial instruments		163,542,843	(272,705,870)
Decrease in short-term loans receivable		217,464,465	104,878,226
Increase in short-term loans receivable		(144,260,964)	(131,771,834)
Proceeds from disposal of available-for-sale financial assets		411,711,451	167,821,479
Purchase of available-for-sale financial assets		(19,872,945)	(49,372,293)
Proceeds from disposal of associates and joint ventures		7,979,305	56,190,641
Acquisition of associates and joint ventures		(100,772,447)	(39,312,103)
Proceeds from disposal of property, plant and equipment		44,470,226	53,258,803
Purchase of property, plant and equipment		(1,536,253,975)	(1,517,558,854)
Proceeds from disposal of intangible assets		9,545,636	691,982
Purchase of intangible assets		(538,796,210)	(725,242,056)
Proceeds from disposal of investment property		6,009,829	20,958,036
Purchase of investment property		(15,631,875)	(82,617,308)
Proceeds from disposal of other current financial assets		20,509,030	26,603,919
Purchase of other current financial assets		(29,915,867)	(50,693,935)
Proceeds from disposal of other non-current financial assets		48,924,624	178,236,375
Purchase of other non-current financial assets		(178,348,266)	(138,783,231)
Proceeds from disposal of other non-current assets		246,655	930,243
Purchase of other non-current assets		(14,388,961)	(741,743)
Proceeds from disposal of subsidiaries		27,684,283	6,668,124
Acquisition of subsidiaries, net of cash acquired		(267,611,858)	(145,657,540)
Interest received		67,385,164	64,449,743
Dividends received		22,669,335	18,136,613
Change from other investing activities		(617,761)	(2,503,758)
<b>Net cash used in investing activities</b>		<u>(1,798,328,283)</u>	<u>(2,458,136,341)</u>

**CJ Corporation and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2013 and 2012**

<i>(in thousands of Korean won)</i>	<b>Notes</b>	<b>2013</b>	<b>2012</b>
<b>Cash flows from financing activities</b>			
Net decrease in short-term borrowings		₩ (272,560,367)	₩ (56,835,676)
Proceeds from issuance of non-current borrowings		1,397,462,343	1,282,167,605
Repayment of non-current borrowings		(442,673,911)	(466,110,490)
Increase in current portion of debentures and non-current borrowings		455,806	582,851
Decrease in current portion of debentures and non-current borrowings		(853,382,533)	(1,107,132,328)
Proceeds from issuance of debentures		1,044,742,025	1,098,049,436
Repayment of debentures		(179,330,064)	(129,576,238)
Increase in deposits received		12,431,510	21,960,000
Decrease in deposits received		(9,829,000)	(21,526,270)
Decrease in other current financial assets		-	10,748,049
Increase in other current financial assets		(595,421)	-
Decrease in other current financial liabilities		(17,925,001)	(5,760,670)
Proceeds from exercise of share options		1,790,735	1,422,239
Increase in non-controlling interests		97,289,574	481,065,695
Decrease in non-controlling interests		(34,950,207)	(69,163,495)
Dividends paid to non-controlling interests		(41,368,336)	(36,067,397)
Interest paid		(329,394,940)	(294,835,696)
Dividends paid		(18,509,692)	(18,494,706)
Change from other financing activities		(1,507,716)	(2,334,952)
<b>Net cash provided by financing activities</b>		<u>352,144,805</u>	<u>688,157,957</u>
<b>Net increase(decrease) in cash and cash equivalents</b>		30,293,063	(206,998,990)
Cash and cash equivalents at the beginning of year		1,224,733,061	1,446,607,500
Exchange losses on cash and cash equivalents		(14,629,040)	(39,630,184)
<b>Cash and cash equivalents at the end of year</b>		1,240,397,084	1,199,978,326
<b>Net increase(decrease) in cash and cash equivalents of held-for-sale investments classified as disposal groups</b>		(55,685)	24,754,735
<b>Cash and cash equivalents on the consolidated statement of financial position at the end of year</b>		<u>₩ 1,240,341,399</u>	<u>₩ 1,224,733,061</u>

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

# CJ Corporation and Subsidiaries

## Notes to Consolidated Financial Statements

### December 31, 2013 and 2012

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#### 1. General Information

CJ Corporation (the "Company") and 59 domestic entities, including CJ CheilJedang Corporation, and 157 foreign entities, including PT CheilJedang Indonesia, (the "Subsidiaries")(collectively referred to as the "Group") with its equity method investments in MBC Plus Media Co., Ltd. and other 101 entities, prepare its consolidated financial statements in accordance with Korean IFRS 1110, *Consolidated Financial Statements*.

CJ Corporation (the "Company") was incorporated in 1953 with capital of ₩2 million. The Company's shares stock were listed in the Korean Stock Exchange in 1973.

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

As of December 31, 2013, capital stock amounts to ₩157,233 million, and its majority shareholder is Mr. Lee Jay Hyun, who owns 42.27% of the issued shares.

Subsidiaries included in the consolidated financial statements as of December 31, 2013, are as follows:

Subsidiaries	Location	Percentage of ownership (%)		Closing month of accounting year	Main business
		2013	2012		
CJ CheilJedang Corporation <sup>1</sup>	Korea	37.96	38.00	December	Food manufacturing
CJ Freshway Corporation	Korea	51.55	51.63	December	Wholesale and brokerage
CJ Foodville Corp.	Korea	96.02	96.29	December	Restaurant and bar Wholesale, retail, bay salt
Sinuido Solar Salt Corporation	Korea	88.03	88.03	December	and e-commerce
CJ Seafood Corporation <sup>1</sup>	Korea	46.52	46.52	December	Food manufacturing
CJ MD1 Co., Ltd.	Korea	100.00	100.00	December	Business support service
CJ N City Co., Ltd.	Korea	100.00	100.00	December	Business support service
Youngwoo Frozen Foods Co., Ltd.	Korea	100.00	100.00	December	Food & beverage manufacturing
Wonji Co., Ltd.	Korea	100.00	100.00	December	Package materials
Hanwon Co., Ltd.	Korea	-	100.00	December	Toll processing
CJ Dondonfarm Co., Ltd.	Korea	99.99	99.99	December	Hog raising
KX Holdings Corporation	Korea	100.00	-	December	Investment and management of logistics
CJ O Shopping Co., Ltd. <sup>1</sup>	Korea	41.31	41.32	December	CATV
CJ Telenix Co., Ltd.	Korea	100.00	100.00	December	Business support service
CJ GLS Inc.	Korea	-	99.84	December	Logistics
CJ Olive Young Corporation	Korea	100.00	100.00	December	Retail
E&C Infra Co., Ltd.	Korea	100.00	100.00	December	Real estate
CJ Korea Express Corporation	Korea	52.58	52.70	December	Logistics
CJ Korea Express Busan Container Terminal Corporation <sup>3</sup>	Korea	91.92	66.04	December	Harbor loading and unloading
CJ Korea Express Busan Newport	Korea	84.36	84.36	December	Storage and transportation

**CJ Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2013 and 2012**

Subsidiaries	Location	Percentage of ownership (%)		Closing month of accounting year	Main business
		2013	2012		
Distripark Co., Ltd.					
CJ Korea Express Incheon Container Terminal Corporation	Korea	100.00	100.00	December	Harbor loading and unloading Integrated freight terminal operation
Korea Integrated Freight Terminal Co., Ltd.	Korea	95.43	88.89	December	Integrated freight terminal operation
Jung-bu Integrated Freight Terminal Co., Ltd.	Korea	59.67	55.79	December	Integrated freight terminal operation
PECT New Container Terminal Co., Ltd. <sup>3</sup>	Korea	90.00	90.00	December	Quay construction
CJ Educations Corporation	Korea	94.79	70.00	December	Education service
Korea Express SB Co., Ltd.	Korea	70.00	70.00	December	Storage and warehouse
O Trend Lab Co., Ltd.	Korea	100.00	100.00	December	Business consulting
CJ HelloVision Co., Ltd.	Korea	53.92	60.29	December	CATV
Superrace Co., Ltd.	Korea	98.79	98.79	December	Host, sponsor, operation and promotion of car race Broadcast transmission agency
CJ Powercast Inc.	Korea	60.00	60.00	December	Movie theater operation
Primus Cinema Inc.	Korea	-	100.00	December	Game software development and supply
CJIG. Co., Ltd.	Korea	100.00	100.00	December	Game software development and supply
Anipark Co., Ltd.	Korea	52.54	52.54	December	Movie theater operation
CJ CGV Co., Ltd. <sup>1</sup>	Korea	39.03	40.05	December	Equipment sales
CJ 4DPLEX Co., Ltd.	Korea	93.66	92.72	December	Creation, art and leisure service
Goodconcert Co., Ltd.	Korea	-	100.00	December	Production agency
International Media Genius Co., Ltd.	Korea	-	100.00	December	Broadcast program production
KM TV Co., Ltd.	Korea	-	100.00	December	Game software development and supply
Seed9 Games Corp.	Korea	55.02	53.01	December	Development and supply of application software
Mediaweb Inc.	Korea	68.84	68.84	December	Broadcast program supply
Korea Baduk Television. Inc.	Korea	-	66.21	December	Broadcast program supply
Orion Cinema Network, Co., Ltd.	Korea	-	90.27	December	Broadcast program supply
On Game Network Inc.	Korea	-	86.73	December	Broadcast program supply
CJ HelloVision Youngdong Broadcasting System Co., Ltd.	Korea	100.00	100.00	December	CATV
CJ HelloVision Daegu Suseong Broadcasting Co., Ltd.	Korea	100.00	100.00	December	CATV
CJ HelloVision Daegu Donggu Broadcasting Co., Ltd.	Korea	100.00	100.00	December	CATV
CJ HelloVision Ara Broadcasting Co., Ltd.	Korea	100.00	100.00	December	CATV
CJ E&M Corporation <sup>1</sup>	Korea	39.54	40.59	December	Broadcasting, game,

**CJ Corporation and Subsidiaries**  
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Subsidiaries	Location	Percentage of ownership (%)		Closing month of accounting year	Main business
		2013	2012		
CJ Game Lab Corp.	Korea	81.82	81.82	December	development and supply
CJ NGC Korea Co., Ltd.	Korea	67.00	67.00	December	Broadcast program supply
CJC the First Asset Securitization Specialty Co., Ltd.	Korea	-	1.00	December	SPC
CJ CATV 2nd Co., Ltd. <sup>2</sup>	Korea	-	-	December	SPC
Gyeongpo Engineering Co., Ltd.	Korea	-	66.70	December	Management of business facility
Myungsung Enterprise Co., Ltd.	Korea	-	100.00	December	Management of business facility
Korea Pohang Cable TV Co., Ltd.	Korea	-	100.00	December	CATV
Okmyung Development Co., Ltd.	Korea	-	100.00	December	Management of business facility
Pohang Total Cable Broadcasting Co., Ltd.	Korea	-	97.46	December	CATV
CJ HelloVision Silla Broadcasting Co., Ltd.	Korea	100.00	100.00	December	CATV
AZworks Inc.	Korea	74.12	74.12	December	Digital image information processing
Nurien Soft Co., Ltd.	Korea	52.00	52.00	December	Game software development and supply
N2play Co., Ltd.	Korea	51.00	51.00	December	Game software development and supply
CJ Games Corporation	Korea	50.13	50.13	December	Game software development and supply
TurnOn Games Co., Ltd.	Korea	100.00	100.00	December	Game software development and supply
Rada Studio Co., Ltd.	Korea	-	100.00	December	Game software development and supply
Mezzomedia Inc.	Korea	51.00	51.00	December	Advertising media sales
Embargo Inc.	Korea	51.00	51.00	December	Information service
Creallab Co., Ltd.	Korea	100.00	100.00	December	Information service
Simuline Inc.	Korea	64.89	-	December	Equipment manufacturing
CJ HelloVision Nara Broadcasting Co., Ltd.	Korea	-	-	December	CATV
JS Pictures Co., Ltd.	Korea	70.00	-	December	Contents production
Hoengseong CATV Co., Ltd.	Korea	100.00	-	December	CATV
CJ HelloVision Youngseo Broadcasting Network Co., Ltd.	Korea	100.00	-	December	CATV
CJ HelloVision Honam Broadcasting Co., Ltd.	Korea	99.15	-	December	CATV
CJ HelloVision Jeonbuk Broadcasting Co., Ltd.	Korea	100.00	-	December	CATV

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Subsidiaries	Location	Percentage of ownership (%)		Closing month of accounting year	Main business
		2013	2012		
CJ Systems Co., Ltd.	Korea	66.32	66.32	December	Computer programming, system integration and management
CJ Engineering & Construction Corp.	Korea	99.94	99.94	December	Construction
HB PFV Co., Ltd.	Korea	-	82.46	December	Real estate
CJ Venture Investment No.13 - New Industry	Korea	95.00	95.00	December	Investment association
CJ America Inc.	USA	100.00	100.00	December	Trade
CJ Omni, Inc.	USA	100.00	100.00	December	Food manufacturing
Tous Les Jours International Corp.	USA	100.00	100.00	December	Food manufacturing and restaurant
CJ Bakery, Inc.	USA	100.00	100.00	December	Food manufacturing and restaurant
TMI Trading Corp.	USA	80.00	80.00	December	Food sales and distribution
Twin Marquis Inc.	USA	80.00	80.00	December	Food sales and distribution
Chef One Corporation	USA	80.00	80.00	December	Food sales and distribution
CJ Foods Manufacturing Corporation (formerly CJ 500 South State College Inc.)	USA	100.00	100.00	December	Food manufacturing
CJ Cheiljedang Mexico, S.A. DE C.V.	Mexico	100.00	100.00	December	Food sales and distribution
CJ Bakery Vietnam Co., Ltd.	Vietnam	100.00	100.00	December	Food manufacturing and restaurant
Fides Food System Co., Ltd.	Vietnam	100.00	100.00	December	Food manufacturing and restaurant
CJ Foodville Asia Pte. Ltd.	Singapore	100.00	100.00	December	Food manufacturing and restaurant
CJ Se Asia Pte. Ltd.	Singapore	100.00	100.00	December	Intermediary trade
CJ Food Europe Ltd.	UK	100.00	100.00	December	Food manufacturing and restaurant
CJ Pharma Research India Ltd.	India	100.00	100.00	December	Research and development
PT CJ CheilJedang Lestari	Indonesia	75.00	75.00	December	Food manufacturing
CJ Foodville Japan Co., Ltd.	Japan	99.85	99.85	December	Restaurant
CJ Japan Corp.	Japan	100.00	100.00	December	Intermediary trade
CJ Food Service(Shanghai) Co., Ltd.	China	100.00	100.00	December	Restaurant
CJ Beijing Beverage & Foods Co., Ltd.	China	100.00	100.00	December	Food&beverage manufacturing
CJ Qingdao Foods Co., Ltd.	China	100.00	100.00	December	Meat processing
CJ Beijing Bakery Co., Ltd.	China	100.00	100.00	December	Food manufacturing and restaurant
CJ DCH Guangdong Frozen Food Co., Ltd.	China	60.00	60.00	December	Frozen food and chilled foods manufacturing and sales
CJ-Yihai(Kunshan) Foodstuffs Co., Ltd. <sup>1</sup>	China	50.00	50.00	December	Premix manufacturing and



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Subsidiaries	Location	Percentage of ownership (%)		Closing month of accounting year	Main business
		2013	2012		
CJ Freshway Qingdao Corporation	China	100.00	100.00	December	Food logistic sales
Shanghai Blue Wish Catering Service Co., Ltd.	China	96.87	79.00	December	Catering Food manufacturing and restaurant
CJ Foodville Shanghai Corp.	China	100.00	100.00	December	Consulting
CJ China Consulting, Ltd.	China	100.00	-	December	Catering
CJ Freshway Shenyang Co., Ltd.	China	100.00	-	December	Trade
CJ International Trading Co., Ltd.	China	100.00	100.00	December	Food manufacturing
CJ Nutracon Pty.	Australia	100.00	100.00	December	Cassava plantation
CJ Act Pty. Ltd.	Australia	100.00	74.90	December	Food logistic
CJ Freshway America Corporation	USA	100.00	-	December	Food logistic
CJ Freshway Vietnam Co., Ltd.	Vietnam	100.00	-	December	Food logistic Mill manufacturing and sales
CJ-SC Global Milling Llc.	Vietnam	51.00	-	December	Trade
CJ Bio Rus	Russia	99.90	-	December	Restaurant
Bibigo International Corp.	USA	100.00	-	December	Trade
CJ Europe GmbH	Germany	100.00	100.00	December	Methionine manufacturing and sales
CJ Bio Malaysia Sdn. Bhd.	Malaysia	86.00	86.00	December	Lysine manufacturing and sales
CJ Bio America Inc.	USA	100.00	100.00	December	Feed manufacturing and sales
CJ Vina Agri Co., Ltd.	Vietnam	100.00	100.00	December	Hog raising
CJ Vina Food Co., Ltd.	Vietnam	100.00	100.00	December	Lysine manufacturing and sales
CJ DO Brazil Ind. Com. Prod. Alim. Ltda.	Brazil	100.00	100.00	December	Feed manufacturing and sales
CJ Feed India Private Ltd.	India	100.00	100.00	December	Lysine manufacturing and sales
PT CheilJedang Indonesia	Indonesia	100.00	100.00	December	Feed manufacturing and sales
PT CheilJedang Superfeed	Indonesia	100.00	100.00	December	Feed manufacturing and sales
PT CJ Feed Jombang	Indonesia	100.00	100.00	December	Feed manufacturing and sales
PT Agrobis Panca Ekatama	Indonesia	100.00	100.00	December	Feed manufacturing and sales
PT Super Unggas Jaya	Indonesia	100.00	100.00	December	Breeding stock
PT CJ Feed Medan	Indonesia	75.00	-	December	Feed manufacturing and sales
CJ Changsha Feed Co., Ltd.	China	100.00	100.00	December	Feed manufacturing and sales

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Subsidiaries	Location	Percentage of ownership (%)		Closing month of accounting year	Main business
		2013	2012		
CJ Shenyang Feed Co., Ltd.	China	100.00	100.00	December	Feed manufacturing and sales
CJ Tianjin Feed Co., Ltd.	China	100.00	100.00	December	Feed manufacturing and sales
CJ Harbin Feed Co., Ltd.	China	100.00	100.00	December	Feed manufacturing and sales
CJ Qingdao Feed Co., Ltd.	China	100.00	100.00	December	Feed manufacturing and sales
CJ Liaocheng Biotech Co., Ltd.	China	100.00	100.00	December	Lysine manufacturing and sales
CJ Zhengzhou Feed Co., Ltd.	China	100.00	100.00	December	Feed manufacturing and sales
CJ Nanjing Feed Co., Ltd.	China	100.00	100.00	December	Feed manufacturing and sales
CJ Chengdu Feed Co., Ltd.	China	100.00	100.00	December	Feed manufacturing and sales
CJ (Shenyang) Biotech Co., Ltd.	China	100.00	100.00	December	Lysine manufacturing and sales
CJ China, Ltd.	China	100.00	100.00	December	Trade
Liaocheng Lantian Cogeneration Plant Co., Ltd.	China	100.00	100.00	December	Power generation steam supply
CJ (Changchun) Feed Co., Ltd.	China	100.00	100.00	December	Feed manufacturing
CJ (Liaocheng) Feed Co., Ltd.	China	100.00	100.00	December	Feed manufacturing and sales
CJ Philippines, Inc.	Philippines	70.00	70.00	December	Feed manufacturing and sales
CJ Global Holdings Ltd.	Hong Kong	100.00	100.00	December	Holding company
PT. CJ Cheiljedang Feed Lampung	Indonesia	100.00	-	December	Feed manufacturing and sales
CJ Korea Express Netherlands B.V. (formerly CJ GLS Europe B.V.)	Netherlands	100.00	100.00	December	Logistics
Korea Express Europe GmbH	Germany	100.00	100.00	December	Logistics
Water Pipeline Works Limited	Virgin Islands	100.00	100.00	December	Construction
CJ Korea Express Malaysia Sdn. Bhd. (formerly CJ GLS Malaysia Sdn. Bhd.)	Malaysia	100.00	100.00	December	Logistics
EC Distribution Sdn. Bhd.	Malaysia	100.00	100.00	December	Logistics
EC Service Enterprise Sdn. Bhd.	Malaysia	100.00	100.00	December	Logistics
Supply Chain Services Sdn. Bhd.	Malaysia	-	100.00	December	Logistics
CJ Korea Express Forwarding Malaysia Sdn. Bhd. (formerly CJ GLS Forwarding Malaysia Sdn. Bhd.)	Malaysia	100.00	100.00	December	Logistics

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Subsidiaries	Location	Percentage of ownership (%)		Closing month of accounting year	Main business
		2013	2012		
CJ Korea Express Mexico, S.A. De C.V. (formerly CJ GLS Central America S.A De C.V.)	Mexico	99.90	99.90	December	Logistics
CJ GLS America, Inc.	USA	100.00	100.00	December	Logistics
Korea Express U.S.A. Inc.	USA	100.00	100.00	December	Logistics
CJ GLS Vietnam Co., Ltd.	Vietnam	100.00	100.00	December	Logistics
CJ GLS (VN) Freight Co., Ltd.	Vietnam	100.00	100.00	December	Logistics
CJ IMC Vietnam Co., Ltd.	Vietnam	100.00	100.00	December	Wholesale and brokerage
CJ Korea Express Conpac Warehousing Pte. Ltd.(formerly Conpac Warehousing Pte. Ltd.)	Singapore	100.00	100.00	December	Logistics
CJ Korea Express Asia Pte. Ltd. (formerly CJ GLS Asia Pte. Ltd.)	Singapore	100.00	100.00	December	Logistics
CJ Korea Express India Private Limited	India	100.00	100.00	December	Logistics
PT CJ GLS Indonesia	Indonesia	95.00	95.00	December	Logistics
PT CJ GLS Resources Indonesia	Indonesia	100.00	-	December	Logistics
CJ Prime Shopping Inc.	Japan	84.25	62.62	December	Telecommunication sales
Korea Express Japan Co., Ltd.	Japan	100.00	100.00	December	Logistics
CJ IMC Co., Ltd.	China	100.00	100.00	December	Wholesale and brokerage
CJ GLS China (Shanghai) Ltd.	China	100.00	100.00	December	Logistics
CJ GLS (Shenzhen) Co., Ltd.	China	100.00	100.00	December	Logistics
CJ GLS Inc. (Qingdao, China)	China	100.00	100.00	December	Logistics
Shanghai CJ Freight Forwarding Co., Ltd.	China	100.00	100.00	December	Logistics
Korea Express Tianjin Co., Ltd.	China	100.00	100.00	December	Logistics
Kumho Logistics Shanghai Co., Ltd.	China	100.00	100.00	December	Logistics
Korea Express Shanghai Co., Ltd.	China	100.00	100.00	December	Logistics
CJ Korea Express Dongguan Co., Ltd.	China	100.00	100.00	December	Warehouse and inland transportation
CJ Olive Young Corporation	China	100.00	100.00	December	Retail
CJ Korea Express (Thailand) Co., Ltd. (formerly CJ GLS (Thailand) Co., Ltd.)	Thailand	100.00	100.00	December	Logistics
CJ IMC (Thailand) Co., Ltd.	Thailand	100.00	100.00	December	Wholesale and brokerage
CJ IMC Pazarlama Ve Ticaret Ltd., Sti.	Turkey	100.00	100.00	December	Wholesale and brokerage
CJ Korea Express Philippines Corporation (formerly CJ GLS Philippines Inc.)	Philippines	100.00	100.00	December	Logistics
CJ Korea Express Vmi Warehousing Philippines (formerly CJ GLS Philippines VMI Warehouse Inc.)	Philippines	100.00	100.00	December	Logistics
CJ GLS (Hong Kong) Ltd.	Hong Kong	100.00	100.00	December	Logistics
CMI Holdings Limited	Hong Kong	100.00	100.00	December	Holding company
Korea Express Hong Kong Co., Ltd.	Hong Kong	100.00	100.00	December	Logistics
CJ Korea Express Middle East Fze	UAE	100.00	-	December	Logistics

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Subsidiaries	Location	Percentage of ownership (%)		Closing month of accounting year	Main business
		2013	2012		
KX Smart Cargo Holdings Limited	Hong Kong	75.80	-	December	Investment and management of logistics
Qingdao CJ Smart Cargo International Services Ltd.	China	51.00	-	December	Logistics
Qingdao Smart Cargo Bonded Logistics Co., Ltd.	China	100.00	-	December	Logistics
Shanghai Smart Cargo Supply Chain Management Co.,Ltd.	China	100.00	-	December	Logistics
PT CJ Korea Express Logistics Service Indonesia <sup>1</sup>	Indonesia	49.00	-	December	Logistics
Imagin Asian Entertainment, Inc.	USA	70.52	70.52	December	Video contents service
CJ CGV America LA L.L.C.	USA	100.00	100.00	December	Movie theater operation
CJ E&M America Inc.	USA	100.00	100.00	December	Holding company Movie distribution and production
CJ Entertainment America L.L.C.	USA	100.00	100.00	December	Holding company
CJ Theater LA Holdings, Inc.	USA	100.00	100.00	December	Game software development and supply
CJ Games Global Corporation	USA Virgin	100.00	100.00	December	
Envoy Media Partners Ltd.	Islands	100.00	94.40	December	Movie theater operation
Megastar Media Co., Ltd.	Vietnam	80.00	80.00	December	Movie theater operation
Vietnam Cinema 1 Company Limited	Vietnam	80.00	80.00	December	Movie theater operation
PT CJ Internet Indonesia	Indonesia	90.20	99.00	December	Development and supply of application software Movie channel and other performance
CJ Entertainment Japan Inc.	Japan	60.00	60.00	December	Game software development and supply
CJ Internet Japan Co., Ltd.	Japan	55.00	55.00	December	Broadcast program supply
CJ E&M Japan, Inc. <sup>1</sup>	Japan	45.71	45.71	December	Media business
CJ E&M Broadcasting Inc.	Japan	-	100.00	December	
CJ CGV(Shanghai) Enterprise Management Co., Ltd. (formerly Shanghai CJ CGV Media Consulting Co., Ltd.)	China	100.00	100.00	December	Movie theater operation
CJ Century Entertainment & Media Consulting Co., Ltd.	China	100.00	100.00	December	Media business
CJ CGV (Shen Yang) Film International Cinema Co., Ltd. (formerly CGV(Shen Yang) Film Investment Management Co., Ltd.)	China	100.00	100.00	December	Movie theater operation
Panjin CJ CGV Film Investment Management Co., Ltd.	China	100.00	100.00	December	Movie theater operation
CJ CGV (Harbin) International Cinema Co., Ltd.	China	100.00	100.00	December	Movie theater operation

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Subsidiaries	Location	Percentage of ownership (%)		Closing month of accounting year	Main business
		2013	2012		
CJ CGV (Shang Hai) Film International Cineplex Co., Ltd. (formerly CGV(Shang Hai) Film Culture Consulting Co., Ltd.)	China	100.00	100.00	December	Movie theater operation
Shanghai C Media Co., Ltd.	China	100.00	100.00	December	Movie theater operation
CJ E&M Tianjin Co., Ltd.	China	100.00	100.00	December	Broadcasting service
CGV(Changsha) Cinema Co., Ltd.	China	100.00	100.00	December	Movie theater operation
Yantai CGV Cinema Co., Ltd.	China	100.00	100.00	December	Movie theater operation
CGV (Beijing) International Cinema Co., Ltd.	China	100.00	100.00	December	Movie theater operation
Simuline China Limited	China	100.00	-	December	Equipment manufacturing
ZIBO CGV Cinema Co., Ltd.	China	100.00	-	December	Movie theater operation
CGV (Wuhan) Cinema Co., Ltd.	China	100.00	-	December	Movie theater operation
Wuhu CGV Cinema Co., Ltd.	China	100.00	-	December	Movie theater operation
Beijing Galaxy Space Internet Technology Co., Ltd.	China	100.00	-	December	Game publishing
CGV (Tangshan) Cinema Co., Ltd.	China	100.00	-	December	Movie theater operation
Liaoning CGV Cinema Co., Ltd.	China	100.00	-	December	Movie theater operation
CGV (Huaian) Cinema Co., Ltd.	China	100.00	-	December	Movie theater operation
CGV (Tianjin) Cinema Co., Ltd.	China	100.00	-	December	Movie theater operation
Stand Best Tech Co., Ltd.	Thailand	86.14	86.14	December	Game software development and supply
SHR INTERAKTIF SERVISLER San. Ve Tic. Ltd. Sti. <sup>1</sup>	Turkey	50.00	-	December	Game publishing
Joygame Interactive Services Ltd. <sup>1</sup>	Turkey	50.00	-	December	Game publishing
Joybomb Entertainment Technology Co., Ltd.	Taiwan	60.00	60.00	December	Game publishing
CJ CGI Holdings Ltd.	Hong Kong	100.00	100.00	December	Holding company
UVD Enterprise Ltd.	Hong Kong	100.00	100.00	December	Movie theater operation
Galaxy Network Technology Limited	Hong Kong	100.00	-	December	Game software development and supply
Simuline Hong Kong Limited	Hong Kong	100.00	-	December	Equipment manufacturing
CGV (Chengdu) Cinema Co., Ltd.	China	100.00	-	December	Movie theater operation
CGV (Chongqing) Cinema Co., Ltd.	China	100.00	-	December	Movie theater operation
CJ 4DX (Beijing) Cinema Technology Co., Ltd.	China	100.00	-	December	Movie theater operation
Yuyao CGV Cinema Co., Ltd.	China	100.00	-	December	Movie theater operation
CJ E&C Malaysia Sdn. Bhd.	Malaysia	100.00	100.00	December	Construction

## **CJ Corporation and Subsidiaries**

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<sup>1</sup> 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.

<sup>2</sup> Although the Group owns less than 50% of the voting rights of entities, the Group is considered to have de-facto control as the Group has de facto power to direct related activities and is exposed to income changes since its operating and financing activities depend on the Group.

<sup>3</sup> In accordance with the approval of Board of directors, these subsidiaries were classified as non-current assets and liabilities held-for-sale and discontinued operations. The sale transactions are expected to be completed within 2014.

The following entities 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:

<b>Subsidiaries</b>	<b>Percentage of ownership (%)</b>
CJ Toyota Tsusho Philippines Inc.	61.93
KOREX-SAIGON Logistics Co., Ltd.	66.25
KOREX Packsimex Co., Ltd.	60.00
Ulsan Port Operating Co. Ltd.	51.54

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Summarized financial information of major consolidated subsidiaries as of and for the years ended December 31, 2013 and 2012, are as follows:

(in millions of Korean won)

Subsidiaries	2013					
	Assets	Liabilities	Equity	Sales	Net income (loss)	Comprehensive income (loss)
CJ CheilJedang Corporation	₩ 6,216,231	₩ 3,415,520	₩ 2,800,711	₩ 4,513,827	₩ 204,951	₩ 109,715
CJ Freshway Corporation	574,139	401,435	172,704	1,805,046	(7,147)	(8,800)
CJ Foodville Corp.	450,165	392,356	57,809	947,806	(27,103)	(27,109)
CJ Seafood Corporation	81,266	36,743	44,523	154,322	6,412	5,504
KX Holdings Corporation	492,224	63	492,161	-	(106,714)	(106,714)
CJ O Shopping Co., Ltd.	1,136,935	569,750	567,185	1,260,652	108,314	114,211
CJ Olive Young Corporation	257,466	197,031	60,435	458,296	(2,718)	(6,529)
CJ Korea Express Corporation	3,791,636	1,554,797	2,236,839	3,394,964	(48,276)	(46,276)
CJ Korea Express Busan Container Terminal Corporation	83,679	41,383	42,296	70,248	(42,431)	(42,153)
Korea Integrated Freight Terminal Co., Ltd.	570,169	394,401	175,768	99,355	26,347	26,337
Jung-bu Integrated Freight Terminal Co., Ltd.	123,213	98,465	24,748	10,395	(3,487)	(3,488)
PECT New Container Terminal Co., Ltd.	51,590	56,844	(5,254)	22,020	(2,524)	(2,524)
CJ HelloVision Co., Ltd.	1,986,834	1,060,250	926,584	1,010,491	58,354	58,767
CJ Powercast Inc.	53,972	12,749	41,223	82,003	4,827	4,923
CJ CGV Co., Ltd.	1,052,522	602,759	449,763	773,009	43,078	42,227
CJ HelloVision Youngdong Broadcasting System Co., Ltd	51,031	8,155	42,876	38,519	4,785	4,785
CJ HelloVision Ara Broadcasting Co., Ltd.	78,512	22,991	55,521	42,483	7,677	7,656
CJ E&M Corporation	2,041,349	789,861	1,251,488	1,383,730	(12,337)	(11,236)
CJ CATV 2nd Co., Ltd.	71,251	71,901	(650)	2,901	(691)	(691)
CJ HelloVision Silla Broadcasting Co., Ltd.	58,155	35,150	23,005	36,153	5,116	5,182
CJ Games Corporation	93,327	36,771	56,556	978	(2,989)	(3,719)
CJ Systems Co., Ltd.	246,671	177,385	69,286	277,217	14,587	13,406
CJ Engineering & Construction Corp.	588,670	510,516	78,154	299,432	(20,061)	(20,721)
CJ America Inc.	158,901	114,711	44,190	266,058	(5,364)	(5,323)
CJ Japan Corp.	81,473	77,823	3,650	109,146	(1,043)	(2,041)
CJ Europe GmbH	100,693	102,309	(1,616)	309,606	(11,760)	(11,503)
CJ Bio Malaysia Sdn. Bhd.	220,961	138,088	82,873	-	(2,512)	(4,545)
CJ Bio America Inc.	352,751	255,132	97,619	8,887	(6,150)	(8,518)
CJ Vina Agri Co., Ltd.	79,318	37,147	42,171	245,876	10,907	9,603
CJ DO Brazil Ind. Com. Prod. Alim. Ltda.	200,091	146,867	53,224	169,318	(29,601)	(33,346)
PT CheilJedang Indonesia	1,124,587	501,847	622,740	721,366	45,221	37,075
PT CheilJedang Superfeed	139,256	127,734	11,522	222,098	(5,756)	(9,164)
PT CJ Feed Jombang	76,522	58,762	17,760	229,958	433	(4,544)
CJ Liaocheng Biotech Co., Ltd.	379,187	123,927	255,260	306,824	9,143	12,041
CJ (Shenyang) Biotech Co., Ltd.	715,399	611,072	104,327	299,708	(47,834)	(44,870)
CJ China, Ltd.	411,324	398,006	13,318	257,991	1,239	1,008

**CJ Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2013 and 2012**

(in millions of Korean won)

Subsidiaries	2013					
	Assets	Liabilities	Equity	Sales	Net income (loss)	Comprehensive income (loss)
Liaocheng Lantian Congeneration Plant Co., Ltd.	58,623	13,229	45,394	51,159	13,251	13,365
CJ Global Holdings Ltd.	245,797	218,443	27,354	-	(712)	(869)
CJ Korea Express Asia Pte. Ltd. (formerly CJ GLS Asia Pte. Ltd.)	108,873	73,280	35,593	86,299	(4,936)	(6,724)
Megastar Media Co., Ltd.	57,560	52,597	4,963	57,288	6,026	5,885
CJ CGI Holdings Ltd.	126,760	58,547	68,213	320	(15,619)	(16,485)
UVD Enterprise Ltd.	86,488	5,661	80,827	324	(332)	(3,268)

(in millions of Korean won)

Subsidiaries	2012					
	Assets	Liabilities	Equity	Sales	Net income (loss)	Comprehensive 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. <sup>1</sup>	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	2,970,388	679,337	2,291,051	2,492,867	71,864	67,415
CJ Korea Express Busan Container Terminal Corporation	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
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)



**CJ Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
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(in millions of Korean won)

2012

Subsidiaries	Assets	Liabilities	Equity	Sales	Comprehensive	
					Net income (loss)	income (loss)
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)
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.	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 Cogeneration 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.	69,016	35,667	33,349	327	(14,647)	(16,850)

<sup>1</sup> Subsidiaries newly included in consolidated financial statements in 2012 and whose sales and net income(loss) incurred subsequent to the acquisition date are presented.

**CJ Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2013 and 2012**

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Subsidiaries newly included in the consolidated financial statements for the year ended December 31, 2013, are as follows:

<b>Location</b>	<b>Subsidiaries</b>	<b>Remark</b>
Korea	KX Holdings Corporation	Newly established
Korea	Simuline Inc.	Additional acquisition
Korea	CJ HelloVision Nara Broadcasting Co., Ltd.	Acquisition
Korea	JS Pictures Co., Ltd.	Acquisition
Korea	CJ HelloVision Jeonbuk Broadcasting Co., Ltd.	Acquisition
Korea	Hoengseong CATV Co., Ltd.	Acquisition
Korea	CJ HelloVision Youngseo Broadcasting Network Co., Ltd.	Acquisition
Korea	CJ HelloVision Honam Broadcasting Co., Ltd.	Acquisition
China	CJ Freshway Shenyang Co., Ltd.	Newly established
Vietnam	CJ Freshway Vietnam Co., Ltd.	Newly established
USA	CJ Freshway America Corporation	Newly established
Indonesia	PT CJ Feed Medan	Newly established
USA	BIBIGO International Corp.	Newly established
Indonesia	PT. CJ Cheiljedang Feed Lampung	Newly established
Russia	CJ Bio Rus	Newly established
Vietnam	CJ-SC Global Milling Llc.	Newly established
Indonesia	PT CJ GLS Resources Indonesia	Newly established
UAE	CJ Korea Express Middle East Fze	Newly established
Hong Kong	KX Smart Cargo Holdings Limited	Acquisition
China	Qingdao CJ Smart Cargo International Services Ltd.	Acquisition
China	Qingdao Smart Cargo Bonded Logistics Co., Ltd.	Acquisition
China	Shanghai Smart Cargo Supply Chain Management Co., Ltd.	Acquisition
Indonesia	PT CJ Korea Express Logistics Service Indonesia	Newly established
Turkey	SHR INTERAKTIF Servisler San. Ve Tic. Ltd. Sti.	Acquisition
Turkey	Joygame Interactive Services Ltd.	Acquisition
China	Beijing Galaxy Space Internet Technology Co., Ltd.	Acquisition
China	Yuyao CGV Cinema Co., Ltd.	Newly established
China	CJ 4DX (Beijing) Cinema Technology Co., Ltd.	Newly established
China	CGV (Chongqing) Cinema Co., Ltd.	Newly established
China	CGV (Chengdu) Cinema Co., Ltd.	Newly established
China	CGV (Tianjin) Cinema Co., Ltd.	Newly established
China	CGV (Huaian) Cinema Co., Ltd.	Newly established
China	Liaoning CGV Cinema Co., Ltd.	Newly established
China	CGV (Tangshan) Cinema Co., Ltd.	Newly established
China	CGV (Wuhan) Cinema Co., Ltd.	Newly established
China	Wuhu CGV Cinema Co., Ltd.	Newly established
Hong Kong	Simuline Hong Kong Limited	Additional acquisition
China	Simuline China Limited	Additional acquisition
China	Zibo CGV Cinema Co., Ltd.	Newly established
Hong Kong	Galaxy Network Technology Limited	Newly established
China	CJ China Consulting, Ltd.	Newly established

**CJ Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2013 and 2012**

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Subsidiaries excluded from the consolidated financial statements for the year ended December 31, 2013, are as follows:

<b>Location</b>	<b>Subsidiaries</b>	<b>Remark</b>
Korea	Pohang Total Cable Broadcasting Co., Ltd.	Disposed
Korea	Korea Pohang Cable TV Co., Ltd.	Disposed
Korea	Okmyung Development Co., Ltd.	Disposed
Korea	Myungsung Enterprise Co., Ltd.	Disposed
Korea	Gyeongpo Engineering Co., Ltd.	Disposed
Korea	Crealab Co., Ltd.	Merged
Korea	CJ GLS Inc.	Merged
Korea	Primus Cinema Inc.	Merged
Korea	Goodconcert Co., Ltd.	Liquidated
Malaysia	Supply Chain Services Sdn. Bhd.	Liquidated
Korea	Rada Studio Co., Ltd.	Liquidated
Korea	HB PFV Co., Ltd.	Liquidated
Korea	International Media Genius Co., Ltd.	Merged
Korea	KM TV Co., Ltd.	Merged
Korea	Korea Baduk Television. Inc.	Merged
Korea	Orion Cinema Network, Co., Ltd.	Merged
Korea	On Game Network Inc.	Merged
Japan	CJ E&M Broadcasting Inc	Liquidated
Korea	Hanwon Co., Ltd.	Merged
Korea	CJ HelloVision Nara Broadcasting Co., Ltd.	Merged
Korea	CJC the First Asset Securitization Specialty Co., Ltd.	Liquidated

The Group disposed of its shares in certain subsidiaries and lost control. Consequently, the Group recognized gain on disposal of investment in subsidiaries of ₩4,443 million (2012: ₩1,534 million) and ₩649 million (2012: ₩368 million) of loss on disposal of investment in subsidiaries as other non-operating income(expenses).

# **CJ Corporation and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **December 31, 2013 and 2012**

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## **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 consolidated financial statements of the Group 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.

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.

### **2.2 Changes in Accounting Policy and Disclosures**

#### *(a) New and amended standards adopted by the Group*

The Group newly applied the following amended and enacted standards for the annual period beginning on January 1, 2013:

- Amendment to Korean IFRS 1001, *Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income*

The amendment requires entities to group items presented in other comprehensive income based on whether they are potentially reclassifiable to profit or loss subsequently. The Group applies the amendment retroactively and there is no impact of the application of this amendment on its total comprehensive income or loss.

# **CJ Corporation and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **December 31, 2013 and 2012**

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- Amendment to Korean IFRS 1019, *Employee Benefits*

The amendment requires entities to immediately recognize all actuarial gains and losses incurred in other comprehensive income or loss. All past service costs incurred are immediately recognized in accordance with the change of the plan, and the previous separate calculation of the interest cost and the expected returns on plan assets has been revised to calculate net interest expense (income) by applying the discount rate used in the defined benefit obligation measurement in the net defined benefit liabilities (assets). There is no material impact of the application of this amendment on the consolidated financial statements.

- Korean IFRS 1110, *Consolidated Financial Statements*

Korean IFRS 1110, *Consolidated Financial Statements*, introduces a single control concept and provides a specific guidance for the control. The adoption of this standard does not have an impact on consolidation scope in the consolidated financial statements.

- Korean IFRS 1111, *Joint Arrangements*

Korean IFRS 1111, *Joint Arrangements*, reflects the substance of joint arrangements and focuses on the rights and obligations of the parties to the joint arrangements rather than on the legal forms of the arrangements. Joint arrangements are classified into joint operations or joint ventures. The adoption of this standard does not have an impact on the consolidated financial statements.

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

Korean IFRS 1112, *Disclosure of Interests in Other Entities*, provides disclosure requirements for all types of equity investments in other entities including subsidiaries, associates, joint ventures and unconsolidated structured entities.

- Korean IFRS 1027, *Separate Financial Statements*

Korean IFRS 1027, *Separate Financial Statements*, contains accounting treatments and requirements for investments in subsidiaries, associates and joint ventures relating only to separate financial statements of the Controlling Company.

- Korean IFRS 1113, *Fair Value Measurement*

Korean IFRS 1113, *Fair Value Measurement*, provides a precise definition of fair value, and a single source of fair value measurement and disclosure requirements for use across K-IFRS. The Group has applied this standard prospectively according to the transitional provisions of K-IFRS 1113 and there is no material impact of the application of this standard on the consolidated financial statements.

# CJ Corporation and Subsidiaries

## Notes to Consolidated Financial Statements

### December 31, 2013 and 2012

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*(b) New standards and interpretations not yet adopted*

New standards, amendments and interpretations issued but not effective for the financial year beginning January 1, 2013, and not early adopted by the Group are as follows:

- Amendment to Korean IFRS 1110, *Consolidated Financial Statements*

Amendment to Korean IFRS 1110, *Consolidated Financial Statements*, provides that, if a parent company qualifies as an investment entity, it is required to measure its investments in subsidiaries at fair value through profit and loss instead of consolidating these subsidiaries in its consolidated financial statements. The amendment does not apply for a parent company of an investment entity if the parent company itself is not an investment entity. This amendment is effective for annual periods beginning on or after January 1, 2014, with early adoption permitted. The Group expects that the application of this amendment would not have an impact on its consolidated financial statements.

- Amendment to Korean IFRS 1032, *Financial Instruments: Presentation*

Amendment to Korean IFRS 1032, *Financial Instruments: Presentation*, provides that the right to offset must not be contingent on a future event and must be legally enforceable in all of circumstances; and if an entity can settle amounts in a manner such that outcome is, in effect, equivalent to net settlement, the entity will meet the net settlement criterion. This amendment is effective for annual periods beginning on or after January 1, 2014, and the Group is assessing the impact of application of this amendment on its consolidated financial statements.

- Amendment to Korean IFRS 1039, *Financial Instruments: Recognition and Measurement*

Amendment to Korean IFRS 1039, *Financial Instruments: Recognition and Measurement*, allows the continuation of hedge accounting for a derivative that has been designated as a hedging instrument in a circumstance in which that derivative is novated to a central counterparty (CCP) as a consequence of laws or regulations. This amendment is effective for annual periods beginning on or after January 1, 2014, with early adoption permitted. The Group is assessing the impact of application of this amendment on its consolidated financial statements.

- Enactment of IFRIC interpretations 2121, *Levies*

IFRIC interpretations 2121, *Levies*, are applied to a liability to pay a levy imposed by a government in accordance with the legislation. The interpretation requires that the liability to pay a levy is recognized when the activity that triggers the payment of the levy occurs, as identified by the legislation (the obligating event). This interpretation is effective for annual periods beginning on or after January 1, 2014, with early adoption permitted. The Group expects that the application of this interpretation would not have an impact on its consolidated financial statements.

# CJ Corporation and Subsidiaries

## Notes to Consolidated Financial Statements

### December 31, 2013 and 2012

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#### 2.3 Consolidation

The Group has prepared the consolidated financial statements in accordance with Korean IFRS 1110, *Consolidated Financial Statements*.

##### *(a) Subsidiaries*

Subsidiaries are all entities (including special purpose entities) over which the Company has control. The Company controls the corresponding 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. Consolidation of a subsidiary begins from the date the Company obtains control of a subsidiary and ceases when the Company loses control of the subsidiary.

The Group applies the acquisition method to account for business combinations. The consideration transferred is measured at the fair values of the assets transferred, and identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis in the event of liquidation, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. All other non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by IFRSs. Acquisition-related costs are expensed as incurred.

Goodwill is recognized as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree over the identifiable net assets acquired. 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.

Balances of receivables and payables, income and expenses and unrealized gains on transactions between the Group subsidiaries are eliminated. 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*

In transactions with non-controlling interests, which do not result in loss of control, the Group recognizes directly in equity any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, and attribute it to the owners of the parent company.

##### *(c) Disposal of subsidiaries*

If the Group loses control of a subsidiary, any investment continuously retained in the subsidiary is re-measured at its fair value at the date when control is lost and any resulting differences are recognized in profit or loss.

# **CJ Corporation and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **December 31, 2013 and 2012**

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#### *(d) Associates*

Associates are all entities over which the Group has significant influence, and investments in associates are initially recognized at acquisition cost using the equity method. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. If there is any objective evidence that the investment in the associate is impaired, the Group recognizes the difference between the recoverable amount of the associate and its book value as impairment loss.

#### *(e) Joint Arrangements*

A joint arrangement, wherein two or more parties have joint control, is classified as either a joint operation or a joint venture. A joint operator has rights to the assets, and obligations for the liabilities, relating to the joint operation and recognizes the assets, liabilities, revenues and expenses relating to its interest in a joint operation. A joint venturer has rights to the net assets relating to the joint venture and accounts for that investment using the equity method.

## **2.4 Foreign Currency Translation**

#### *(a) Functional and presentation currency*

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

#### *(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.

Exchange differences arising on non-monetary financial assets and liabilities such as equity instruments at fair value through profit or loss and available-for-sale equity instruments are recognized in profit or loss and included in other comprehensive income, respectively, as part of the fair value gain or loss.



# **CJ Corporation and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **December 31, 2013 and 2012**

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#### **2.5 Financial Assets**

##### *(a) Classification and measurement*

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, available-for-sale financial assets, loans and receivables, and held-to-maturity financial assets. Regular purchases and sales of financial assets are recognized on trade date.

For hybrid (combined) instruments, the Group is unable to measure an embedded derivative separately from its host contract and therefore, the entire hybrid (combined) contract is classified as at fair value through profit or loss. The financial assets designated as at fair value through profit or loss by the Group are derivatives. In addition, the Group classifies financial assets held-for-trading as financial assets at fair value through profit or loss.

Regular purchases and sales of financial assets are recognized on the trade date. At initial recognition, financial assets are measured at fair value plus, in the case of financial assets not carried at fair value through profit or loss, transaction costs. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated statement of income. After the initial recognition, 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.

Changes in fair value of financial assets at fair value through profit or loss are recognized in profit or loss and changes in fair value of available-for-sale financial assets are recognized in other comprehensive income. When the available-for-sale financial assets are sold or impaired, the fair value adjustments recorded in equity are reclassified into profit or loss.

##### *(b) Impairment*

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.

Impairment of loans and receivables is presented as a deduction in an allowance account. Impairment of other financial assets is directly deducted from their carrying amount. The Group writes off financial assets when the assets are determined to be no longer recoverable.

The objective evidence that a financial asset is impaired includes significant financial difficulty of the issuer or obligor; a delinquency in interest or principal payments; or the disappearance of an active market for that financial asset because of financial difficulties. A significant or prolonged decline below its cost in the fair value of an available-for-sale equity instrument is also objective evidence of impairment.

# **CJ Corporation and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **December 31, 2013 and 2012**

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#### *(c) Derecognition*

If the Group transfers a financial asset and the transfer does not result in derecognition because the Group has retained substantially of all risks and rewards of ownership of the transferred asset due to a recourse in the event the debtor defaults, the Group continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received. The related financial liability is classified as 'borrowings' in the consolidated statement of financial position.

#### **2.6 Derivative Instruments**

Derivatives are initially recognized at fair value on the date when a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of the derivatives that are not qualified for hedge accounting are recognized in the statement of income within 'finance income (expenses)' or 'other non-operating income (expenses)' according to the nature of transactions.

The effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and the ineffective portion is recognized in 'financial income (expenses)'. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that is reported in other comprehensive income is recognized as 'financial income (expenses)'.

#### **2.7 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.

CJ Engineering & Construction Corp., consolidated subsidiary, determines the acquisition cost of housing, and building and site under construction using the specific identification method.

#### **2.8 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.

#### **2.9 Non-current Assets (or Disposal Group) Held-for-sale**

Non-current assets (or disposal group) 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. The assets are measured at the lower amount between their carrying amount and the fair value less costs to sell.

# **CJ Corporation and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **December 31, 2013 and 2012**

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#### **2.10 Property, Plant and Equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditures that is directly attributable to the acquisition of the items.

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 depreciation method, residual values and useful lives of property, plant and equipment are reviewed at the end of each reporting period and, if appropriate, accounted for as changes in accounting estimates.

#### **2.11 Borrowing Costs**

Borrowing costs incurred in the acquisition or construction of a qualifying asset are capitalized in the period when it is prepared for its intended use, and investment income earned on the temporary investment of borrowings made specifically for the purpose obtaining a qualifying asset is deducted from the borrowing costs eligible for capitalization during the period. Other borrowing costs are recognized as expenses for the period in which they are incurred.

#### **2.12 Government Grants**

Government grants are recognized at their fair values when there is reasonable assurance that the grant will be received and the Group will comply with the conditions attaching to it. Government grants related to assets are presented by deducting the grants in arriving at the carrying amount of the assets, and grants related to income are deferred and presented by deducting the related expenses for the purpose of the government grants.

#### **2.13 Intangible Assets**

Goodwill is measured as explained in Note 2.3.(1) and carried at its cost less accumulated impairment losses.

Intangible assets, except for goodwill, are initially recognized at its historical cost and carried at its cost less accumulated amortization and accumulated impairment losses.

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Internally generated development costs are the aggregate costs recognized after meeting the asset recognition criteria, including technical feasibility, and determined to have future economic benefits. Membership rights, brand, and other intangible assets (rights of using wharf, registration plate of transporters and trademarks) are regarded as intangible assets with indefinite useful life and not amortized because there is no foreseeable limit to the period over which the assets are expected to be utilized. Intangible assets with definite useful life that are amortized using the straight-line method over their estimated useful lives, are as follows:

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

<sup>1</sup> 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 for a certain period and then donates the terminal to the government. Transfer period of ownership is under discussion with the Ministry of Land, Transport and Maritime Affairs. Its estimated useful life will be determined after reaching an agreement of the transfer period.

#### 2.14 Investment Property

Property held to earn rentals or for capital appreciation or both is classified as investment property. Investment property is measured initially at its cost. After recognition as an asset, investment property is carried at cost less accumulated depreciation and impairment losses. Investment property, except for land, is depreciated using the straight-line method over their useful lives.

Buildings	10 – 40 years
Structures	15 – 40 years

#### 2.15 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. Non-financial assets, other than goodwill, that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

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#### 2.16 Financial Liabilities

##### *(a) Classification and measurement*

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 that are not designated as hedges or bifurcated from financial instruments containing embedded derivatives are also categorized as held-for-trading.

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 presented as 'trade payables', 'short-term borrowings', 'current portion of debentures and non-current borrowings', 'non-trade payables', 'other current financial liabilities', 'non-current borrowings', 'debentures', 'deposits received' and 'other non-current financial liabilities' in the consolidated statement of financial position.

Preferred shares that provide for a mandatory redemption at a particular date are classified as liabilities. Interest expenses on these preferred shares calculated using the effective interest method are recognized in the consolidated statement of income as 'financial expenses', together with interest expenses recognized on other financial liabilities.

##### *(b) Derecognition*

Financial liabilities are removed from the consolidated statement of financial position when it is extinguished, for example, when the obligation specified in the contract is discharged, cancelled or expired or when the terms of an existing financial liability are substantially modified.

#### 2.17 Financial Guarantee Contract

Financial guarantees contracts provided by the Group 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 determined in accordance with Korean IFRS 1037, *Provisions, Contingent Liabilities and Contingent Assets*; or
- the initial amount, less accumulated amortization recognized in accordance with Korean IFRS 1018, *Revenue*.

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#### **2.18 Compound Financial Instruments**

Compound financial instruments are convertible notes, exchangeable bonds and the convertible redeemable preferred stock that can be converted into equity instruments at the option of the holder. 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 on 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.

#### **2.19 Provisions**

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation and the increase in the provision due to passage of time is recognized as interest expense.

#### **2.20 Current and Deferred Income Tax**

The tax expense for the period consists of current and deferred tax. Tax is recognized on the profit for the period 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, respectively. The tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognized for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts as expected tax consequences at the recovery or settlement of the carrying amounts of the assets and liabilities. 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 tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

Deferred tax liability is recognized for taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. In addition, deferred tax asset is recognized for deductible temporary differences arising from such investments to the extent that it is probable the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

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Deferred 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.

#### **2.21 Employee Benefits**

##### *(a) Post-employment benefits*

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 contributions are recognized as employee benefit expenses when an employee has rendered service.

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. 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 and that have terms to maturity approximating to the terms of the related pension obligation. The remeasurements of the net defined benefit liability are recognized in other comprehensive income.

If any plan amendments, curtailments, or settlements occur, past service costs or any gains or losses on settlement are recognized as profit or loss for the year.

##### *(b) Share-based payments*

Equity-settled share-based payments granted to employees are estimated at the grant date fair value of equity instruments and recognized as employee benefit expenses over the vesting period. The number of equity instruments expected to vest is remeasured with consideration to non-market vesting conditions at the end of the reporting period, with any changes from the original measurement recognized in the profit for the year and equity.

When the options are exercised, the Group issues new shares. The proceeds received, net of any directly attributable transaction costs, are recognized as capital stock (nominal value) and paid-in capital in excess of par value.

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#### *(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.

#### **2.22 Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods or rendering of services arising from the normal activities of the Group. It is stated as net of value added taxes, returns, rebates and discounts, 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.

#### *(a) Sale of goods*

Revenue from the sale of goods is recognized when products are delivered to the purchaser.

#### *(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 revenue from 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 are 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.

A construction contract is defined by Korean IFRS 1011, *Construction Contracts*, as a contract specifically negotiated for the construction of an asset.

When the revenue from a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognized over the period of the contract by reference to the stage of completion. Contract costs are recognized as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss on the construction contract is immediately recognized as an expense.



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When the revenue from a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. 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. Contract costs are recognized as an expense in the period in which they are incurred.

The Group uses the 'percentage-of-completion method' to determine the appropriate amount to recognize in a given period. 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 during the year in connection with the future activity of a contract are excluded from contract costs in determining the stage of completion.

On the consolidated statement of financial position, the Group reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognized profits (less recognized losses) exceed progress billings (due from customers for contract work); a contract represents a liability where the opposite is the case (due to customers for contract work).

#### *(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 program*

The Group operates a customer loyalty program where customers accumulate points for purchases made which entitle them to discounts on future purchases. The reward points are recognized as a separately identifiable component of the initial sale transaction. The fair value of the consideration received or receivable in respect of the initial sale is allocated between the reward points and the other components of the sale. The fair value of the reward points is measured by taking into account the proportion of the reward points that are not expected to be redeemed by customers. Revenue from customer loyalty program is recognized when the rewarded points are used.

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#### **2.23 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. Leases, where all the risks and rewards of ownership are not transferred to the Group, are classified as operating leases. Lease payments under operating leases are recognized as expenses on a straight-line basis over the lease term.

Leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases and recognized as lease assets and liabilities at the lower of the fair value of the leased property and the present value of the minimum lease payments on the opening date of the lease period.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership at the inception of the lease. A lease other than a finance lease is classified as an 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.

A sale and leaseback transaction involves the sale of an asset and the leasing back of the same asset. If a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount is not be immediately recognized as income by a seller-lessee (the Group). Instead, it is deferred and amortized over the lease term. If a sale and leaseback transaction results in an operating lease, and it is clear that the transaction is established at fair value, any profit or loss is recognized immediately. Also, if the sale price is below fair value, any profit or loss is recognized immediately, unless the loss is compensated for by future lease payments at below market price, and it then is deferred and amortized in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value is deferred and amortized over the period for which the asset is expected to be used.

#### **2.24 Segment Reporting**

Information of each operating segment is reported in a manner consistent with the business segment reporting provided to the chief operating decision-maker who is the Chief Executive Officer.

#### **2.25 Approval of Issuance of the Financial Statements**

The issuance of the December 31, 2013 consolidated financial statements of the Company was approved by the Board of Directors on February 6, 2014, which is subject to change with the approval of the shareholders at their annual shareholders' meeting.

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#### **3. Critical Accounting Estimates and Judgments**

The Group makes estimates and assumptions concerning the future. The estimates 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 resulting accounting estimates will, by definition, seldom equal the related actual results. 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. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations.

##### *(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.

##### *(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) Net defined benefit liability*

The present value of net defined benefit liability depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate.

##### *(e) Provisions*

The Group recognizes provisions for estimated returns. These provisions are estimated based on past experience.

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**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.

The impact of weakened/strengthened Korean won by 10% against foreign currencies with all other variables held constant on the post-tax profit for the year and equity of the Group as of December 31, 2013 and 2012, are as follows:

<i>(in millions of Korean won)</i>		<b>Impact on post-tax profit</b>		<b>Impact on equity</b>	
		<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
USD	Strengthened	₩ (53,167)	₩ (53,538)	₩ (53,167)	₩ (53,538)
	Weakened	53,167	53,538	53,167	53,538
EUR	Strengthened	7,217	7,692	7,217	7,692
	Weakened	(7,217)	(7,692)	(7,217)	(7,692)

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.

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As of December 31, 2013, the impact of increases/decreases of the stock price by 10% with all other variables held constant on the Group's equity is ₩18,992 million (2012: ₩36,304 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.

The impact of 1% increase/decrease of interest rate with all other variables held constant on the Group's interest expenses and gains(losses) on valuation of derivative instruments for the years ended December 31, 2013 and 2012, are as follows:

<i>(in millions of Korean won)</i>		<b>Impact on post-tax profit</b>		<b>Impact on equity</b>	
		<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Interest expenses	Increase	₩ (17,945)	₩ (18,498)	₩ (17,945)	₩ (18,498)
	Decrease	17,945	18,498	17,945	18,498
Gains(Losses) on valuation of derivative instruments	Increase	895	636	4,249	2,361
	Decrease	(895)	(636)	(4,249)	(2,361)

*(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 2013, 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 and 36) 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.

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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 36).

The analyses of the Group's liquidity risk as of December 31, 2013 and 2012, are as follows:

<i>(In millions of Korean won)</i>	<b>2013</b>			
	<b>Less than 1 year</b>	<b>Between 1 and 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Trade payables	W 1,198,161	W -	W -	W 1,198,161
Borrowings	3,133,041	2,404,610	502,434	6,040,085
Debentures	799,697	2,491,323	495,755	3,786,775
Non-trade payables	782,758	-	-	782,758
Deposits received	126,033	55,890	231,135	413,058
Other financial liabilities	405,301	76,759	-	482,060
Trading derivatives (currency forward)				
Outflows	172,823	-	-	172,823
Inflows	(162,101)	-	-	(162,101)
Financial guarantee contracts and others	769,186	216,159	-	985,345
	<u>W 7,224,899</u>	<u>W 5,244,741</u>	<u>W 1,229,324</u>	<u>W 13,698,964</u>
<i>(In millions of Korean won)</i>	<b>2012</b>			
	<b>Less than 1 year</b>	<b>Between 1 and 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Trade payables	W 1,190,115	W -	W -	W 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	437,125	45,099	-	482,224
Trading derivatives (currency forward)				
Outflows	301,231	-	-	301,231
Inflows	(289,533)	-	-	(289,533)
Financial guarantee contracts and others	212,377	142,526	-	354,903
	<u>W 6,319,863</u>	<u>W 4,944,892</u>	<u>W 876,172</u>	<u>W 12,140,927</u>

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**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>	<b>December 31, 2013</b>		<b>December 31, 2012</b>	
Liabilities	₩	13,522,760	₩	13,000,983
Equity		8,600,945		8,384,058
Debt-to-equity ratio		157%		155%

**5. Fair Value**

**5.1 Fair Value of Financial Instruments by Category**

There is no significant difference between the book value and the fair value of loans and receivables, and financial liabilities measured at amortized cost in respect to financial instruments of the Group. The book value of other financial instruments, except for financial instruments measured at cost (Note 5.2), is identical to its fair value.

**5.2 Financial Instruments Measured at Cost**

Details of financial instruments measured at cost as of December 31, 2013 and 2012, are as follows:

<i>(in millions of Korean won)</i>	<b>2013</b>		<b>2012</b>	
<b>Available-for-sale financial assets</b>				
PT Graha Layar Prima	₩	32,248	₩	-
Happycall Co., Ltd.		10,797		-
Al Nahr Co., Ltd.		6,332		-
TV Chosun-Daesung investment		6,000		6,000
VIRDIA Inc.		4,221		4,284
CJ Global Contents investment 12rd		4,000		4,000
ISU-global contents investment		4,000		4,000
DongMoon Media Contents & Culture Investment		3,500		3,500
Gunjang New Port Terminal Co., Ltd.		3,315		3,315
Union Contents investment (formerly SOVIK Contents investment)		3,000		3,000
ISU-culture contents investment		2,720		4,000
BENEX Digital Culture Contents investment		1,964		3,000
Raine-Partners Fund		-		6,217
Others		39,547		30,000
	₩	<u>121,644</u>	₩	<u>71,316</u>

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Investments in PT Graha Layar Prima 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.

**5.3 Fair Value Hierarchy**

Assets measured at fair value or for which the fair value is disclosed are categorized within the fair value hierarchy, and the defined levels are 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, 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).

Fair value hierarchy classifications of the financial assets and financial liabilities that are measured at fair value or its fair value is disclosed as of December 31, 2013, are as follows:

<i>(in millions of Korean won)</i>	<b>2013</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Recurring fair value measurements</b>				
Other current financial assets	₩ 3,418	₩ 351	₩ -	₩ 3,769
Biological assets <sup>1</sup>	-	15,749	-	15,749
Available-for-sale financial assets	437,029	52,493	56,086	545,608
Other non-current financial assets	-	17,640	-	17,640
Other current financial liabilities	5,692	5,855	-	11,547
Other non-current financial liabilities	-	11,775	-	11,775
<b>Non-recurring fair value measurements</b>				
Assets held-for-sale <sup>1</sup>	-	-	184,742	184,742
Liabilities held-for-sale <sup>1</sup>	-	-	92,659	92,659
<b>Disclosed fair value</b>				
Investment property <sup>1</sup>	-	-	636,103	636,103

<sup>1</sup> The highest and best use of a non-financial asset does not differ from its current use.



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**5.4 Transfers Between Fair Value Hierarchy Levels of Recurring Fair Value Measurements**

The Group's policy is to recognize transfers between levels of the fair value at the end of the reporting period.

Details of changes in Level 3 of the fair value hierarchy for the recurring fair value measurements are as follows:

<i>(in millions of Korean won)</i>	<b>2013</b>	
	<b>Available-for-sale financial assets</b>	
Beginning balance	₩	77,163
Total profit or loss		
Amount recognized in loss <sup>1</sup>		(10,255)
Amount recognized in other comprehensive income <sup>2</sup>		1,610
Acquisition		3,150
Disposal and capital reduction		(9,523)
Transfer into Level 3 <sup>3</sup>		6,717
Transfer out from Level 3 <sup>4</sup>		(12,776)
Ending balance		56,086
Unrealized gains or losses <sup>5</sup>		(10,000)

<sup>1</sup> In 2013, the Group recognized ₩ 10,000 million of impairment loss on available-for-sale financial assets relating to Dream Hub PFV Co., Ltd.

<sup>2</sup> In 2013, the Group recognized ₩ 3,446 million of gain on valuation of available-for-sale financial assets relating to Dream Hub PFV Co., Ltd. and others, and ₩1,836 million of loss on valuation of available-for-sale financial assets relating to Tbroad Ginam Broadcasting Co., Ltd, and others respectively.

<sup>3</sup> In 2013, shares of Raine-Partners Fund, which had been measured at cost, were measured at their fair value and transferred to level 3.

<sup>4</sup> In 2013, the Group acquired the additional shares of Simuline Inc. and it was transferred to investments in subsidiaries.

<sup>5</sup> The amount included in profit or loss that is attributable to the change in unrealized gains or losses relating to Dream Hub PFV Co., Ltd. held at the end of the reporting period is impairment loss on available-for-sale of ₩10,000 million.

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**5.5 Valuation Technique and the Inputs**

Valuation techniques and inputs used in the recurring fair value measurements categorized within Level 3 of the fair value hierarchy as of December 31, 2013, are as follows:

<i>(in millions of Korean won)</i>	Fair value	Valuation techniques	Inputs	Range of inputs (weighted average)
<b>Available-for-sale financial assets</b>				
		Discounted cash flow	Discount rate	9.24% - 13.18%
		Dividend discount model	Inflation rate	2.89% - 2.90%
Equity investment and debt securities	₩ 56,086	Net asset value approach method and others	Perpetual growth rate	0%

Valuation techniques and inputs used in the recurring fair value measurements categorized within Level 2 of the fair value hierarchy as of December 31, 2013, are as follows:

<i>(in millions of Korean won)</i>	Fair value	Valuation techniques
Other current and non-current financial assets		
Trading derivatives	₩ 17,991	Present value technique
Biological assets		
Biological assets for consumption	15,749	Net realizable value method
Available-for-sale financial assets		
Non-marketable equity securities	12,185	Net asset value approach method
Beneficiary certificate	34,308	Net asset value approach method
Debt securities	6,000	Present value technique
Other current and non-current liabilities		
Trading derivatives	16,398	Present value technique
Derivatives used for hedging	1,232	Present value technique

**5.6 Valuation Processes for Fair Value Measurements Categorized Within Level 3**

The Group's finance department performs the fair value measurements required for financial reporting purposes, including level 3 fair values. This department reports valuation processes and results to the management at least once every quarter.

**5.7 Sensitivity analysis for Recurring Fair Value Measurements Categorized Within Level 3**

Sensitivity analysis of financial instruments is performed to measure favorable and unfavorable changes in the fair value of financial instruments which are affected by the unobservable parameters, using a statistical technique. When the fair value is affected by more than two input parameters, the amounts represent the most favorable or most unfavorable.

Financial instrument, which is categorized within Level 3 and subject to sensitivity analysis, consists of equity securities for which the changes in their fair value are recognized as other comprehensive income.

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**6. Financial Instruments by Category**

**6.1 Carrying Amounts of Financial Instruments by Category**

Categorizations of financial assets and liabilities as of December 31, 2013 and 2012, are as follows:

	December 31, 2013					
	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	₩1,240,341	₩ -	₩ -	₩ -	₩ -	₩1,240,341
Short-term financial instruments	315,426	2,611	-	-	-	318,037
Short-term loans receivable	83,204	-	-	-	-	83,204
Trade receivables	2,379,216	-	-	-	-	2,379,216
Other current financial assets	446,347	3,769	-	40,448	2,163	492,727
Available-for-sale financial assets	-	-	-	626,804	-	626,804
Other non-current financial assets	414,710	17,495	145	-	1,979	434,329
	<u>₩4,879,244</u>	<u>₩ 23,875</u>	<u>₩ 145</u>	<u>₩ 667,252</u>	<u>₩ 4,142</u>	<u>₩5,574,658</u>

	December 31, 2013				
	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	₩ -	₩ 1,198,161	₩ -	₩ -	₩ 1,198,161
Borrowings	-	5,184,908	-	-	5,184,908
Debentures	-	3,736,998	-	-	3,736,998
Non-trade payables	-	782,758	-	-	782,758
Other current financial liabilities	10,632	526,922	915	-	538,469
Deposits received	-	133,854	-	-	133,854
Other non-current financial liabilities	11,458	68,471	317	1,683	81,929
	<u>₩ 22,090</u>	<u>₩ 11,632,072</u>	<u>₩ 1,232</u>	<u>₩ 1,683</u>	<u>₩ 11,657,077</u>

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		December 31, 2012								
		Assets at fair value		Derivatives	Assets classified as		Assets			
<i>(in millions of Korean won)</i>		Loans and receivables	through profit or loss	used for hedging	available- for-sale	as held-to- maturity	Total			
Cash and cash equivalents	W1,224,733	W	-	W	-	W	-	W	W1,224,733	
Short-term financial instruments	494,039		-		-		-		494,039	
Short-term loans receivable	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>W4,697,283</u>	<u>W</u>	<u>16,100</u>	<u>W</u>	<u>37</u>	<u>W</u>	<u>1,003,780</u>	<u>W</u>	<u>2,468</u>	<u>W5,719,668</u>

		December 31, 2012								
		Liabilities at fair value		Other financial	Derivatives	Other				
<i>(in millions of Korean won)</i>		through profit or loss	liabilities at amortized cost	used for hedging	financial liabilities	Total				
Trade payables	W	-	W 1,190,115	W	-	W	-	W	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>W</u>	<u>27,175</u>	<u>W</u>	<u>10,986,164</u>	<u>W</u>	<u>2,826</u>	<u>W</u>	<u>2,473</u>	<u>W</u>	<u>11,018,638</u>

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**6.2 Primary net gains or Losses by Category of Financial Instruments**

Primary net gains or losses on each category of financial instruments for the years ended December 31, 2013 and 2012, are as follows:

<i>(in millions of Korean won)</i>	<b>2013</b>	<b>2012</b>
Available-for-sale financial assets		
Loss on valuation (other comprehensive loss)	₩ (181,026)	₩ (18,016)
Interest income	1,405	944
Dividend income	13,016	17,572
Impairment loss(Profit or loss)	(11,187)	(4,926)
Impairment loss(Reclassification) <sup>1</sup>	(1,142)	(2,165)
Gain on disposal(Profit or loss)	86,997	24,866
Gain on disposal(Reclassification) <sup>1</sup>	223,508	105,813
Others	(3,744)	(5,633)
Held-to-maturity investments		
Interest income	105	108
Loans and receivables		
Interest income	67,422	71,326
Bad debts expense	(15,509)	(14,979)
Reversal of allowance for bad debts	489	10,260
Other bad debts expense	(8,774)	(13,880)
Reversal of other bad debts expense	2,793	-
Others	(11,160)	19,028
Assets and liabilities at fair value through profit or loss		
Loss on derivatives	(13,808)	(35,448)
Others	(2)	-
Other financial liabilities at amortized cost		
Interest expenses	(323,291)	(333,004)
Derivatives used for hedging		
Interest expenses	(2,156)	(3,282)
Gain on valuation (other comprehensive income)	1,290	2,166

<sup>1</sup> Reclassification to profit or loss represents amounts transferred from components of other comprehensive income.

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**7. Financial Instruments Subject to Withdrawal Restrictions**

Financial instruments subject to withdrawal restrictions as of December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	<b>2013</b>		<b>2012</b>	
<b>Short-term financial instruments</b>				
Government-sponsored research and development projects	₩	2,168,706	₩	3,174,905
Contract performance guarantee		11,766,407		17,466,018
Collateral against borrowings		3,961,277		7,707,978
Withdrawal for support of cooperative firm		47,600,000		10,000,000
Other activities		12,932,604		3,480,496
		<u>78,428,994</u>		<u>41,829,397</u>
<b>Long-term financial instruments</b>				
Deposits for opening checking accounts		119,200		857,073
Collateral against borrowings		40,000		1,196,000
		<u>159,200</u>		<u>2,053,073</u>
	₩	<u>78,588,194</u>	₩	<u>43,882,470</u>

**8. Trade and Other Receivables**

Trade and other receivables as of December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	<b>2013</b>		
	<b>Current</b>	<b>Non-current</b>	<b>Total</b>
Trade receivables	₩ 2,437,117,948	₩ 63,310,637	₩ 2,500,428,585
Provision for impairment of trade receivables	(57,901,765)	(669,891)	(58,571,656)
Other receivables <sup>1</sup>	559,855,732	412,541,241	972,396,973
Provision for impairment of other receivables	<u>(30,305,173)</u>	<u>(80,192,067)</u>	<u>(110,497,240)</u>
	<u>₩ 2,908,766,742</u>	<u>₩ 394,989,920</u>	<u>₩ 3,303,756,662</u>
<b>2012</b>			
<i>(in thousands of Korean won)</i>	<b>Current</b>	<b>Non-current</b>	<b>Total</b>
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 <sup>1</sup>	373,636,683	539,125,452	912,762,135
Provision for impairment of other receivables	<u>(32,632,895)</u>	<u>(81,181,638)</u>	<u>(113,814,533)</u>
	<u>₩ 2,479,535,315</u>	<u>₩ 486,193,375</u>	<u>₩ 2,965,728,690</u>

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<sup>1</sup> Other 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, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	2013		2012	
	Trade receivables	Other receivables	Trade receivables	Other receivables
Receivables not past due	₩ 2,256,233,247	₩ 820,507,894	₩ 2,037,351,116	₩ 754,637,552
Past due but not impaired				
Up to 3 months	129,600,198	17,574,385	92,605,619	17,176,307
3 to 6 months	24,022,321	6,145,348	22,948,133	4,588,473
6 month to 1 year	29,752,405	24,922,356	15,920,613	4,353,305
Over 1 year	17,214,977	12,515,212	17,000,290	27,289,685
	<u>200,589,901</u>	<u>61,157,301</u>	<u>148,474,655</u>	<u>53,407,770</u>
Impaired				
Up to 3 months	2,954,685	100,069	2,341,158	172,598
3 to 6 months	1,975,513	30,666	1,182,266	372,323
6 month to 1 year	3,218,564	312,352	2,514,503	364,503
Over 1 year	35,456,675	90,288,691	32,866,065	103,807,389
	<u>43,605,437</u>	<u>90,731,778</u>	<u>38,903,992</u>	<u>104,716,813</u>
	<u>₩ 2,500,428,585</u>	<u>₩ 972,396,973</u>	<u>₩ 2,224,729,763</u>	<u>₩ 912,762,135</u>

Changes in provisions for impairment of trade and other receivables for the years ended December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	2013		2012	
Beginning balance	₩	171,763,208	₩	178,123,065
Increase due to business combination		3,753,563		1,057,191
Bad debt expense		24,282,848		28,858,869
Write-off		(25,309,078)		(26,862,547)
Reversal		(3,281,947)		(10,260,072)
Transfer to assets held-for-sale		(174,727)		-
Effect of foreign currency translation		(1,964,971)		846,702
Ending balance	<u>₩</u>	<u>169,068,896</u>	<u>₩</u>	<u>171,763,208</u>

The creation and release of provision for impaired receivables are included in 'selling and administrative expenses' and 'other non-operating expenses (income)' in the consolidated statement of income.

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Trade receivables of subsidiaries, including CJ O Shopping Co, Ltd., and CJ CGV Co., Ltd., are not exposed to significant credit risk since the receivables are from individual clients. Credit of clients of other subsidiaries, including CJ Cheiljedang Corp., is valued using disclosed and undisclosed financial information at the time of entering into new contracts. In addition, the Group is provided with credit enhancements including pledges and contract performance guarantees as of December 31, 2013.

**9. Other Financial Assets and Liabilities**

Other financial assets as of December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	<b>2013</b>	<b>2012</b>
<b>Current</b>		
Available-for-sale financial assets	₩ 40,448,176	₩ 29,687,911
Held-to-maturity financial assets	2,163,230	308,020
Non-trade receivables	379,560,959	174,657,851
Accrued income	7,385,046	9,058,805
Deposits provided	59,400,688	71,706,314
Derivative assets	3,768,708	6,539,246
	<u>492,726,807</u>	<u>291,958,147</u>
<b>Non-current</b>		
Long-term financial instruments	19,719,746	12,782,779
Held-to-maturity financial assets	1,979,395	2,159,650
Trade receivables	62,640,746	28,249,561
Loans receivable	33,868,093	40,642,003
Non-trade receivables	63,535	143,425,740
Accrued income	278,611	278,611
Deposits provided	298,138,935	273,597,460
Derivative assets	17,639,502	9,597,599
	<u>434,328,563</u>	<u>510,733,403</u>
	<u>₩ 927,055,370</u>	<u>₩ 802,691,550</u>



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Other financial liabilities as of December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	<b>2013</b>	<b>2012</b>
Current		
Accrued expenses	₩ 400,768,673	₩ 416,153,859
Deposits received	126,033,196	145,343,199
Derivative liabilities	11,547,119	21,249,961
Current portion of other long-term liabilities	<u>120,166</u>	<u>-</u>
	<u>538,469,154</u>	<u>582,747,019</u>
Non-current		
Trade payables	-	3,412,975
Non-trade payables	68,471,396	37,501,421
Derivative liabilities	11,774,806	8,750,925
Non-current portion of other long-term liabilities	<u>1,683,275</u>	<u>2,472,628</u>
	<u>81,929,477</u>	<u>52,137,949</u>
	<u>₩ 620,398,631</u>	<u>₩ 634,884,968</u>

*Transfers of financial assets*

In 2013, 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 ₩50,000 million. In relation with this transaction, the Group recognized the gain on disposal of ₩235 million in 2013. 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 November 3, 2015 and 2016.

In addition, CJ Foodville Corp. had entered into a purchase agreement with Dong Yang CJ Franchise Investment Trust to purchase the leasehold deposits which had been transferred in 2011, at their fair value on December 28, 2013 and December 28, 2014. As of October 1, 2013, a contractual purchase amounting to ₩27,000 million, which is the amount required for 2013, has been purchased. Details of undiscounted cash outflows of leasehold deposits which are subject to repurchase are as follows:

<i>(in thousands of Korean won)</i>	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 3 years</b>	<b>Total</b>
Leasehold deposits	₩ 29,000,000	₩ 20,000,000	₩ 30,000,000	₩ 79,000,000

CJ Foodville Corp. recognized other non-current financial assets amounting to ₩1,150 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 ₩1,150 million.

In 2012, CJ CGV Co., Ltd., a consolidated subsidiary, had 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.

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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.

Derivatives as of December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	<b>2013</b>		<b>2012</b>	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
<b>Current</b>				
Commodity option contract	₩ 3,417,750	₩ 5,692,155	₩ 6,046,380	₩ 8,642,884
Interest rate swap contract	-	914,810	-	13,390
Currency forward contract	69,886	2,401,323	-	10,334,852
Currency option contract	139	1,508,021	-	363,116
Currency swap contract	280,933	1,030,810	492,866	1,895,719
	<u>3,768,708</u>	<u>11,547,119</u>	<u>6,539,246</u>	<u>21,249,961</u>
<b>Non-current</b>				
Treasury stock of subsidiaries option	4,885,950	-	8,901,462	-
Exchangeable bonds right	-	-	-	1,323,194
Exchangeable bonds option	-	2,832,469	-	3,242,694
Interest rate swap contract	147,222	415,971	40,336	2,835,506
Currency forward contract	-	4,979,122	-	1,227,782
Currency swap contract	12,304,875	3,547,244	354,346	121,749
Other derivatives	301,455	-	301,455	-
	<u>17,639,502</u>	<u>11,774,806</u>	<u>9,597,599</u>	<u>8,750,925</u>
	<u>₩ 21,408,210</u>	<u>₩ 23,321,925</u>	<u>₩ 16,136,845</u>	<u>₩ 30,000,886</u>

Accounts and amounts which include gain and loss from derivatives for the years ended December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	<b>2013</b>	<b>2012</b>
Financial income	₩ 24,714,025	₩ 12,996,544
Financial expenses	32,017,232	45,353,053
Other non-operating income	39,917,918	63,146,224
Other non-operating expenses	46,422,392	66,237,432

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

<i>(in thousands of Korean won)</i>	<b>Buy/Sell</b>	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 3 years</b>
Interest rate swap	Buy	₩ 70,000,000	₩ 60,000,000	₩ 300,000,000

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CJ HelloVision Co., Ltd. and CJ Korea Express Corporation, the consolidated subsidiaries, 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 ₩430,000 million.

There is no ineffective portion recognized as current profit or loss under cash flow hedge. Gain on valuation of ₩1,290 million in 2013 (2012: ₩2,166 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, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>		<b>2013</b>		<b>2012</b>	
Government bonds	Less than 1 year	₩	2,163,230	₩	8,020
	Between 1 and 5 years		-		2,159,650
Debt investments	Less than 1 year		-		300,000
	Between 5 and 10 years		1,979,395		-
			<u>4,142,625</u>		<u>2,467,670</u>
Current held-to-maturity financial securities			<u>(2,163,230)</u>		<u>(308,020)</u>
		₩	<u>1,979,395</u>	₩	<u>2,159,650</u>

**10. Inventories**

Inventories as of December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>		<b>2013</b>		<b>2012</b>	
Merchandise		₩	296,747,814	₩	356,817,365
Finished goods			256,323,844		250,586,120
Work-in-process			56,186,475		60,499,550
Raw materials			300,378,956		343,576,348
Sub-materials			31,100,923		36,258,525
Supplies			54,479,878		55,576,400
Goods in transit			266,198,263		337,049,261
Lots			57,912,476		56,637,334
Others			4,307,642		1,361,913
Inventory allowance for evaluation			<u>(29,820,189)</u>		<u>(17,222,515)</u>
		₩	<u>1,293,816,082</u>	₩	<u>1,481,140,301</u>

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**11. Biological Assets**

Group of biological assets as of December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	<b>2013</b>		<b>2012</b>	
Biological assets for consumption				
Growing breed	₩	9,318,811	₩	6,171,988
Broiler breed		<u>6,429,770</u>		<u>6,434,358</u>
		<u>15,748,581</u>		<u>12,606,346</u>
Biological assets for production (Note 16)				
Sows		2,804,184		778,087
Spawning breed		<u>8,731,187</u>		<u>8,975,013</u>
		<u>11,535,371</u>		<u>9,753,100</u>
	₩	<u>27,283,952</u>	₩	<u>22,359,446</u>

Changes in biological assets for consumption for the years ended December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	<b>2013</b>		<b>2012</b>	
	<b>Growing breed</b>	<b>Broiler breed</b>	<b>Growing breed</b>	<b>Broiler breed</b>
Beginning balance	₩ 6,171,988	₩ 6,434,358	₩ 6,255,082	₩ 4,387,659
Increase from purchases	64,444,237	213,824,030	97,834,453	188,229,745
Decrease from sales/disposals	(62,288,014)	(210,687,312)	(97,550,494)	(185,213,680)
Loss on valuation	(91,519)	(738,511)	(141,179)	-
Exchange differences, net	(220,023)	(2,402,795)	(224,593)	(797,281)
Others	<u>1,302,142</u>	<u>-</u>	<u>(1,281)</u>	<u>(172,085)</u>
Ending balance	<u>₩ 9,318,811</u>	<u>₩ 6,429,770</u>	<u>₩ 6,171,988</u>	<u>₩ 6,434,358</u>

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**12. Other Assets and Liabilities**

Other assets as of December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	<b>2013</b>		<b>2012</b>	
Current				
Prepaid expenses	₩	142,939,565	₩	102,186,221
Prepaid taxes		120,157,650		125,724,827
Others		3,344,381		4,721,553
		<u>266,441,596</u>		<u>232,632,601</u>
Non-current				
Long-term advance payments		5,630,075		7,160,155
Long-term prepaid expenses		355,136,152		396,766,855
Others		30,582,782		9,205,455
		<u>391,349,009</u>		<u>413,132,465</u>
	₩	<u>657,790,605</u>	₩	<u>645,765,066</u>

Other liabilities as of December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	<b>2013</b>		<b>2012</b>	
Current				
Advances receipts	₩	199,851,527	₩	160,739,323
Unearned revenues		24,190,789		29,232,122
Withholdings		338,368,993		418,973,235
Others		1,842,821		7,181,377
		<u>564,254,130</u>		<u>616,126,057</u>
Non-current				
Accrued expenses		15,901,083		20,403,731
Unearned revenues		119,184,872		123,211,040
Deferred revenues		15,559,591		16,016,767
Others		9,816,477		3,827,426
		<u>160,462,023</u>		<u>163,458,964</u>
	₩	<u>724,716,153</u>	₩	<u>779,585,021</u>

**13. Non-current Assets and Liabilities Held-for-Sale**

In accordance with the approval of board of directors, the Group decided to dispose of CJ Korea Express Busan Container Terminal Co., Ltd. (a part of homeshopping & logistics segment) and one other entity. Therefore, related assets, liabilities and others of CJ Korea Express Busan Container Terminal Co., Ltd. and one other entity are classified as held-for-sale. The sale transaction is expected to be completed within 2014.

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In 2013, the disposals of Pohang Total Cable Broadcasting Co., Ltd. and four other entities (parts of entertainment & media segments), which were classified as assets and liabilities held-for-sale, have been completed.

Assets and liabilities in disposal group classified as held-for-sale as of December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	<b>2013</b>		<b>2012</b>	
<b>Assets of disposal group</b>				
Cash and cash equivalent	₩	55,685	₩	24,273,130
Other current assets		11,586,670		3,248,629
Property, plant and equipment		54,725,434		8,273,228
Intangible assets		4,693,032		41,272,468
Other non-current assets		37,134,380		501,566
	₩	<u>108,195,201</u>	₩	<u>77,569,021</u>
<b>Liabilities of disposal group</b>				
Short-term borrowings	₩	14,448,604	₩	-
Current portion of long-term borrowings		30,365,440		27,500,000
Current liabilities		7,169,140		5,108,750
Long-term borrowings		34,706,360		-
Other non-current liabilities		5,969,692		3,565,388
	₩	<u>92,659,236</u>	₩	<u>36,174,138</u>

Other assets classified as held-for-sale as December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	<b>2013</b>		<b>2012</b>	
Property, plant and equipment	₩	7,046,729	₩	3,564,947
Investments in joint ventures		69,500,000		-

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**14. Available-for-sale Financial Assets**

Changes in available-for-sale financial assets as of December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	<b>2013</b>	<b>2012</b>
Beginning balance	₩ 1,003,779,711	₩ 1,023,468,116
Increase due to business combination	3,458,713	2,048,650
Acquisition	36,100,405	49,372,293
Disposals	(110,340,580)	(41,114,713)
Impairment	(12,328,987)	(7,090,686)
Net losses reclassified from equity	(286,029,339)	(135,511,681)
Net gains reclassified to equity	43,272,850	113,783,015
Reclassification	(10,885,424)	-
Others	224,662	(1,175,283)
Ending balance	667,252,011	1,003,779,711
Less: Non-current portion	(626,803,835)	(974,091,800)
Current portion of available-for-sale financial assets	<u>₩ 40,448,176</u>	<u>₩ 29,687,911</u>

Current available-for-sale financial assets which included in other current financial assets as of December 31, 2013 and 2012, are as follows;

<i>(in thousands of Korean won)</i>	<b>2013</b>	<b>2012</b>
Beneficiary certificate	₩ 34,307,798	₩ 28,289,348
Government bonds	6,140,378	1,398,563
	<u>₩ 40,448,176</u>	<u>₩ 29,687,911</u>

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Non-current available-for-sale financial assets as of December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	Detail	2013		2012
		Acquisition cost	Book value	Book value
Marketable securities	(1)	₩ 24,585,100	₩ 435,321,720	₩ 775,538,890
Non-marketable investments	(2)	153,057,809	81,444,712	90,728,425
Investment in partnerships	(3)	71,230,715	62,201,907	70,168,687
Other investments	(4)	47,307,485	47,835,496	37,655,798
		<u>₩ 296,181,109</u>	<u>₩ 626,803,835</u>	<u>₩ 974,091,800</u>

(1) Marketable securities as of December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	2013		2012
	Acquisition Cost	Book Value	Book Value
Samsung Life Insurance Co., Ltd.	₩ 322,669	₩ 414,528,400	₩ 658,765,655
SAJOHAEPYO Corporation	10,926,300	6,591,900	10,971,450
KT Skylife Co., Ltd.	2,194,500	4,716,180	5,338,620
KT Corporation	5,095,467	4,122,102	4,638,182
Theragen Etex Co., Ltd.	2,004,184	2,245,880	2,893,800
Kumho Tire Co., Inc.	-	-	54,470,000
POSCO	-	-	31,410,000
Softmax Co., Ltd.	-	-	5,304,000
Others	4,041,980	3,117,258	1,747,183
	<u>₩ 24,585,100</u>	<u>₩ 435,321,720</u>	<u>₩ 775,538,890</u>



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(2) Non-marketable investments as of December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	2013		2012
	Acquisition Cost	Book Value	Book Value
Joongang Ilbo	₩ 26,524,805	₩ 16,442,173	₩ 16,124,425
Happycall Co., Ltd.	10,796,760	10,796,760	-
Haitai Confectionery & Foods Co., Ltd.	5,987,475	9,498,522	9,232,698
Al Nahr Co., Ltd. <sup>1</sup>	6,331,800	6,331,800	6,426,600
VIRDIA INC.	4,221,200	4,221,200	4,284,400
CJ Lion Corporation	2,700,470	4,177,340	4,059,350
HCN Seocho Co., Ltd.	4,910,290	3,991,619	4,122,769
Join Corp.	4,150,000	3,345,232	3,461,432
Gunjang New Port Terminal Co., Ltd.	3,315,000	3,315,000	3,315,000
Barunson Holdings Co., Ltd.	2,801,462	2,801,462	2,801,462
Foshan Property Investment Company	2,504,724	2,611,424	2,578,306
Qingdao Smart Cargo Logistics Co., Ltd.	2,611,350	2,611,350	-
HCN Busan Systems Co., Ltd.	693,502	1,736,659	1,709,206
Seoul Litetower Co., Ltd.	1,537,177	358,902	2,481,725
Dream Hub PFV Co., Ltd. <sup>2</sup>	10,000,000	-	8,102,000
Tbroad Ginam Broadcasting Co., Ltd.	-	-	8,842,040
Simuline Inc. <sup>3</sup>	-	-	3,640,313
Others	63,971,794	9,205,269	9,546,699
	<u>₩ 153,057,809</u>	<u>₩ 81,444,712</u>	<u>₩ 90,728,425</u>

<sup>1</sup> 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.

<sup>2</sup> In 2013, the Group recognized ₩10,000 million of impairment loss on available-for-sale financial assets relating to Dream Hub PFV Co., Ltd.

<sup>3</sup> In 2013, the Group acquired the additional shares of Simuline Inc. and it was transferred to investments in subsidiaries.

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(3) Investment in partnerships as of December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	<b>2013</b>		<b>2012</b>
	<b>Acquisition Cost</b>	<b>Book Value</b>	<b>Book Value</b>
Construction Guarantee Cooperative	₩ 11,300,075	₩ 12,018,064	₩ 12,016,637
Raine-Partners Fund	9,271,634	9,618,060	6,216,569
Vogo Fund LP	14,891,227	6,531,751	6,038,889
TV Chosun-Daesung investment	6,000,000	6,000,000	6,000,000
ISU Global Contents investment	4,000,000	4,000,000	4,000,000
CJ Global Contents investment 12rd	4,000,000	4,000,000	4,000,000
DongMoon Media Contents & Culture Investment	3,500,000	3,500,000	3,500,000
Union Contents investment (formerly SOVIK Contents investment)	3,000,000	3,000,000	3,000,000
ISU-culture contents investment	2,720,000	2,720,000	4,000,000
Stonebridge Digital investment	2,297,855	2,297,855	2,927,855
Leading Asia culture contents investment	2,000,000	2,000,000	2,000,000
BENEX Digital Culture Contents investment	3,000,000	1,964,323	3,000,000
GAEUN-BENEX culture contents investment	-	-	1,990,000
Others	5,249,924	4,551,854	11,478,737
	<u>₩ 71,230,715</u>	<u>₩ 62,201,907</u>	<u>₩ 70,168,687</u>

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(4) Other available-for-sale financial assets as of December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	2013		2012
	Acquisition Cost	Book Value	Book Value
Beneficiary certificate	₩ 17,210	₩ 17,210	₩ 1,747,296
Debt securities			
PT Graha Layar Prima	32,248,145	32,248,145	16,034,345
Others	15,042,130	15,570,141	19,874,157
	₩ 47,307,485	₩ 47,835,496	₩ 37,655,798

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 ₩200,546 million which does not include income tax effect directly reflected on equity and non-controlling interests (2012: ₩323,290 million) as gain on valuation of available-for-sale financial assets.

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#### 15. Investments in Joint Ventures and Associates

Details of in joint ventures of the Group as of December 31, 2013 and 2012, are as follows:

(in thousands of Korean won, except percentage of ownership)	Location	Percentage of ownership (%)		Closing month	Business	2013		2012	
		2013	2012			Acquisition cost	Net asset value	Book value	Book value
Sichuan Jixiangju Food Co., Ltd.	China	49.00	49.00	December	Kimchi Manufacturing And Sales	₩ 23,723,315	₩ 13,722,191	₩ 29,571,172	₩ 26,270,512
Blackwell Fuller Holdings LLC.	USA	20.00	-	December	Music Service	16,681,500	3,113,519	15,446,582	-
Beijing Ershang CJ Food Co., Ltd.	China	49.00	49.00	December	Starch And Sugar Manufacturing	7,081,587	8,940,192	8,940,192	8,478,279
CJ Toyota Tsusho Philippines Inc. <sup>1</sup>	Philippines	61.93	44.83	December	Xylose Manufacturing And Sales	46,719,554	5,713,374	5,713,374	-
Beijing CJ Xingxing Olympic International Cinema Co., Ltd. (formerly Beijing CJ Xingxing International Cinema Co., Ltd.)	China	49.00	49.00	December	Movie Theater Operation	5,254,113	4,791,025	4,791,025	4,423,136
Gumbo D.D.F Co., Ltd.	Korea	49.00	49.00	December	Breeding Hog Food And Food	4,760,000	871,642	4,097,370	4,748,790
CJ Soho (Beijing) Co.,Ltd.	China	50.00	-	December	Service	3,877,139	3,917,025	3,917,025	-
SCJ TV Shopping Co., Ltd.	Vietnam	50.00	50.00	December	Wholesale And Brokerage	8,138,085	3,815,372	3,815,372	5,414,747
Freshone Gangnam Co., Ltd.	Korea	20.00	20.00	December	Wholesale	3,444,791	2,022,160	3,418,894	3,499,367
CJ Xingxing(TJ) International Cinema Co., Ltd.	China	49.00	49.00	December	Movie Theater Operation	4,349,067	3,061,598	3,061,598	3,234,436
Shanghai Shangying CGV Xinxhuang Co., Ltd.	China	49.00	49.00	December	Movie Theater Operation	1,820,123	3,007,214	3,007,214	2,795,977
Shanghai Shangying CGV Cinema Co., Ltd.	China	50.00	50.00	December	Movie Theater Operation	1,191,990	2,655,485	2,655,485	2,610,386
SMC-CJ O Shopping Co., Ltd.	China	23.00	23.00	December	Wholesale And Brokerage	5,244,142	2,462,010	2,462,010	1,774,405
GMM CJ O Shopping Company Ltd.	Thailand	49.00	49.00	December	Wholesale And Brokerage	6,479,102	2,341,815	2,341,815	4,652,530
ACJ O Shopping Corporation	Philippines	50.00	-	December	Wholesale And Brokerage	2,745,000	2,332,274	2,332,274	-
Freshone Namseoul Co., Ltd. <sup>2</sup>	Korea	14.66	14.46	December	Wholesale	3,179,336	1,634,821	2,097,183	2,487,841
Kumho Resort Co., Ltd. <sup>3</sup>	Korea	50.00	50.00	-	Accommodations	-	-	-	79,396,158
Others <sup>1,2</sup>	-	-	-	-	-	98,704,660	36,664,924	25,222,583	25,378,686
						<u>₩ 243,393,504</u>	<u>₩ 101,066,641</u>	<u>₩ 122,891,168</u>	<u>₩ 175,165,250</u>

<sup>1</sup> Although the Group owns 61.93%, 66.25% and 60.00% of the shares in CJ Toyota Tsusho Philippines Inc. and Korex-Saigon Logistics Co., Ltd. and Korex Paksimex Co., Ltd. classified as others, 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.

<sup>2</sup> Although the Group owns less than 20.00% of the shares of Freshone Namseoul Co., Ltd. and Freshone Co., Ltd. classified as others, the Group exercises joint control through an agreement with other shareholders.

<sup>3</sup> As of December 31, 2013, Kumho Resort Co., Ltd. has been reclassified as non-current assets held-for-sale as the disposal plan was confirmed.

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Details of in associates of the Group as of December 31, 2013 and 2012, are as follows:

(in thousands of Korean won, except percentage of ownership)	Location	Percentage of ownership (%)		Closing month	Business	2013		2012	
		2013	2012			Acquisition cost	Net asset value	Book value	Book value
MBC Plus Media Co., Ltd.	Korea	22.88	22.88	December	Broadcasting service	₩ 27,009,989	₩ 37,797,396	₩ 39,208,529	₩ 36,100,547
Shanghai SMG-CJ Home Shopping Co., Ltd. <sup>1</sup>	China	15.84	15.84	December	Wholesale and brokerage	2,772,205	35,304,768	35,304,768	29,290,027
SSV Contents Investment (formerly BMC Cinema Investment)	Korea	44.83	44.83	December	Investment association Game software development	13,000,000	15,523,870	15,562,073	16,519,559
YJM Entertainment Co., Ltd.	Korea	30.00	30.00	December		15,000,000	5,036,459	15,103,551	15,564,208
Union Global Contents Investment	Korea	20.22	-	December	Investment association Broadcast program development	10,000,000	14,760,544	14,760,544	-
Gretech Corporation	Korea	24.54	24.54	December		13,434,886	4,319,770	13,383,491	14,710,623
Arkema Thiochemicals Malaysia Sdn. Bhd. <sup>1</sup>	Malaysia	14.00	14.00	December	Methionine manufacturing Fish cake manufacturing	13,124,306	11,006,804	11,006,804	3,693,223
Lucky Union Foods Co., Ltd.	Thailand	20.00	20.00	December		5,800,026	7,041,640	7,041,640	6,309,793
Banks foundation for young entrepreneurs culture contents investment	Korea	22.64	-	December	Investment association	6,000,000	6,007,904	6,007,904	-
Union picture venture investment (formerly Sovik picture venture investment)	Korea	30.00	30.00	December	Investment association Broadcast program production	5,000,000	5,889,440	5,889,440	5,592,136
Home Choice Corp.	Korea	31.27	26.27	December		2,436,640	5,416,292	5,416,292	4,459,638
CJ Venture Investment No.14 - Culture Contents	Korea	25.00	25.00	December	Investment association Investment association	5,000,000	5,294,977	5,294,977	4,702,222
CJ-KTF Investment	Korea	40.00	40.00	December		4,000,000	5,096,620	5,096,620	5,096,620
IBK Group Contents Investment Fund	Korea	33.33	33.33	December	Investment association	5,000,000	5,016,281	5,016,281	2,878,687
MVP Venture Investment - Culture Industry	Korea	25.00	25.00	December	Investment association	4,200,000	4,621,401	4,621,401	6,480,250
Art Service Co., Ltd.	Korea	41.35	41.35	December	Advertising agency	4,474,144	4,090,538	4,090,538	4,390,319
Shanghai-Inchon International Ferry Co., Ltd.	China	24.50	24.50	December	Marine freight transportation	1,728,367	3,960,789	3,960,789	2,568,276
Company K Partners Limited - Contents	Korea	30.00	30.00	December	Investment association	3,000,000	3,794,494	3,794,494	3,248,578
Tiantian CJ Home Shopping Co., Ltd.	China	44.00	44.00	December	Wholesale and brokerage	5,167,219	3,707,455	3,707,455	2,248,452
Michigan global contents Investment 2nd	Korea	28.00	28.00	December	Investment association	3,500,000	2,791,040	2,791,040	3,037,113
Ningbo Culture Plaza CJ Cinema Co., Ltd.	China	45.00	45.00	December	Movie theater operation	2,674,660	2,779,695	2,779,695	2,558,710
Company K Partners Limited - CINEMA	Korea	30.00	30.00	December	Investment association	-	83,665	83,665	5,464,654
Others <sup>1,2</sup>	-	-	-	-	-	<u>39,781,217</u>	<u>18,495,256</u>	<u>19,280,026</u>	<u>24,176,591</u>
						<u>₩ 192,103,659</u>	<u>₩ 207,837,098</u>	<u>₩ 229,202,017</u>	<u>₩ 199,090,226</u>

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<sup>1</sup> 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., Music Works Co., Ltd. and Jellyfish Entertainment Co., Ltd. classified as others, the Group classified these companies as investments in associates because the Group exercises significant influence through an agreement with other shareholders.

<sup>2</sup> Although the Group owns 51.54% of the shares of Ulsan Port Operating Co., Ltd. classified as others, 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.

Details of valuation of investments in associates and joint ventures under the equity for the years ended December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	Beginning balance	Acquisition	Disposal <sup>2</sup>	Valuation of equity method in 2013			Ending balance
				Share of profit(loss)	Other comprehensive income	Others <sup>3</sup>	
MBC Plus Media Co., Ltd.	₩ 36,100,547	₩ -	₩ -	₩ 3,107,982	₩ -	₩ -	₩ 39,208,529
Shanghai SMG-CJ Home Shopping Co., Ltd.	29,290,027	-	-	9,656,259	440,502	(4,082,020)	35,304,768
Sichuan Jixiangju Food Co., Ltd.	26,270,512	-	-	3,239,603	61,057	-	29,571,172
SSV Contents Investment (formerly BMC Cinema Investment)	16,519,559	-	-	(957,486)	-	-	15,562,073
Blackwell Fuller Holdings LLC.	-	16,681,500	-	(397,338)	(837,580)	-	15,446,582
YJM Entertainment Co., Ltd.	15,564,208	-	-	(460,657)	-	-	15,103,551
Union Global Contents Investment	-	15,000,000	-	(239,456)	-	-	14,760,544
Gretech Corporation	14,710,623	-	-	(1,059,974)	(267,158)	-	13,383,491
Arkema Thiochemicals Malaysia SDN. BHD.	3,693,223	8,942,056	-	(350,203)	(1,255,985)	(22,287)	11,006,804
Beijing Ershang CJ Food Co., Ltd.	8,478,279	-	-	361,219	100,694	-	8,940,192
Lucky Union Foods Co., Ltd.	6,309,793	-	-	1,934,315	(656,985)	(545,483)	7,041,640
Banks foundation for young entrepreneurs culture contents investment	-	6,000,000	-	7,904	-	-	6,007,904
Union picture venture investment (formerly Sovik picture venture investment)	5,592,136	-	-	297,304	-	-	5,889,440
CJ Toyota Tsusho Philippines Inc.	-	39,935,154	-	(33,394,485)	(827,295)	-	5,713,374
Home Choice Corp.	4,459,638	-	-	556,654	-	400,000	5,416,292
CJ Venture Investment No.14 - Culture Contents	4,702,222	-	-	592,755	-	-	5,294,977
CJ-KTF Investment	5,096,620	-	-	-	-	-	5,096,620
IBK Group Contents Investment Fund	2,878,687	2,200,000	-	(62,406)	-	-	5,016,281
Beijing CJ Xingxing Olympic International Cinema Co., Ltd. (formerly Beijing CJ Xingxing International Cinema Co., Ltd.)	4,423,136	-	-	318,181	49,708	-	4,791,025
MVP Venture Investment - Culture Industry	6,480,250	-	-	(58,849)	-	(1,800,000)	4,621,401
Gumbo D.D.F Co., Ltd.	4,748,790	-	-	(651,420)	-	-	4,097,370
Art Service Co., Ltd.	4,390,319	-	-	(299,781)	-	-	4,090,538
Shanghai-Inchon International Ferry Co., Ltd.	2,568,276	-	-	1,457,242	207,736	(272,465)	3,960,789
CJ Soho (Beijing) Co.,Ltd.	-	3,877,139	-	-	39,886	-	3,917,025
SCJ TV Shopping Co., Ltd.	5,414,747	-	-	(1,510,149)	(89,226)	-	3,815,372
Company K Partners Limited - Contents	3,248,578	-	-	545,916	-	-	3,794,494

**CJ Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
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<i>(in thousands of Korean won)</i>	Beginning balance	Acquisition	Disposal <sup>2</sup>	Valuation of equity method in 2013			Ending balance
				Share of profit(loss)	Other comprehensive income	Others <sup>3</sup>	
Tiantian CJ Home Shopping Co., Ltd.	₩ 2,248,452	₩ -	₩ -	₩ 1,463,034	₩ (4,031)	₩ -	₩ 3,707,455
Freshone Gangnam Co., Ltd.	3,499,367	-	-	(72,477)	6,022	(14,018)	3,418,894
CJ Xingxing(TJ) International Cinema Co., Ltd.	3,234,436	-	-	(218,694)	47,266	(1,410)	3,061,598
Shanghai Shangying CGV Xinzhuang Co., Ltd.	2,795,977	-	-	660,617	23,043	(472,423)	3,007,214
Michigan global contents Investment 2nd	3,037,113	-	-	(246,073)	-	-	2,791,040
Ningbo Culture Plaza CJ Cinema Co., Ltd.	2,558,710	-	-	192,418	28,567	-	2,779,695
Shanghai Shangying CGV Cinema Co., Ltd.	2,610,386	-	-	609,274	19,784	(583,959)	2,655,485
SMC-CJ O Shopping Co., Ltd.	1,774,405	1,464,948	-	(704,518)	(47,522)	(25,303)	2,462,010
GMM CJ O Shopping Company Ltd.	4,652,530	-	-	(2,145,284)	(165,431)	-	2,341,815
ACJ O Shopping Corporation	-	2,745,000	-	(261,087)	(151,639)	-	2,332,274
Freshone Namseoul Co., Ltd.	2,487,841	-	-	(348,873)	10,879	(52,664)	2,097,183
Company K Partners Limited - CINEMA	5,464,654	-	-	(20,879)	-	(5,360,110)	83,665
Kumho Resort Co., Ltd. <sup>1</sup>	79,396,158	-	-	2,363,950	222,312	(81,982,420)	-
Others	49,555,277	13,926,649	(247,983)	(11,031,037)	(3,964,260)	(3,736,037)	44,502,609
	<u>₩ 374,255,476</u>	<u>₩ 110,772,446</u>	<u>₩ (247,983)</u>	<u>₩ (27,126,499)</u>	<u>₩ (7,009,656)</u>	<u>₩ (98,550,599)</u>	<u>₩ 352,093,185</u>

**CJ Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2013 and 2012**

<i>(in thousands of Korean won)</i>	Beginning balance	Acquisition	Disposal <sup>2</sup>	Valuation of equity method in 2012			Ending balance
				Share of profit(loss)	Other comprehensive income	Others <sup>3</sup>	
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
SSV Contents Investment (formerly 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 Co., Ltd.	5,660,318	-	-	1,127,665	(259,352)	(218,838)	6,309,793
Union picture venture investment (formerly 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 Company Ltd.	2,728,870	3,751,169	-	(1,666,070)	(161,439)	-	4,652,530
Home Choice Corp.	3,567,442	-	-	838,940	5,326	47,930	4,459,638
Beijing CJ Xingxing Olympic International Cinema Co., Ltd. (formerly Beijing CJ Xingxing International Cinema Co., Ltd.)	4,864,692	-	-	(164,606)	(276,950)	-	4,423,136
Art Service Co., Ltd.	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 2nd	3,262,243	-	-	(225,130)	-	-	3,037,113
IBK Group Contents Investment Fund	-	2,800,000	-	78,687	-	-	2,878,687
Shanghai Shangying CGV Xinzhuang Co., Ltd.	2,913,316	-	-	508,560	(181,208)	(444,691)	2,795,977
Shanghai Shangying CGV Cinema Co., Ltd.	2,670,733	-	-	635,975	(170,481)	(525,841)	2,610,386
Shanghai-Inchon International Ferry Co., Ltd.	1,728,367	-	-	983,893	134,459	(278,443)	2,568,276
Ningbo Culture Plaza CJ Cinema Co., Ltd.	2,714,649	-	-	-	(158,245)	2,306	2,558,710
Freshone Namseoul Co., Ltd.	3,503,190	-	-	(604,454)	-	(410,895)	2,487,841



**CJ Corporation and Subsidiaries**  
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<i>(in thousands of Korean won)</i>	Beginning balance	Acquisition	Disposal <sup>2</sup>	Valuation of equity method in 2012			Ending balance
				Share of profit(loss)	Other comprehensive income	Others <sup>3</sup>	
Tiantian CJ Home Shopping Co., Ltd.	₩ 2,533,368	₩ -	₩ -	₩ (142,719)	₩ (142,197)	₩ -	₩ 2,248,452
Enprani Co., Ltd.	2,243,315	-	-	(283,918)	2,559	-	1,961,956
Korea Express Saigon Port Co., Ltd.	2,501,081	-	-	160,302	(116,761)	(622,002)	1,922,620
SMC-CJ O Shopping Co., Ltd.	2,013,923	1,065,948	-	(1,241,424)	(70,722)	6,680	1,774,405
Gunsan Container Terminal Co., Ltd.	2,124,108	-	-	(432,798)	-	-	1,691,310
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&HACL Foodtech Co., Ltd.	16,671,920	-	-	(3,579,794)	(831,367)	(12,260,759)	-
CJ Venture Investment No. 9 - cinema	3,546,586	-	(3,546,586)	-	-	-	-
Others	<u>34,135,523</u>	<u>14,975,791</u>	<u>(740,700)</u>	<u>(6,320,895)</u>	<u>(1,061,256)</u>	<u>(240,518)</u>	<u>40,747,945</u>
	<u>₩ 391,499,246</u>	<u>₩ 39,312,103</u>	<u>₩ (23,037,191)</u>	<u>₩ (11,165,583)</u>	<u>₩ (7,408,028)</u>	<u>₩ (14,945,071)</u>	<u>₩ 374,255,476</u>

<sup>1</sup> In 2013, the Group recognized differences between the disposal amount and the carrying amount of investments in Kumho Resort Co., Ltd. as impairment loss amounting to ₩12,594 million on investment in associates since the Group decided to dispose of Kumho Resort Co., Ltd.

<sup>2</sup> In 2013, the Group disposed of the shares of Clip Service Co. Ltd. and others, and recognized the gain on disposal of investment in associates amounting to ₩536 million (2012: ₩33,534 million).

<sup>3</sup> Others are composed of dividends, gain and loss on foreign currency translation, transfer to held-for-sale and others.

**CJ Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2013 and 2012**

Summary of condensed financial information of major joint ventures and associates as of and for the years ended December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	2013						
	Assets	Liability	Revenue	Profit from continuing operations	Other comprehensive income	Total comprehensive income	Dividend
MBC Plus Media Co., Ltd.	₩ 185,599,773	₩ 20,401,363	₩ 20,080,690	₩ 13,583,839	₩ -	₩ 13,583,839	₩ -
Shanghai SMG-CJ Home Shopping Co., Ltd.	225,459,927	2,576,289	178,777,815	60,961,937	2,780,243	63,742,180	4,082,020
Sichuan Jixiangju Food Co., Ltd.	57,508,712	29,504,241	54,423,091	6,611,435	124,606	6,736,041	-
SSV Contents Investment (formerly BMC Cinema Investment)	34,786,726	158,420	1,410,653	(2,135,813)	-	(2,135,813)	-
Blackwell Fuller Holdings LLC.	44,242,438	28,674,843	2,794,905	(1,986,683)	(4,187,901)	(6,174,584)	-
YJM Entertainment Co., Ltd.	30,221,126	13,432,927	738,334	(1,533,969)	-	(1,533,969)	-
Union Global Contents Investment	72,999,722	-	1,108,719	(1,184,278)	-	(1,184,278)	-
Gretech Corporation	19,655,694	2,052,720	21,954,769	(4,319,685)	(2,351,460)	(6,671,145)	-
Arkema Thiochemicals Malaysia SDN. BHD.	145,030,482	66,410,451	-	(1,563,556)	(8,993,181)	(10,556,737)	-
Beijing Ershang CJ Food Co., Ltd.	23,605,932	5,360,643	35,093,525	737,180	205,500	942,680	-
Lucky Union Foods Co., Ltd.	65,979,383	30,771,185	59,510,958	7,466,101	-	7,466,101	545,483
Banks foundation for young entrepreneurs culture contents investment	26,669,177	132,500	203,845	36,677	-	36,677	-
Union picture venture investment (formerly Sovik picture venture investment)	19,631,468	-	2,434,574	991,014	-	991,014	-
CJ Toyota Tsusho Philippines Inc.	11,810,875	2,588,319	1,312,901	(52,132,851)	(1,335,341)	(53,468,192)	-
Home Choice Corp.	37,987,832	20,666,783	118,805,671	329,325	-	329,325	-
CJ Venture Investment No.14 - Culture Contents	21,284,947	105,041	4,445,126	2,371,020	-	2,371,020	-
CJ-KTF Investment	12,751,550	10,000	-	-	-	-	-
IBK Group Contents Investment Fund	15,320,349	270,000	490,617	(157,639)	-	(157,639)	-
Beijing CJ Xingxing Olympic International Cinema Co., Ltd. (formerly Beijing CJ Xingxing International Cinema Co., Ltd.)	12,620,625	2,843,022	8,971,025	649,351	101,445	750,796	-
MVP Venture Investment - Culture Industry	19,833,986	1,348,380	2,331,700	(235,394)	-	(235,394)	-
Gumbo D.D.F Co., Ltd.	3,856,571	2,077,709	3,874,027	(1,329,428)	-	(1,329,428)	-
Art service Co., Ltd.	25,067,488	15,175,013	11,016,347	(724,984)	-	(724,984)	-
Shanghai-Inchon International Ferry Co., Ltd.	24,559,023	8,392,538	4,145,174	5,947,925	8,265	5,956,190	272,465
CJ Soho (Beijing) Co.,Ltd.	7,834,050	-	-	-	79,771	79,771	-
SCJ TV Shopping Co., Ltd.	9,889,202	2,258,459	22,047,156	(3,020,299)	(178,452)	(3,198,751)	-
Company K Partners Limited - Contents	12,765,203	116,890	2,013,381	1,819,720	-	1,819,720	-
Tiantian CJ Home Shopping Co., Ltd.	41,667,652	33,241,619	100,835,062	3,325,076	(9,161)	3,315,915	-
Freshone Gangnam Co., Ltd.	33,724,914	23,614,116	118,532,020	(362,385)	30,112	(332,273)	14,019
CJ Xingxing(TJ) International Cinema Co., Ltd.	10,230,061	3,981,902	7,742,480	(408,386)	93,580	(314,804)	-
Shanghai Shangying CGV Xinzhuang Co., Ltd.	9,255,119	3,117,947	7,221,018	1,348,198	43,012	1,391,210	472,425
Michigan global contents Investment 2nd	10,177,308	209,308	15,955	(878,831)	-	(878,831)	-
Ningbo Culture Plaza CJ Cinema Co., Ltd.	8,824,667	2,647,567	5,782,794	427,597	63,482	491,079	-
Shanghai Shangying CGV Cinema Co., Ltd.	8,093,272	2,782,303	6,466,401	1,224,005	39,569	1,263,574	583,959
SMC-CJ O Shopping Co., Ltd.	16,138,390	5,433,997	3,806,511	(3,362,127)	(141,545)	(3,503,672)	-
GMM CJ O Shopping Company Ltd.	8,547,208	3,767,995	19,997,058	(4,069,144)	(337,614)	(4,406,758)	-
ACJ O Shopping Corporation	6,336,732	1,672,184	1,147,176	(522,174)	(303,278)	(825,452)	-
Freshone Namseoul Co., Ltd.	27,855,704	16,704,131	89,061,143	(2,412,517)	48,903	(2,363,614)	52,664

**CJ Corporation and Subsidiaries**  
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(in thousands of Korean won)	2012							Dividend
	Assets	Liability	Revenue	Profit from continuing operations	Other comprehensive income	Total comprehensive income		
Kumho Resort Co., Ltd.	₩ 527,582,207	₩ 415,705,077	₩ 91,014,579	₩ (11,221,859)	₩ (1,350,366)	₩ (12,572,225)	₩ -	
MBC Plus Media Co., Ltd.	177,213,403	25,598,832	15,880,127	14,266,238	23,005	14,289,243	-	
Shanghai SMG-CJ Home Shopping Co., Ltd.	188,203,197	3,291,411	142,280,243	53,964,356	(10,251,319)	43,713,037	-	
Sichuan Jixiangju Food Co., Ltd.	48,712,379	27,443,950	44,098,835	3,946,579	(323,235)	3,623,344	-	
SSV Contents Investment (formerly BMC Cinema Investment)	36,841,709	77,589	10,949,497	6,849,045	-	6,849,045	-	
YJM Entertainment Co., Ltd.	29,630,082	11,307,915	-	731,759	-	731,759	-	
Gretech Corporation	25,277,318	1,367,440	23,385,247	1,814,887	(117,000)	1,697,887	-	
Beijing Ershang CJ Food Co., Ltd.	21,457,623	4,184,269	31,399,530	254,875	(1,016,069)	(761,194)	-	
MVP Venture Investment - Culture Industry	26,178,625	257,626	5,723,176	2,476,569	-	2,476,569	-	
Lucky Union Foods Co., Ltd.	68,729,196	37,180,231	49,525,276	5,638,325	-	5,638,325	218,838	
Union picture venture investment (formerly Sovik picture venture investment)	16,973,788	-	2,532,802	2,030,551	-	2,030,551	-	
Company K Partners Limited - CINEMA	18,261,970	46,456	3,776,532	2,226,285	-	2,226,285	-	
SCJ TV Shopping Co., Ltd.	14,168,969	3,339,476	15,032,737	(3,167,901)	(771,546)	(3,939,447)	-	
CJ-KTF Investment	10,114,447	10,000	50,637	23,137	-	23,137	-	
Gumbo D.D.F Co., Ltd.	4,599,128	1,490,839	1,499,619	(7,553)	-	(7,553)	-	
CJ Venture Investment No.14 - Culture Contents	18,913,914	105,027	1,665,913	(1,221,669)	-	(1,221,669)	-	
GMM CJ O Shopping Company Ltd.	12,362,914	3,176,943	3,111,568	(3,400,933)	(329,466)	(3,730,399)	-	
Home Choice Corp.	31,744,413	14,752,689	92,652,575	2,922,525	-	2,922,525	-	
Beijing CJ Xingxing Olympic International Cinema Co., Ltd. (formerly Beijing CJ Xingxing International Cinema Co., Ltd.)	11,369,233	2,342,426	2,149,994	(335,932)	(565,660)	(901,592)	-	
Art service Co., Ltd.	23,263,932	12,646,472	12,355,394	(744,301)	-	(744,301)	-	
Arkema Thiochemicals Malaysia Sdn. Bhd.	40,778,635	14,398,468	-	(23,715)	(3,606,667)	(3,630,382)	-	
Freshone Gangnam Co., Ltd.	27,817,895	17,304,730	52,150,296	272,879	-	272,879	-	
Company K Partners Limited - Contents	10,915,155	86,563	2,543,694	771,719	-	771,719	-	
CJ Xingxing(TJ) International Cinema Co., Ltd.	15,570,491	9,007,526	6,705,071	(983,840)	(427,541)	(1,411,381)	-	
Michigan global contents Investment 2nd	10,849,973	3,142	75,774	(804,038)	-	(804,038)	-	
IBK Group Contents Investment Fund	8,798,098	190,110	398,616	207,988	-	207,988	-	
Shanghai Shangying CGV Xinzhuang Co., Ltd.	7,706,049	1,999,974	7,191,134	1,037,877	(385,228)	652,649	444,691	
Shanghai Shangying CGV Cinema Co., Ltd.	7,488,437	2,267,664	7,046,603	1,271,950	(358,826)	913,124	525,841	
Shanghai-Inchon International Ferry Co., Ltd.	19,106,403	8,623,643	4,655,346	4,655,346	(534,098)	4,121,248	278,443	
Ningbo Culture Plaza CJ Cinema Co., Ltd.	5,701,784	15,762	-	-	(351,655)	(351,655)	-	
Freshone Namseoul Co., Ltd.	33,546,859	19,585,151	102,154,062	(2,838,256)	-	(2,838,256)	-	
Tiantian CJ Home Shopping Co., Ltd.	27,479,533	22,369,415	75,408,470	(324,361)	(323,175)	(647,536)	-	

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Details of adjustments from financial information of major joint ventures and associates to the book value of investments in joint ventures and associates for the years ended December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	2013				
	Net assets at the end of the year	Net assets of equity shares	Interests in net assets	Goodwill	Book value
MBC Plus Media Co., Ltd.	₩ 165,198,410	22.88	₩ 37,797,396	₩ 1,411,133	₩ 39,208,529
Shanghai SMG-CJ Home Shopping Co., Ltd.	222,883,638	15.84	35,304,768	-	35,304,768
Sichuan Jixiangju Food Co., Ltd.	28,004,470	49.00	13,722,191	15,848,981	29,571,172
SSV Contents Investment (formerly BMC Cinema Investment)	34,628,307	44.83	15,523,870	38,203	15,562,073
Blackwell Fuller Holdings LLC.	15,567,595	20.00	3,113,519	12,333,063	15,446,582
YJM Entertainment Co., Ltd.	16,788,198	30.00	5,036,459	10,067,092	15,103,551
Union Global Contents Investment	72,999,722	20.22	14,760,544	-	14,760,544
Gretech Corporation	17,602,973	24.54	4,319,770	9,063,721	13,383,491
Arkema Thiochemicals Malaysia SDN. BHD.	78,620,030	14.00	11,006,804	-	11,006,804
Beijing Ershang CJ Food Co., Ltd.	18,245,290	49.00	8,940,192	-	8,940,192
Lucky Union Foods Co., Ltd.	35,208,198	20.00	7,041,640	-	7,041,640
Banks foundation for young entrepreneurs culture contents investment	26,536,677	22.64	6,007,904	-	6,007,904
Union picture venture investment (formerly Sovik picture venture investment)	19,631,468	30.00	5,889,440	-	5,889,440
CJ Toyota Tsusho Philippines Inc.	9,222,557	61.95	5,713,374	-	5,713,374
Home Choice Corp.	17,321,049	31.27	5,416,292	-	5,416,292
CJ Venture Investment No.14 - Culture Contents	21,179,906	25.00	5,294,977	-	5,294,977
CJ-KTF Investment	12,741,550	40.00	5,096,620	-	5,096,620
IBK Group Contents Investment Fund	15,050,349	33.33	5,016,281	-	5,016,281
Beijing CJ Xingxing Olympic International Cinema Co., Ltd. (formerly Beijing CJ Xingxing International Cinema Co., Ltd.)	9,777,603	49.00	4,791,025	-	4,791,025
MVP Venture Investment - Culture Industry	18,485,606	25.00	4,621,401	-	4,621,401
Gumbo D.D.F Co., Ltd.	1,778,861	49.00	871,642	3,225,728	4,097,370
Art service Co., Ltd.	9,892,475	41.35	4,090,538	-	4,090,538
Shanghai-Inchon International Ferry Co., Ltd.	16,166,485	24.50	3,960,789	-	3,960,789
CJ Soho (Beijing) Co.,Ltd.	7,834,050	50.00	3,917,025	-	3,917,025
SCJ TV Shopping Co., Ltd.	7,630,743	50.00	3,815,372	-	3,815,372
Company K Partners Limited - Contents	12,648,312	30.00	3,794,494	-	3,794,494
Tiantian CJ Home Shopping Co., Ltd.	8,426,033	44.00	3,707,455	-	3,707,455
Freshone Gangnam Co., Ltd.	10,110,798	20.00	2,022,160	1,396,734	3,418,894
CJ Xingxing(TJ) International Cinema Co., Ltd.	6,248,160	49.00	3,061,598	-	3,061,598
Shanghai Shangying CGV Xinzhuang Co., Ltd.	6,137,172	49.00	3,007,214	-	3,007,214
Michigan global contents Investment 2nd	9,968,000	28.00	2,791,040	-	2,791,040
Ningbo Culture Plaza CJ Cinema Co., Ltd.	6,177,101	45.00	2,779,695	-	2,779,695
Shanghai Shangying CGV Cinema Co., Ltd.	5,310,970	50.00	2,655,485	-	2,655,485
SMC-CJ O Shopping Co., Ltd.	10,704,393	23.00	2,462,010	-	2,462,010
GMM CJ O Shopping Company Ltd.	4,779,214	49.00	2,341,815	-	2,341,815
ACJ O Shopping Corporation	4,664,548	50.00	2,332,274	-	2,332,274
Freshone Namseoul Co., Ltd.	11,151,573	14.66	1,634,821	462,362	2,097,183

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<i>(in thousands of Korean won)</i>	2012				
	Net assets at the end of the year	Net assets of equity shares	Interests in net assets	Goodwill	Book value
Kumho Resort Co., Ltd.	₩ 111,877,130	50.00	₩ 55,938,565	₩ 23,457,593	₩ 79,396,158
MBC Plus Media Co., Ltd.	151,614,571	22.88	34,689,414	1,411,133	36,100,547
Shanghai SMG-CJ Home Shopping Co., Ltd.	184,911,786	15.84	29,290,027	-	29,290,027
Sichuan Jixiangju Food Co., Ltd.	21,268,430	49.00	10,421,531	15,848,981	26,270,512
SSV Contents Investment (formerly BMC Cinema Investment)	36,764,120	44.83	16,481,356	38,203	16,519,559
YJM Entertainment Co., Ltd.	18,323,722	30.00	5,497,116	10,067,092	15,564,208
Gretech Corporation	23,011,006	24.54	5,646,902	9,063,721	14,710,623
Beijing Ershang CJ Food Co., Ltd.	17,302,610	49.00	8,478,279	-	8,478,279
MVP Venture Investment - Culture Industry	25,920,999	25.00	6,480,250	-	6,480,250
Lucky Union Foods Co., Ltd.	31,548,966	20.00	6,309,793	-	6,309,793
Union picture venture investment (formerly Sovik picture venture investment)	18,640,454	30.00	5,592,136	-	5,592,136
Company K Partners Limited - CINEMA	18,215,514	30.00	5,464,654	-	5,464,654
SCJ TV Shopping Co., Ltd.	10,829,493	50.00	5,414,747	-	5,414,747
CJ-KTF Investment	12,741,550	40.00	5,096,620	-	5,096,620
Gumbo D.D.F Co., Ltd.	3,108,289	49.00	1,523,062	3,225,728	4,748,790
CJ Venture Investment No.14 - Culture Contents	18,808,887	25.00	4,702,222	-	4,702,222
GMM CJ O Shopping Company Ltd.	9,494,960	49.00	4,652,530	-	4,652,530
Home Choice Corp.	16,976,164	26.27	4,459,638	-	4,459,638
Beijing CJ Xingxing Olympic International Cinema Co., Ltd. (formerly Beijing CJ Xingxing International Cinema Co., Ltd.)	9,026,808	49.00	4,423,136	-	4,423,136
Art service Co., Ltd.	10,617,459	41.35	4,390,319	-	4,390,319
Arkema Thiochemicals Malaysia Sdn. Bhd.	26,380,167	14.00	3,693,223	-	3,693,223
Freshone Gangnam Co., Ltd.	10,513,165	20.00	2,102,633	1,396,734	3,499,367
Company K Partners Limited - Contents	10,828,592	30.00	3,248,578	-	3,248,578
CJ Xingxing(TJ) International Cinema Co., Ltd.	6,600,891	49.00	3,234,436	-	3,234,436
Michigan global contents Investment 2nd	10,846,831	28.00	3,037,113	-	3,037,113
IBK Group Contents Investment Fund	8,636,924	33.33	2,878,687	-	2,878,687
Shanghai Shangying CGV Xinzhuang Co., Ltd.	5,706,075	49.00	2,795,977	-	2,795,977
Shanghai Shangying CGV Cinema Co., Ltd.	5,220,773	50.00	2,610,386	-	2,610,386
Shanghai-Inchon International Ferry Co., Ltd.	10,482,760	24.50	2,568,276	-	2,568,276
Ningbo Culture Plaza CJ Cinema Co., Ltd.	5,686,022	45.00	2,558,710	-	2,558,710
Freshone Namseoul Co., Ltd.	14,007,462	14.46	2,025,479	462,362	2,487,841
Tiantian CJ Home Shopping Co., Ltd.	5,110,118	44.00	2,248,452	-	2,248,452

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 ₩1,276 million in 2013 (2012: ₩3,729 million) and accumulated unrecognized loss of these investments amount to ₩11,116 million as of December 31, 2013 (2012: ₩10,219 million).

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**16. Property, Plant and Equipment**

Details of property, plant and equipment as of December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	<b>2013</b>			
	<b>Cost</b>	<b>Accumulated depreciation<sup>1</sup></b>	<b>Government grants</b>	<b>Book value</b>
Land	₩ 2,741,104,286	₩ -	₩ (4,596,038)	₩ 2,736,508,248
Buildings	2,436,248,968	(663,337,823)	(7,276,749)	1,765,634,396
Structures	894,312,202	(284,011,092)	(2,612,767)	607,688,343
Machinery	4,691,264,942	(2,341,609,017)	(3,649,198)	2,346,006,727
Vehicles	260,815,250	(161,150,373)	-	99,664,877
Tools, equipment and supplies	1,480,517,683	(999,434,587)	(1,717,690)	479,365,406
Course	68,914,406	-	-	68,914,406
Biotechnology assets	11,535,371	-	-	11,535,371
Heavy equipment	61,638,095	(36,298,760)	-	25,339,335
Others	165,846,011	(58,019,471)	-	107,826,540
Construction-in-progress	587,276,328	(95,664)	(2,418,104)	584,762,560
	<u>₩ 13,399,473,542</u>	<u>₩ (4,543,956,787)</u>	<u>₩ (22,270,546)</u>	<u>₩ 8,833,246,209</u>

  

<i>(in thousands of Korean won)</i>	<b>2012</b>			
	<b>Cost</b>	<b>Accumulated depreciation<sup>1</sup></b>	<b>Government grants</b>	<b>Book value</b>
Land	₩ 2,716,663,552	₩ -	₩ (4,596,038)	₩ 2,712,067,514
Buildings	2,089,651,706	(604,237,773)	(7,672,003)	1,477,741,930
Structures	675,325,120	(247,177,606)	(2,888,042)	425,259,472
Machinery	4,053,053,528	(1,999,795,742)	(3,364,208)	2,049,893,578
Vehicles	250,597,540	(157,153,246)	(9,828)	93,434,466
Tools, equipment and supplies	1,341,437,467	(884,120,191)	(1,710,951)	455,606,325
Course	67,430,812	-	-	67,430,812
Biotechnology assets	9,753,100	-	-	9,753,100
Heavy equipment	61,249,726	(34,292,934)	-	26,956,792
Others	149,919,437	(40,993,061)	-	108,926,376
Construction-in-progress	745,497,533	-	(2,442,629)	743,054,904
	<u>₩ 12,160,579,521</u>	<u>₩ (3,967,770,553)</u>	<u>₩ (22,683,699)</u>	<u>₩ 8,170,125,269</u>

<sup>1</sup> Accumulated impairment loss is included.

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Changes in property, plant and equipment for the years ended December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	<b>2013</b>					
	<b>Land</b>	<b>Buildings</b>	<b>Structures</b>	<b>Machinery</b>	<b>Vehicles</b>	<b>Tools, equipment and supplies</b>
Beginning net book value	₩ 2,712,067,514	₩ 1,477,741,930	₩ 425,259,472	₩ 2,049,893,578	₩ 93,434,466	₩ 455,606,325
Increase due to business combination	8,920,742	3,767,665	887,316	63,866,277	54,410	1,795,728
Acquisition	22,305,180	36,015,634	39,623,995	189,812,761	18,638,530	161,081,189
Transfer to investment property	10,279,208	(24,097,338)	-	-	-	94,000
Transfer to intangible assets	-	-	-	-	-	-
Transfer to assets held-for-sale	-	(5,420)	(2,110,778)	(51,664,125)	(3,879,356)	(547,537)
Transfer	6,145,629	354,904,719	205,255,117	503,163,272	16,339,140	50,119,521
Disposal	(22,200,677)	(590,287)	(9,564,104)	(11,396,146)	(1,143,238)	(17,140,378)
Depreciation	-	(67,571,959)	(42,543,392)	(355,437,017)	(21,285,605)	(165,312,718)
Impairment <sup>1</sup>	-	(1,463,163)	-	(32,159,240)	(10,607)	(1,506,167)
Effect of foreign currency translation	(5,160,203)	(12,603,362)	(7,491,608)	(25,085,089)	(2,796,300)	(1,909,038)
Others	4,150,855	(464,023)	(1,627,675)	15,012,456	313,437	(2,915,519)
Ending net book value	<u>₩ 2,736,508,248</u>	<u>₩ 1,765,634,396</u>	<u>₩ 607,688,343</u>	<u>₩ 2,346,006,727</u>	<u>₩ 99,664,877</u>	<u>₩ 479,365,406</u>

<i>(in thousands of Korean won)</i>	<b>2013</b>					
	<b>Course</b>	<b>Biotechnology assets</b>	<b>Heavy equipment</b>	<b>Others</b>	<b>Construction-in-Progress</b>	<b>Total</b>
Beginning net book value	₩ 67,430,812	₩ 9,753,100	₩ 26,956,792	₩ 108,926,376	₩ 743,054,904	₩ 8,170,125,269
Increase due to business combination	-	-	-	170,788	126,514	79,589,440
Acquisition	1,047,498	14,344,986	2,196,238	7,993,601	1,055,825,015	1,548,884,627
Transfer to investment property	-	-	-	-	(1,270,000)	(14,994,130)
Transfer to intangible assets	-	-	-	-	(64,093,302)	(64,093,302)
Transfer to assets held-for-sale	-	-	-	-	-	(58,207,216)
Transfer	436,096	-	-	415,163	(1,136,778,657)	-
Disposal	-	(10,124,900)	(15,363)	(1,078,521)	(2,747,060)	(76,000,674)
Depreciation	-	-	(3,798,332)	(10,535,431)	-	(666,484,454)
Impairment <sup>1</sup>	-	-	-	-	(95,664)	(35,234,841)
Effect of foreign currency translation	-	(1,074,435)	-	(141,626)	9,871	(56,251,790)
Others	-	(1,363,380)	-	2,076,190	(9,269,061)	5,913,280
Ending net book value	<u>₩ 68,914,406</u>	<u>₩ 11,535,371</u>	<u>₩ 25,339,335</u>	<u>₩ 107,826,540</u>	<u>₩ 584,762,560</u>	<u>₩ 8,833,246,209</u>

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<sup>1</sup> In 2013, the Group recognized impairment loss amounting to ₩35,235 million on property, plant and equipment for those that suffered a significant decrease in differences between their fair values determined based on expected disposal amounts and their carrying amounts.

2012

<i>(in thousands of Korean won)</i>	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>

2012

<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>



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Depreciation expense of property, plant and equipment for the years ended December 31, 2013 and 2012, is classified as follows:

<i>(In thousands of Korean won)</i>	<b>2013</b>		<b>2012</b>	
Cost of sales	₩	514,290,018	₩	441,514,667
Selling and administrative expenses		152,194,436		147,897,912
	₩	<u>666,484,454</u>	₩	<u>589,412,579</u>

Bank borrowings are secured by a portion of land (including investment property), buildings (including investment property), structures and machinery for the book value of ₩942,520 million as of December 31, 2013 (Note 36).

In 2013, the Group has capitalized borrowing costs amounting to ₩6,603 million (2012: ₩10,581 million) on qualifying assets. Borrowing costs were capitalized at the weighted average rate of its general borrowings of 4.76% - 6.91% (2012: 3.23% - 6.04%).

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, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	<b>2013</b>		<b>2012</b>	
	<b>Machinery</b>	<b>Equipment and vehicles</b>	<b>Machinery</b>	<b>Equipment and vehicles</b>
Cost (capitalized finance leases)	₩ 18,266,085	₩ 1,801,417	₩ 23,394,022	₩ 2,458,488
Accumulated depreciation	<u>(9,933,049)</u>	<u>(484,606)</u>	<u>(9,336,145)</u>	<u>(169,857)</u>
Net book value	<u>₩ 8,333,036</u>	<u>₩ 1,316,811</u>	<u>₩ 14,057,877</u>	<u>₩ 2,288,631</u>

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 ₩555,205 million.

**CJ Corporation and Subsidiaries**  
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**17. Intangible Assets**

Details of intangible assets as of December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	<b>2013</b>			
	<b>Cost</b>	<b>Accumulated amortization<sup>1</sup></b>	<b>Government grants</b>	<b>Book value</b>
Goodwill	₩2,092,246,732	₩ -	₩ -	₩2,092,246,732
Development costs	316,459,308	(92,652,807)	(461,156)	223,345,345
Membership rights	61,266,330	(4,221,601)	-	57,044,729
Publication rights and rights to music contents	986,262,473	(714,938,764)	-	271,323,709
Service concession arrangement	681,153,412	(146,783,376)	(2,289,298)	532,080,738
Brand	220,560,000	-	-	220,560,000
Construction in progress	245,383,359	(1,905,001)	(25,721,859)	217,756,499
Others	1,046,812,578	(370,157,243)	(521,807)	676,133,528
	<u>₩5,650,144,192</u>	<u>₩ (1,330,658,792)</u>	<u>₩ (28,994,120)</u>	<u>₩4,290,491,280</u>
	<b>2012</b>			
<i>(in thousands of Korean won)</i>	<b>Cost</b>	<b>Accumulated amortization<sup>1</sup></b>	<b>Government grants</b>	<b>Book value</b>
Goodwill	₩1,887,076,145	₩ -	₩ -	₩1,887,076,145
Development costs	236,553,634	(58,232,623)	(404,343)	177,916,668
Membership rights	65,416,183	(1,949,841)	-	63,466,342
Publication rights and rights to music contents	780,186,013	(521,433,870)	-	258,752,143
Service concession arrangement	606,017,533	(130,809,261)	(5,437,119)	469,771,153
Brand	220,560,000	-	-	220,560,000
Construction in progress	315,713,923	(2,160,001)	(25,671,250)	287,882,672
Others	830,603,486	(255,258,911)	(499,167)	574,845,408
	<u>₩4,942,126,917</u>	<u>₩ (969,844,507)</u>	<u>₩ (32,011,879)</u>	<u>₩3,940,270,531</u>

<sup>1</sup> Accumulated impairment loss is included.

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Changes in intangible assets for the years ended December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	<b>2013</b>			
	<b>Goodwill</b>	<b>Development costs</b>	<b>Membership rights</b>	<b>Publication rights and rights to music contents</b>
Beginning net book value	₩1,887,076,145	₩ 177,916,668	₩ 63,466,342	₩ 258,752,143
Increase due to business combination	212,450,907	572,111	853,033	-
Acquisition	-	58,106,897	123,396	84,994,899
Transfer	-	17,460,646	(1,411,621)	227,263,871
Disposal	-	(251,699)	(2,789,898)	(1,673,994)
Amortization	-	(30,742,042)	-	(289,959,668)
Impairment <sup>1</sup>	(2,899,875)	-	(2,415,594)	(267,062)
Effect of foreign currency translation	(1,961,198)	(25,366)	(65,775)	(2,470,202)
Others	(2,419,247)	308,130	(715,154)	(5,316,278)
Ending net book value	<u>₩2,092,246,732</u>	<u>₩ 223,345,345</u>	<u>₩ 57,044,729</u>	<u>₩ 271,323,709</u>

<i>(in thousands of Korean won)</i>	<b>2013</b>				
	<b>Service concession arrangement</b>	<b>Brand</b>	<b>Construction-in-progress</b>	<b>Others</b>	<b>Total</b>
Beginning net book value	₩469,771,153	₩220,560,000	₩287,882,672	₩574,845,408	₩3,940,270,531
Increase due to business combination	-	-	66,912	56,192,889	270,135,852
Acquisition	-	-	253,233,935	139,737,602	536,196,729
Transfer	74,765,699	-	(320,531,452)	78,560,909	76,108,052
Disposal	-	-	(1,864,739)	(3,954,897)	(10,535,227)
Amortization	(12,456,114)	-	-	(130,169,481)	(463,327,305)
Impairment <sup>1</sup>	-	-	-	(39,795,842)	(45,378,373)
Effect of foreign currency translation	-	-	-	(2,712,135)	(7,234,676)
Others	-	-	(1,030,829)	3,429,075	(5,744,303)
Ending net book value	<u>₩532,080,738</u>	<u>₩220,560,000</u>	<u>₩217,756,499</u>	<u>₩676,133,528</u>	<u>₩4,290,491,280</u>

<sup>1</sup> In 2013, the Group recognized impairment loss amounting to ₩45,378 million on intangible assets including trademark rights for those that suffered a significant decrease in differences between their fair value or value-in-use and their carrying amount.

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<i>(in thousands of Korean won)</i>	<b>2012</b>			
	<b>Goodwill</b>	<b>Development costs</b>	<b>Membership rights</b>	<b>Publication rights and rights to music contents</b>
Beginning net book value	₩1,833,083,458	₩ 98,967,409	₩ 75,886,908	₩ 233,366,266
Increase due to business combination	64,185,093	-	312,965	-
Acquisition	-	94,679,934	1,189,069	347,805,527
Transfer	-	4,251,369	-	481,533
Disposal	-	-	(39,882)	(746,419)
Amortization	-	(15,609,415)	-	(319,528,158)
Impairment loss	-	(4,486,430)	-	-
Effect of foreign currency translation	(986,565)	(18,762)	(139,354)	(1,824,049)
Others	(9,205,841)	132,563	(13,743,364)	(802,557)
Ending net book value	<u>₩1,887,076,145</u>	<u>₩ 177,916,668</u>	<u>₩ 63,466,342</u>	<u>₩ 258,752,143</u>

<i>(in thousands of Korean won)</i>	<b>2012</b>				
	<b>Service concession arrangement</b>	<b>Brand</b>	<b>Construction-in-progress</b>	<b>Others</b>	<b>Total</b>
Beginning net book value	₩377,538,370	₩220,560,000	₩339,675,073	₩449,020,918	₩3,628,098,402
Increase due to business combination	-	-	-	41,357,527	105,855,585
Acquisition	67,127,024	-	104,315,777	127,251,803	742,369,134
Transfer	35,228,443	-	(121,755,099)	85,601,630	3,807,876
Disposal	-	-	-	(139,699)	(926,000)
Amortization	(10,925,346)	-	-	(100,613,842)	(446,676,761)
Impairment loss	-	-	-	(23,158,634)	(27,645,064)
Effect of foreign currency translation	-	-	(15,208)	(5,272,563)	(8,256,501)
Others	802,662	-	(34,337,871)	798,268	(56,356,140)
Ending net book value	<u>₩469,771,153</u>	<u>₩220,560,000</u>	<u>₩287,882,672</u>	<u>₩574,845,408</u>	<u>₩3,940,270,531</u>

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Amortization expense of intangible for the years ended December 31, 2013 and 2012, are classified as follows:

<i>(in thousands of Korean won)</i>	<b>2013</b>		<b>2012</b>	
Cost of sales	₩	387,146,865	₩	386,020,701
Selling and administrative costs		<u>76,180,440</u>		<u>60,656,060</u>
	₩	<u>463,327,305</u>	₩	<u>446,676,761</u>

In 2013, the Group recognized research and development costs as expenses amounting ₩12,428 million (2012: ₩8,104 million).

In 2013, the Group has capitalized borrowing costs amounting to ₩3,809 million (2012: ₩8,110 million) on qualifying assets. Borrowing costs were capitalized at the weighted average rate of its general borrowings of 5.69% (2012: 3.55%).

*Impairment Tests for Goodwill*

Goodwill allocated according to cash-generating units for the years ended December 31, 2013 and 2012, is as follows:

<i>(in millions of Korean won)</i>	<b>2013</b>		<b>2012</b>	
<b>Cash-Generating Units</b>				
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)		154,852		146,854
CJ HelloVision Co., Ltd.(Gyeongin Regional Headquarters)		146,640		146,640
CJ HelloVision Co., Ltd.(Gyeongnam Regional Headquarters)		52,078		61,310
CJ HelloVision Co., Ltd.(Busan Regional Headquarters)		148,141		148,141
CJ HelloVision Co., Ltd.(Gyeongbuk Regional Headquarters)		93,538		93,770
CJ HelloVision Co., Ltd.(Honam Regional Headquarters)		138,439		-
CJ HelloVision Co., Ltd.(Gangwon Regional Headquarters)		29,187		-
CJ CheilJedang Corporation and KX Holdings Corporation's portion of goodwill relating to CJ Korea Express Corporation		430,348		430,348
Others		<u>298,486</u>		<u>259,475</u>
		<u>₩ 2,092,247</u>		<u>₩ 1,887,076</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, 2013 and 2012.

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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.

*Service Concession Arrangements*

Service concession arrangements as of December 31, 2013, are as follows:

	<b>Gunpo</b>	<b>Yangsan</b>
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 for a certain period and then contributes operation 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 the cargo terminal for a certain period and then contributes operation 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

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**18. Investment Property**

Details of investment property as of December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	<b>2013</b>		<b>2012</b>	
Acquisition cost	₩	463,460,805	₩	481,972,619
Accumulated depreciation <sup>1</sup>		<u>(34,266,516)</u>		<u>(40,138,202)</u>
Book value	₩	<u>429,194,289</u>	₩	<u>441,834,417</u>

<sup>1</sup> Accumulated impairment loss is included.

Changes in investment property for the years ended December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	<b>2013</b>		<b>2012</b>	
Beginning net book value	₩	441,834,417	₩	395,918,118
Acquisition		6,378,357		91,870,826
Transfer		14,994,130		16,378,356
Disposal		(5,769,881)		(37,453,897)
Depreciation		(10,517,406)		(9,472,229)
Impairment		-		(3,965,916)
Effect of foreign currency translation		(16,808,735)		(15,819,257)
Others		<u>(916,593)</u>		<u>4,378,416</u>
Ending net book value	₩	<u>429,194,289</u>	₩	<u>441,834,417</u>

Investment property above consists of land amounting to ₩317,966 million, buildings amounting to ₩109,448 million and other property, plant and equipment.

In 2012, the Group recognized the impairment loss of ₩3,966 million on investment property for investment property whose differences between fair value and carrying amount and between value-in-use and carrying amount decreased significantly.

In 2013, rental income from investment property is ₩28,766 million (2012: ₩29,005 million), and operating expenses (including repairs and maintenance) directly related to those investment properties amount to ₩14,368 million (2012: ₩14,038 million).

Fair value of investment property as of December 31, 2013, is ₩636,103 million (2012: ₩546,271 million).

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**19. Borrowings**

Short-term borrowings as of December 31, 2013 and 2012, are as follows:

(in thousands of Korean won)	Financial Institution	Annual interest rate(%)	Amount	
		December 31, 2013	2013	2012
<b>Local currency loans</b>				
General loans	Kookmin Bank and others Korea Exchange Bank	1.65 - 10.22	₩ 504,640,687	₩ 597,865,932
Commercial papers	and others	2.76 - 3.65	79,000,000	297,000,000
Working Fund	Woori Bank and others	4.28 - 5.98	40,038,767	80,124,708
Loans for facilities	Shinhan Bank and others	2.86 - 3.54	58,000,000	25,000,000
Loans for livestock promotion fund	NongHyup Bank and others	3.00 - 4.00	11,520,000	15,836,000
			<u>693,199,454</u>	<u>1,015,826,640</u>
<b>Foreign currency loans</b>				
General loans	Kookmin Bank and others	1.09 - 14.00	737,741,873	658,717,602
Usance	Shinhan Bank and others	0.79 - 2.19	337,722,241	406,168,353
Working Fund	SMBC Bank and others	1.25 - 14.00	319,730,808	367,168,090
Loans for facilities	SMBC Bank and others Korea Exchange Bank	1.81 - 11.50	24,952,923	31,074,300
Others	and others	1.60 - 2.30	9,205,420	8,832,300
			<u>1,429,353,265</u>	<u>1,471,960,645</u>
			<u>₩ 2,122,552,719</u>	<u>₩ 2,487,787,285</u>



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Non-current borrowings as of December 31, 2013 and 2012, are as follows:

(in thousands of Korean won)	Financial Institution	Annual interest		Amount	
		rate (%)			2013
		December 31,			
		2013	2013	2012	
<b>Local currency loans</b>					
Broadcasting promotion fund	Woori Bank and others	2.85 - 3.20	₩ 916,630	₩ 2,050,000	
General loans	Woori Bank and others	1.05 - 8.05	523,224,928	635,397,826	
Loans for livestock promotion and agricultural credit funds	NongHyup Bank and others	3.00 - 4.00	9,000,000	9,600,000	
Loans for operating funds	Kookmin Bank and others	4.07 - 4.40	17,000,000	23,000,000	
Policy fund	Kookmin Bank and others	4.00	13,508,670	21,467,280	
Loans for facilities	Kookmin Bank and others	2.34 - 11.40	648,297,581	719,143,768	
Convertible redeemable preferred stock	Blueark Global Co., Ltd. SK securities Co., Ltd.	9.00	550,417	75,662,893	
Middle/Long-term CP	and others 42th Hana Daol Land Chip Real Estate Investment Trust	2.76 - 3.95	908,000,000	478,000,000	
Others		6.80	145,877,263	145,553,798	
Less : Present value discount			(42,566,690)	(46,349,282)	
Current maturities			(153,339,852)	(221,250,140)	
			<u>2,070,468,947</u>	<u>1,842,276,143</u>	
<b>Foreign currency loans</b>					
GSM fund	Woori Bank and others	1.02 - 1.41	127,181,783	196,192,434	
Policy fund	The Export-Import Bank of Korea and others	1.93 - 2.51	61,207,400	62,123,800	
Loans for facilities	The Export-Import Bank of Korea and others	1.90 - 7.99	152,510,290	169,906,239	
General loans	The Export-Import Bank of Korea and others	1.00 - 7.70	472,691,453	164,194,636	
Less : Current maturities			(198,351,974)	(223,211,043)	
			<u>615,238,952</u>	<u>369,206,066</u>	
<b>Finance lease obligations</b>					
Machinery and others	KDB Capital Corp. and others	1.88 - 6.50	24,955,338	32,348,084	
Less : Current maturities			(8,796,888)	(11,649,253)	
			<u>16,158,450</u>	<u>20,698,831</u>	
			<u>₩ 2,701,866,349</u>	<u>₩ 2,232,181,040</u>	

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 (Note 36).

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Minimum lease payments to the lessor as of December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	<b>2013</b>		<b>2012</b>	
<b>Total minimum lease payments</b>				
No later than 1 year	₩	9,765,820	₩	13,048,289
Between 1 and 5 years		16,865,307		22,166,213
		<u>26,631,127</u>		<u>35,214,502</u>
<b>Unearned financial income</b>		<u>(1,675,789)</u>		<u>(2,866,418)</u>
<b>Net minimum lease payment</b>				
No later than 1 year		8,796,888		11,649,253
Between 1 and 5 years		16,158,450		20,698,831
	₩	<u>24,955,338</u>	₩	<u>32,348,084</u>

**20. Debentures**

Details of debentures as of December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	<b>Annual interest</b>	<b>Amount</b>	
	<b>rate(%)</b>		
	<b>December 31,</b>	<b>2013</b>	<b>2012</b>
	<b>2013</b>		
<b>Local currency debentures</b>			
Non-guarantee public bonds	2.73 - 7.53	₩ 2,774,159,000	₩ 2,470,300,000
Non-guarantee private bonds	2.93 - 5.83	261,000,000	11,000,000
Less : Present value discount		(9,081,678)	(8,485,143)
Current maturities		<u>(539,200,289)</u>	<u>(469,611,517)</u>
		<u>2,486,877,033</u>	<u>2,003,203,340</u>
<b>Foreign currency debentures</b>			
Non-guarantee public bonds	0.17 - 2.67	422,601,466	424,717,756
Non-guarantee private bonds	2.65	34,500,000	-
Less : Present value discount		(857,085)	(2,425,001)
Current maturities		<u>(191,064,812)</u>	<u>-</u>
		<u>265,179,569</u>	<u>422,292,755</u>
<b>Exchangeable bonds</b>	1.80 - 3.20	253,550,000	253,550,000
Redemption premium		15,230,490	15,230,490
Less : Present value discount		<u>(14,104,265)</u>	<u>(21,654,326)</u>
		<u>254,676,225</u>	<u>247,126,164</u>
		<u>₩ 3,006,732,827</u>	<u>₩ 2,672,622,259</u>

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*Significant information on the exchangeable bonds issued by the Group are as follows:*

	<b>13<sup>th</sup> Non-guaranteed exchangeable bonds</b>	<b>14<sup>th</sup> Non-guaranteed exchangeable bonds</b>
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 <sup>1</sup>	₩208,550 per share	₩433,550 per share
Shares to be exchanged <sup>2</sup>	800,000 registered common stock of CJ Korea Express Corporation	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
Early redemption right	Not applicable	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.

<sup>1</sup> 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.

<sup>2</sup> As of December 31, 2013, the registered common stock of 800,000 shares of CJ Korea Express Corporation 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. Post-employment Benefits**

**21.1 Defined Benefit Plan**

The defined benefit plans that the Group operates are final salary pension plans, which provide benefits to employees in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on employees' length of service and their salary in the final years leading up to retirement. The majority of benefit payments are from trustee administered funds. Plan assets held in trusts are governed by local regulations and practice in each country.

The amounts of net defined benefit liabilities recognized in the consolidated statements of financial position as of December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	<b>2013</b>	<b>2012</b>
Present value of funded defined benefit liabilities	₩ 531,589,923	₩ 400,582,341
Present value of unfunded defined benefit liabilities	<u>10,463,331</u>	<u>68,994,023</u>
	542,053,254	469,576,364
Fair value of plan assets <sup>1</sup>	<u>(361,403,011)</u>	<u>(301,943,815)</u>
Liability in the consolidated statement of financial position	<u>₩ 180,650,243</u>	<u>₩ 167,632,549</u>

<sup>1</sup> The fair value of plan assets includes contributions to the National Pension Fund of ₩275 million as of December 31, 2013 (2012: ₩293 million).

Changes in the defined benefit obligation for the years ended December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	<b>2013</b>	<b>2012</b>
Beginning balance	₩ 469,576,364	₩ 363,532,122
Increase due to business combination	2,944,812	3,807,199
Current service cost	116,362,406	103,852,884
Interest cost	16,001,524	15,848,466
Remeasurements:		
Actuarial gains and losses arising from changes in demographic assumptions	682,559	1,162,990
Actuarial gains and losses arising from changes in financial assumptions	(13,430,235)	54,018,553
Actuarial gains and losses arising from experience adjustments	26,875,099	7,501,084
Payments from plans:		
Benefit payments	(69,321,429)	(78,662,206)
Disposal of subsidiaries	-	(573,639)
Transfer to held-for-sale	(6,591,349)	-
Effect of foreign currency translation	<u>(1,046,497)</u>	<u>(911,089)</u>
Ending balance	<u>₩ 542,053,254</u>	<u>₩ 469,576,364</u>

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Changes in the fair value of plan assets for the years ended December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	<b>2013</b>		<b>2012</b>	
Beginning balance	₩	301,943,815	₩	185,085,550
Increase due to business combination		738,124		1,223,801
Interest income		10,455,433		9,063,248
Remeasurements:				
Return on plan assets		1,637,733		(918,782)
Contributions:				
Employers		99,284,763		129,418,714
Payments from plans:				
Benefit payments		(51,235,349)		(21,926,110)
Transfer to held-for-sale		(1,421,508)		-
Effect of foreign currency translation		-		(2,606)
Ending balance	₩	<u>361,403,011</u>	₩	<u>301,943,815</u>

The principal actuarial assumptions as of December 31, 2013 and 2012, are as follows:

<i>(in percentage)</i>	<b>2013</b>	<b>2012</b>
Discount rate	3.16% - 14.00%	3.50% - 14.00%
Future salary increases	3.00% - 20.00%	4.00% - 20.00%

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

The sensitivity of the defined benefit obligations as of December 31, 2013, to changes in the weighted principal assumptions is:

<i>(in percentage)</i>	<b>Effect on defined benefit obligation</b>		
	<b>Changes in principal assumption</b>	<b>Increase in principal assumption</b>	<b>Decrease in principal assumption</b>
Discount rate	1%	5.47% decrease	6.76% increase
Future salary increases	1%	6.78% increase	5.56% decrease

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value plan assets.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The sensitivity of the defined benefit obligation to changes in principal actuarial assumptions is calculated using the projected unit credit method, the same method applied when calculating the defined benefit obligations recognized on the statement of financial position.

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The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Details of plan assets as of December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	<b>2013</b>		<b>2012</b>	
	<b>Amount</b>	<b>Composition(%)</b>	<b>Amount</b>	<b>Composition(%)</b>
Cash and deposits	₩ 238,924,333	66.11	₩ 126,594,581	41.93
Beneficiary certificate	122,262,607	33.83	174,563,721	57.81
Others	216,071	0.06	785,513	0.26
	<u>₩ 361,403,011</u>	<u>100.00</u>	<u>₩ 301,943,815</u>	<u>100.00</u>

Expected maturity analysis of undiscounted pension benefits as of December 31, 2013, is as follows:

<i>(in thousands of Korean won)</i>	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 5 and 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Pension benefits	₩ 106,021,524	₩ 87,256,963	₩ 269,804,196	₩ 462,355,134	₩ 925,437,817

The weighted average duration of the defined benefit obligations is 10.2 years.

**21.2 Defined Contribution Plan**

Recognized expense related to the defined contribution plan for the year ended December 31, 2013, is ₩1,283 million (2012: ₩1,956 million).

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**22. Income Tax and Deferred Tax**

Income tax expense for the years ended December 31, 2013 and 2012, consists of:

<i>(in thousands of Korean won)</i>	<b>2013</b>	<b>2012</b>
Current tax:		
Current tax on profits for the year	₩ 185,813,982	₩ 163,476,807
Adjustments in respect of prior years	<u>25,068,304</u>	<u>17,516,144</u>
	<u>210,882,286</u>	<u>180,992,951</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>(103,219,881)</u>	<u>53,060,123</u>
Income tax expense	<u>₩ 107,662,405</u>	<u>₩ 234,053,074</u>

Reconciliation between profit before income tax and income tax expense for the years ended December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	<b>2013</b>	<b>2012</b>
Profit before income tax	<u>₩ 430,270,742</u>	<u>₩ 804,309,684</u>
Tax calculated at domestic tax rates applicable to profits in the respective countries	₩ 101,672,519	₩ 182,530,051
Tax effects of:		
Consolidation adjustments	(10,118,382)	4,507,183
Adjustments in respect of prior years	25,068,304	17,516,144
Income(expenses) not subject to tax	7,259,569	(1,038,504)
Tax credit	(17,082,430)	(10,850,673)
Unrecognized deferred income tax	(12,522,035)	47,614,968
Others	<u>13,384,860</u>	<u>(6,226,095)</u>
Income tax expense	<u>₩ 107,662,405</u>	<u>₩ 234,053,074</u>

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Income tax effects related to components of other comprehensive income(expense) and equity for the years ended December 31, 2013 and 2012, is as follows:

<i>(in thousands of Korean won)</i>	2013			2012		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Tax (charge) / credit relating to components of other comprehensive income:						
Fair value gains (losses) from available-for-sale financial assets	₩ (242,756,489)	₩ 61,730,700	₩ (181,025,789)	₩ (21,728,667)	₩ 3,712,230	₩ (18,016,437)
Cumulative Effect of Foreign Currency Translation	(25,950,633)	-	(25,950,633)	(99,804,472)	73,093	(99,731,379)
Gain on valuation of derivatives	1,701,650	(412,001)	1,289,649	2,895,409	(729,064)	2,166,345
Remeasurements of net defined benefit liabilities	(12,489,690)	1,759,240	(10,730,450)	(63,601,409)	12,960,439	(50,640,970)
	<u>(279,495,162)</u>	<u>63,077,939</u>	<u>(216,417,223)</u>	<u>(182,239,139)</u>	<u>16,016,698</u>	<u>(166,222,441)</u>
The income tax (charged) / credited directly to equity:						
Other components of equity	<u>138,612,063</u>	<u>(32,069,073)</u>	<u>106,542,990</u>	<u>(21,014,426)</u>	<u>5,358,095</u>	<u>(15,656,331)</u>
	<u>₩ (140,883,099)</u>	<u>₩31,008,866</u>	<u>₩ (109,874,233)</u>	<u>₩ (203,253,565)</u>	<u>₩21,374,793</u>	<u>₩ (181,878,772)</u>

The analysis of deferred tax assets and deferred tax liabilities as of December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	2013	2012
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	₩ 325,009,287	₩ 161,551,814
Deferred tax asset to be recovered within 12 months	<u>66,623,536</u>	<u>71,848,492</u>
	<u>391,632,823</u>	<u>233,400,306</u>
Deferred tax liabilities		
Deferred tax liability to be recovered after more than 12 months	(890,897,774)	(886,187,790)
Deferred tax liability to be recovered within 12 months	<u>(1,644,478)</u>	<u>(2,074,449)</u>
	<u>(892,542,252)</u>	<u>(888,262,239)</u>
Deferred tax liabilities, net	<u>₩ (500,909,429)</u>	<u>₩ (654,861,933)</u>



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Changes 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, 2013 and 2012, are as follows:

	2013					
	Beginning book value	Statement of income	Other comprehensive income (loss)	Acquisition of subsidiaries	Effect of foreign currency translation	Ending book value
<i>(in thousands of Korean won)</i>						
<b>Deferred tax assets</b>						
Allowance for doubtful accounts	₩ 30,987,914	₩ 3,402,585	₩ -	₩ 296,423	₩ (83,473)	₩ 34,603,449
Net defined benefit liabilities	18,219,782	5,597,492	-	-	(126,777)	23,690,497
Loss on valuation of inventories	3,394,540	3,285,380	-	284,842	-	6,964,762
Amortization	2,125,435	9,901,542	-	38,002	(16,923)	12,048,056
Impairment loss on investment property	19,140,745	3,883,690	-	-	(22,163)	23,002,272
Impairment loss on property, plant and equipment	1,149,988	6,889,597	-	-	-	8,039,585
Impairment loss on intangible assets	5,514,941	(5,012,326)	-	-	-	502,615
Accrued expenses	37,414,740	(12,780,589)	-	39,453	(13,536)	24,660,068
Foreign currency translation	(323,777)	650,658	-	17,078	-	343,959
Government subsidy	2,635,059	(475,045)	-	-	-	2,160,014
Tax loss	72,409,010	132,920,145	-	683,038	(441,512)	205,570,681
Tax credit	11,152,816	9,835,709	-	261,957	18,837	21,269,319
Gain(Loss) on valuation of hedging derivative	646,397	-	(412,001)	-	-	234,396
Remeasurement	25,250,829	-	1,759,240	-	-	27,010,069
Others	51,299	1,481,783	-	-	-	1,533,082
	<u>229,769,718</u>	<u>159,580,621</u>	<u>1,347,239</u>	<u>1,620,793</u>	<u>(685,547)</u>	<u>391,632,824</u>
<b>Deferred tax liabilities</b>						
<b>Legal reserve under Special Tax</b>						
Treatment Control Law	(55,011,734)	(12,777,421)	-	-	-	(67,789,155)
Depreciation	(35,402,193)	(5,008,119)	-	(33,809)	1,144,182	(39,299,939)
Capitalization of financial expense	(3,359,429)	(44,840)	-	-	16,039	(3,388,230)
Gain on revaluation of property, plant and equipment	(349,050,625)	15,490,939	-	-	7,195	(333,552,491)
Gain(Loss) on valuation of available-for-sale financial assets	(159,521,522)	-	61,730,700	-	-	(97,790,822)
Others	(7,449,997)	(58,515,794)	-	281,576	(343,469)	(66,027,684)
	<u>(609,795,500)</u>	<u>(60,855,235)</u>	<u>61,730,700</u>	<u>247,767</u>	<u>823,947</u>	<u>(607,848,321)</u>
<b>Deferred tax due to consolidation adjustments</b>						
	(208,548,559)	(8,027,540)	-	(14,794,839)	469,968	(230,900,970)
Unrecognized deferred tax	(66,287,592)	12,522,035	-	-	(27,405)	(53,792,962)
	<u>₩ (654,861,933)</u>	<u>₩ 103,219,881</u>	<u>₩ 63,077,939</u>	<u>₩ (12,926,279)</u>	<u>₩ 580,963</u>	<u>₩ (500,909,429)</u>

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	2012					
	Beginning book value	Statement of income	Other comprehensive income (loss)	Acquisition of subsidiaries	Effect of foreign currency translation	Ending book value
<i>(in thousands of Korean won)</i>						
Deferred tax assets						
Allowance for doubtful accounts	₩ 32,820,823	₩ (1,772,756)	₩ -	₩ 39,196	₩ (99,349)	₩ 30,987,914
Net defined benefit liabilities	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
Remeasurement	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)
Gain on revaluation of property, plant and equipment	(352,391,565)	3,340,940	-	-	-	(349,050,625)
Gain(Loss) on valuation 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)
Unrecognized deferred tax	(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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**23. Provisions for Liabilities and Charges**

Changes in provisions for liabilities and charges for the years ended December 31, 2013 and 2012, are as follows:

	<b>2013</b>					
	<b>Mileage</b>	<b>Sales returns</b>	<b>Restoration</b>	<b>Construction warranties</b>	<b>Other liabilities and charges</b>	<b>Total</b>
<i>(in thousands of Korean won)</i>						
Beginning balance	₩ 4,163,679	₩ 4,806,980	₩ 77,814	₩ 3,623,470	₩ 359,185	₩13,031,128
Increase due to business combination	-	45,319	-	-	236,705	282,024
Provisions adjustment	25,340,246	6,168,802	457,912	668,212	8,891,811	41,526,983
Unused amounts reversed	(22,432)	-	-	-	(8,170)	(30,602)
Used during year	(22,200,668)	(5,888,862)	(77,814)	(902,492)	(1,308,945)	(30,378,781)
Effect of foreign currency translation	(144)	(451)	-	-	(32,547)	(33,142)
Ending balance	<u>₩ 7,280,681</u>	<u>₩ 5,131,788</u>	<u>₩ 457,912</u>	<u>₩ 3,389,190</u>	<u>₩ 8,138,039</u>	<u>₩24,397,610</u>
Current	₩ 1,597,420	₩ 5,131,788	₩ 144,730	₩ -	₩ 923,364	₩ 7,797,302
Non-current	5,683,261	-	313,182	3,389,190	7,214,675	16,600,308
	<b>2012</b>					
	<b>Mileage</b>	<b>Sales returns</b>	<b>Restoration</b>	<b>Construction warranties</b>	<b>Other liabilities and charges</b>	<b>Total</b>
<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

# CJ Corporation and Subsidiaries

## Notes to Consolidated Financial Statements

### December 31, 2013 and 2012

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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, 2013, the Company has issued 29,040,572 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 rate 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, 2013, is as follows:

	<b>Preferred stock</b>
<b>Numbers of shares</b>	2,260,223
<b>Voting rights</b>	No voting rights
<b>Maturity date</b>	No Maturity
<b>Dividends</b>	Non-cumulative, and paying annually 1% more dividend than common share
<b>Minimum dividend rate</b>	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; 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, 2013 and 2012, are as follows:

<i>(In thousands of Korean won, except number of shares)</i>	Number of outstanding shares			Capital stock			Paid-in capital in excess of par value
	Common stock	Preferred stock	Total	Common stock	Preferred stock	Total	
January 1, 2012	₩ 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)	-	-	-	-
December 31, 2012	26,043,566	2,259,106	28,302,672	145,804,315	11,301,115	157,105,430	977,520,671
Exercise of share options	25,450	-	25,450	127,250	-	127,250	2,273,471
Acquisition of treasury shares	(2)	(1)	(3)	-	-	-	-
December 31, 2013	₩ 26,069,014	₩ 2,259,105	₩ 28,328,119	₩ 145,931,565	₩ 11,301,115	₩ 157,232,680	₩ 979,794,142

**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)

	Date of the grant				
	2013	April 8, 2004	March 8, 2005	March 13, 2006	February 29, 2008
Options granted		77,800	94,100	56,900	230,000
Exercised quantity, prior to 2013		59,488	51,756	-	-
Forfeited quantity		5,104	10,200	4,500	-
Transfer-out quantity due to split-off		11,507	14,615	46,500	-
Exercised quantity during 2013		1,701	13,749	-	10,000
Options outstanding as of December 31, 2013		-	3,780	5,900	220,000
Exercise price per share <sup>1</sup>		₩ 69,000	₩ 71,000	₩ 120,000	₩ 70,000

Options exercised in 2013 resulted in 25,450 shares being issued at a weighted average price of ₩70,473 each. The related weighted average share price at the time of exercise was ₩117,516 per share.

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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	5,340	-	-
Options outstanding as of December 31, 2012	-	2,205	17,529	5,900	230,000
Exercise price per share <sup>1</sup>	₩ 41,000	₩ 69,000	₩ 71,000	₩ 120,000	₩ 70,000

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

<sup>1</sup> 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.

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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 <sup>nd</sup> )	March 11, 2003(3 <sup>rd</sup> )	April 8, 2004(4 <sup>th</sup> )	March 8, 2005(5 <sup>th</sup> )	March 13, 2006(6 <sup>th</sup> )	February 29, 2008(7 <sup>th</sup> )
Fair value of share options	₩ 22,457	₩ 12,593	₩ 19,769	₩ 20,269	₩ 32,557	₩ 29,768
Weighted average share price at the grant date	56,514	46,403	50,095	56,157	68,378	78,115
Price volatility <sup>1</sup>	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%

<sup>1</sup> 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 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, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	2013	2012
Share-based payments	₩ 6,817,728	₩ 7,437,677
Treasury stocks	(186,310,252)	(186,310,252)
Gain on valuation of available-for-sale financial assets	200,546,329	323,289,834
Gain(loss) on valuation of equity method investees	(7,924,264)	1,541,015
Loss on valuation of derivatives	(46,184)	(370,408)
Cumulative effect of foreign currency translation	(34,963,649)	(28,882,060)
Others	(86,212,840)	(146,801,093)
	<u>₩ (108,093,132)</u>	<u>₩ (30,095,287)</u>

The Company acquired treasury shares in odd lots through split-off, merger of subsidiaries and for stabilization of the share price. As of December 31, 2013, the Company will dispose of treasury shares (2,971,558 common shares and 1,118 preferred shares) depending on market conditions.

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**27. Retained Earnings**

Retained earnings as of December 31, 2013 and 2012, consist of:

<i>(in thousands of Korean won)</i>	<b>2013</b>	<b>2012</b>
Legal reserves <sup>1</sup>	₩ 79,869,424	₩ 79,869,424
Discretionary reserves <sup>2</sup>	1,499,241,376	1,417,782,383
Unappropriated retained earnings	619,641,496	576,385,872
	<u>₩ 2,198,752,296</u>	<u>₩ 2,074,037,679</u>

<sup>1</sup> The Commercial Code of the Republic of Korea requires the Company to appropriate for each financial period, 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 cash dividends payment, but may be transferred to capital stock or used to reduce accumulated deficit. When the accumulated legal reserves (the sum of capital reserves and earned profit reserves) are greater than 1.5 times the paid-in capital amount, the excess legal reserves may be distributed.

<sup>2</sup> The Company appropriates a certain portion of its retained earnings as reserves for research and development which are provided in order to obtain tax benefits under the Special Tax Treatment Control Law. Among these reserves, the reversed amount according to the terms of related tax laws may be distributed.

**28. Issuance of Hybrid Securities**

In 2013, CJ Freshway Corporation, a subsidiary, issued hybrid securities with the face value of ₩70,000 million. Interest rate of these bonds with issuer's early redemption right is 2.90% and the maturity date is May 9, 2043.

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.

Dividends of CJ Cheiljedang Corp. and PT Cheil Jedang Indonesia are restricted if payments for principals and interests of hybrid securities issued by PT Cheil Jedang Indonesia are delayed.



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**29. Expenses by Nature**

Expenses by nature for the years ended December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	<b>2013</b>	<b>2012</b>
Raw materials, sub-materials, biological assets and cost of		
Merchandise Purchased	₩ 5,501,790,700	₩ 5,200,737,768
Changes in inventories and biological assets	191,633,755	(147,867,134)
Salaries	1,891,910,754	1,710,022,619
Severance benefits	123,190,497	112,593,759
Employee benefits	267,406,400	227,199,955
Freight expenses	214,740,828	105,417,300
Transportation expenses	2,983,857,587	3,008,941,726
Travel expenses	78,679,749	82,506,367
Taxes and dues	88,790,527	79,931,060
Advertising costs	368,775,695	337,869,241
Rental expense	555,205,231	447,212,548
Service Fees	907,690,002	821,933,267
Sales commission	148,369,083	142,488,805
Sales promotional expenses	115,895,323	104,904,802
Screening premium	262,932,684	242,065,845
Utility expenses	210,072,940	194,574,863
Power expenses	147,020,548	106,243,616
Packing material charge	255,328,458	254,430,777
Program usage fee	108,739,741	71,685,345
Network expenses	137,711,690	100,884,036
Repairs and maintenance expenses	61,727,178	86,367,355
Depreciation	666,484,454	589,412,579
Amortization	463,327,305	446,676,761
Outsourcing expenses	192,258,698	149,273,191
Building management fee	52,758,731	44,205,396
Others	2,069,333,265	2,045,704,083
Total cost of sales and selling and administrative expenses	<u>₩ 18,065,631,823</u>	<u>₩ 16,565,415,930</u>

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**30. Selling and Administrative Expenses**

Selling and administrative expenses for the years ended December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	<b>2013</b>		<b>2012</b>	
Salaries	₩	1,055,952,400	₩	937,435,784
Severance benefits		78,071,828		57,312,117
Employee benefits		169,133,730		142,968,248
Conference expenses		20,380,752		23,154,474
Entertainment expenses		40,517,780		47,719,319
Travel expenses		79,006,346		82,817,164
Communication expenses		32,281,156		30,324,715
Taxes and dues		88,798,606		79,866,201
Utility expenses		43,436,068		31,852,443
Research expenses		45,319,483		47,539,227
Repair expenses		18,457,592		14,478,382
Rental expenses		366,703,299		302,603,527
Foreign business expenses		20,416,252		20,458,068
Supplies expenses		30,708,794		27,715,413
Depreciation		152,194,436		147,897,912
Amortization		76,180,440		60,656,060
Insurance premium		21,481,385		15,492,359
Service fees		1,066,754,756		917,739,245
Sales commission		153,303,911		153,052,566
Training expenses		33,275,531		35,089,651
Freight expenses		372,956,642		360,507,393
Advertising expenses		434,702,779		430,774,626
Vehicles maintenance expenses		14,112,950		14,692,674
Sales promotional expenses		223,314,168		230,435,139
Bad debts expenses		15,508,559		14,979,410
Miscellaneous expenses		25,614,835		24,318,434
Others		40,380,722		21,401,776
	₩	<u>4,718,965,200</u>	₩	<u>4,273,282,327</u>

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**31. Financial Income and Expenses**

Financial income and expenses for the years ended December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	<b>2013</b>	<b>2012</b>
<b>Financial income</b>		
Interest income	₩ 68,931,554	₩ 72,377,861
Gain on foreign currency transaction	153,640,292	160,125,718
Dividends income	13,015,908	17,571,895
Gain on derivative instruments	24,714,025	12,996,544
Gain on disposal of available-for-sale financial assets	310,505,143	130,678,522
Others	827,906	217,150
	<u>₩ 571,634,828</u>	<u>₩ 393,967,690</u>
<b>Financial expenses</b>		
Interest expenses	₩ 325,446,522	₩ 336,285,917
Loss on foreign currency transaction	217,552,642	127,924,475
Loss on derivative instruments	32,017,232	45,353,053
Impairment loss on available-for-sale financial assets	12,328,987	7,090,686
Others	12,765,537	14,488,882
	<u>₩ 600,110,920</u>	<u>₩ 531,143,013</u>

**32. Other Non-operating Income and Expenses**

Other non-operating income and expenses for the years ended December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	<b>2013</b>	<b>2012</b>
<b>Other operating income</b>		
Gain on disposal of investment in associates and joint ventures	₩ 536,306	₩ 33,534,508
Gain on derivative instruments	39,917,918	63,146,224
Gain on disposal of other investment assets	88,534	26,678,378
Miscellaneous revenues	51,291,614	40,398,748
Others	19,671,324	13,131,528
	<u>₩ 111,505,696</u>	<u>₩ 176,889,386</u>

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<i>(in thousands of Korean won)</i>	<b>2013</b>		<b>2012</b>	
<b>Other operating expenses</b>				
Other bad debts expenses	₩	19,681,786	₩	35,255,263
Impairment loss on investment in associates and joint ventures		12,593,932		12,260,760
Loss on disposal of property, plant and equipment		25,315,866		15,075,395
Impairment loss on property, plant and equipment		35,234,841		547,143
Impairment loss on intangible assets		45,378,373		27,645,064
Loss on disposal of investment property		537,927		16,495,861
Loss on derivative instruments		46,422,392		66,237,432
Donations		81,976,348		55,405,847
Others		144,557,938		58,288,136
	₩	<u>411,699,403</u>	₩	<u>287,210,901</u>

**33. 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. The preferred shares have the right to participate in the Company's income distribution as a participating preferred share. Therefore, earnings per share for preferred shares is also calculated.

Basic earnings per common share for the years ended December 31, 2013 and 2012, is as follows:

<i>(In thousands of Korean won, except number of shares and earnings per share)</i>	<b>2013</b>		<b>2012</b>	
Net income	₩	149,588,186	₩	220,797,205
Less: Dividends for preferred shares		<u>12,041,292</u>		<u>17,736,136</u>
Net income available for common shares		137,546,894		203,061,069
Weighted average number of common shares in issue		<u>26,049,986</u>		<u>26,030,288</u>
Basic earnings per share (in Korean won)	₩	<u>5,280</u>	₩	<u>7,801</u>

Basic earnings per preferred share for the years ended December 31, 2013 and 2012, is as follows:

<i>(In thousands of Korean won, except number of shares and earnings per share)</i>	<b>2013</b>		<b>2012</b>	
Net income available for preferred shares	₩	12,041,292	₩	17,736,136
Weighted average number of preferred shares in issue		<u>2,259,106</u>		<u>2,259,106</u>
Basic earnings per preferred share (in Korean won)	₩	<u>5,330</u>	₩	<u>7,851</u>

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Diluted earnings per common share for the years ended December 31, 2013 and 2012, is as follows:

<i>(In thousands of Korean won, except number of shares and earnings per share)</i>	<b>2013</b>	<b>2012</b>
Net income available for common shares	₩ 137,546,894	₩ 203,061,069
Changes in the amount of dividend per preferred share from diluting effect	<u>43,076</u>	<u>65,168</u>
Diluted earnings	137,589,970	203,126,237
Weighted average number of common shares in issue including dilutive potential common shares	<u>26,152,588</u>	<u>26,135,286</u>
Diluted earnings per share (in Korean won)	<u>₩ 5,261</u>	<u>₩ 7,772</u>

Diluted earnings per preferred share for the years ended December 31, 2013 and 2012, is as follows:

<i>(In thousands of Korean won, except number of shares and earnings per share)</i>	<b>2013</b>	<b>2012</b>
Net income available for preferred shares <sup>1</sup>	₩ 11,998,216	₩ 17,670,968
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>₩ 5,311</u>	<u>₩ 7,822</u>

<sup>1</sup> Net income available for preferred shares is altered due to the dilution of common shares.

### **34. Dividends per Share**

The dividends paid in 2013 and 2012 were ₩18,510 million (₩650 per common share, ₩700 per preferred share) and ₩18,495 million (₩650 per common share, ₩700 per preferred share), respectively.

A dividend in respect of the year ended December 31, 2013, of ₩950 per common share and ₩1,000 per preferred share, amounting to a total dividend of ₩24,766 million and ₩2,259 million, respectively, is to be proposed at the annual general meeting on March 21, 2014. These financial statements do not reflect this dividend payable.

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**35. Cash Generated from Operations**

Cash generated from operations for the years ended December 31, 2013 and 2012, is as follows:

<i>(in thousands of Korean won)</i>	<b>2013</b>	<b>2012</b>
Profit before income tax	₩ 430,270,742	₩ 804,309,684
Adjustments for:		
Depreciation	666,484,454	589,412,579
Amortization	463,327,305	446,676,761
Depreciation on investment assets	10,517,406	9,472,229
Bad debts expenses	15,508,559	14,979,410
Interest income	(68,931,554)	(72,377,861)
Dividend income	(13,015,908)	(17,571,895)
Gain on derivative instruments	(64,631,943)	(76,142,768)
Gain on disposal of available-for-sale financial assets	(310,505,143)	(130,678,522)
Interest expenses	325,446,522	336,285,917
Loss on derivative instruments	78,439,624	111,590,485
Impairment loss on available-for-sale financial assets	12,328,987	7,090,686
Share of profit of associates and joint ventures	27,126,499	11,165,583
Other bad debts expenses	19,681,786	35,255,263
Impairment loss on investments in associates	12,593,932	12,260,759
Loss on disposal of property, plant and equipment	25,315,866	15,075,395
Impairment loss on property, plant and equipment	35,234,841	547,143
Impairment loss on intangible assets	45,378,373	27,645,064
Others	38,016,236	(29,625,418)
Changes in working capital		
Increase in trade receivables	(284,968,231)	(248,151,795)
Decrease(increase) in other financial assets	(43,642,126)	2,813,919
Decrease(increase) in advance payments	19,465,188	(91,379,461)
Decrease(increase) in inventories	211,154,682	(189,528,036)
Increase in biological assets	(23,882,238)	(3,496,852)
Increase in other current assets	(122,105,233)	(51,851,467)
Increase in other non-current financial assets	(16,565,248)	(13,308,614)
Decrease(increase) in other non-current assets	7,648,382	(58,838,859)
Increase in trade payables	52,101,111	377,410,790
Increase in non-trade payables	69,280,759	51,130,377
Increase(decrease) in other current financial liabilities	33,606,569	(34,683,283)
Increase in other current liabilities	33,460,377	48,407,217
Increase in deposits received	2,760,333	36,985,415
Increase(decrease) in other non-current financial liabilities	(2,452,830)	1,841,719
Increase in net defined benefit liabilities	4,537,654	89,294,386
Decrease in provisions	(30,378,781)	(23,525,900)
Increase(decrease) in non-current liabilities	19,105,892	(69,195,353)
Cash generated from operations	<u>₩ 1,677,712,844</u>	<u>₩ 1,919,294,697</u>

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Significant transactions not affecting cash flows for the years ended December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	<b>2013</b>	<b>2012</b>
Reclassification of construction in-progress to property, plant and equipment	₩ 1,136,778,657	₩ 406,048,849
Non-trade payables related to acquisition of property, plant and equipment	12,630,652	13,523,456
Non-trade payables related to acquisition of intangible assets	(2,599,481)	17,127,078
Non-trade payables related to acquisition of investment property	(9,253,518)	9,253,518
Long-term non-trade payables related to acquisition of available-for-sale financial assets	16,213,800	-
Changes of other component of equity due to valuation, disposal and other activities of associates	(2,513,483)	(2,903,777)
Changes of other component of equity due to valuation, disposal and other activities of available-for-sale financial assets	(122,743,505)	(61,517,928)
Changes in accumulated other comprehensive income due to translation of foreign currency financial statements	(6,081,591)	(37,833,784)
Changes in accumulated other comprehensive income due to valuation of derivatives	324,224	573,263

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**36. Commitments and Contingencies**

Payment guarantees provided by the Group as of December 31, 2013 and 2012, are as follows:

(in thousands of Korean won)

Guarantor	Guarantee	Financial institution	Loan amounts		Guarantee amounts		Guarantee period	Remark
			2013	2012	2013	2012		
CJ CheilJedang Corporation	Sichuan Jixiangju Food Co., Ltd.	The Export-Import Bank of Korea	₩ 5,276,500	₩ 5,355,500	₩ 10,499,200	₩ 5,355,500	2013/03/25 - 2014/03/24	Borrowings
	CJ Toyota Tsuho Philippines Inc.	The Export-Import Bank of Korea	-	38,798,455	-	38,798,455	-	Borrowings
	Ebara CJ Fresh Foods Inc.	The Bank of Yokohama	1,205,592	-	1,506,990	-	2013/03/25 - 2014/03/24	Borrowings
CJ O Shopping Co., Ltd.	Damul Trading Pvt. Ltd.	Samsung C&T India Pvt., Ltd.	-	4,284,400	-	4,284,400	-	Debt guarantee
CJ Korea Express Corporation	Highone Solar Power Generation. Co., Ltd	Woori Bank	6,000,000	6,600,000	9,000,000	9,000,000	2010/12/24 - 2023/12/24	Borrowings
	Kumho Tire Tian Jin Co., Inc	Landes Bank and others	45,916,000	69,905,000	89,700,500	91,043,500	2009/02/02 - 2016/02/01	Borrowings
	Yang San ICD Co., Ltd.	Korea Development Bank	500,000	3,500,000	500,000	3,500,000	1995/12/29 - 2014/12/20	Borrowings
CJ JAPAN CORP.	Pan Japan Inc.	SBJ Bank	37,514,004	46,637,788	37,514,004	46,637,788	2013/10/11 - 2014/10/10	Borrowings
CJ Foodville Corp.	PT CJ Foodville Indonesia	Woori Bank	518,400	-	1,067,040	-	2013/05/23 - 2014/05/23	Borrowings
			<u>₩ 96,930,496</u>	<u>₩175,081,143</u>	<u>₩149,787,734</u>	<u>₩198,619,643</u>		



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CJ Engineering & Construction Corp., a consolidated subsidiary, provides funding agreement amounting to ₩507,000 million in relation to borrowings of Seoul Integrated Freight Terminal PFV Co., Ltd. In connection to this funding agreement, additional losses may incur, but still, its probability is not high. Therefore, the impact is not reflected in the financial statements as of December 31, 2013. In addition, 14,000 shares of equity securities of Seoul Integrated Freight Terminal PFV Co., Ltd. are provided as collateral to Korea Development Bank.

KT Rental, which was spun off from CJ Korea Express Corporation among the consolidated subsidiaries, assumes joint guarantee obligations for debts before the spin-off with the existed entity. In addition, CJ Korea Express Corporation provides guarantees amounting to ₩38,970 million to Seoul Guarantee Insurance and others in relation to contract performance guarantee and payment guarantee for Defense Transportation Headquarters and others.

CJ CGV Co., Ltd., a consolidated subsidiary, provides guarantees in relation to contract performance for Twentieth Century Fox Korea Inc. of D-cinema of Korea Corp.

The Company, CJ CheilJedang Corporation and 11 other subsidiaries provided guarantees in relation to the loans of employees and directors from financial institutions.

The payment guarantees provided to the Group are as follows.

As of December 31, 2013, CJ Korea Express Corporation and nine other subsidiaries obtained a guarantee from NongHyup Bank and others amounting to ₩215,138 million relating to a performance guarantee and their borrowings.

As of December 31, 2013, CJ Engineering & Construction Corp., a consolidated subsidiary, obtained a guarantee from the Korea Construction Financial Cooperative amounting to ₩155,236 million (2012: ₩94,851 million).

As of December 31, 2013, CJ Freshway Corporation and 23 other subsidiaries obtained a guarantee from Seoul Guarantee Insurance Co., Ltd. in relation to their operations.

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Details of collaterals provided by the Group as of December 31, 2013, are as follows:

<i>(in millions of Korean won)</i>	<b>Secured assets</b>	<b>Carrying amount</b>	<b>Secured amount</b>	<b>Provided by</b>
CJ Korea Express Corporation	Financial assets	₩ 7,754	₩ 7,754	National Federation of Fisheries Cooperatives
	Property, plant and equipment and others	145,900	145,900	Shinhan Bank and others
Korea Integrated Freight Terminal Co.,Ltd	Property, plant and equipment and others	208,304	224,000	Korea Development Bank
CJ Freshway Corporation	Investment property	15,951	19,500	Kookmin Bank
	Property, plant and equipment and others	119,700	4,726	Samsung Electronics Co.,Ltd
CJ HelloVision Co., Ltd.	Property, plant and equipment and others	112,571	145,600	Woori Bank and others
Jung-bu Integrated Freight Terminal Co., Ltd.	Property, plant and equipment and others	64,801	64,801	Korea Development Bank and others
CJ Engineering & Construction Corp.	Inventories	64,801	64,801	Construction Guarantee Cooperative and others
CJ Seafood Corporation	Financial assets	11,492	11,492	
PECT New Container Terminal Co., Ltd.	Donated assets usage rights	37,021	213,200	Korea Development Bank
Youngwoo Frozen Foods Co., Ltd.	Property, plant and equipment and others	26,837	20,050	Kookmin Bank and others
CJ Korea Express Busan Newport Distripark Co., Ltd.	Property, plant and equipment and others	24,840	21,621	Woori Bank and others
CJ Korea Express Asia Pte. Ltd.	Property, plant and equipment and others	20,645	27,980	United Bank of Oversea
Wonji Co., Ltd.	Financial assets	500	600	Kookmin Bank
	Property, plant and equipment and others	19,576	15,000	Kookmin Bank
CJ Korea Express Busan Container Terminal Co., Ltd.	Financial assets	2,710	1,613	National Federation of Fisheries Cooperatives
	Property, plant and equipment and others	16,312	16,312	National Federation of Fisheries Cooperatives
Korea Express U.S.A. Inc.	Property, plant and equipment and others	15,606	3,661	Zions First National Bank
Korea Express SB Co.,Ltd	Property, plant and equipment and others	15,185	5,590	Woori Bank
Others	Financial assets	54,846	54,393	Shinhan Bank and others
	Property, plant and equipment and others	217,044	47,340	Shinhan Bank and others
		<u>₩1,137,595</u>	<u>₩1,051,133</u>	

CJ Korea Express Corporation, a consolidated subsidiary, provides 297,352 shares of Korea Integrated Freight Terminal Co., Ltd. in relation to borrowings and 263,500 treasury shares in relation to operations as collateral instead of payment guarantees. In addition, CJ Korea Express Busan Container Terminal Co., Ltd., a consolidated subsidiary, provides shares of PECT New Container Terminal Co., Ltd. amounting to ₩18,000 million as collateral in relation to borrowings.

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

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Loan agreements with financial institutions as of December 31, 2013 and 2012, are as follows:

<i>(in millions of Korean won)</i>	<b>Maximum loan limit</b>	
	<b>2013</b>	<b>2012</b>
Bank overdraft	₩ 396,581	₩ 138,791
Discount note agreement	1,134,000	965,000
General loans	5,966,629	3,326,208
Import letter of credit	2,175,082	2,250,110
Other loans for facilities	1,013,984	848,562
DA negotiation agreements	60,101	57,645

As of December 31, 2013, the Group has entered into corporate purchase card agreements of up to ₩947,478 million (2012: ₩628,295 million) with Woori Bank and seven other financial institutions.

As of December 31, 2013, the Group provided eight notes and bills (seven blanked bills, one note: ₩200,000 thousand) as collateral for contracts with related banks.

As of December 31, 2013, the Group is involved in 48 legal claims as the plaintiff and 90 legal claims as the defendant, and proceedings amounting to ₩91,057 million (2012: ₩58,750 million) and ₩56,936 million (2012: ₩78,024 million), respectively. 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.

As of December 31, 2013, two subsidiaries, including CJ CheilJedang Corporation, have 19 (2012: 20) 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, 2013, CJ CheilJedang Corporation and two other subsidiaries entered into sales and leaseback contract with Woori Bank, the trustee of 42<sup>nd</sup> 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 42<sup>nd</sup> Hana Daol Land Chip Real Estate Investment Trust on June 29, 2017.

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In 2012, CJ CGV Co., Ltd., a consolidated subsidiary, entered into a cooperation contract ("joint investment cooperation contract") to jointly invest in PT Graha Layer Prima ("PT GLP"), a theater business entity in Indonesia, with KDB-Tston Private Equity Fund ("KDB-Tstone"). Under the joint investment cooperation contract, CJ CGV Co., Ltd. invested USD 15,250,000 in convertible loans receivables of PT GLP in 2012 and KDB-Tstone invested USD 15,250,000 in convertible loans receivables of PT GLP in 2013. In relation to the joint investments, KDB-Tstone has put options to sell the convertible loans receivables and shares of PT GLP in which KDB-Tstone invested and CJ CGV Co., Ltd. has call options, which are exercisable after January 1, 2015. The exercise price of put options is KDB-Tstone's total investments in PT GLT less collected amounts through dividends, property distributions and others ("KDB-Tstone net investments") plus 4% annual compound interest, and the exercise price of call option is KDB-Tstone net investments plus 12% annual compound interest.

CJ O Shopping Co, Ltd., a consolidated subsidiary, entered into a contract to provide cash investments in equal installments to Star CJ Network India Private Ltd. and GMM CJ O Shopping Company Ltd., an associate and a joint venture, with the approval of the Board of Directors.

### **37. Business Combinations**

#### **37.1 Acquisition of significant interests**

CJ HelloVision Co., Ltd., a consolidated subsidiary, acquired CJ HelloVision Nara Broadcasting Co., Ltd., CJ HelloVision Youngseo Broadcasting Network Co., Ltd., Hoengseong CATV Co., Ltd., CJ HelloVision Honam Broadcasting Co., Ltd., and CJ HelloVision Jeonbuk Broadcasting Network Co., Ltd. for ₩231,278 million. The goodwill of ₩158,162 million arising from the acquisition is attributable to acquired customer base, synergy effect, control premium and future market growth expected from combining the operations of the Group and CJ HelloVision Nara Broadcasting Co., Ltd., CJ HelloVision Youngseo Broadcasting Network Co., Ltd., Hoengseong CATV Co., Ltd., CJ HelloVision Honam Broadcasting Co., Ltd., and CJ HelloVision Jeonbuk Broadcasting Network Co., Ltd.

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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 CJ HelloVision Nara Broadcasting Co., Ltd., CJ HelloVision Youngseo Broadcasting Network Co., Ltd., Hoengseong CATV Co., Ltd., CJ HelloVision Honam Broadcasting Co., Ltd., and CJ HelloVision Jeonbuk Broadcasting Network Co., Ltd., the fair value of assets acquired and liabilities assumed at the acquisition date:

	<b>CJ HelloVision Nara Broadcasting Co., Ltd.</b>	<b>CJ HelloVision Youngseo Broadcasting Network Co., Ltd.</b>	<b>Hoengseong CATV Co., Ltd.</b>	<b>CJ HelloVision Honam Broadcasting Co., Ltd.</b>	<b>CJ HelloVision Jeonbuk Broadcasting Network Co., Ltd.</b>
<i>(In thousands of Korean won)</i>					
Consideration					
Cash	₩ 22,470,000	₩ 16,490,000	₩ 7,810,000	₩ 126,149,120	₩ 58,359,000
Recognized amounts of identifiable assets acquired and liabilities assumed	15,674,128	(5,045,731)	390,600	52,410,481	12,466,975
Cash and cash equivalents	372,180	945,780	296	1,507,114	823,775
Trade and other receivables	976,526	8,407,711	20,391	3,189,095	1,514,199
Inventories	-	135,204	-	850,475	203,718
Other current assets	15,392	270,660	441,374	170,574	104,866
Property, plant and equipment	21,593,830	29,739,752	239	23,278,324	16,667,355
Intangible assets	1,988,220	512,578	-	35,332,598	6,214,041
Other non-current assets	317,651	5,481,276	-	2,048,196	236,710
Trade and other payables	(1,553,230)	(7,221,230)	(71,700)	(3,875,110)	(1,065,344)
Borrowings	(6,066,560)	(41,439,229)	-	(4,000,000)	(10,606,000)
Other current liabilities	(1,800,077)	(1,811,360)	-	(4,788,559)	(1,334,363)
Other non-current liabilities	(169,804)	(66,873)	-	(1,302,226)	(291,982)
Non-controlling interests	(2,335,445)	-	-	(444,447)	-
Goodwill	₩ 9,131,317	₩ 21,535,731	₩ 7,419,400	₩ 74,183,086	₩ 45,892,025

Had CJ HelloVision Nara Broadcasting Co., Ltd., CJ HelloVision Youngseo Broadcasting Network Co., Ltd., Hoengseong CATV Co., Ltd., CJ HelloVision Honam Broadcasting Co., Ltd., and CJ HelloVision Jeonbuk Broadcasting Network Co., Ltd. been consolidated from January 1, 2013, the consolidated statement of comprehensive income would show revenue of ₩61,047 million and profit of ₩7,269 million.

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.

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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 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
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)
		<u>20,632,602</u>
Goodwill	₩	<u>9,256,157</u>

Had Wonji Co., Ltd. been consolidated from January 1, 2012, the consolidated statement of comprehensive income for the year ended December 31, 2012, 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
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		(2,867,947)
		<u>46,685,330</u>
Non-controlling interests		<u>(9,337,066)</u>
Goodwill	₩	<u>14,717,336</u>

Had TMI Trading Corp., Twin Marquis Inc. and Chef One Corporation been consolidated from January 1, 2012, the consolidated statement of comprehensive income for the years ended December 31, 2012, would show revenue of ₩43,346 million and profit of ₩8,027 million.

**37.2 Acquisition of significant business**

On July 10, 2012, CJ CheilJedang Corporation acquired Parenteral fluid production business of Medipharma Co., Ltd. for ₩52,500 million, and the amount of the identifiable net assets acquired and the goodwill is ₩32,510 million and ₩19,990 million, respectively. As a result of the acquisition, the Group is expected to enhance its competitive edge in these markets.

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
Recognized amounts of identifiable assets acquired and liabilities assumed		
Property, plant and equipment		<u>32,509,552</u>
Goodwill	₩	<u>19,990,448</u>

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Had the Group acquired Parenteral fluid production business from January 1, 2012, the consolidated statement of comprehensive income for the year ended December 31, 2012, would show revenue of ₩22,658 million and loss of ₩1,988 million.

**38. Related Party Transactions**

Significant transactions with related parties for the years ended December 31, 2013 and 2012, and the related receivables and payables as of December 31, 2013 and 2012, are as follows:

(in thousands of Korean won)	2013		2012		2013		2012	
	Sales	Purchases <sup>1</sup>	Sales	Purchases <sup>1</sup>	Receivables	Payables	Receivables	Payables
<b>Joint ventures and associates</b>								
Freshone Co., Ltd.	₩ 24,283,867	₩ 4,989	₩ 26,463,261	₩ -	₩ 3,672,170	₩ -	₩ 4,388,708	₩ -
FreshOne Gwangju Co. Ltd.	33,209,435	3,030	49,852,967	-	7,498,660	-	8,744,551	-
FreshOne NamSeoul Co., Ltd.	52,199,163	16,451	64,936,677	1,757	10,794,750	-	11,831,135	578
FreshOne Jungbu Co.Ltd.	33,415,190	262,308	40,956,503	-	8,715,648	-	8,269,243	-
Freshone Gangnam Co., Ltd.	70,234,085	2,720,627	28,940,935	-	16,492,303	-	11,015,640	-
Freshone Dongseoul Co., Ltd.	40,322,012	4,252,381	14,919,441	-	8,174,546	-	5,936,954	-
Freshone Daegugyoungbuk Co., Ltd.	40,229,157	87,631	11,152,514	-	10,346,726	-	-	-
Freshone Incheon Co., Ltd.	36,486,180	119,252	4,953,117	-	6,208,721	-	-	-
Incheon North Port Bulk Terminal Co., Ltd.	3,263,437	4,028,652	2,654,183	2,664,488	9,638,552	87,993	8,137,562	984,901
Terminal Operating Co., Ltd Of Masan Port-Pier 4	-	650,863	-	8,259,581	1,670	161,311	33,963	817,547
Ulsan Port Operating Co., Ltd.	786,224	6,879,558	721,866	6,957,036	175,150	888,417	185,038	659,471
Art Service Co., Ltd.	2,540,597	14,193	2,179,388	8,444,977	67,213	-	279,374	1,417,082
D-cinema of Korea Corp.	245,691	4,681,590	2,073,647	4,472,580	2,681	-	556,429	1,003,772
Home Choice Corp.	4,154,999	37,762,854	1,671,293	20,208,866	655,675	7,638,130	482,330	3,873,347
CJ Toyota Tsusho Philippines Inc.	126,872	650,448	785,688	5,290,297	310,459	-	2,520,320	747,006
Ebara CJ Fresh Foods Inc.	9,408,008	-	9,372,799	-	1,482,866	-	1,507,028	-
Shanghai SMG-CJ Home Shopping Co., Ltd.	56,433,497	-	39,900,740	-	7,304,187	-	3,235,635	-
Tiantian CJ Home Shopping Co., Ltd.	11,839,022	-	4,920,683	-	2,185,751	-	1,058,139	-
Others	19,297,850	14,665,921	16,280,053	15,917,122	10,930,759	4,702,689	5,506,619	3,682,658
	<u>438,475,286</u>	<u>76,800,748</u>	<u>322,735,755</u>	<u>72,216,704</u>	<u>104,658,487</u>	<u>13,478,540</u>	<u>73,688,668</u>	<u>13,186,362</u>
<b>Other related parties</b>								
C&I Leisure Industry Corp.	1,110,078	12,109,200	1,935,897	14,064,984	248,154	1,358,122	91,399	1,164,187
JS communications <sup>2</sup>	65,704,379	6,297,385	60,750,460	4,471,323	38,708,680	924,991	17,207,309	1,685,417
Others	327,357	5,198,892	190,574	3,690,931	32,061	1,084,417	7,565	430,921
	<u>67,141,814</u>	<u>23,605,477</u>	<u>62,876,931</u>	<u>22,227,238</u>	<u>38,988,895</u>	<u>3,367,530</u>	<u>17,306,273</u>	<u>3,280,525</u>
	<u>₩505,617,100</u>	<u>₩100,406,225</u>	<u>₩385,612,686</u>	<u>₩94,443,942</u>	<u>₩143,647,382</u>	<u>₩16,846,070</u>	<u>₩90,994,941</u>	<u>₩16,466,887</u>

<sup>1</sup> Acquisition of property, plant and equipment and intangible assets amounting to ₩8,870 million (2012: ₩4,977 million) are included under purchases.

<sup>2</sup> Transaction with JS Communications is presented at gross amount.



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Fund transactions with related parties for the year ended December 31, 2013, are as follows:

<i>(in thousands of Korean won)</i>	<b>Borrowing transactions</b>				<b>Equity contributions in cash</b>
	<b>Beginning balance</b>	<b>Borrowings</b>	<b>Repayments</b>	<b>Ending balance</b>	
<b>Joint ventures and associates</b>					
Incheon North Port Bulk Terminal Co., Ltd.	₩ 3,192,000	₩ 2,337,184	₩ -	₩ 5,529,184	₩ -
Sichuan Jixiangju Food Co., Ltd.	685,073	-	-	685,073	-
CJ Toyota Tsusho Philippines Inc.	-	-	-	-	39,935,154
Union Global Contents Investment	-	-	-	-	15,000,000
Arkema Thiochemicals Malaysia Sdn. Bhd.	-	-	-	-	8,942,056
Banks foundation for young entrepreneurs culture contents investment	-	-	-	-	6,000,000
CJ Mediasa Shopping&Retail Corporation	-	-	-	-	4,641,730
CJ Soho (Beijing) Co., Ltd.	-	-	-	-	3,877,139
Beijing Cag and CJ Foodville Co., Ltd.	-	-	-	-	3,196,956
ACJ O Shopping Corporation	-	-	-	-	2,745,000
Star CJ Network India Private Ltd.	-	-	-	-	2,294,580
IBK Group Contents Investment Fund	-	-	-	-	2,200,000
SMC-CJ O Shopping Co., Ltd.	-	-	-	-	1,464,948
Polaris Mnet Co., Ltd.	-	-	-	-	1,000,000
M-studio Co., Ltd.	-	-	-	-	980,997
PT CJ Foodville Indonesia	-	-	-	-	526,897
Zhongshan CJ Xingxing Cinema Co., Ltd.	-	-	-	-	459,933
CJ Mediasa Television Broadcasting Corporation	-	-	-	-	382,970
<b>Other related parties</b>					
C&I Leisure Industry Corp.	7,000,000	7,000,000	7,000,000	7,000,000	-

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Payment guaranteed provided by the Group as of December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>		Financial institution	Loan amounts		Guarantee amounts		Guarantee period	Remark
			2013	2012	2013	2012		
CJ CheilJedang Corporation	Sichuan Jixiangju Food Co., Ltd.	The Export-Import Bank of Korea	₩ 5,276,500	₩ 5,355,500	₩ 5,276,500	₩ 5,355,500	2013/03/25 - 2014/03/24	Borrowings
	CJ Toyota Tsuho Philippines Inc.	The Export-Import Bank of Korea	-	38,798,455	-	38,798,455	-	Borrowings
	Ebara CJ Fresh Foods Inc.	The Bank of Yokohama	447,943	-	1,679,784	-	2013/03/25 - 2014/03/24	Borrowings
CJ Foodville Corp.	PT CJ Foodville Indonesia	Woori Bank	518,400	-	1,067,040	-	2013/05/23 - 2014/05/23	Borrowings
			<u>₩ 6,242,843</u>	<u>₩ 44,153,955</u>	<u>₩ 8,023,324</u>	<u>₩ 44,153,955</u>		

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, 2013 and 2012, consists of:

<i>(in thousands of Korean won)</i>	2013	2012
Short-term employee benefits	₩ 5,951,652	₩ 7,322,165
Long-term employee benefits <sup>1</sup>	423,666	1,027,986
Severance	694,648	672,951
Share-based payments	-	276,493
	<u>₩ 7,069,966</u>	<u>₩ 9,299,595</u>

<sup>1</sup> Long-term employee benefits include long-term incentive plans. Long-term incentive is paid based on the performance of employees.

**39. 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.

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Operating segment information for the years ended December 31, 2013 and 2012, are as follows:

		<b>2013</b>				
<i>(in millions of Korean won)</i>		<b>Revenue</b>	<b>Inter-segment revenue</b>	<b>Revenue from external customers</b>	<b>Depreciation and amortization</b>	<b>Operating profit</b>
Food & food service	₩	7,347,554	₩ (1,278,251)	₩ 6,069,303	₩ 188,621	₩ 199,948
Bio & pharma		4,450,140	(1,116,999)	3,333,141	142,047	122,476
Homeshopping & logistics		6,562,148	(944,047)	5,618,101	135,600	162,262
Entertainment & media		4,136,542	(477,706)	3,658,836	625,604	239,900
Infrastructure		706,193	(533,875)	172,318	22,269	59,169
Consolidation adjustments		(4,350,878)	4,350,878	-	26,188	2,312
	₩	<u>18,851,699</u>	₩ -	₩ 18,851,699	₩ 1,140,329	₩ 786,067

  

		<b>2012</b>				
<i>(in millions of Korean won)</i>		<b>Revenue</b>	<b>Inter-segment revenue</b>	<b>Revenue from external customers</b>	<b>Depreciation and amortization</b>	<b>Operating profit(loss)</b>
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)
	₩	<u>17,628,388</u>	₩ -	₩ 17,628,388	₩ 1,045,562	₩ 1,062,972

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.

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Regional segment information for the years ended December 31, 2013 and 2012, are as follows:

		<b>2013</b>			
<i>(in millions of Korean won)</i>		<b>Revenue</b>	<b>Inter-segment revenue</b>	<b>Revenue from external customers</b>	<b>Non-current assets</b>
Domestic	₩	18,124,280	₩ (3,036,764)	₩ 15,087,516	₩ 10,244,596
Asia		3,976,052	(1,118,449)	2,857,603	1,913,945
America		739,945	(159,254)	580,691	521,179
Others		362,300	(36,411)	325,889	20,483
Consolidation adjustments		(4,350,878)	4,350,878	-	1,244,078
	₩	<u>18,851,699</u>	₩ -	₩ 18,851,699	₩ 13,944,281

  

		<b>2012</b>			
<i>(in millions of Korean won)</i>		<b>Revenue</b>	<b>Inter-segment revenue</b>	<b>Revenue from external customers</b>	<b>Non-current assets</b>
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>	₩ -	₩ 17,628,388	₩ 12,965,363

There is no customer who contributes at least 10% of the total sales of the Group for the years ended December 31, 2013 and 2012.

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**40. Information About Non-controlling Interests**

**40.1 Changes in Accumulated Non-controlling Interests**

The profit or loss allocated to non-controlling interests and accumulated non-controlling interests of subsidiaries that are material to the Group for the years ended December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won, except percentage of non-controlling interests)</i>	2013					
	Percentage of non-controlling interests (%)	Accumulated non-controlling interests at the beginning of the year	Profit or loss allocated to non-controlling interests	Dividends paid to non-controlling interests	Others	Accumulated non-controlling interests at the end of the year
CJ CheilJedang Corporation and CJ Korea Express Corporation	62.04	₩ 3,538,799,398	₩ 61,067,548	₩ (28,856,041)	₩ (127,250,767)	₩ 3,443,760,138
CJ Freshway Corporation	48.45	60,821,242	(5,866,225)	(1,049,505)	58,117,747	112,023,259
CJ O Shopping Co.,Ltd	58.69	740,236,842	117,264,762	(7,063,128)	118,052,074	968,490,550
CJ CGV Co., Ltd.	60.97	209,713,869	10,886,506	(4,399,662)	17,793,915	233,994,628
CJ E&M Corporation	60.46	930,159,333	(1,646,472)	-	2,077,024	930,589,885

  

<i>(in thousands of Korean won, except percentage of non-controlling interests)</i>	2012					
	Percentage of non-controlling interests (%)	Accumulated non-controlling interests at the beginning of the year	Profit or loss allocated to non-controlling interests	Dividends paid to non-controlling interests	Others	Accumulated non-controlling interests at the end of the year
CJ CheilJedang Corporation and CJ Korea Express Corporation	62.00	₩ 3,161,713,110	₩ 193,126,874	₩ (24,150,226)	₩ 208,109,640	₩ 3,538,799,398
CJ Freshway Corporation	48.37	44,580,255	5,463,650	(883,842)	11,661,179	60,821,242
CJ O Shopping Co.,Ltd	58.68	548,374,223	125,389,744	(7,096,385)	73,569,260	740,236,842
CJ CGV Co., Ltd.	59.94	185,626,004	33,134,351	(3,707,431)	(5,339,055)	209,713,869
CJ E&M Corporation	59.42	888,611,133	(17,531,166)	-	59,079,366	930,159,333

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**40.2 Summarized Financial Information on Subsidiaries**

The summarized financial information for each subsidiary with non-controlling interests that are material to the Group before consolidation adjustment are as follows:

Summarized consolidated statements of financial position as of December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	<b>2013</b>				
	<b>Current assets</b>	<b>Non-current assets</b>	<b>Current liabilities</b>	<b>Non-current liabilities</b>	<b>Equity</b>
CJ CheilJedang Corporation	₩3,520,295,467	₩9,484,194,625	₩3,616,095,540	₩4,575,815,444	₩4,812,579,108
CJ Freshway Corporation	333,470,728	263,493,189	304,021,178	109,878,412	183,064,327
CJ O Shopping Co., Ltd	771,222,144	2,259,720,751	916,102,092	945,670,374	1,169,170,429
CJ CGV Co., Ltd.	239,438,174	859,736,780	455,061,488	265,481,070	378,632,396
CJ E&M Corporation	1,004,913,254	1,207,029,879	536,331,713	400,838,319	1,274,773,101

  

<i>(in thousands of Korean won)</i>	<b>2012</b>				
	<b>Current assets</b>	<b>Non-current assets</b>	<b>Current liabilities</b>	<b>Non-current liabilities</b>	<b>Equity</b>
CJ CheilJedang Corporation	₩3,363,495,811	₩9,000,386,849	₩3,389,358,796	₩3,753,488,920	₩5,221,034,944
CJ Freshway Corporation	353,707,776	296,811,587	439,496,343	70,057,370	140,965,650
CJ O Shopping Co., Ltd	634,991,397	1,758,166,619	965,624,015	491,340,548	936,193,453
CJ CGV Co., Ltd.	287,526,984	720,447,735	314,132,595	345,845,489	347,996,635
CJ E&M Corporation	927,532,598	1,163,444,865	506,012,252	308,419,636	1,276,545,575

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Summarized consolidated statements of comprehensive income for the years ended December 31, 2013 and 2012, are as follows:

<b>2013</b>				
<i>(in thousands of Korean won)</i>	<b>Sales</b>	<b>Profit or loss</b>	<b>Other comprehensive income</b>	<b>Total comprehensive income</b>
CJ CheilJedang Corporation	₩ 10,847,718,244	₩ 71,061,595	₩ (144,416,812)	₩ (73,355,217)
CJ Freshway Corporation	1,876,931,463	(13,991,665)	(1,794,280)	(15,785,945)
CJ O Shopping Co., Ltd	2,513,495,630	166,535,449	(202,325)	166,333,124
CJ CGV Co., Ltd.	915,929,692	12,131,845	(244,582)	11,887,263
CJ E&M Corporation	1,716,055,901	937,789	(3,612,971)	(2,675,182)

  

<b>2012</b>				
<i>(in thousands of Korean won)</i>	<b>Sales</b>	<b>Profit or loss</b>	<b>Other comprehensive income</b>	<b>Total comprehensive income</b>
CJ CheilJedang Corporation	₩ 9,877,532,183	₩ 310,715,670	₩ (50,872,751)	₩ 259,842,919
CJ Freshway Corporation	1,872,726,969	11,668,445	12,386,053	24,054,498
CJ O Shopping Co., Ltd	1,991,958,555	187,546,837	1,687,989	189,234,826
CJ CGV Co., Ltd.	779,332,695	54,984,006	(6,458,486)	48,525,520
CJ E&M Corporation	1,394,584,895	23,258,960	(14,541,193)	8,717,767

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Summarized consolidated statements of cash flows for the years ended December 31, 2013 and 2012, are as follows:

<i>(in thousands of Korean won)</i>	<b>2013</b>				
	<b>CJ CheilJedang Corporation</b>	<b>CJ Freshway Corporation</b>	<b>CJ O Shopping Co., Ltd</b>	<b>CJ CGV Co., Ltd.</b>	<b>CJ E&amp;M Corporation</b>
Cash flows from operating activities	₩ 590,059,101	₩ (9,537,914)	₩ 279,819,816	₩ 61,496,824	₩ 402,980,957
Cash flows from investing activities	(774,523,714)	(16,501,583)	(618,953,172)	(207,587,745)	(341,511,924)
Cash flows from financing activities	66,985,599	25,730,455	426,987,850	48,974,517	103,846,622
Net (decrease)/increase in cash and cash equivalents	(117,479,014)	(309,042)	87,854,494	(97,116,404)	165,315,655
Cash and cash equivalents at beginning of year	556,793,987	11,381,879	115,624,177	183,140,936	165,365,017
Exchange gains/(losses) on cash and cash equivalents	(7,398,589)	7,573	(1,143,492)	(48,076)	1,629,824
Cash and cash equivalents at end of year	<u>₩ 431,916,384</u>	<u>₩ 11,080,410</u>	<u>₩ 202,335,179</u>	<u>₩ 85,976,456</u>	<u>₩ 332,310,496</u>
	<b>2012</b>				
<i>(in thousands of Korean won)</i>	<b>CJ CheilJedang Corporation</b>	<b>CJ Freshway Corporation</b>	<b>CJ O Shopping Co., Ltd</b>	<b>CJ CGV Co., Ltd.</b>	<b>CJ E&amp;M Corporation</b>
Cash flows from operating activities	₩ 805,051,777	₩ 2,814,354	₩ 265,301,325	₩ 122,389,662	₩ 318,350,856
Cash flows from investing activities	(1,156,311,478)	(124,909,449)	(431,348,444)	24,688,983	(278,750,359)
Cash flows from financing activities	456,134,987	124,788,851	182,019,030	(49,713,662)	(23,920,968)
Net (decrease)/increase in cash and cash equivalents	104,875,286	2,693,756	15,971,911	97,364,983	15,679,529
Cash and cash equivalents at beginning of year	478,739,784	8,750,441	127,750,403	86,880,210	152,060,988
Exchange gains/(losses) on cash and cash equivalents	(26,821,083)	(62,318)	(4,168,411)	(1,104,257)	(2,375,500)
Cash and cash equivalents at end of year	<u>₩ 556,793,987</u>	<u>₩ 11,381,879</u>	<u>₩ 139,553,903</u>	<u>₩ 183,140,936</u>	<u>₩ 165,365,017</u>

**40.3 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 ₩55,476 million (2012: ₩39,492 million) are treated as increase (decrease) in equity attributable to owners of the Company.



# **CJ Corporation and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **December 31, 2013 and 2012**

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#### **41. Subsequent Events**

On February 6, 2014, the Board of Directors approved the spin-off CJ Cheiljedang Corp.'s pharmaceutical business division to respond effectively to radical changes in the pharmaceutical business market and regulation environments, establish management strategies for business characteristics, and enhance prompt decision-making and professionalism. The spin-off date is April 1, 2014, and the spin-off plan will be approved at the annual shareholders' meeting on March 21, 2014.

On January 28, 2014, CJ Korea Express Corporation, a consolidated subsidiary, entered into a sales contract with Kumho Terminal and three other entities to dispose of 6,604,843 shares of Kumho Resort Co., Ltd., a joint venture, for ₩69,500 million.

On February 1, 2014, Korea Integrated Freight Terminal Co., Ltd., a consolidated subsidiary, merged with Jung-bu Integrated Freight Terminal Co., Ltd.