

# **CJ Corporation and Subsidiaries**

**Consolidated Financial Statements**

**December 31, 2014 and 2013**

# CJ Corporation and Subsidiaries

## Index

December 31, 2014 and 2013

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## Independent Auditor's Report

(English Translation of a Report Originally Issued in Korean)

To the Board of Directors and Shareholders of  
CJ Corporation

We have audited the accompanying consolidated financial statements of CJ Corporation ("the Company") and its subsidiaries (collectively referred as "the Group"), which comprise the consolidated statements of financial position as of December 31, 2014 and 2013, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### ***Management's responsibility for the financial statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with the Korean Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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*Samil PricewaterhouseCoopers, LS Yongsan Tower, 92, Hangang-daero, Yongsan-gu,  
Seoul 140-702, Korea (Yongsan P.O Box 266, 140-702), [www.samil.com](http://www.samil.com)*

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of CJ Corporation and its subsidiaries as of December 31, 2014 and 2013, and their financial performance and cash flows for the years then ended in accordance with the Korean IFRS.

***Other Matters***

The consolidated financial statements of the Group as of and for the year ended December 31, 2013, were audited in accordance with the previous Korean Standards on Auditing. We did not audit the financial statements of CJ O Shopping Co., Ltd and 31 other subsidiaries, whose financial statements represent 52% of the Group's consolidated total assets as of December 31, 2013, and 52% of the Group's consolidated total sales for the year ended December 31, 2013. 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.

Auditing standards and their application in practice vary among countries. The procedures and practices used in the Republic of Korea to audit such financial statements may differ from those generally accepted and applied in other countries.

Seoul, Korea  
March 11, 2015

This report is effective as of March 11, 2015, 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, 2014 and 2013**

<i>(in thousands of Korean won)</i>	Notes	2014	2013
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	₩ 991,166,042	₩ 1,240,341,399
Short-term financial instruments	6,7	864,030,761	318,036,776
Short-term loans receivable	6	61,932,350	83,203,866
Trade receivables	6,8	2,516,322,061	2,379,216,183
Other current financial assets	6,8,9	544,558,392	492,726,807
Advance payments		242,904,304	262,263,989
Inventories	10	1,421,771,573	1,293,816,082
Biological assets	11	18,563,527	15,748,581
Other current assets	12	<u>227,885,772</u>	<u>266,441,596</u>
		<u>6,889,134,782</u>	<u>6,351,795,279</u>
<b>Non-current assets held-for-sale</b>	13	<u>104,753,704</u>	<u>184,741,930</u>
<b>Non-current assets</b>			
Non-current available-for-sale financial assets	6,14	624,417,159	626,803,835
Investment in joint ventures and associates	15	645,500,536	352,093,185
Property, plant and equipment	16	9,108,937,572	8,833,246,209
Intangible assets	17	4,313,115,007	4,290,491,280
Investment property	18	310,651,293	429,194,289
Other non-current financial assets	6,8,9	465,975,870	434,328,563
Deferred income tax assets	22	239,309,403	229,661,275
Other non-current assets	12	<u>337,523,486</u>	<u>391,349,009</u>
		<u>16,045,430,326</u>	<u>15,587,167,645</u>
<b>Total assets</b>		<u>₩ 23,039,318,812</u>	<u>₩ 22,123,704,854</u>

**CJ Corporation and Subsidiaries**  
**Consolidated Statements of Financial Position**  
**December 31, 2014 and 2013**

<i>(in thousands of Korean won)</i>	<b>Notes</b>	<b>2014</b>	<b>2013</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables	6	₩ 1,302,361,117	₩ 1,198,161,316
Short-term borrowings	6,19	2,164,251,359	2,122,552,719
Current portion of debentures and non-current borrowings	6,19,20	1,438,474,556	1,090,753,815
Non-trade payables	6	786,583,048	782,758,463
Other current financial liabilities	6,9	572,063,598	538,469,154
Income taxes payable		141,979,483	112,686,981
Current provisions for liabilities and charges	23	14,213,156	7,797,302
Other current liabilities	12	690,139,619	564,254,130
		<u>7,110,065,936</u>	<u>6,417,433,880</u>
<b>Non-current liabilities held-for-sale</b>	13	90,701,020	92,659,236
<b>Non-current liabilities</b>			
Non-current borrowings	6,19	2,456,585,465	2,701,866,349
Debentures	6,20	2,937,834,735	3,006,732,827
Deposits received	6	160,697,516	133,854,465
Other non-current financial liabilities	6,9	49,441,264	81,929,477
Net defined benefit liabilities	21	232,002,915	180,650,243
Deferred income tax liabilities	22	750,424,218	730,570,704
Non-current provisions for liabilities and charges	23	20,402,163	16,600,308
Other non-current liabilities	12	161,289,071	160,462,023
		<u>6,768,677,347</u>	<u>7,012,666,396</u>
<b>Total liabilities</b>		<u>13,969,444,303</u>	<u>13,522,759,512</u>
<b>Equity</b>			
<b>Equity attributable to owners of the Company</b>			
Capital stock	24	157,451,955	157,232,680
Paid-in capital in excess of par value	24	983,970,984	979,794,142
Other components of equity	26	(97,313,021)	(108,093,132)
Retained earnings	27	2,361,280,447	2,198,752,296
<b>Non-controlling interest</b>		<u>5,664,484,144</u>	<u>5,373,259,356</u>
<b>Total equity</b>		<u>9,069,874,509</u>	<u>8,600,945,342</u>
<b>Total liabilities and equity</b>		<u>₩ 23,039,318,812</u>	<u>₩ 22,123,704,854</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, 2014 and 2013**

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

	Notes	2014	2013
<b>Sales</b>	39	₩ 19,572,301,244	₩ 18,851,698,863
<b>Cost of sales</b>	29	<u>(13,482,375,700)</u>	<u>(13,346,666,623)</u>
<b>Gross income</b>		6,089,925,544	5,505,032,240
Selling and administrative expenses	29,30	(5,086,807,659)	(4,718,965,200)
<b>Operating income</b>	39	<u>1,003,117,885</u>	<u>786,067,040</u>
Financial income	31	262,414,357	571,634,828
Financial expenses	31	(586,541,914)	(600,110,920)
Share of profit of joint ventures and associates	15	24,137,741	(27,126,499)
Other non-operating income	1,32	478,681,976	111,505,696
Other non-operating expenses	32	(384,490,557)	(411,699,403)
Profit before income tax		<u>797,319,488</u>	<u>430,270,742</u>
Income tax expense	22	(288,686,344)	(107,662,405)
<b>Profit for the year</b>		<u>₩ 508,633,144</u>	<u>₩ 322,608,337</u>
Profit attributable to owners of the Company		209,165,289	149,588,186
Profit attributable to non-controlling interests		299,467,855	173,020,151
<b>Earnings per share attributable to the equity holders of the Company during the year</b>	33		
Basic earnings per common share		<u>₩ 7,375</u>	<u>₩ 5,280</u>
Diluted earnings per common share		<u>₩ 7,339</u>	<u>₩ 5,261</u>
Basic earnings per preferred share		<u>₩ 7,425</u>	<u>₩ 5,330</u>
Diluted earnings per preferred share		<u>₩ 7,389</u>	<u>₩ 5,311</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, 2014 and 2013**

<i>(in thousands of Korean won)</i>	<b>Notes</b>	<b>2014</b>	<b>2013</b>
<b>Profit for the year</b>		<u>₩ 508,633,144</u>	<u>₩ 322,608,337</u>
<b>Other comprehensive income (loss)</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Remeasurements of net defined benefit liabilities		(50,708,257)	(10,730,450)
<b>Items that may be subsequently reclassified to profit or loss:</b>			
Gains (losses) on valuation of available-for-sale financial assets		44,639,169	(181,025,789)
Share of other comprehensive income (loss) of joint venture and associates		3,435,977	(7,009,656)
Translation of foreign currency financial statements		33,406,812	(25,950,633)
Gains (losses) on valuation of derivative instruments		<u>(1,960,569)</u>	<u>1,289,649</u>
<b>Other comprehensive income (loss) for the year</b>		<u>28,813,132</u>	<u>(223,426,879)</u>
<b>Total comprehensive income for the year</b>		<u>₩ 537,446,276</u>	<u>₩ 99,181,458</u>
<b>Attributable to :</b>			
Equity holders of the Company		₩ 217,982,415	₩ 10,479,704
Non-controlling interests		319,463,861	88,701,754

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, 2014 and 2013**

	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 (loss)</b>								
Profit for the year		-	-	-	149,588,186	149,588,186	173,020,151	322,608,337
Losses 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 joint ventures and associates		-	-	(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)
Gains 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 (loss) 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

**CJ Corporation and Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**Years Ended December 31, 2014 and 2013**

	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, 2014</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
<b>Comprehensive income</b>								
Profit for the year		-	-	-	209,165,289	209,165,289	299,467,855	508,633,144
Gains on valuation of available-for-sale financial assets		-	-	17,461,973	-	17,461,973	27,177,196	44,639,169
Share of other comprehensive income of joint ventures and associates		-	-	429,690	-	429,690	3,006,287	3,435,977
Translation of foreign currency financial statements		-	-	11,095,800	-	11,095,800	22,311,012	33,406,812
Losses on valuation of derivative instruments	9	-	-	(557,867)	-	(557,867)	(1,402,702)	(1,960,569)
Remeasurements of net defined benefit liabilities	21	-	-	-	(19,612,470)	(19,612,470)	(31,095,787)	(50,708,257)
<b>Total comprehensive income for the year</b>		-	-	28,429,596	189,552,819	217,982,415	319,463,861	537,446,276
<b>Transactions with equity holders of the Company</b>								
Issuance of common stock due to exercise of share options		219,275	4,176,842	(1,277,157)	-	3,118,960	-	3,118,960
Cash dividends	34	-	-	-	(27,024,668)	(27,024,668)	(43,541,979)	(70,566,647)
Others		-	-	585,548	-	585,548	1,218,022	1,803,570
Non-controlling interests arising on business combination		-	-	-	-	-	(129,695,857)	(129,695,857)
Changes in ownership interests in subsidiaries without change of control	40	-	-	(16,957,876)	-	(16,957,876)	143,780,741	126,822,865
<b>Total transaction with equity holders of the Company</b>		219,275	4,176,842	(17,649,485)	(27,024,668)	(40,278,036)	(28,239,073)	(68,517,109)
<b>Balances at December 31, 2014</b>		₩ 157,451,955	₩ 983,970,984	₩ (97,313,021)	₩ 2,361,280,447	₩ 3,405,390,365	₩ 5,664,484,144	₩ 9,069,874,509

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, 2014 and 2013**

<i>(in thousands of Korean won)</i>	Notes	2014	2013
<b>Cash flows from operating activities</b>			
Cash generated from operations	35	₩ 1,998,620,170	₩ 1,677,712,844
Income tax paid		(237,634,097)	(201,236,303)
<b>Net cash generated from operating activities</b>		<u>1,760,986,073</u>	<u>1,476,476,541</u>
<b>Cash flows from investing activities</b>			
Decrease (increase) in short-term financial instruments		(618,621,235)	163,542,843
Decrease in short-term loans receivable		75,248,021	217,464,465
Increase in short-term loans receivable		(64,222,700)	(144,260,964)
Proceeds from disposal of non-current assets held-for-sale		69,023,043	-
Proceeds from disposal of available-for-sale financial assets		20,477,308	411,711,451
Purchase of available-for-sale financial assets		(14,318,034)	(19,872,945)
Proceeds from disposal of investments in joint ventures and associates		12,106,588	7,979,305
Acquisition of investments in joint ventures and associates		(45,747,355)	(100,772,447)
Proceeds from disposal of property, plant and equipment		70,862,987	44,470,226
Purchase of property, plant and equipment		(1,010,756,603)	(1,536,253,975)
Proceeds from disposal of intangible assets		10,531,066	9,545,636
Purchase of intangible assets		(576,895,392)	(538,796,210)
Proceeds from disposal of investment property		61,181,860	6,009,829
Purchase of investment property		(1,294,913)	(15,631,875)
Proceeds from disposal of other current financial assets		36,844,303	20,509,030
Purchase of other current financial assets		(52,317,240)	(29,915,867)
Proceeds from disposal of other non-current financial assets		46,005,348	48,924,624
Purchase of other non-current financial assets		(139,484,448)	(178,348,266)
Proceeds from disposal of other non-current assets		516,352	246,655
Purchase of other non-current assets		(675,753)	(14,388,961)
Proceeds from disposal of subsidiaries		202,131,433	27,684,283
Acquisition of subsidiaries, net of cash acquired		(79,526,855)	(267,611,858)
Interest received		51,686,847	67,385,164
Dividends received		12,878,412	22,669,335
Change from other investing activities		<u>1,677,470</u>	<u>(617,761)</u>
<b>Net cash used in investing activities</b>		<u>(1,932,689,490)</u>	<u>(1,798,328,283)</u>

**CJ Corporation and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2014 and 2013**

<i>(in thousands of Korean won)</i>	Notes	2014	2013
<b>Cash flows from financing activities</b>			
Net increase (decrease) in short-term borrowings	₩	137,499,329	₩ (272,560,367)
Proceeds from issuance of non-current borrowings		736,089,530	1,397,462,343
Repayment of non-current borrowings		(489,611,705)	(442,673,911)
Increase in current portion of debentures and non-current borrowings		-	455,806
Decrease in current portion of debentures and non-current borrowings		(985,965,441)	(853,382,533)
Proceeds from issuance of debentures		851,419,292	1,044,742,025
Repayment of debentures		(182,033,058)	(179,330,064)
Increase in deposits received		29,326,800	12,431,510
Decrease in deposits received		(17,782,580)	(9,829,000)
Increase in other current financial assets		-	(595,421)
Decrease in other current financial liabilities		(1,331,460)	(17,925,001)
Increase in other current liabilities		60,381,315	-
Proceeds from exercise of share options		3,118,960	1,790,735
Increase in non-controlling interests		179,808,730	97,289,574
Decrease in non-controlling interests		(37,468,121)	(34,950,207)
Dividends paid to non-controlling interests		(43,541,979)	(41,368,336)
Interest paid		(285,989,328)	(329,394,940)
Dividends paid		(27,024,668)	(18,509,692)
Change from other financing activities		(372,390)	(1,507,716)
<b>Net cash provided by (used in) financing activities</b>		<u>(73,476,774)</u>	<u>352,144,805</u>
<b>Net increase(decrease) in cash and cash equivalents</b>		(245,180,191)	30,293,063
Cash and cash equivalents at the beginning of year		1,240,341,399	1,224,733,061
Exchange losses on cash and cash equivalents		(3,209,343)	(14,629,040)
<b>Net decrease in cash and cash equivalents of held-for-sale investments classified as disposal groups</b>		<u>(785,823)</u>	<u>(55,685)</u>
<b>Cash and cash equivalents on the consolidated statement of financial position at the end of year</b>	₩	<u>991,166,042</u>	<u>₩ 1,240,341,399</u>

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

# CJ Corporation and Subsidiaries

## Notes

December 31, 2014 and 2013

### 1. General Information

CJ Corporation (the "Company") and 52 domestic entities, including CJ CheilJedang Corporation, and 167 foreign entities, including PT CheilJedang Indonesia, (the "Subsidiaries")(collectively referred to as the "Group") with its equity method investments in Netmarble Games Corporation (formerly CJ Games Corporation) and other 94 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 of 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, 2014, capital stock amounts to ₩157,452 million, and its majority shareholder is Mr. Lee Jay Hyun, who owns 42.21% of the issued shares.

Subsidiaries included in the consolidated financial statements as of December 31, 2014, are as follows:

Subsidiaries	Location	Percentage of ownership (%)		Closing month	Main business
		2014	2013	of accounting year	
CJ CheilJedang Corporation <sup>1</sup>	Korea	37.85	37.96	December	Food manufacturing Medicine
CJ HealthCare Corporation	Korea	100.00	-	December	Manufacturing and sales
CJ Freshway Corporation	Korea	51.48	51.55	December	Wholesale and brokerage
FreshOne Incheon Co., Ltd.	Korea	51.00	-	December	Food logistic
FreshOne Gwangju Co., Ltd.	Korea	52.82	-	December	Food logistic
FreshOne NamSeoul Co., Ltd.	Korea	82.66	-	December	Food logistic
FreshOne Jungbu Co., Ltd.	Korea	61.48	-	December	Food logistic
FreshOne Gangnam Co., Ltd.	Korea	51.82	-	December	Food logistic
FreshOne DongSeoul Co., Ltd.	Korea	66.20	-	December	Food logistic
FreshOne Daegu Gyeongbuk Co., Ltd.	Korea	51.00	-	December	Food logistic
CJ Foodville Corp.	Korea	96.02	96.02	December	Restaurant and bar Wholesale, retail, bay salt
Sinuido Solar Salt Corporation	Korea	88.03	88.03	December	and e-commerce
CJ Dondonfarm Co., Ltd.	Korea	99.99	99.99	December	Hog raising
CJ Seafood Corporation <sup>1</sup>	Korea	46.52	46.52	December	Food manufacturing Food & beverage
Youngwoo Frozen Foods Co., Ltd.	Korea	100.00	100.00	December	manufacturing
Wonji Co., Ltd.	Korea	100.00	100.00	December	Printing business
CJ O Shopping Co., Ltd. <sup>1</sup>	Korea	41.29	41.31	December	CATV
O Trend Lab Co., Ltd.	Korea	100.00	100.00	December	Business consulting
CJ HelloVision Co., Ltd.	Korea	53.92	53.92	December	CATV
CJ Telenix Co., Ltd.	Korea	100.00	100.00	December	Business support service

# CJ Corporation and Subsidiaries

## Notes

December 31, 2014 and 2013

Subsidiaries	Location	Percentage of ownership (%)		Closing month of accounting year	Main business
		2014	2013		
CJ Olive Young Corporation	Korea	-	100.00	December	Retail
E&C Infra Co., Ltd.	Korea	100.00	100.00	December	Storage and warehousing Exhibition and event
Superrace Co., Ltd.	Korea	98.79	98.79	December	agency
CJ HelloVision Silla Broadcasting Co., Ltd.	Korea	-	100.00	December	CATV
CJ Korea Express Corporation	Korea	52.58	52.58	December	Logistics
Korea Integrated Freight Terminal Co., Ltd.	Korea	86.43	95.43	December	Integrated freight terminal operation
Jung-bu Integrated Freight Terminal Co., Ltd.	Korea	-	59.67	December	Integrated freight terminal operation
PECT New Container Terminal Co., Ltd. <sup>3</sup>	Korea	90.00	90.00	December	Harbor loading and unloading
CJ Korea Express Busan Container Terminal Corporation <sup>3</sup>	Korea	66.92	91.92	December	Harbor loading and unloading
CJ Korea Express Busan Newport Distripark Co., Ltd.	Korea	84.36	84.36	December	Storage and transportation
CJ Korea Express Incheon Container Terminal Corporation	Korea	100.00	100.00	December	Harbor loading and unloading
CJ Educations Corporation	Korea	-	94.79	December	Software development and supply
Korea Express SB Co., Ltd.	Korea	70.00	70.00	December	Storage and warehouse
KX Holdings Corporation	Korea	100.00	100.00	December	Investment and management of logistics
CJ Powercast Inc.	Korea	60.00	60.00	December	Broadcast transmission agency
IGS Co., Ltd. (formerly CJIG. Co., Ltd.)	Korea	-	100.00	December	Game software development and supply
Anipark Co., Ltd.	Korea	-	52.54	December	Game software development and supply
CJ CGV Co., Ltd. <sup>1</sup>	Korea	39.02	39.03	December	Movie theater operation
CJ 4DPLEX Co., Ltd.	Korea	93.66	93.66	December	Equipment sales
Simuline Inc.	Korea	70.35	64.89	December	Equipment manufacturing
Seed9 Games Corp.	Korea	-	55.02	December	Game software development and supply
Mediaweb Inc.	Korea	-	68.84	December	Development and supply of application software
CJ HelloVision Youngdong Broadcasting System Co., Ltd.	Korea	-	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 Corporation and Subsidiaries**  
**Notes**  
**December 31, 2014 and 2013**

Subsidiaries	Location	Percentage of ownership (%)		Closing month of accounting year	Main business
		2014	2013		
CJ E&M Corporation <sup>1</sup>	Korea	39.52	39.54	December	Broadcasting, game, movie, music, and performance business
Reborn Games Co., Ltd. (formerly CJ Game Lab Corp.)	Korea	-	81.82	December	Game software development and supply
Nurien Soft Co., Ltd.	Korea	-	52.00	December	Game software development and supply
N2play Co., Ltd.	Korea	-	51.00	December	Game software development and supply
Netmarble Games CJ Corporation (formerly CJ Games Corporation)	Korea	-	50.13	December	Game software development and supply
TurnOn Games 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	December	Information service
JS Pictures Co., Ltd.	Korea	70.00	70.00	December	Contents production
CJ HelloVision Jeonbuk Broadcasting Co., Ltd.	Korea	100.00	100.00	December	CATV
Hoengseong CATV Co., Ltd.	Korea	-	100.00	December	Other sound equipment manufacturing
CJ HelloVision Youngseo Broadcasting Network Co., Ltd.	Korea	100.00	100.00	December	CATV
CJ HelloVision Honam Broadcasting Co., Ltd.	Korea	100.00	99.15	December	CATV
MMO Entertainment Corporation	Korea	100.00	-	December	Management
CJ HelloVision Gangwon Broadcasting Co., Ltd.	Korea	93.33	-	December	CATV
Story Plant Co., Ltd.	Korea	100.00	-	December	Broadcast program manufacturing
CJ CATV 2nd Co., Ltd. <sup>2</sup>	Korea	-	-	December	Other finance
TW No.13-New Industry (formerly CJ Venture Investment No.13 - New Industry)	Korea	95.00	95.00	December	Investment association
CJ OliveNetworks Corporation (formerly CJ Systems Co., Ltd.)	Korea	76.30	66.32	December	Wholesale and retail, system integration and management
AZworks Inc.	Korea	-	74.12	December	Digital image information processing
CJ Engineering & Construction Corp.	Korea	99.94	99.94	December	Construction
CJ MD1 Co., Ltd.	Korea	100.00	100.00	December	Business support service
CJ NGC Korea Co., Ltd.	Korea	67.00	67.00	December	Broadcast program supply
CJ N City Co., Ltd.	Korea	-	100.00	December	Business support service
CJ Changsha Feed Co., Ltd.	China	-	100.00	December	Feed manufacturing and sales

# CJ Corporation and Subsidiaries

## Notes

December 31, 2014 and 2013

Subsidiaries	Location	Percentage of ownership (%)		Closing month of accounting year	Main business
		2014	2013		
CJ Food Service(Shanghai) Co., Ltd.	China	100.00	100.00	December	Restaurant
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 (China) Food Co., Ltd. (formerly 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 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 DCH Guangdong Frozen Food Co., Ltd.	China	60.00	60.00	December	Frozen food and chilled foods manufacturing and sales
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-Yihai (Kunshan) Foodstuffs Co., Ltd. <sup>1</sup>	China	50.00	50.00	December	Premix manufacturing and sales
CJ Foodville Shanghai Corp.	China	100.00	100.00	December	Food manufacturing and restaurant
CJ Freshway Shenyang Co., Ltd.	China	100.00	100.00	December	Catering
CJ Freshway Vietnam Co., Ltd.	Vietnam	100.00	100.00	December	Food logistic
CJ Freshway America Corporation	USA	100.00	100.00	December	Food logistic
PT CJ CheilJedang Lestari	Indonesia	75.00	75.00	December	Food manufacturing
CJ Freshway Qingdao Corporation	China	100.00	100.00	December	Food logistic
CJ Act Pty. Ltd.	Australia	100.00	100.00	December	Cassava plantation
Shanghai Blue Wish Catering Service Co., Ltd.	China	96.87	96.87	December	Catering
CJ Nutracon Pty.	Australia	100.00	100.00	December	Food manufacturing
CJ Bio Malaysia Sdn. Bhd.	Malaysia	86.00	86.00	December	Methionine manufacturing and sales



# CJ Corporation and Subsidiaries

## Notes

December 31, 2014 and 2013

Subsidiaries	Location	Percentage of ownership (%)		Closing month of accounting year	Main business
		2014	2013		
CJ Cheiljedang Mexico, S.A. DE C.V.	Mexico	100.00	100.00	December	Food sales and distribution
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	USA	100.00	100.00	December	Food manufacturing Feed manufacturing and sales
PT CJ Feed Medan	Indonesia	100.00	75.00	December	Restaurant
Bibigo International Corp.	USA	100.00	100.00	December	Food manufacturing Feed manufacturing and sales
PT CJ Food Lestari	Indonesia	95.00	-	December	Lysine manufacturing and sales
CJ Philippines, Inc.	Philippines	70.00	70.00	December	Feed 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 Cheiljedang Feed Lampung	Indonesia	100.00	100.00	December	Feed manufacturing and sales
PT CJ Feed Jombang	Indonesia	100.00	100.00	December	Breeding stock
PT Agrobis Panca Ekatama	Indonesia	100.00	100.00	December	Breeding stock
PT Super Unggas Jaya	Indonesia	100.00	100.00	December	Bio logistic
CJ Bio Rus	Russia	99.90	99.90	December	Feed manufacturing and sales
CJ Vina Agri Co., Ltd.	Vietnam	100.00	100.00	December	Food manufacturing Mill manufacturing and sales
CJ Omni, Inc.	USA	-	100.00	December	Food manufacturing Feed manufacturing and sales
CJ-SC Global Milling LLC.	Vietnam	53.00	51.00	December	Research and development
Tous Les Jours International Corp.	USA	100.00	100.00	December	Restaurant
CJ Feed India Private Ltd.	India	100.00	100.00	December	Feed manufacturing and sales
CJ Pharma Research India Ltd.	India	100.00	100.00	December	Restaurant
CJ Foodville Japan Co., Ltd.	Japan	99.85	99.85	December	Hog raising
CJ Vina food 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 Food Europe Ltd.	UK	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 Bio America Inc.	USA	100.00	100.00	December	Lysine manufacturing and sales

# CJ Corporation and Subsidiaries

## Notes

December 31, 2014 and 2013

Subsidiaries	Location	Percentage of ownership (%)		Closing month of accounting year	Main business
		2014	2013		
CJ Korea Express Malaysia Sdn. Bhd.	Malaysia	100.00	100.00	December	Logistics
PT CJ Korea Express Indonesia (formerly PT CJ GLS Indonesia)	Indonesia	95.00	95.00	December	Logistics
EC Distribution Sdn. Bhd.	Malaysia	100.00	100.00	December	Logistics
CJ Korea Express Philippines Corporation	Philippines	100.00	100.00	December	Logistics
CJ IMC Co., Ltd.	China	100.00	100.00	December	Wholesale and brokerage
CJ GLS (Hong Kong) Ltd.	Hong Kong	100.00	100.00	December	Logistics
EC Service Enterprise Sdn. Bhd.	Malaysia	100.00	100.00	December	Logistics
CJ GLS China (Shanghai) Ltd.	China	100.00	100.00	December	Logistics
CJ Korea Express Mexico, S.A. DE C.V.	Mexico	99.90	99.90	December	Logistics
CJ Korea Express Conpac Warehousing Pte. Ltd.	Singapore	100.00	100.00	December	Logistics
CJ Korea Express Netherlands B.V.	Netherlands	100.00	100.00	December	Logistics
CJ GLS America, Inc.	USA	-	100.00	December	Logistics
CJ Korea Express (Thailand) Co., Ltd.	Thailand	100.00	100.00	December	Logistics
CJ Korea Express Forwarding Malaysia Sdn. Bhd.	Malaysia	100.00	100.00	December	Logistics
CJ Korea Express Shenzhen Co., Ltd. (formerly CJ GLS (Shenzhen) Co., Ltd.)	China	100.00	100.00	December	Logistics
CJ Korea Express Qingdao Co., Ltd. (formerly CJ GLS Inc. (Qingdao, China))	China	100.00	100.00	December	Logistics
CJ Korea Express Vietnam Co., Ltd. (formerly CJ GLS Vietnam Co., Ltd.)	Vietnam	100.00	100.00	December	Logistics
CJ Korea Express Freight Vietnam Co., Ltd. (formerly CJ GLS (VN) Freight Co., Ltd.)	Vietnam	100.00	100.00	December	Logistics
CJ Korea Express VMI Warehousing Philippines Corporation	Philippines	100.00	100.00	December	Logistics
CJ Prime Shopping Inc.	Japan	90.73	84.25	December	Wholesale and brokerage
Shanghai CJ Freight Forwarding Co., Ltd.	China	100.00	100.00	December	Logistics
CJ Korea Express India Private Limited	India	100.00	100.00	December	Logistics
Korea Express U.S.A. Inc.	USA	100.00	100.00	December	Logistics
Korea Express Japan Co., Ltd.	Japan	100.00	100.00	December	Logistics
Korea Express Tianjin Co., Ltd.	China	100.00	100.00	December	Logistics
Korea Express Hong Kong Co., Ltd.	Hong Kong	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
Water Pipeline Works Ltd.	Virgin Islands	100.00	100.00	December	Construction
Korea Express Germany GMBH.	Germany	100.00	100.00	December	Logistics
CJ IMC Vietnam Co., Ltd.	Vietnam	100.00	100.00	December	Wholesale and brokerage
CJ IMC (Thailand) Co., Ltd.	Thailand	100.00	100.00	December	Wholesale and brokerage
CJ Korea Express Dongguan Co., Ltd.	China	100.00	100.00	December	Logistics
CJ Olive Young Corporation	China	100.00	100.00	December	Retail

# CJ Corporation and Subsidiaries

## Notes

December 31, 2014 and 2013

Subsidiaries	Location	Percentage of ownership (%)		Closing month of accounting year	Main business
		2014	2013		
CJ IMC Pazarlama Ve Ticaret Ltd., Sti.	Turkey	100.00	100.00	December	Wholesale and brokerage
PT CJ GLS Resources Indonesia	Indonesia	100.00	100.00	December	Logistics
CJ Korea Express Middle East FZE	UAE	100.00	100.00	December	Logistics
KX Smart Cargo Holdings Ltd.	Hong Kong	100.00	75.80	December	Investment and management of logistics
Qingdao CJ Smart Cargo International Services Ltd.	China	51.00	51.00	December	Logistics
Qingdao Smart Cargo Bonded Logistics Co., Ltd.	China	100.00	100.00	December	Logistics
Shanghai Smart Cargo Supply Chain Management Co., Ltd.	China	100.00	100.00	December	Logistics
PT CJ Korea Express Logistics Service Indonesia <sup>1</sup>	Indonesia	49.00	49.00	December	Logistics
CJ Korea Express Tiantian Tianjin Co., Ltd.	China	90.00	-	December	Logistics
CJ SC Logistics (T) Limited	Tanzania	100.00	-	December	Logistics
Korea Express Saigon Logistics Co., Ltd.	Vietnam	100.00	-	December	Logistics
CJ Korea Express Logistic L.L.C. <sup>1</sup>	UAE	49.00	-	December	Logistics
CJ Entertainment Japan Inc.	Japan	60.00	60.00	December	Movie channel and other performance
CJ Games Global Corporation	USA	-	100.00	December	Game software development and supply
Stand Best Tech Co., Ltd.	Thailand	-	86.14	December	Game software development and supply
Joybomb Entertainment Technology Co., Ltd.	Taiwan	-	60.00	December	Game publishing
CJ E&M Tianjin Co., Ltd.	China	100.00	100.00	December	Broadcasting service
PT CJ Internet Indonesia	Indonesia	-	90.20	December	Development and supply of application software
SHR INTERAKTIF SERVISLER San. Ve Tic. Ltd. Sti.	Turkey	-	50.00	December	Game publishing
Joygame Interactive Services Ltd.	Turkey	-	50.00	December	Game publishing
Beijing Galaxy Space Internet Technology Co., Ltd.	China	-	100.00	December	Game publishing
CJ Victor Entertainment	Japan	51.00	-	December	Music
Rolemodel Entertainment Group Limited	Hong Kong	98.00	-	December	Performance and movie distribution
Crown Jade Company Pte. Ltd.	Singapore	100.00	-	December	Investment overseas
CJ CGV (Hubei) Cinema Co., Ltd.	China	100.00	-	December	Movie theater operation
Neimenggu CGV Cinema Co., Ltd.	China	100.00	-	December	Movie theater operation
Cross Junction Investment Co., Pte. Ltd.	Singapore	100.00	-	December	Investment overseas
Dailan CGV Cinema Co., Ltd.	China	100.00	-	December	Movie theater operation
Henan CGV Cinema Co., Ltd.	China	100.00	-	December	Movie theater operation
CGV (Qingdao) Cinema Co., Ltd.	China	100.00	-	December	Movie theater operation

# CJ Corporation and Subsidiaries

## Notes

December 31, 2014 and 2013

Subsidiaries	Location	Percentage of ownership (%)		Closing month	Main business
		2014	2013	of accounting year	
CJ 4DPLEX America, Inc.	USA	100.00	-	December	Equipment sales
CJ 4DPLEX Americas, LLC.	USA	100.00	-	December	Equipment sales
CGV Tianhe (Wuhan) Cinema Co., Ltd.	China	70.00	-	December	Movie theater operation
Jiangmen CGV Cinema Co., Ltd.	China	100.00	-	December	Movie theater operation
Jiangsu CGV Cinema Investment Co., Ltd.	China	100.00	-	December	Movie theater operation
CGV (Changzhou) Cinema Co., Ltd.	China	100.00	-	December	Movie theater operation
Yuyao CGV Cinema Co., Ltd.	China	100.00	100.00	December	Movie theater operation
CJ 4DX (Beijing) Cinema Technology Co., Ltd.	China	100.00	100.00	December	Equipment sales
CGV (Chongqing) Cinema Co., Ltd.	China	100.00	100.00	December	Movie theater operation
CGV (Chengdu) Cinema Co., Ltd.	China	100.00	100.00	December	Movie theater operation
CGV (Tianjin) Cinema Co., Ltd.	China	100.00	100.00	December	Movie theater operation
CGV (Huaian) Cinema Co., Ltd.	China	100.00	100.00	December	Movie theater operation
Liaoning CGV Cinema Co., Ltd.	China	100.00	100.00	December	Movie theater operation
CGV (Tangshan) Cinema Co., Ltd.	China	100.00	100.00	December	Movie theater operation
CGV Orsun (Wuhan) Cinema Co., Ltd. (formerly CGV (Wuhan) Cinema Co., Ltd.)	China	70.00	100.00	December	Movie theater operation
Wuhu CGV Cinema Co., Ltd.	China	100.00	100.00	December	Movie theater operation
Simuline Hong Kong Limited	Hong Kong	100.00	100.00	December	Equipment manufacturing
Simuline China Limited	China	100.00	100.00	December	Equipment manufacturing
ZIBO CGV Cinema Co., Ltd.	China	100.00	100.00	December	Movie theater operation
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
CJ CGV (Shanghai) Enterprise Management Co., Ltd.	China	100.00	100.00	December	Movie theater operation
UVD Enterprise Ltd.	Hong Kong Virgin	100.00	100.00	December	Movie theater operation
Envoy Media Partners Ltd.	Islands	100.00	100.00	December	Movie theater operation
CJ CGV Vietnam Co., Ltd. (formerly Megastar Media Co., Ltd.)	Vietnam	80.00	80.00	December	Movie theater operation
CJ CGV (Shen Yang) Film International Cinema Co., Ltd.	China	100.00	100.00	December	Movie theater operation
Panjin CGV Cinema 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
CJ CGV America, Inc. (formerly CJ Theater LA Holdings, Inc.)	USA	100.00	100.00	December	Movie theater operation
CJ CGV (Shang Hai) Film International Cineplex Co., Ltd.	China	100.00	100.00	December	Movie theater operation
Vietnam Cinema 1 Company Limited	Vietnam	80.00	80.00	December	Movie theater operation
Shanghai C Media Co., Ltd.	China	100.00	100.00	December	Movie theater operation

# CJ Corporation and Subsidiaries

## Notes

December 31, 2014 and 2013

Subsidiaries	Location	Percentage of ownership (%)		Closing month of accounting year	Main business
		2014	2013		
Galaxy Network Technology Limited	Hong Kong	-	100.00	December	Game software development and supply
ImaginAsian Entertainment, Inc.	USA	70.52	70.52	December	Video contents service
CJ CGV America LA, LLC.	USA	100.00	100.00	December	Movie theater operation
CJ CGI Holdings Ltd.	Hong Kong	100.00	100.00	December	Movie theater operation
CJ E&M America Inc.	USA	100.00	100.00	December	Holding company
CJ Century Entertainment & Media Consulting Co., Ltd.	China	100.00	100.00	December	Media business
CJ America Inc.	USA	100.00	100.00	December	Trade
CJ Europe GMBH.	Germany	100.00	100.00	December	Trade
CJ Japan Corp.	Japan	100.00	100.00	December	Intermediary trade
CJ China, Ltd.	China	100.00	100.00	December	Trade
Maritime Tower Co., Ltd.	Vietnam	85.00	-	December	Rental
CJ Global Holdings Ltd.	Hong Kong	100.00	100.00	December	Holding company
CMI Holdings Ltd.	Hong Kong	100.00	100.00	December	Business consulting
CJ DO Brazil Ind. Com. Prod. Alim. Ltda.	Brazil	100.00	100.00	December	Lysine manufacturing and sales
CJ Foodville USA, Inc. (formerly CJ Bakery, Inc.)	USA	100.00	100.00	December	Food manufacturing and restaurant
CJ Beijing Bakery Co., Ltd.	China	100.00	100.00	December	Food manufacturing and restaurant
CJ Bakery Vietnam Co., Ltd.	Vietnam	100.00	100.00	December	Food manufacturing and restaurant
CJ China Consulting, Ltd.	China	100.00	100.00	December	Consulting
CJ Internet Japan Co., Ltd.	Japan	-	55.00	December	Game software development and supply
CJ Entertainment America LLC.	USA	100.00	100.00	December	Movie distribution and production
CJ E&M Japan, Inc. <sup>1</sup>	Japan	45.71	45.71	December	Broadcast program supply
CH Holdings Limited	Hong Kong	100.00	-	December	Holding company
CJ Korea Express Asia Pte. Ltd.	Singapore	100.00	100.00	December	Logistics
Liaocheng Lantian Congeneration Plant Co., Ltd.	China	100.00	100.00	December	Power generation steam supply
CJ Se Asia Pte. Ltd.	Singapore	100.00	100.00	December	Intermediary trade
CJ International Trading Co., Ltd.	China	100.00	100.00	December	Trade
CJ E&C Malaysia Sdn. Bhd.	Malaysia	100.00	100.00	December	Construction

# CJ Corporation and Subsidiaries

## Notes

December 31, 2014 and 2013

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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 exercises 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. The sale transactions are expected to be completed within 2015.

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 Packsimex Co., Ltd.	60.00
Ulsan Port Operating Co. Ltd.	51.54
KOG-SMART Cargo Project Logistics Co., Ltd.	65.00

**CJ Corporation and Subsidiaries**  
**Notes**  
**December 31, 2014 and 2013**

Summarized financial information of major consolidated subsidiaries as of and for the years ended December 31, 2014 and 2013, is as follows:

(in millions of Korean won)

Subsidiaries	2014					
	Assets	Liabilities	Equity	Sales	Net income (loss)	Comprehensive income (loss)
CJ CheilJedang Corporation	₩ 6,137,784	₩ 3,212,332	₩ 2,925,452	₩ 4,328,999	₩ 125,055	₩ 140,478
CJ Healthcare Co., Ltd.	451,293	177,792	273,501	329,870	27,876	26,578
CJ Freshway Corporation	633,704	450,427	183,277	1,726,869	11,949	9,966
CJ Foodville Corp.	489,728	426,077	63,651	1,121,129	5,090	2,323
CJ Seafood Corporation	101,198	53,865	47,333	156,340	3,273	2,809
CJ O Shopping Co., Ltd.	1,178,054	539,101	638,953	1,277,324	100,456	106,051
CJ HelloVision Co., Ltd.	2,073,912	1,144,248	929,664	1,084,790	28,047	26,887
CJ Korea Express Corporation	3,712,040	1,459,798	2,252,242	4,078,826	32,274	15,324
Korea Integrated Freight Terminal Co., Ltd.	665,274	470,089	195,185	115,311	21,278	21,250
CJ Korea Express Busan Container Terminal Corporation	87,050	58,082	28,968	98,148	(11,558)	(13,329)
KX Holdings Corporation	492,753	88	492,665	-	506	505
CJ Powercast Inc.	61,232	12,530	48,702	78,352	7,542	7,277
CJ CGV Co., Ltd.	1,150,311	677,487	472,824	864,502	33,274	30,632
CJ 4DPLEX Co., Ltd.	52,662	20,283	32,379	34,397	359	359
CJ HelloVision Ara Broadcasting Co., Ltd.	82,191	21,927	60,264	55,548	4,837	4,743
CJ E&M Corporation	2,055,759	730,105	1,325,654	1,154,128	71,311	66,099
Mezzomedia Inc.	71,032	65,261	5,771	18,320	1,202	463
CJ HelloVision Youngseo Broadcasting Network Co., Ltd.	63,380	63,352	28	25,732	(4,047)	(4,227)
CJ HelloVision Gangwon Broadcasting Network Co., Ltd.	54,761	46,935	7,826	10,445	137	137
CJ OliveNetworks Co., Ltd. (formerly CJ Systems Co., Ltd.)	528,254	366,589	161,665	345,403	20,149	15,972
CJ Engineering & Construction Corp.	649,783	552,756	97,027	306,451	(3,597)	(4,004)
CJ Laiocheng Biotech Co., Ltd.	378,948	134,504	244,444	223,779	(14,311)	(14,534)
CJ (Shenyang) Biotech Co., Ltd.	756,943	710,313	46,630	252,340	(57,354)	(59,733)
CJ Bio Malaysia Sdn. Bhd.	307,620	225,756	81,864	-	(4,270)	(4,486)
PT Cheiljedang Indonesia	1,287,398	625,762	661,636	714,647	25,330	26,846
PT Cheiljedang Superfeed	205,496	195,076	10,420	228,434	(1,309)	(2,180)
PT CJ Feed Jombang	109,160	80,131	29,029	256,660	10,941	10,954
PT Super Unggas Jaya	57,240	104,191	(46,951)	114,605	(26,810)	(28,013)
CJ Vina Agri Co., Ltd.	124,462	69,307	55,155	240,954	11,496	12,129
CJ Bio America Inc.	382,683	325,083	57,600	145,012	(42,236)	(43,848)
UVD Enterprise Ltd.	141,390	6,947	134,443	388	(598)	(598)
Envoy Media Partners Ltd.	51,068	751	50,317	1,032	1,921	1,921
CJ CGV Vietnam Co., Ltd. (formerly Megastar Media Co., Ltd.)	82,578	69,473	13,105	70,215	4,453	4,630

# CJ Corporation and Subsidiaries

## Notes

### December 31, 2014 and 2013

(in millions of Korean won)

Subsidiaries	2014					
	Assets	Liabilities	Equity	Sales	Net income (loss)	Comprehensive income (loss)
CJ CGI Holdings Ltd.	189,917	70,986	118,931	308	(8,346)	(8,412)
CJ America Inc.	181,334	123,682	57,652	322,609	875	753
CJ Europe GMBH.	112,425	99,630	12,795	314,924	14,944	14,442
CJ Japan Corp.	70,662	67,048	3,614	131,702	293	190
CJ China, Ltd.	390,059	373,504	16,555	202,445	2,576	2,698
Maritime Tower Co., Ltd.	51,315	1,918	49,397	2,757	1,239	1,239
CJ Global holdings Ltd.	251,601	223,731	27,870	-	(586)	(625)
CJ Do Brazil Ind. Com.Prod. Alim. Ltda.	184,658	115,344	69,314	150,896	(24,454)	(25,826)
CJ Korea Express Asia Pte. Ltd.	150,443	116,419	34,024	98,061	(1,525)	(1,713)
Liaocheng Lantian Cogeneration Plant Co., Ltd.	69,111	10,737	58,374	43,478	11,862	12,413

(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 Corporation and Subsidiaries**  
**Notes**  
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(in millions of Korean won)

2013

Subsidiaries	Assets	Liabilities	Equity	Sales	Net income	Comprehensive
					(loss)	income
					(loss)	(loss)
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
Liaocheng Lantian Cogeneration 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.	108,873	73,280	35,593	86,299	(4,936)	(6,724)
CJ CGV Vietnam Co., Ltd. (formerly 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)

Subsidiaries newly included in the consolidated financial statements for the year ended December 31, 2014, are as follows:

Location	Subsidiaries	Remark
Korea	CJ HealthCare Corporation	Newly established
Korea	FreshOne Incheon Co., Ltd.	Additional acquisition
Korea	FreshOne Gwangju Co., Ltd.	Additional acquisition
Korea	FreshOne NamSeoul Co., Ltd.	Additional acquisition
Korea	FreshOne Jungbu Co., Ltd.	Additional acquisition
Korea	FreshOne Gangnam Co., Ltd.	Additional acquisition
Korea	FreshOne DongSeoul Co., Ltd.	Additional acquisition
Korea	FreshOne Daegu Gyeongbuk Co., Ltd.	Additional acquisition
Korea	MMO Entertainment Corporation	Newly established
Korea	CJ HelloVision Gangwon Broadcasting System Co., Ltd.	Acquisition
Korea	Story Plant Co., Ltd.	Newly established
Indonesia	PT CJ Food Lestari	Newly established
China	CJ Korea Express Tiantian Tianjin Co., Ltd.	Newly established
Tanzania	CJ SC Logistics (T) Limited	Newly established

# CJ Corporation and Subsidiaries

## Notes

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Vietnam	Korea Express Saigon Logistics Co., Ltd.	Additional acquisition
UAE	CJ Korea Express Logistic L.L.C.	Newly established
Philippines	IG S&C Philippines Inc.	Newly established
Japan	CJ Victor Entertainment	Newly established
Hong Kong	Rolemodel Entertainment Group Limited	Acquisition
Singapore	Crown Jade Company Pte. Ltd.	Newly established
China	CJ CGV (Hubei) Cinema Co., Ltd.	Newly established
China	Neimenggu CGV Cinema Co., Ltd.	Newly established
Singapore	Cross Junction Investment Co., Pte. Ltd.	Newly established
China	Dailan CGV Cinema Co., Ltd.	Newly established
China	Henan CGV Cinema Co., Ltd.	Newly established
China	CGV (Qingdao) Cinema Co., Ltd.	Newly established
USA	CJ 4DPLEX America, Inc.	Newly established
USA	CJ 4DPLEX Americas, LLC.	Newly established
China	CGV Tianhe (Wuhan) Cinema Co., Ltd.	Newly established
China	Jiangmen CGV Cinema Co., Ltd.	Newly established
China	Jiangsu CGV Cinema Investment Co., Ltd.	Newly established
China	CGV (Changzhou) Cinema Co., Ltd.	Newly established
Vietnam	Maritime Tower Co., Ltd.	Acquisition
Hong Kong	CH Holdings Limited	Newly established

Subsidiaries excluded from the consolidated financial statements for the year ended December 31, 2014, are as follows:

Location	Subsidiaries	Remark
Korea	CJ Olive Young Corporation	Merged
Korea	CJ HelloVision Silla Broadcasting Co., Ltd.	Merged
Korea	Jung-bu Integrated Freight Terminal	Merged
Korea	CJ Educations Corporation	Merged
Korea	IGS Co., Ltd. (formerly CJIG. Co., Ltd.)	Disposed of
Korea	Anipark Co., Ltd.	Disposed of
Korea	Seed9 Games Corp.	Disposed of
Korea	Mediaweb Inc.	Disposed of
Korea	CJ HelloVision Youngdong Broadcasting System Co., Ltd.	Merged
Korea	Reborn Games Co., Ltd. (formerly CJ Game Lab Corp.)	Disposed of
Korea	Nurien Soft Co., Ltd.	Disposed of
Korea	N2play Co., Ltd.	Disposed of
Korea	Netmarble Games CJ Corporation (formerly CJ Games Corporation)	Disposed of
Korea	Embargo Inc.	Liquidated
Korea	TurnOn Games Co., Ltd.	Disposed of
Korea	Hoengseong CATV Co., Ltd.	Merged
Korea	AZworks Inc.	Disposed of
Korea	CJ N City Co., Ltd.	Merged
China	CJ Changsha feed Co., Ltd.	Disposed of
USA	CJ Omni, Inc.	Merged
USA	CJ GLS America, Inc.	Merged

# CJ Corporation and Subsidiaries

## Notes

December 31, 2014 and 2013

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USA	CJ Games Global Corporation	Disposed of
Thailand	Stand Best Tech Co., Ltd.	Disposed of
Taiwan	Joybomb Entertainment Technology Co., Ltd.	Disposed of
Indonesia	PT CJ Internet Indonesia	Disposed of
Turkey	SHR INTERAKTIF SERVISLER San. Ve Tic. Ltd. Sti.	Disposed of
Turkey	Joygame Interactive Services Ltd.	Disposed of
China	Beijing Galaxy Space Internet Technology Co., Ltd.	Disposed of
Philippines	IG S&C Philippines Inc.	Disposed of
Hong Kong	Galaxy Network Technology Limited	Disposed of
Japan	CJ Internet Japan Co., Ltd.	Disposed of

The Group disposed of its shares in certain subsidiaries and lost control. Consequently, the Group recognized gain on disposal of investment in subsidiaries of ₩346,994 million (2013: ₩4,443 million and ₩649 million of gain and loss on disposal of investment in subsidiaries, respectively) as other non-operating income (expenses).

Dividends of CJ CheilJedang Corporation and PT Cheil Jedang Indonesia are restricted if PT CheilJedang Indonesia, a consolidated subsidiary, postpones the payment of the principal and interests for the hybrid securities.

## 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

# CJ Corporation and Subsidiaries

## Notes

### December 31, 2014 and 2013

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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, 2014:

##### - Enactment of Korean IFRS 2121, *Levies*

Korean IFRS 2121, *Levies*, is applied to a liability to pay a levy imposed by the 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 application of this interpretation does not have a material impact on the consolidated financial statements.

##### - Amendment to Korean IFRS 1102, *Share-based payment*

Korean IFRS 1102, *Share-based payment*, clarifies the definition of 'vesting conditions' such as 'performance condition', 'service condition' and others. This amendment is applied to share-based payment transactions for which the grant date is on or after July 1, 2014. The application of this amendment does not have a material impact on the 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.

##### - Amendment to Korean IFRS 1036, *Impairment of Assets*

Amendment to Korean IFRS 1036, *Impairment of Assets*, removed certain disclosures of the recoverable amount of cash-generating units which had been included in this amendment by the issuance of Korean IFRS 1113.

##### - 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.

Other standards, amendments and interpretations which are effective for the annual period beginning on January 1, 2014, do not have a material impact on the consolidated financial statements of the Group.

# CJ Corporation and Subsidiaries

## Notes

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

The Group expects that new standards, amendments and interpretations issued but not effective for the financial year beginning January 1, 2014 and not early adopted would not have a material impact on its consolidated financial statements.

### **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 over which the Controlling 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. The 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.

In transactions with non-controlling interests, which do not result in loss of control, the Group recognizes directly in equity attributable to owners of the parent 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.

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

# CJ Corporation and Subsidiaries

## Notes

### December 31, 2014 and 2013

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recognized in profit or loss.

#### *(b) 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.

#### *(c) 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.

## **2.5 Financial Assets**

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

The Group classifies its financial assets in the following categories: financial assets at fair value

# CJ Corporation and Subsidiaries

## Notes

December 31, 2014 and 2013

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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 the 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 Group classifies financial assets held-for-trading as financial assets at fair value through profit of 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; delinquency or default in interest or principal payments. A significant or prolonged decline in the fair value of an available-for-sale equity instrument below its cost is also objective evidence of impairment.

### *(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.

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The related financial liability is classified as 'short-term borrowings' in the consolidated statement of financial position.

### *(d) Offsetting of financial instruments*

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

## **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 consolidated statement of income within 'finance income (expense)' or 'other non-operating income (expense)' 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 'finance 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 'finance 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., a 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



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## Notes

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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.

### 2.10 Property, Plant and Equipment

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

Land, course and art works included in others are 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	15 - 40 years
Structures	10 - 30 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 and carried at its cost less accumulated impairment losses.

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

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, trademarks, and others) 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

<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. The 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 'finance 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 current financial liabilities' and 'other non-current 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 IFRS1018, *Revenue*.

Financial guarantee contracts provided to associates for free are recognized as prepaid expenses and amortized over the guarantee period.

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### 2.18 Compound Financial Instruments

Compound financial instruments are convertible bonds, 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 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.

Management periodically evaluates tax policies that are applied in tax returns in which applicable tax regulation is subject to interpretation. The Group recognizes current income tax on the basis of the amount expected to be paid to the tax authorities.

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 contribution and defined benefit 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 expense 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.

#### *(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 measured using the same accounting methodology as used for defined benefit plans. Service

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costs, net interest and remeasurements of long-term employee benefits are recognized as profit or loss for the year.

#### 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.

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.

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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 loans 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.

## **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.

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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, 2014 consolidated financial statements of the Company was approved by the Board of Directors on February 5, 2015, which is subject to change with the approval of the shareholders at their annual shareholders' meeting.

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

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.



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#### *(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.

## **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.

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(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, 2014 and 2013, are as follows:

(In millions of Korean won)		Impact on post-tax profit		Impact on equity	
		2014	2013	2014	2013
USD	Strengthened	₩ (90,098)	₩ (53,167)	₩ (90,098)	₩ (53,167)
	Weakened	90,098	53,167	90,098	53,167
EUR	Strengthened	5,412	7,217	5,412	7,217
	Weakened	(5,412)	(7,217)	(5,412)	(7,217)

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.

As of December 31, 2014, the impact of increases/decreases of the stock price by 10% with all other variables held constant on the Group's equity is ₩25,970 million (2013: ₩18,992 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, 2014 and 2013, are as follows:

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<i>(In millions of Korean won)</i>		Impact on post-tax profit		Impact on equity	
		2014	2013	2014	2013
Interest expenses	Increase	₩ (17,920)	₩ (17,945)	₩ (17,920)	₩ (17,945)
	Decrease	17,920	17,945	17,920	17,945
Gains(Losses) on valuation of derivative instruments	Increase	384	895	3,192	4,249
	Decrease	(384)	(895)	(3,192)	(4,249)

### *(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 2014, 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.

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).



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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, 2014</b>		<b>December 31, 2013</b>	
Liabilities	₩	13,969,444	₩	13,522,760
Equity		9,069,875		8,600,945
Debt-to-equity ratio		154%		157%

## 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, 2014 and 2013, are as follows:

<i>(In millions of Korean won)</i>	<b>2014</b>		<b>2013</b>	
<b>Available-for-sale financial assets</b>				
Al Nahr Co., Ltd.	₩	6,595	₩	6,332
TV Chosun-Daesung investment		6,000		6,000
CJ Global Contents investment 12rd		4,000		4,000
ISU-global contents investment		4,000		4,000
DongMoon Media Contents & Culture Investment		3,500		3,500
Union Contents investment		2,100		3,000
PT Graha Layar Prima TBK.		-		32,248
Happycall Co., Ltd.		-		10,797
VIRDIA Inc.		-		4,221
Gunjang New Port Terminal Co., Ltd.		-		3,315
Others		40,111		44,232
	₩	<u>66,306</u>	₩	<u>121,645</u>

Investments in Al Nahr Co., Ltd. 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.

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### 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 as of December 31, 2014 and 2013, are as follows:

<i>(In millions of Korean won)</i>	<b>2014</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Other current financial assets				
Derivatives	₩ 207	₩ 18,065	₩ -	₩ 18,272
Available-for-sale financial assets				
Marketable equity securities	487,543	-	-	487,543
Non-marketable equity securities	-	11,632	58,208	69,840
Debt securities	728	1,000	-	1,728
Other non-current financial assets				
Derivatives	-	19,510	-	19,510
Other current financial liabilities				
Derivatives	14,719	6,962	-	21,681
Other non-current financial liabilities				
Derivatives	-	6,410	-	6,410
	<b>2013</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<i>(In millions of Korean won)</i>				
Other current financial assets				
Derivatives	₩ 3,418	₩ 351	₩ -	₩ 3,769
Available-for-sale financial assets				
Marketable equity securities	435,322	-	-	435,322
Non-marketable equity securities	-	12,185	56,086	68,271
Beneficiary certificate	-	34,308	-	34,308
Debt securities	1,707	6,000	-	7,707
Other non-current financial assets				
Derivatives	-	17,640	-	17,640
Other current financial liabilities				
Derivatives	5,692	5,855	-	11,547
Other non-current financial liabilities				
Derivatives	-	11,775	-	11,775

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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>	2014		2013	
		Available-for-sale financial assets		Available-for-sale financial assets
Beginning balance	₩	56,086	₩	77,163
Total profit or loss				
Amount recognized in loss <sup>1</sup>		-		(10,255)
Amount recognized in other comprehensive income (loss) <sup>2</sup>		(2,753)		1,610
Acquisition		1,750		3,150
Disposal and capital reduction		(7,672)		(9,523)
Transfer into Level 3 <sup>3</sup>		10,797		6,717
Transfer out from Level 3 <sup>4</sup>		-		(12,776)
Ending balance	₩	58,208	₩	56,086

<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 2014, the Group recognized ₩8,099 million of gain on valuation of available-for-sale financial assets relating to Joongang Ilbo and others, and ₩6,238 million of loss on valuation of available-for-sale financial assets relating to Vogo Fund LP and others, respectively. 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 2014, shares of Happycall Co., Ltd., which had been measured at cost, were measured at their fair value and transferred to level 3. 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.

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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, 2014 and 2013, are as follows:

<i>(In millions of Korean won)</i>		<b>2014</b>		
<b>Available-for-sale financial assets</b>	<b>Fair value</b>	<b>Valuation techniques</b>	<b>Inputs</b>	<b>Range of inputs (weighted average)</b>
		Discounted cash flow	Discount rate	8.34% - 12.02%
		Dividend discount model	Inflation rate	2.40% - 2.73%
Equity investment and debt securities	₩ 58,208	Net asset value approach method and others	Perpetual growth rate	0%

<i>(In millions of Korean won)</i>		<b>2013</b>		
<b>Available-for-sale financial assets</b>	<b>Fair value</b>	<b>Valuation techniques</b>	<b>Inputs</b>	<b>Range of inputs (weighted average)</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, 2014 and 2013, are as follows:

<i>(In millions of Korean won)</i>		<b>2014</b>	
	<b>Fair value</b>	<b>Valuation techniques</b>	
Other current financial assets and other non-current financial assets			
Trading derivatives	₩ 37,575	Present value technique	
Available-for-sale financial assets			
Non-marketable equity securities	11,632	Net asset value approach method	
Debt securities	1,000	Present value technique	
Other current financial liabilities and other non-current financial liabilities			
Trading derivatives	9,590	Present value technique	
Derivatives used for hedging	3,782	Present value technique	

<i>(In millions of Korean won)</i>		<b>2013</b>	
	<b>Fair value</b>	<b>Valuation techniques</b>	
Other current financial assets and other non-current financial assets			
Trading derivatives	₩ 17,991	Present value technique	
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 financial liabilities and other non-current financial liabilities			



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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.

**6. Financial Instruments by Category**

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

Categorizations of financial assets and liabilities as of December 31, 2014 and 2013, are as follows:

	<b>2014</b>				<b>Total</b>
	<b>Loans and receivables</b>	<b>Assets at fair value through profit or loss</b>	<b>Assets classified as available-for-sale</b>	<b>Assets classified as held-to-maturity</b>	
<i>(In millions of Korean won)</i>					
Cash and cash equivalents	₩ 991,166	₩ -	₩ -	₩ -	₩ 991,166
Short-term financial instruments	860,484	3,547	-	-	864,031
Short-term loans receivable	61,932	-	-	-	61,932
Trade receivables	2,516,322	-	-	-	2,516,322
Other current financial assets	525,286	18,272	1,000	-	544,558
Available-for-sale financial assets	-	-	624,417	-	624,417
Other non-current financial assets	437,937	19,510	-	8,529	465,976
	<u>₩ 5,393,127</u>	<u>₩ 41,329</u>	<u>₩ 625,417</u>	<u>₩ 8,529</u>	<u>₩ 6,068,402</u>

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	2014					Total
	Liabilities at fair value through profit or loss	Other financial liabilities at amortized cost	Derivatives used for hedging	Other financial liabilities <sup>1</sup>		
<i>(In millions of Korean won)</i>						
Trade payables	₩ -	₩ 1,302,361	₩ -	₩ -	₩ -	₩ 1,302,361
Borrowings	-	5,242,720	-	28,700	-	5,271,420
Debentures	-	3,725,726	-	-	-	3,725,726
Non-trade payables	-	786,583	-	-	-	786,583
Other current financial liabilities	21,478	550,383	203	-	-	572,064
Deposits received	-	160,698	-	-	-	160,698
Other non-current financial liabilities	2,945	42,145	3,465	886	-	49,441
	<u>₩ 24,423</u>	<u>₩ 11,810,616</u>	<u>₩ 3,668</u>	<u>₩ 29,586</u>	<u>₩ -</u>	<u>₩ 11,868,293</u>

<sup>1</sup> Other financial liabilities include financial lease liabilities, financial payment guarantee and others.

	2013					Total
	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	
<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>

	2013					Total
	Liabilities at fair value through profit or loss	Other financial liabilities at amortized cost	Derivatives used for hedging	Other financial liabilities <sup>1</sup>		
<i>(In millions of Korean won)</i>						
Trade payables	₩ -	₩ 1,198,161	₩ -	₩ -	₩ -	₩ 1,198,161
Borrowings	-	5,159,953	-	24,955	-	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

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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>₩ 11,607,117</u>	<u>₩ 1,232</u>	<u>₩ 26,638</u>	<u>₩ 11,657,077</u>

<sup>1</sup> Other financial liabilities include financial lease liabilities, financial payment guarantee and others.

**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, 2014 and 2013, are as follows:

<i>(In millions of Korean won)</i>	<b>2014</b>	<b>2013</b>
Available-for-sale financial assets		
Gain (loss) on valuation		
(Other comprehensive income (loss))	₩ 44,639	₩ (181,026)
Interest income	841	1,405
Dividend income	5,039	13,016
Impairment loss	(5,363)	(11,187)
Impairment loss(Reclassification) <sup>1</sup>	-	(1,142)
Gain (loss) on disposal(Profit or loss)	(8,663)	83,253
Gain (loss) on disposal(Reclassification) <sup>1</sup>	(39)	223,508
Held-to-maturity financial assets		
Interest income	189	105
Loans and receivables		
Interest income	69,174	67,422
Bad debts expense	(56,076)	(15,509)
Reversal of allowance for bad debts	5,754	489
Other bad debts expense	(19,633)	(8,774)
Reversal of other bad debts expense	1,402	2,793
Others	(8,550)	(11,160)
Assets and liabilities at fair value through profit or loss		
Loss on derivatives	(21,718)	(13,808)
Others	2	(2)
Other financial liabilities at amortized cost		
Interest expenses	(332,521)	(323,291)
Derivatives used for hedging		
Interest expenses	(1,336)	(2,156)
Gain (loss) on valuation (other comprehensive income)	(1,961)	1,290

<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, 2014 and 2013, are as follows:

<i>(In thousands of Korean won)</i>	<b>2014</b>		<b>2013</b>	
<b>Short-term financial instruments</b>				
Government-sponsored research and development projects	₩	2,718,700	₩	2,168,706
Contract performance guarantee		5,769,400		11,766,407
Collateral against borrowings		7,295,000		3,961,277
Withdrawal for support of cooperative firm		50,600,000		47,600,000
Other activities		25,753,435		12,932,604
		<u>92,136,535</u>		<u>78,428,994</u>
<b>Long-term financial instruments</b>				
Deposits for opening checking accounts		112,000		119,200
Collateral against borrowings		6,496,186		40,000
		<u>6,608,186</u>		<u>159,200</u>
	₩	<u>98,744,721</u>	₩	<u>78,588,194</u>

Certain short-term and long-term financial instruments of the Group are pledged as collateral (Note 36).

### 8. Trade and Other Receivables

Trade and other receivables as of December 31, 2014 and 2013, are as follows:

<i>(In thousands of Korean won)</i>	<b>2014</b>		
	<b>Current</b>	<b>Non-current</b>	<b>Total</b>
Trade receivables	₩ 2,618,315,342	₩ 46,682,972	₩ 2,664,998,314
Provision for impairment of trade receivables	(101,993,281)	(475,011)	(102,468,292)
Other receivables <sup>1</sup>	634,665,017	450,885,880	1,085,550,897
Provision for impairment of other receivables	(47,446,903)	(78,352,370)	(125,799,273)
	<u>₩ 3,103,540,175</u>	<u>₩ 418,741,471</u>	<u>₩ 3,522,281,646</u>
<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	(30,305,173)	(80,192,067)	(110,497,240)
	<u>₩ 2,908,766,742</u>	<u>₩ 394,989,920</u>	<u>₩ 3,303,756,662</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, 2014 and 2013, are as follows:

<i>(In thousands of Korean won)</i>	2014		2013	
	Trade receivables	Other receivables	Trade receivables	Other receivables
Receivables not past due	₩ 2,402,198,684	₩ 923,821,695	₩ 2,256,233,247	₩ 820,507,894
Past due but not impaired				
Up to 3 months	100,995,792	4,004,998	129,600,198	17,574,385
3 to 6 months	29,348,065	4,002,557	24,022,321	6,145,348
6 month to 1 year	36,562,661	15,331,111	29,752,405	24,922,356
Over 1 year	31,169,862	36,566,059	17,214,977	12,515,212
	<u>198,076,380</u>	<u>59,904,725</u>	<u>200,589,901</u>	<u>61,157,301</u>
Impaired				
Up to 3 months	2,932,944	147,263	2,954,685	100,069
3 to 6 months	7,707,199	185,884	1,975,513	30,666
6 month to 1 year	19,717,299	1,576,813	3,218,564	312,352
Over 1 year	34,365,808	99,914,517	35,456,675	90,288,691
	<u>64,723,250</u>	<u>101,824,477</u>	<u>43,605,437</u>	<u>90,731,778</u>
	<u>₩ 2,664,998,314</u>	<u>₩ 1,085,550,897</u>	<u>₩ 2,500,428,585</u>	<u>₩ 972,396,973</u>

Changes in provisions for impairment of trade and other receivables for the years ended December 31, 2014 and 2013, are as follows:

<i>(In thousands of Korean won)</i>	2014	2013
Beginning balance	₩ 169,068,896	₩ 171,763,208
Increase due to business combination	15,140,145	3,753,563
Bad debt expense	75,708,504	24,282,848
Write-off	(21,846,690)	(25,309,078)
Reversal	(7,156,243)	(3,281,947)
Decrease due to disposal of subsidiaries	(2,824,373)	-
Transfer to assets held-for-sale	-	(174,727)
Effect of foreign currency translation	177,326	(1,964,971)
Ending balance	<u>₩ 228,267,565</u>	<u>₩ 169,068,896</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, 2014.

### 9. Other Financial Assets and Liabilities

Other financial assets as of December 31, 2014 and 2013, are as follows:

<i>(In thousands of Korean won)</i>		<b>2014</b>		<b>2013</b>
Current				
Available-for-sale financial assets	₩	1,000,205	₩	40,448,176
Held-to-maturity financial assets		-		2,163,230
Non-trade receivables		437,431,991		379,560,959
Accrued income		9,191,627		7,385,046
Deposits provided		78,662,146		59,400,688
Derivative assets		18,272,423		3,768,708
		<u>544,558,392</u>		<u>492,726,807</u>
Non-current				
Long-term financial instruments		19,195,478		19,719,746
Held-to-maturity financial assets		8,529,395		1,979,395
Trade receivables		46,207,961		62,640,746
Loans receivable		39,997,031		33,868,093
Non-trade receivables		80,002		63,535
Accrued income		84,999		278,611
Deposits provided		332,371,478		298,138,935
Derivative assets		19,509,526		17,639,502
		<u>465,975,870</u>		<u>434,328,563</u>
	₩	<u>1,010,534,262</u>	₩	<u>927,055,370</u>

Deposits provided in other financial assets of the Group are pledged as collateral (Note 36).

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Other financial liabilities as of December 31, 2014 and 2013, are as follows:

<i>(In thousands of Korean won)</i>	<b>2014</b>	<b>2013</b>
Current		
Accrued expenses	₩ 425,282,995	₩ 400,768,673
Deposits received	125,080,527	126,033,196
Derivative liabilities	21,680,505	11,547,119
Current portion of other long-term liabilities	<u>19,571</u>	<u>120,166</u>
	<u>572,063,598</u>	<u>538,469,154</u>
Non-current		
Non-trade payables	42,116,558	68,471,396
Derivative liabilities	6,410,477	11,774,806
Non-current portion of other long-term liabilities	<u>914,229</u>	<u>1,683,275</u>
	<u>49,441,264</u>	<u>81,929,477</u>
	<u>₩ 621,504,862</u>	<u>₩ 620,398,631</u>

*Transfers of financial assets*

In 2014, 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 ₩80,000 million (2013: ₩50,000 million). In relation with this transaction, the Group recognized the gain on disposal of ₩407 million (2013: ₩235 million) in 2014. 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, and September 26, 2017.

In addition, CJ Foodville Corp. entered into a purchase agreement with Dong Yang CJ Franchise Investment Trust to purchase the leasehold deposits which were transferred in 2011, at their fair value on December 28, 2014. On September 30, 2014, a contractual purchase amounting to ₩29,000 million, which was the amount required for 2014, was made.

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	₩ 20,000,000	₩ 30,000,000	₩ 30,000,000	₩ 80,000,000

In 2014, CJ CGV Co., Ltd., a consolidated subsidiary, 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, 2014 and 2013, are as follows:

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(In thousands of Korean won)	2014		2013	
	Assets	Liabilities	Assets	Liabilities
<b>Current</b>				
Commodity futures contract	₩ -	₩ 8,849,360	₩ -	₩ -
Commodity option contract	206,625	5,870,003	3,417,750	5,692,155
Interest rate swap contract	-	316,766	-	914,810
Currency forward contract	6,907,602	381,205	69,886	2,401,323
Currency option contract	3,963,428	316,082	139	1,508,021
Currency swap contract	1,876,344	7,526	280,933	1,030,810
Rate forward contract	5,318,424	-	-	-
Embedded derivatives	-	5,939,563	-	-
	<u>18,272,423</u>	<u>21,680,505</u>	<u>3,768,708</u>	<u>11,547,119</u>
<b>Non-current</b>				
Treasury stock of subsidiaries option	5,606,654	-	4,885,950	-
Exchangeable bonds option	-	1,210,905	-	2,832,469
Interest rate swap contract	-	3,465,395	147,222	415,971
Currency forward contract	700,626	64,258	-	4,979,122
Currency swap contract	12,322,874	1,669,919	12,304,875	3,547,244
Other derivatives	879,372	-	301,455	-
	<u>19,509,526</u>	<u>6,410,477</u>	<u>17,639,502</u>	<u>11,774,806</u>
	<u>₩ 37,781,949</u>	<u>₩ 28,090,982</u>	<u>₩ 21,408,210</u>	<u>₩ 23,321,925</u>

Accounts and amounts which include gain and loss from derivatives for the years ended December 31, 2014 and 2013, are as follows:

(In thousands of Korean won)	2014	2013
Financial income	₩ 44,500,865	₩ 24,714,025
Financial expenses	34,489,565	32,017,232
Other non-operating income	41,460,668	39,917,918
Other non-operating expenses	73,190,037	46,422,392

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

(In thousands of Korean won)	Buy/Sell	Less than 1 year	Between 1 and 2 years
Interest rate swap	Buy	₩ 60,000,000	₩ 300,000,000

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 ₩360,000 million.

There is no ineffective portion recognized as current profit or loss under cash flow hedge. Loss on



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valuation of ₩1,961 million in 2014 (2013: gain on valuation of ₩1,290 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, 2014 and 2013, are as follows:

<i>(In thousands of Korean won)</i>		<b>2014</b>		<b>2013</b>	
Government bonds	Less than 1 year	₩	-	₩	2,163,230
Debt securities	Between 1 and 5 years		8,529,395		1,979,395
			8,529,395		4,142,625
Current held-to-maturity financial assets			-		(2,163,230)
		₩	8,529,395	₩	1,979,395

## 10. Inventories

Inventories as of December 31, 2014 and 2013, are as follows:

<i>(In thousands of Korean won)</i>		<b>2014</b>		<b>2013</b>	
Merchandise		₩	350,855,895	₩	296,747,814
Finished goods			260,122,053		256,323,844
Work-in-process			57,494,666		56,186,475
Raw materials			305,856,518		300,378,956
Sub-materials			35,521,129		31,100,923
Supplies			51,292,200		54,479,878
Goods in transit			309,552,005		266,198,263
Lots			70,505,636		57,912,476
Others			13,237,257		4,307,642
Inventory allowance for evaluation			(32,665,786)		(29,820,189)
		₩	1,421,771,573	₩	1,293,816,082

## 11. Biological Assets

Group of biological assets as of December 31, 2014 and 2013, are as follows:

<i>(In thousands of Korean won)</i>		<b>2014</b>		<b>2013</b>	
Biological assets for consumption					
Growing breed		₩	13,092,406	₩	9,318,811
Broiler breed			5,471,121		6,429,770
			18,563,527		15,748,581
Biological assets for production (Note 16)					
Sows			6,871,885		2,804,184
Spawning breed			13,551,202		8,731,187
			20,423,087		11,535,371
		₩	38,986,614	₩	27,283,952

Changes in biological assets for consumption for the years ended December 31, 2014 and 2013,

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are as follows:

<i>(In thousands of Korean won)</i>	2014		2013	
	Growing breed	Broiler breed	Growing breed	Broiler breed
Beginning balance	₩ 9,318,811	₩ 6,429,770	₩ 6,171,988	₩ 6,434,358
Increase from purchases	82,993,251	237,846,696	64,444,237	213,824,030
Decrease from sales/disposals	(79,509,519)	(239,420,237)	(62,288,014)	(210,687,312)
Gain (loss) on valuation, net	22,737	464,013	(91,519)	(738,511)
Effect of foreign currency translation	267,126	150,879	(220,023)	(2,402,795)
Others	-	-	1,302,142	-
Ending balance	<u>₩ 13,092,406</u>	<u>₩ 5,471,121</u>	<u>₩ 9,318,811</u>	<u>₩ 6,429,770</u>

The biological assets for consumption measured at fair value are classified to Level 2 in fair value hierarchy (Note 5.3).

Valuation technique used in the fair value of biological assets for consumption categorized within Level 2 is a net realizable value method.

**12. Other Assets and Liabilities**

Other assets as of December 31, 2014 and 2013, are as follows:

<i>(In thousands of Korean won)</i>	2014	2013
<b>Current</b>		
Prepaid expenses	₩ 125,391,861	₩ 142,939,565
Prepaid taxes	100,426,421	120,157,650
Others	2,067,490	3,344,381
	<u>227,885,772</u>	<u>266,441,596</u>
<b>Non-current</b>		
Advance payments	14,142,384	5,630,075
Prepaid expenses	313,366,725	355,136,152
Others	10,014,377	30,582,782
	<u>337,523,486</u>	<u>391,349,009</u>
	<u>₩ 565,409,258</u>	<u>₩ 657,790,605</u>

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Other liabilities as of December 31, 2014 and 2013, are as follows:

<i>(In thousands of Korean won)</i>	<b>2014</b>		<b>2013</b>	
<b>Current</b>				
Advances receipts	₩	224,252,447	₩	199,851,527
Unearned revenues		16,355,284		24,190,789
Withholdings		395,326,499		338,368,993
Others		54,205,389		1,842,821
		<u>690,139,619</u>		<u>564,254,130</u>
<b>Non-current</b>				
Accrued expenses		22,736,642		15,901,083
Unearned revenues		120,342,430		119,184,872
Deferred revenues		17,843,237		15,559,591
Others		366,762		9,816,477
		<u>161,289,071</u>		<u>160,462,023</u>
	₩	<u>851,428,690</u>	₩	<u>724,716,153</u>

**13. 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 2015.

Assets and liabilities in disposal group classified as held-for-sale as of December 31, 2014 and 2013, are as follows:

<i>(In thousands of Korean won)</i>	<b>2014</b>		<b>2013</b>	
<b>Assets of disposal group</b>				
Cash and cash equivalent	₩	841,509	₩	55,685
Other current assets		9,645,502		11,586,670
Property, plant and equipment		48,318,664		54,725,434
Intangible assets		4,188,587		4,693,032
Other non-current assets		27,032,571		37,134,380
	₩	<u>90,026,833</u>	₩	<u>108,195,201</u>
<b>Liabilities of disposal group</b>				
Short-term borrowings	₩	13,553,913	₩	14,448,604
Current portion of long-term borrowings		20,335,222		30,365,440
Other current liabilities		24,214,950		7,169,140
Long-term borrowings		16,422,410		34,706,360
Other non-current liabilities		16,174,525		5,969,692
	₩	<u>90,701,020</u>	₩	<u>92,659,236</u>

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Other assets classified as held-for-sale as of December 31, 2014 and 2013, are as follows:

<i>(In thousands of Korean won)</i>		<b>2014</b>		<b>2013</b>
Property, plant and equipment	₩	14,726,871	₩	7,046,729
Investments in joint ventures		-		69,500,000

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

Changes in available-for-sale financial assets for the years ended December 31, 2014 and 2013, are as follows:

<i>(In thousands of Korean won)</i>		<b>2014</b>		<b>2013</b>
Beginning balance	₩	667,252,011	₩	1,003,779,711
Increase due to business combination		-		3,458,713
Acquisition		14,437,614		36,100,405
Disposals and capital reduction and others		(25,738,678)		(110,340,580)
Impairment <sup>1</sup>		(5,362,863)		(12,328,987)
Net gains (losses) reclassified from equity		2,618,745		(286,029,339)
Net gains reclassified to equity		51,918,286		43,272,850
Reclassification <sup>2</sup>		(32,348,990)		(10,885,424)
Decrease due to disposal of subsidiaries		(47,684,858)		-
Effect of foreign currency translation and others		326,097		224,662
Ending balance		625,417,364		667,252,011
Less: Non-current portion		(624,417,159)		(626,803,835)
Current portion of available-for-sale financial assets	₩	<u>1,000,205</u>	₩	<u>40,448,176</u>

<sup>1</sup> In 2014, the Group recognized impairment loss of ₩5,363 million (2013: ₩10,885 million) relating to Gunjang New Port Terminal Co., Ltd. that fair value of its shares was decreased significantly from the cost.

<sup>2</sup> In 2014, available-for-sale financial assets of PT Graha Layar Prima TBK. and others are reclassified as investments in associates and others.

Current available-for-sale financial assets which included in other current financial assets as of December 31, 2014 and 2013, are as follows:

<i>(In thousands of Korean won)</i>		<b>2014</b>		<b>2013</b>
Beneficiary certificate	₩	-	₩	34,307,798
Others		1,000,205		6,140,378
	₩	<u>1,000,205</u>	₩	<u>40,448,176</u>

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Non-current available-for-sale financial assets as of December 31, 2014 and 2013, are as follows:

<i>(In thousands of Korean won)</i>	Detail	2014		2013
		Acquisition cost	Book value	Book value
Marketable securities	(1)	₩ 24,562,444	₩ 487,542,995	₩ 435,321,720
Non-marketable investments	(2)	148,455,097	77,538,792	81,444,712
Investment in partnerships	(3)	62,994,589	56,542,527	62,201,907
Other investments	(4)	2,792,845	2,792,845	47,835,496
		<u>₩ 238,804,975</u>	<u>₩ 624,417,159</u>	<u>₩ 626,803,835</u>

(1) Marketable securities (excluding Investment in joint ventures and associates) as of December 31, 2014 and 2013, are as follows:

<i>(In thousands of Korean won)</i>	2014		2013
	Acquisition Cost	Book Value	Book Value
Samsung Life Insurance Co., Ltd.	₩ 322,669	₩ 464,351,525	₩ 414,528,400
SAJOHAEPYO Corporation	10,926,300	11,332,650	6,591,900
KT Corporation	5,095,467	4,082,906	4,122,102
KT Skylife Co., Ltd.	2,194,500	2,928,660	4,716,180
Theragen Etex Co., Ltd.	2,004,184	1,705,340	2,245,880
Others	4,019,324	3,141,914	3,117,258
	<u>₩ 24,562,444</u>	<u>₩ 487,542,995</u>	<u>₩ 435,321,720</u>

(2) Non-marketable investments (excluding Investment in joint ventures and associates) as of December 31, 2014 and 2013, are as follows:

<i>(In thousands of Korean won)</i>	2014		2013
	Acquisition Cost	Book Value	Book Value
Joongang Ilbo	₩ 26,524,805	₩ 16,957,440	₩ 16,442,173
Happycall Co., Ltd.	10,796,760	11,804,189	10,796,760
Haitai Confectionery & Foods Co., Ltd.	5,987,475	8,840,352	9,498,522
Al Nahr Co., Ltd. <sup>1</sup>	6,595,200	6,595,200	6,331,800
Hyundai HCN Seocho Co., Ltd. (formerly HCN Seocho Co., Ltd.)	4,910,290	4,107,681	3,991,619
Join Corp.	4,150,000	3,494,964	3,345,232
Barunson Holdings Co., Ltd.	2,801,462	2,801,462	2,801,462
Jupiter Investors LLC.	2,719,850	2,719,850	-

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Foshan Property Investment Company	2,578,306	2,652,234	2,611,424
Hyundai HCN Busan Co., Ltd. (formerly HCN Busan Systems Co., Ltd.)	693,502	1,736,659	1,736,659
CJ Lion Corporation	283,578	441,159	4,177,340
Gunjang New Port Terminal Co., Ltd.	3,315,000	-	3,315,000
VIRDIA Inc.	-	-	4,221,200
Qingdao Smart Cargo Logistics Co., Ltd.	-	-	2,611,350
Others	77,098,869	15,387,602	9,564,171
	<u>₩ 148,455,097</u>	<u>₩ 77,538,792</u>	<u>₩ 81,444,712</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.

(3) Investment in partnerships (excluding Investment in joint ventures and associates) as of December 31, 2014 and 2013, are as follows:

	2014		2013
	Acquisition Cost	Book Value	Book Value
<i>(In thousands of Korean won)</i>			
Construction Guarantee Cooperative	₩ 11,300,075	₩ 12,089,535	₩ 12,018,064
Raine-Partners Fund	7,783,618	8,141,736	9,618,060
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
Formation 8	2,244,600	2,244,600	1,001,880
Stonebridge Digital investment	2,190,000	2,190,000	2,190,000
Union Contents investment	2,100,000	2,100,000	3,000,000
Leading Asia culture contents investment	2,000,000	2,000,000	2,000,000
Union Global Contents Investment	2,000,000	2,000,000	-
SSV Contents Investment	3,000,000	1,964,323	1,964,323
ISU-culture contents investment	1,891,200	1,891,200	2,720,000
Vogo Fund LP	8,370,418	1,877,250	6,531,751
Others	2,614,678	2,543,883	3,657,829
	<u>₩ 62,994,589</u>	<u>₩ 56,542,527</u>	<u>₩ 62,201,907</u>

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(4) Other available-for-sale financial assets (excluding Investment in joint ventures and associates) as of December 31, 2014 and 2013, are as follows:

(In thousands of Korean won)	2014		2013	
	Acquisition Cost	Book Value	Book Value	
Beneficiary certificate	₩ 17,210	₩ 17,210	₩ 17,210	
Debt securities				
PT Graha Layar Prima TBK.	-	-	32,248,145	
Others	2,775,635	2,775,635	15,570,141	
	₩ 2,792,845	₩ 2,792,845	₩ 47,835,496	

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 ₩219,581 million which does not include income tax effect directly reflected on equity and non-controlling interests (2013: ₩200,546 million) as gain on valuation of available-for-sale financial assets in the consolidated statements of financial position.

Certain available-for-sale financial assets of the Group are pledged as collaterals (Note 36).

## 15. Investments in Joint Ventures and Associates

Details of in joint ventures of the Group as of December 31, 2014 and 2013, are as follows:

(In thousands of Korean won, except percentage of ownership)	Location	Percentage of ownership (%)		Closing month	Business	2014		2013	
		2014	2013			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	₩ 16,082,128	₩ 31,931,109	₩ 29,571,172
Blackwell Fuller Holdings LLC.	UK	20.00	20.00	December	Music service	16,681,500	2,832,570	15,165,634	15,446,582
Beijing Ershang CJ Food Co., Ltd.	China	49.00	49.00	December	Starch and sugar Manufacturing	7,081,587	9,353,607	9,353,607	8,940,192
Thanh Phuoc Vrg Port And Logistics Joint Stock Company	Vietnam	49.00	-	December	Logistics	5,599,246	5,837,057	5,837,057	-
Beijing CJ Xingxing Olympic International Cinema Co., Ltd.	China	49.00	49.00	December	Movie theater operation	5,254,113	4,948,675	4,948,675	4,791,025
CJ Toyota Tsusho Philippines Inc. <sup>1</sup>	Philippines	61.93	61.93	December	Xylose manufacturing and sales	46,719,554	4,695,300	4,695,300	5,713,374
Gumbo D.D.F Co., Ltd.	Korea	49.00	49.00	December	Breeding hog	4,760,000	1,190,109	4,415,837	4,097,370
SCJ TV Shopping Co., Ltd.	Vietnam	50.00	50.00	December	Wholesale and brokerage	8,138,085	4,183,766	4,183,766	3,815,372
Shanghai Shangying CGV Xinxuang Co., Ltd.	China	49.00	49.00	December	Movie theater operation	1,820,123	3,487,786	3,487,786	3,007,214

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CJ Xingxing(TJ)International Cinema Co., Ltd.	China	49.00	49.00	December	Movie theater Operation	4,349,067	3,428,056	3,428,056	3,061,598
Beijing Cag and CJ Foodville Co., Ltd.	China	49.00	49.00	December	Food Manufacturing And Restaurant Food And Food	5,292,784	2,874,154	3,005,427	1,677,394
CJ Soho (Beijing) Co.,Ltd.	China	50.00	50.00	December	Service	3,877,139	2,990,028	2,990,028	3,917,025
Shanghai Shangying CGV Cinema Co., Ltd.	China	50.00	50.00	December	Movie Theater Operation	1,191,990	2,974,549	2,974,549	2,655,485
ACJ O Shopping Corporation	Philippines	50.00	50.00	December	Wholesale And Brokerage	2,745,000	2,730,122	2,730,122	2,332,274
SMC-CJ O Shopping Co., Ltd.	China	23.00	23.00	December	Wholesale And Brokerage	5,244,142	1,785,494	1,785,494	2,462,010
GMM CJ O Shopping Co., Ltd.	Thailand	49.00	49.00	December	Wholesale And Brokerage	6,479,102	1,388,875	1,388,875	2,341,815
FreshOne Gangnam Co., Ltd. <sup>3</sup>	Korea	-	20.00	December	Wholesale	-	-	-	3,418,894
FreshOne Namseoul Co., Ltd.	Korea	-	20.00	December	Wholesale	-	-	-	2,097,183
Others <sup>1,2,3</sup>	-	-	-	-	-	76,600,599	17,273,306	16,924,311	23,545,189
						<u>₩225,557,346</u>	<u>₩88,055,582</u>	<u>₩119,245,633</u>	<u>₩122,891,168</u>

<sup>1</sup> Although the Group owns 61.93% and 60.00% of the shares in CJ Toyota Tsusho Philippines Inc. and Korex Packsimex Co., Ltd. respectively, which are more than the majority, the Group excluded these subsidiaries from 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 Co., Ltd. classified as others, the Group exercises joint control through an agreement with other shareholders.

<sup>3</sup> FreshOne Gangnam Co., Ltd., FreshOne Namseoul Co., Ltd., and FreshOne Incheon Co., Ltd., FreshOne Jungbu Co., Ltd., FreshOne Dongseoul Co., Ltd., FreshOne Gwangju Co., Ltd., FreshOne Daegu Gyeongbuk Co., Ltd. and Korea Express Saigon Logistics Co., Ltd., classified as others, were excluded from investments in joint ventures as they were included in the consolidated subsidiaries for the year ended December 31, 2014.

Details of in associates of the Group as of December 31, 2014 and 2013, are as follows:

(In thousands of Korean won, except percentage of ownership)

	Location	Percentage of ownership (%)		Closing month	Business	2014			2013
		2014	2013			Acquisition cost	Net asset value	Book value	Book value
Netmarble Games Corporation (formerly CJ Games Corporation) <sup>1,4</sup>	Korea	34.81	-	December	Game software development	₩256,988,655	₩175,258,480	₩266,888,150	₩ -
MBC Plus Media Co., Ltd.	Korea	22.53	22.88	December	Broadcasting service	27,009,989	43,346,705	44,757,838	39,208,529
Shanghai SMG-CJ Home Shopping Co., Ltd. <sup>2,4</sup>	China	15.84	15.84	December	Wholesale and brokerage	2,772,205	38,951,159	38,951,159	35,304,768
CJ International Asia Pte. Ltd.	Singapore	29.55	-	December	Trade	21,696,962	19,459,977	21,696,962	-
Union Global Contents Investment	Korea	20.22	20.22	December	Investment association	20,000,000	19,072,984	19,072,984	14,760,544
SSV Contents Investment	Korea	44.83	44.83	December	Investment association	13,000,000	16,735,497	16,773,700	15,562,073
PT Graha Layar Prima TBK. <sup>2</sup>	Indonesia	14.75	-	December	Movie Theater Operation	16,335,800	6,722,964	16,465,242	-



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Gretech Corporation	Korea	24.54	24.54	December	Broadcast program development	13,434,886	3,966,874	13,030,280	13,383,491
Arkema Thiochemicals Malaysia Sdn. Bhd. <sup>2</sup>	Malaysia	14.00	14.00	December	Methionine manufacturing and sales	13,124,306	8,622,512	8,622,512	11,006,804
Lucky Union Foods Co., Ltd.	Thailand	20.00	20.00	December	Fish cake manufacturing	5,800,026	8,615,443	8,615,443	7,041,640
Union picture venture investment	Korea	33.33	33.33	December	Investment association	5,000,000	6,167,837	6,167,837	5,889,440
Tiantian CJ Home Shopping Co., Ltd.	China	44.00	44.00	December	Wholesale and brokerage	5,167,219	6,086,167	6,086,167	3,707,455
Banks foundation for young entrepreneurs culture contents investment	Korea	22.64	22.64	December	Investment association	6,000,000	5,962,858	5,962,858	6,007,904
CJ Venture Investment No.14 - Culture Contents	Korea	25.00	25.00	December	Investment association	5,000,000	5,017,947	5,017,947	5,294,977
Company K Partners Limited - Contents	Korea	30.00	30.00	December	Investment association	3,000,000	4,227,106	4,227,106	3,794,494
Ningbo Culture Plaza CJ Cinema Co., Ltd.	China	45.00	45.00	December	Movie theater operation	3,146,144	3,850,476	3,850,476	2,779,695
Shanghai-Inchon International Ferry Co., Ltd.	China	24.50	24.50	December	Marine freight transportation	1,728,367	3,229,945	3,229,945	3,960,789
IBK Group Contents Investment Fund	Korea	33.33	33.33	December	Investment association	3,000,000	3,171,998	3,171,998	5,016,281
Art Service Co., Ltd.	Korea	41.35	41.35	December	Advertising agency and others	4,474,144	2,127,332	2,127,332	4,090,538
Home Choice Corp. <sup>2</sup>	Korea	17.75	31.27	December	Broadcast program production	1,420,000	2,812,116	2,812,116	5,416,292
Michigan global contents Investment 2nd	Korea	28.00	28.00	December	Investment association	3,500,000	2,759,688	2,759,688	2,791,040
Enprani Co., Ltd.	Korea	27.76	27.76	December	Cosmetic manufacturing and sales	5,681,397	2,373,722	2,373,722	962,207
MVP Venture Investment - Culture Industry	Korea	25.00	25.00	December	Investment association	361,102	2,349,086	2,349,086	4,621,401
CJ Worldis Co., Ltd.	Korea	50.00	50.00	December	Travel	1,431,273	2,011,709	2,011,709	1,883,564
CJ-KTF Investment	Korea	40.00	40.00	December	Investment association	728,975	1,825,595	1,825,595	5,096,620
YJM Entertainment Co., Ltd.	Korea	-	30.00	December	Game software development	-	-	-	15,103,551
Others <sup>2,3</sup>	-	-	-	-	-	27,531,426	14,101,921	17,407,051	16,517,920
						<u>₩467,332,876</u>	<u>₩408,828,098</u>	<u>₩526,254,903</u>	<u>₩229,202,017</u>

<sup>1</sup> The Group reclassified Netmarble Games Corporation (formerly CJ Games Corporation) from subsidiaries for consolidation to investments in associates due to a decrease in its ownership interest.

<sup>2</sup> Although the Group owns less than 20% of the equity shares of Shanghai SMG-CJ Home Shopping Co., Ltd., PT Graha Layer Prima TBK., Arkema Thiochemicals Malaysia Sdn. Bhd., Home Choice Corp., and Music Works Co., Ltd., Jellyfish Entertainment Co., Ltd. and Alive 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>3</sup> Although the Group owns 51.54% and 65.00% of the shares of Ulsan Port Operating Co., Ltd.

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and KOG-Smart Cargo Project Logistics 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.

<sup>4</sup> The consolidated financial statements of Nermarble Games Corporation (formerly CJ Games Corporation) and Shanghai SMG-CJ Home Shopping Co., Ltd. were used and the effects on non-controlling interests were excluded.

Details of valuation of investments in associates and joint ventures under the equity for the years ended December 31, 2014 and 2013, are as follows:

(In thousands of Korean won)	Beginning balance	Acquisition/ Transfer	Disposal/ Transfer <sup>2</sup>	Valuation of equity method in 2014			Ending balance
				Share of profit(loss)	Other comprehensive income	Others <sup>3</sup>	
Netmarble Games Corporation (formerly CJ Games Corporation)	₩ -	₩256,988,655	₩ -	₩10,147,741	₩ (248,246)	₩ -	₩266,888,150
MBC Plus Media Co., Ltd.	39,208,529	-	-	5,887,933	-	(338,624)	44,757,838
Shanghai SMG-CJ Home Shopping Co., Ltd.	35,304,768	-	-	10,029,913	827,357	(7,210,879)	38,951,159
Sichuan Jixiangju Food Co., Ltd.	29,571,172	-	-	2,074,188	285,749	-	31,931,109
CJ International Asia Pte. Ltd.	-	21,696,962	-	-	-	-	21,696,962
Union Global Contents Investment	14,760,544	5,000,000	-	(687,560)	-	-	19,072,984
SSV Contents Investment	15,562,073	-	-	1,211,627	-	-	16,773,700
PT Graha Layar Prima TBK.	-	16,335,800	-	(158,494)	289,653	(1,717)	16,465,242
Blackwell Fuller Holdings LLC.	15,446,582	-	-	(266,366)	(14,582)	-	15,165,634
Gretech Corporation	13,383,491	-	-	(420,341)	67,130	-	13,030,280
Beijing Ershang CJ Food Co., Ltd.	8,940,192	-	-	264,845	148,570	-	9,353,607
Arkema Thiochemicals Malaysia Sdn. Bhd.	11,006,804	-	-	(2,226,545)	(157,747)	-	8,622,512
Lucky Union Foods Co., Ltd.	7,041,640	-	-	1,965,668	277,173	(669,038)	8,615,443
Union picture venture investment	5,889,440	-	-	180,169	98,228	-	6,167,837
Tiantian CJ Home Shopping Co., Ltd.	3,707,455	-	-	2,243,607	135,105	-	6,086,167
Banks foundation for young entrepreneurs culture contents investment	6,007,904	-	-	(45,046)	-	-	5,962,858
Thanh Phuoc Vrg Port and Logistics Joint Stock Company	-	5,599,246	-	143,280	94,531	-	5,837,057
CJ Venture Investment No.14 - Culture Contents	5,294,977	-	-	(277,030)	-	-	5,017,947
Beijing CJ Xingxing Olympic International Cinema Co., Ltd.	4,791,025	-	-	80,041	77,609	-	4,948,675
CJ Toyota Tsusho Philippines Inc.	5,713,374	-	-	(1,074,780)	190,765	(134,059)	4,695,300
Gumbo D.D.F Co., Ltd.	4,097,370	-	-	318,467	-	-	4,415,837
Company K Partners Limited - Contents	3,794,494	-	-	432,612	-	-	4,227,106
SCJ TV Shopping Co., Ltd.	3,815,372	-	-	260,482	107,912	-	4,183,766

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(In thousands of Korean won)	Beginning balance	Acquisition/ Transfer	Disposal/ Transfer <sup>2</sup>	Valuation of equity method in 2014			Ending balance
				Share of profit(loss)	Other comprehensive income	Others <sup>3</sup>	
Ningbo Culture Plaza CJ Cinema Co., Ltd.	2,779,695	471,483	-	527,905	73,698	(2,305)	3,850,476
Shanghai Shangying CGV Xinzhuang Co., Ltd.	3,007,214	-	-	993,478	93,795	(606,701)	3,487,786
CJ Xingxing(TJ) International Cinema Co., Ltd.	3,061,598	-	-	308,436	58,022	-	3,428,056
Shanghai-Inchon International Ferry Co., Ltd.	3,960,789	-	-	-	27,794	(758,638)	3,229,945
IBK Group Contents Investment Fund	5,016,281	-	-	155,717	-	(2,000,000)	3,171,998
Art Service Co., Ltd.	4,090,538	-	-	(1,963,206)	-	-	2,127,332
Beijing CAG and CJ Foodville Co., Ltd.	1,677,394	2,095,828	-	(925,982)	158,187	-	3,005,427
CJ Soho (Beijing) Co.,Ltd.	3,917,025	-	-	(955,333)	28,336	-	2,990,028
Shanghai Shangying CGV Cinema Co., Ltd.	2,655,485	-	-	796,971	80,534	(558,441)	2,974,549
Home Choice Corp. Michigan global contents Investment 2nd	5,416,292	-	(2,338,607)	(265,569)	-	-	2,812,116
ACJ O Shopping Corporation	2,791,040	-	-	(31,352)	-	-	2,759,688
Enprani Co., Ltd.	2,332,274	-	-	312,264	85,584	-	2,730,122
MVP Venture Investment - Culture Industry	962,207	-	-	1,411,515	-	-	2,373,722
CJ Wolrdis Co., Ltd.	4,621,401	-	-	1,566,583	-	(3,838,898)	2,349,086
CJ-KTF Investment	1,883,564	-	-	128,145	-	-	2,011,709
SMC-CJ O Shopping Co., Ltd.	5,096,620	-	-	-	-	(3,271,025)	1,825,595
GMM CJ O Shopping Co., Ltd.	2,462,010	-	-	(691,205)	15,735	(1,046)	1,785,494
YJM Entertainment Co., Ltd.	2,341,815	-	-	(1,016,019)	63,079	-	1,388,875
FreshOne Gangnam Co., Ltd.	15,103,551	-	(16,192,501)	1,088,950	-	-	-
FreshOne Namseoul Co., Ltd.	3,418,894	-	(3,513,746)	116,728	-	(21,876)	-
Others	2,097,183	4,087,150	(5,940,519)	(242,453)	-	(1,361)	-
	40,063,109	11,774,011	(7,994,498)	(7,262,243)	572,006	(2,821,023)	34,331,362
	<u>₩352,093,185</u>	<u>₩324,049,135</u>	<u>₩ (35,979,871)</u>	<u>₩24,137,741</u>	<u>₩3,435,977</u>	<u>₩ (22,235,631)</u>	<u>₩645,500,536</u>

(In thousands of Korean won)	Beginning balance	Acquisition/ Transfer	Disposal/ Transfer <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

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(In thousands of Korean won)	Beginning balance	Acquisition/ Transfer	Disposal/ Transfer <sup>2</sup>	Valuation of equity method in 2013			Ending balance
				Share of profit(loss)	Other comprehensive income	Others <sup>3</sup>	
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	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.	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
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 Co., 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	-	(81,982,420)	2,363,950	222,312	-	-
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>₩(82,230,403)</u>	<u>₩ (27,126,499)</u>	<u>₩ (7,009,656)</u>	<u>₩ (98,550,599)</u>	<u>₩352,093,185</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 on investments in associates amounting to ₩12,594 million since the Group decided to dispose of Kumho Resort Co., Ltd.

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<sup>2</sup> In 2014, the Group disposed of the shares of Clip Service Co. Ltd. and others, and recognized the gain and loss on disposal of investment in associates amounting to ₩4,665 million and ₩1,616 million (2013: ₩536 million and ₩2,280 million), respectively.

<sup>3</sup> Others are composed of dividends, capital reduction, gain and loss on foreign currency translation and others.

Summary of condensed financial information of major joint ventures and associates as of and for the years ended December 31, 2014 and 2013, is as follows:

(In thousands of Korean won)	2014						
	Assets	Liability	Revenue	Profit from continuing operations	Other comprehensive income	Total comprehensive income	Dividend
Netmarble Games Corporation (formerly CJ Games Corporation)	₩766,369,204	₩153,412,658	₩362,381,024	₩42,166,504	₩ (1,532,139)	₩ 40,634,365	₩ -
MBC Plus Media Co., Ltd.	226,543,544	34,110,012	31,234,009	31,997,983	-	31,997,983	338,624
Shanghai SMG-CJ Home Shopping Co., Ltd.	246,137,249	233,467	63,304,521	63,304,196	5,221,893	68,526,089	7,220,214
Sichuan Jixiangju Food Co., Ltd.	61,578,530	28,757,861	55,335,697	4,233,037	583,162	4,816,199	-
CJ International Asia Pte. Ltd.	265,193,377	199,344,896	2,600,524,946	20,816,053	908,758	21,724,811	-
Union Global Contents Investment	94,327,317	-	1,108,719	(3,400,405)	-	(3,400,405)	-
SSV Contents Investment	37,331,021	-	3,872,856	2,702,714	-	2,702,714	-
PT Graha Layar Prima TBK.	62,643,816	17,064,399	24,635,727	(1,074,270)	1,963,269	888,999	-
Blackwell Fuller Holdings LLC.	42,106,549	27,943,701	-	(1,331,832)	(72,916)	(1,404,748)	-
Gretech Corporation	18,743,950	2,524,981	18,014,597	(2,064,814)	287,184	(1,777,630)	-
Beijing Ershang CJ Food Co., Ltd.	23,696,828	4,637,090	38,131,552	540,501	303,203	843,704	-
Arkema Thiochemicals Malaysia Sdn. Bhd.	281,022,543	219,433,172	-	(15,915,656)	(1,115,004)	(17,030,660)	-
Lucky Union Foods Co., Ltd.	68,395,947	25,318,734	76,338,936	9,833,656	-	9,833,656	669,038
Union picture venture investment	18,505,361	-	1,947,197	(10,923,171)	-	(10,923,171)	-
Tiantian CJ Home Shopping Co., Ltd.	53,891,136	40,058,938	5,099,106	5,099,106	307,059	5,406,165	-
Banks foundation for young entrepreneurs culture contents investment	26,470,213	132,500	203,845	(198,964)	-	(198,964)	-
Thanh Phuoc Vrg Port and Logistics Joint Stock Company	12,328,693	344,027	504,020	348,397	192,841	541,238	-
CJ Venture Investment No.14 - Culture Contents	20,163,523	91,733	4,445,126	(1,108,116)	-	(1,108,116)	-
Beijing CJ Xingxing Olympic International Cinema Co., Ltd.	13,234,117	3,134,780	9,727,600	163,348	158,386	321,734	-
CJ Toyota Tsusho Philippines Inc.	7,767,157	185,532	148,802	(1,734,894)	307,914	(1,426,980)	-
Gumbo D.D.F Co., Ltd.	3,921,761	1,492,968	7,049,864	649,932	-	649,932	-
Company K Partners Limited - Contents	14,094,067	3,712	2,021,966	1,442,042	-	1,442,042	-
SCJ TV Shopping Co., Ltd.	12,557,997	4,190,464	26,989,930	520,966	215,823	736,789	-
Ningbo Culture Plaza CJ Cinema Co., Ltd.	11,845,753	3,303,861	8,791,394	1,173,123	163,772	1,336,895	-
Shanghai Shangying CGV Xinzhuang Co., Ltd.	11,667,637	4,549,707	7,794,564	2,027,506	165,634	2,193,140	606,701
CJ Xingxing(TJ) International Cinema Co., Ltd.	10,690,076	3,694,044	9,675,035	628,626	119,246	747,872	-
Shanghai-Inchon International Ferry	24,942,736	11,759,287	-	-	170,054	170,054	786,377

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(In thousands of Korean won)	2014						
	Assets	Liability	Revenue	Profit from continuing operations	Other comprehensive income	Total comprehensive income	Dividend
Co., Ltd.							
IBK Group Contents Investment Fund	9,786,945	270,000	466,596	466,596	-	466,596	-
Art Service Co., Ltd.	19,568,562	14,424,132	11,080,781	(2,249,202)	-	(2,249,202)	-
Beiging CAG and CJ Foodville Co., Ltd.	7,940,596	2,074,975	4,526,642	(1,889,760)	322,831	(1,566,929)	-
CJ Soho (Beijing) Co.,Ltd.	6,112,013	131,956	813,115	(1,910,666)	56,673	(1,853,993)	-
Shanghai Shangying CGV Cinema Co., Ltd.	9,987,891	4,038,793	6,938,387	1,593,942	137,811	1,731,753	558,441
Home Choice Corp.	32,993,094	17,168,018	131,232,556	(1,495,974)	-	(1,495,974)	-
Michigan global contents Investment 2nd	10,060,098	204,070	538,400	(111,972)	-	(111,972)	-
ACJ O Shopping Corporation	8,231,841	2,805,578	624,529	624,529	171,167	795,696	-
Enprani Co., Ltd.	24,154,867	15,603,994	4,799,876	4,799,876	284,832	5,084,708	-
MVP Venture Investment - Culture Industry	9,796,364	400,018	9,611,819	6,266,331	-	6,266,331	-
CJ Wolrdis Co., Ltd.	9,729,252	5,705,835	256,290	256,290	-	256,290	-
SMC-CJ O Shopping Co., Ltd.	16,937,830	9,174,812	37,903,123	(3,005,241)	63,866	(2,941,375)	-
GMM CJ O Shopping Co., Ltd.	12,281,024	9,612,835	37,094,988	(2,073,508)	128,732	(1,944,776)	-

(In thousands of Korean won)	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	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.	12,620,625	2,843,022	8,971,025	649,351	101,445	750,796	-

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(In thousands of Korean won)	2013						
	Assets	Liability	Revenue	Profit from continuing operations	Other comprehensive income	Total comprehensive income	Dividend
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

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, 2014 and 2013, are as follows:

(In thousands of Korean won)	2014				
	Net assets at the end of the year	Net assets of equity shares	Interests in net assets	Goodwill	Book value
Netmarble Games Co., Ltd. (formerly CJ Games Co., Ltd.) <sup>1</sup>	₩ 421,292,603	34.81	₩ 146,651,928	₩ 120,236,222	₩ 266,888,150
MBC Plus Media Co., Ltd.	192,433,532	22.53	43,346,705	1,411,133	44,757,838
Shanghai SMG-CJ Home Shopping Co., Ltd.	245,903,782	15.84	38,951,159	-	38,951,159
Sichuan Jixiangju Food Co., Ltd.	32,820,669	49.00	16,082,128	15,848,981	31,931,109
CJ International Asia Pte. Ltd.	65,848,481	29.55	19,459,977	2,236,985	21,696,962
Union Global Contents Investment	94,327,317	20.22	19,072,984	-	19,072,984
SSV Contents Investment	37,331,021	44.83	16,735,497	38,203	16,773,700
PT Graha Layar Prima TBK.	45,579,417	14.75	6,722,964	9,742,278	16,465,242
Blackwell Fuller Holdings LLC.	14,162,848	20.00	2,832,570	12,333,064	15,165,634
Gretech Corporation	16,164,932	24.54	3,966,874	9,063,406	13,030,280
Beijing Ershang CJ Food Co., Ltd.	19,088,993	49.00	9,353,607	-	9,353,607
Arkema Thiochemicals Malaysia Sdn. Bhd.	61,589,371	14.00	8,622,512	-	8,622,512

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(In thousands of Korean won)	2014				
	Net assets at the end of the year	Net assets of equity shares	Interests in net assets	Goodwill	Book value
Lucky Union Foods Co., Ltd.	43,077,213	20.00	8,615,443	-	8,615,443
Union picture venture investment	18,505,361	33.33	6,167,837	-	6,167,837
Tiantian CJ Home Shopping Co., Ltd.	13,832,198	44.00	6,086,167	-	6,086,167
Banks foundation for young entrepreneurs culture contents investment	26,337,713	22.64	5,962,858	-	5,962,858
Thanh Phuoc Vrg Port and Logistics Joint Stock Company	11,912,361	49.00	5,837,057	-	5,837,057
CJ Venture Investment No.14 - Culture Contents	20,071,790	25.00	5,017,947	-	5,017,947
Beijing CJ Xingxing Olympic International Cinema Co., Ltd.	10,099,337	49.00	4,948,675	-	4,948,675
CJ Toyota Tsusho Philippines Inc.	7,581,625	61.93	4,695,300	-	4,695,300
Gumbo D.D.F Co., Ltd.	2,428,793	49.00	1,190,109	3,225,728	4,415,837
Company K Partners Limited - Contents	14,090,355	30.00	4,227,106	-	4,227,106
SCJ TV Shopping Co., Ltd.	8,367,533	50.00	4,183,766	-	4,183,766
Ningbo Culture Plaza CJ Cinema Co., Ltd.	8,556,613	45.00	3,850,476	-	3,850,476
Shanghai Shangying CGV Xinzhuang Co., Ltd.	7,117,930	49.00	3,487,786	-	3,487,786
CJ Xingxing(TJ) International Cinema Co., Ltd.	6,996,032	49.00	3,428,056	-	3,428,056
Shanghai-Inchon International Ferry Co., Ltd.	13,183,449	24.50	3,229,945	-	3,229,945
IBK Group Contents Investment Fund	9,516,945	33.33	3,171,998	-	3,171,998
Art Service Co., Ltd.	5,144,430	41.35	2,127,332	-	2,127,332
Beiging CAG and CJ Foodville Co., Ltd.	5,865,621	49.00	2,874,154	131,273	3,005,427
CJ Soho (Beijing) Co.,Ltd.	5,980,057	50.00	2,990,028	-	2,990,028
Shanghai Shangying CGV Cinema Co., Ltd.	5,949,098	50.00	2,974,549	-	2,974,549
Home Choice Corp.	15,842,906	17.75	2,812,116	-	2,812,116
Michigan global contents Investment 2nd	9,856,028	28.00	2,759,688	-	2,759,688
ACJ O Shopping Corporation	5,460,245	50.00	2,730,122	-	2,730,122
Enprani Co., Ltd.	8,550,873	27.76	2,373,722	-	2,373,722
MVP Venture Investment - Culture Industry	9,396,346	25.00	2,349,086	-	2,349,086
CJ Wolrdis Co., Ltd.	4,023,417	50.00	2,011,709	-	2,011,709
SMC-CJ O Shopping Co., Ltd.	7,763,018	23.00	1,785,494	-	1,785,494
GMM CJ O Shopping Company Ltd.	2,834,438	49.00	1,388,875	-	1,388,875

<sup>1</sup> The consolidated financial statements of Netmarble Games Corporation (formerly CJ Games Corporation) were used and the effects on non-controlling interests were excluded.

(In thousands of Korean won)	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



**CJ Corporation and Subsidiaries**  
**Notes**  
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(In thousands of Korean won)	2013				
	Net assets at the end of the year	Net assets of equity shares	Interests in net assets	Goodwill	Book value
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	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.	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
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

The Group has suspended the application of the equity method of accounting on ten investees, including D-cinema of Korea Corp., due to their accumulated losses. Unrecognized loss of these investments amounts to ₩1,098 million in 2014 (2013: ₩1,276 million) and accumulated unrecognized loss of these investments amounts to ₩6,299 million as of December 31, 2014 (2013: ₩11,116 million).

**CJ Corporation and Subsidiaries**  
**Notes**  
**December 31, 2014 and 2013**

**16. Property, Plant and Equipment**

Details of property, plant and equipment as of December 31, 2014 and 2013, are as follows:

<i>(In thousands of Korean won)</i>	<b>2014</b>			
	<b>Cost</b>	<b>Accumulated depreciation<sup>1</sup></b>	<b>Government grants</b>	<b>Book value</b>
Land	₩ 2,857,033,075	₩ -	₩ (4,596,038)	₩ 2,852,437,037
Buildings	2,524,809,498	(737,920,732)	(14,722,585)	1,772,166,181
Structures	1,024,862,998	(313,741,718)	(2,418,004)	708,703,276
Machinery	4,797,060,223	(2,469,823,752)	(21,244,196)	2,305,992,275
Vehicles	241,941,049	(159,384,689)	(23,954)	82,532,406
Tools, equipment and supplies	1,620,221,349	(1,124,791,660)	(2,318,926)	493,110,763
Course	69,425,153	-	-	69,425,153
Biotechnology assets	20,423,087	-	-	20,423,087
Heavy equipment	56,013,277	(34,834,306)	-	21,178,971
Others	164,036,299	(61,519,005)	(3,267,371)	99,249,923
Construction-in-progress	684,701,726	-	(983,226)	683,718,500
	<u>₩ 14,060,527,734</u>	<u>₩ (4,902,015,862)</u>	<u>₩ (49,574,300)</u>	<u>₩ 9,108,937,572</u>

<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>

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

**CJ Corporation and Subsidiaries**  
**Notes**  
**December 31, 2014 and 2013**

Changes in property, plant and equipment for the years ended December 31, 2014 and 2013, are as follows:

<i>(In thousands of Korean won)</i>	<b>2014</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	₩ 2,736,508,248	₩ 1,765,634,396	₩ 607,688,343	₩ 2,346,006,727	₩ 99,664,877	₩ 479,365,406
Increase due to business combination	1,314,341	1,857,099	1,583,551	18,438,117	1,639,170	1,537,976
Acquisition	10,055,304	19,838,111	53,180,856	142,645,132	9,488,284	157,683,206
Transfer from investment property	88,226,916	25,071,663	-	-	-	837,558
Transfer to intangible assets	-	-	-	-	-	272,286
Transfer to assets held-for-sale	(3,641,187)	(4,003,955)	(35,000)	-	-	-
Decrease due to disposal of subsidiaries	(9,276,526)	(17,626,637)	(3,888,082)	(8,507,755)	-	(6,813,394)
Transfer	53,027,770	56,160,252	99,619,799	213,489,903	675,169	37,340,000
Disposal	(23,922,699)	(6,182,117)	(6,350,160)	(16,873,466)	(5,887,612)	(11,520,532)
Depreciation	-	(75,092,403)	(50,980,681)	(386,539,637)	(24,083,835)	(172,707,154)
Impairment <sup>1</sup>	-	-	-	(32,091,850)	-	(1,061,409)
Effect of foreign currency translation	100,121	6,677,635	7,197,924	26,249,027	364,209	2,271,327
Others	44,749	(167,863)	686,726	3,176,077	672,144	5,905,493
Ending net book value	<u>₩ 2,852,437,037</u>	<u>₩ 1,772,166,181</u>	<u>₩ 708,703,276</u>	<u>₩ 2,305,992,275</u>	<u>₩ 82,532,406</u>	<u>₩ 493,110,763</u>

<i>(In thousands of Korean won)</i>	<b>2014</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	₩ 68,914,406	₩ 11,535,371	₩ 25,339,335	₩ 107,826,540	₩ 584,762,560	₩ 8,833,246,209
Increase due to business combination	-	-	-	-	-	26,370,254
Acquisition	32,043	18,838,649	1,219,330	6,300,106	585,272,164	1,004,553,185
Transfer from investment property	-	-	-	-	(11,746,987)	102,389,150
Transfer to intangible assets	-	-	-	20,000	(24,472,153)	(24,179,867)
Transfer to assets held-for-sale	-	-	-	-	-	(7,680,142)
Decrease due to disposal of subsidiaries	-	-	-	(534,718)	-	(46,647,112)
Transfer	478,704	-	2,158,501	32,343	(462,982,441)	-
Disposal	-	(10,321,624)	(513,818)	(63,518)	(2,983,505)	(84,619,051)
Depreciation	-	-	(4,311,286)	(10,468,487)	-	(724,183,483)
Impairment <sup>1</sup>	-	-	-	(10,128)	-	(33,163,387)
Effect of foreign currency translation	-	370,691	-	70,733	13,904,133	57,205,800
Others	-	-	(2,713,091)	(3,922,948)	1,964,729	5,646,016
Ending net book value	<u>₩ 69,425,153</u>	<u>₩ 20,423,087</u>	<u>₩ 21,178,971</u>	<u>₩ 99,249,923</u>	<u>₩ 683,718,500</u>	<u>₩ 9,108,937,572</u>

**CJ Corporation and Subsidiaries**  
**Notes**  
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<sup>1</sup> In 2014, the Group recognized impairment loss amounting to ₩33,163 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.

**2013**

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

**2013**

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

**CJ Corporation and Subsidiaries**  
**Notes**  
**December 31, 2014 and 2013**

<i>(In thousands of Korean won)</i>	Course	2013				Total
		Biotechnology assets	Heavy equipment	Others	Construction-in-Progress	
Others	-	(1,363,380)	-	2,076,190	(9,269,061)	5,913,280
Ending net book value	₩ 68,914,406	₩ 11,535,371	₩ 25,339,335	₩ 107,826,540	₩ 584,762,560	₩ 8,833,246,209

<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.

Depreciation expense of property, plant and equipment for the years ended December 31, 2014 and 2013, is classified as follows:

<i>(In thousands of Korean won)</i>	2014		2013	
Cost of sales	₩	565,871,271	₩	514,290,018
Selling and administrative expenses		158,312,212		152,194,436
	₩	<u>724,183,483</u>	₩	<u>666,484,454</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 ₩947,674 million as of December 31, 2014 (Note 36).

In 2014, the Group has capitalized borrowing costs amounting to ₩2,045 million (2013: ₩6,603 million) on qualifying assets. Borrowing costs were capitalized at the weighted average rate of its general borrowings of 3.26% (2013: 4.76% - 6.91%).

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, 2014 and 2013, are as follows:

<i>(In thousands of Korean won)</i>	2014		2013	
	Machinery	Equipment and vehicles	Machinery	Equipment and vehicles
Cost (capitalized finance leases)	₩ 14,418,405	₩ 626,078	₩ 18,266,085	₩ 1,801,417
Accumulated depreciation	<u>(10,174,276)</u>	<u>(382,660)</u>	<u>(9,933,049)</u>	<u>(484,606)</u>
Net book value	<u>₩ 4,244,129</u>	<u>₩ 243,418</u>	<u>₩ 8,333,036</u>	<u>₩ 1,316,811</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 ₩614,493 million.

**CJ Corporation and Subsidiaries**  
**Notes**  
**December 31, 2014 and 2013**

**17. Intangible Assets**

Details of intangible assets as of December 31, 2014 and 2013, are as follows:

<b>2014</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	₩2,057,479,144	₩ -	₩ -	₩ 2,057,479,144
Development costs	308,791,028	(116,005,229)	(462,049)	192,323,750
Membership rights	56,777,924	(6,290,834)	-	50,487,090
Publication rights and rights to music contents	1,256,477,197	(941,008,871)	(8)	315,468,318
Service concession arrangement	790,545,761	(171,072,096)	(26,828,307)	592,645,358
Brand	220,560,000	-	-	220,560,000
Construction in progress	124,252,815	-	(165,000)	124,087,815
Others	1,174,389,518	(411,450,980)	(2,875,006)	760,063,532
	<u>₩5,989,273,387</u>	<u>₩ (1,645,828,010)</u>	<u>₩ (30,330,370)</u>	<u>₩ 4,313,115,007</u>
<b>2013</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	₩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>

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

**CJ Corporation and Subsidiaries**  
**Notes**  
**December 31, 2014 and 2013**

Changes in intangible assets for the years ended December 31, 2014 and 2013, are as follows:

<i>(In thousands of Korean won)</i>	<b>2014</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	₩2,092,246,732	₩ 223,345,345	₩ 57,044,729	₩ 271,323,709
Increase due to business combination	100,292,860	-	1,988,982	2,215,540
Acquisition	-	48,088,881	2,882,076	115,258,863
Transfer	-	7,212,326	-	219,136,146
Transfer from property, plant and equipment	-	-	-	4,553,000
Decrease due to disposal of subsidiaries	(120,624,088)	(8,657,763)	(1,328,623)	(211,610)
Disposal	(4,647,205)	(30,794)	(4,966,847)	(411,706)
Amortization	-	(48,652,739)	-	(295,643,888)
Impairment <sup>1</sup>	(10,090,425)	-	(2,440,978)	(1,929,888)
Effect of foreign currency translation	320,147	(5,274)	32,686	(277,617)
Others	(18,877)	(28,976,232)	(2,724,935)	1,455,769
Ending net book value	<u>₩2,057,479,144</u>	<u>₩ 192,323,750</u>	<u>₩ 50,487,090</u>	<u>₩ 315,468,318</u>

<i>(In thousands of Korean won)</i>	<b>2014</b>				
	<b>Service concession arrangement</b>	<b>Brand</b>	<b>Construction-in-progress</b>	<b>Others</b>	<b>Total</b>
Beginning net book value	₩532,080,738	₩220,560,000	₩217,756,499	₩676,133,528	₩4,290,491,280
Increase due to business combination	-	-	-	43,729,117	148,226,499
Acquisition	902,512	-	254,420,688	165,901,708	587,454,728
Transfer	84,281,988	-	(328,482,204)	17,851,744	-
Transfer from property, plant and equipment	-	-	1,745,007	17,881,860	24,179,867
Decrease due to disposal of subsidiaries	-	-	-	(30,512,021)	(161,334,105)
Disposal	(1,060,383)	-	(645,461)	(7,105,614)	(18,868,010)
Amortization	(19,119,497)	-	-	(141,163,246)	(504,579,370)
Impairment <sup>1</sup>	(4,440,000)	-	(5,627,031)	(8,555,464)	(33,083,786)
Effect of foreign currency translation	-	-	214,057	1,475,387	1,759,386
Others	-	-	(15,293,740)	24,426,533	(21,131,482)
Ending net book value	<u>₩592,645,358</u>	<u>₩220,560,000</u>	<u>₩124,087,815</u>	<u>₩760,063,532</u>	<u>₩4,313,115,007</u>

# CJ Corporation and Subsidiaries

## Notes

December 31, 2014 and 2013

<sup>1</sup> In 2014, the Group recognized impairment loss amounting to ₩33,084 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.

(In thousands of Korean won)	2013			
	Goodwill	Development costs	Membership rights	Publication rights and rights to music contents
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 loss	(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>

(In thousands of Korean won)	2013				
	Service concession arrangement	Brand	Construction-in-progress	Others	Total
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 loss	-	-	-	(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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Amortization expense of intangible for the years ended December 31, 2014 and 2013, are classified as follows:

<i>(In thousands of Korean won)</i>	<b>2014</b>		<b>2013</b>	
Cost of sales	₩	392,225,213	₩	387,146,865
Selling and administrative costs		<u>112,354,157</u>		<u>76,180,440</u>
	₩	<u>504,579,370</u>	₩	<u>463,327,305</u>

In 2014, the Group recognized research and development costs as expenses amounting ₩7,703 million (2013: ₩12,428 million).

### *Impairment Tests for Goodwill*

Goodwill allocated according to cash-generating units for the years ended December 31, 2014 and 2013, is as follows:

<i>(In millions of Korean won)</i>	<b>2014</b>		<b>2013</b>	
Cash-Generating Units				
CJ Corporation's portion of goodwill relating to CJ CheilJedang 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		3,562		43,972
CJ E&M Corporation(Music)		20,820		20,820
CJ E&M Corporation(Media)		152,501		154,852
CJ HelloVision Co., Ltd.(Gyeongin Regional Headquarters)		146,640		146,640
CJ HelloVision Co., Ltd.(Gyeongnam Regional Headquarters)		52,078		52,078
CJ HelloVision Co., Ltd.(Busan Regional Headquarters)		148,141		148,141
CJ HelloVision Co., Ltd.(Gyeongbuk Regional Headquarters)		93,538		93,538
CJ HelloVision Co., Ltd.(Honam Regional Headquarters)		137,239		138,439
CJ HelloVision Co., Ltd.(Gangwon Regional Headquarters)		79,595		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>257,271</u>		<u>298,486</u>
	₩	<u>2,057,479</u>	₩	<u>2,092,247</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, 2014 and 2013.

Goodwill impairment reviews are undertaken annually. Impairment test suggests that the recoverable amount of cash generating units does not exceed the carrying value, and ₩10,090 million (2013: ₩2,900 million) are recognized as impairment loss. The recoverable amounts of certain portion of cash-generating units have been determined based on value-in-use calculations. These calculations use pre-tax and 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.

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

### Service Concession Arrangements

Service concession arrangements as of December 31, 2014, are as follows:

	Gunpo	Yangsan
Contents of agreement	On the real estate owned by Korea Rail Network Authority, the Group built a cargo terminal with its own fund. The Group owns and operates the cargo terminal for a certain period and then contributes operation to the government.	On the real estate owned by 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 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

## 18. Investment Property

Details of investment property as of December 31, 2014 and 2013, are as follows:

<i>(In thousands of Korean won)</i>	<b>2014</b>		<b>2013</b>	
Acquisition cost	₩	344,107,443	₩	463,460,805
Accumulated depreciation <sup>1</sup>		(33,456,150)		(34,266,516)
Book value	₩	<u>310,651,293</u>	₩	<u>429,194,289</u>

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

**CJ Corporation and Subsidiaries**  
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Changes in investment property for the years ended December 31, 2014 and 2013, are as follows:

<i>(In thousands of Korean won)</i>	<b>2014</b>		<b>2013</b>	
Beginning net book value	₩	429,194,289	₩	441,834,417
Increase due to business combination		50,674,816		-
Acquisition		1,294,913		6,378,357
Transfer to(from) property, plant and equipment		(102,389,150)		14,994,130
Disposal		(61,181,860)		(5,769,881)
Depreciation		(10,306,749)		(10,517,406)
Effect of foreign currency translation		(2,278,372)		(16,808,735)
Others		5,643,406		(916,593)
Ending net book value	₩	<u>310,651,293</u>	₩	<u>429,194,289</u>

Investment property above consists of land amounting to ₩197,215 million, buildings amounting to ₩104,488 million and other property, plant and equipment.

In 2014, rental income from investment property is ₩26,856 million (2013: ₩28,766 million), and operating expenses (including repairs and maintenance) directly related to those investment properties amount to ₩16,841 million (2013: ₩14,368 million).

Fair value of investment property as of December 31, 2014, is ₩372,483 million (2013: ₩636,103 million) and classified to Level 3 in fair value hierarchy (Note 5.3).

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**19. Borrowings**

Short-term borrowings as of December 31, 2014 and 2013, are as follows:

(In thousands of Korean won)	Financial Institution	Annual interest rate(%)	Amount	
		December 31, 2014	2014	2013
<b>Local currency loans</b>				
General loans	Kookmin Bank and others	1.70 - 6.90	₩ 350,826,008	₩ 504,640,687
Commercial papers	Woori Bank and others	2.41 - 3.40	55,000,000	79,000,000
	Korea Exchange Bank			
Working Fund	and others	3.41 - 4.40	50,336,469	40,038,767
Loans for facilities	Shinhan Bank and others	3.47 - 4.53	35,100,000	58,000,000
Loans for livestock promotion fund	NongHyup Bank and others	4.00	1,600,000	11,520,000
			<u>492,862,477</u>	<u>693,199,454</u>
<b>Foreign currency loans</b>				
General loans	Kookmin Bank and others	0.07 - 8.90	934,811,906	737,741,873
Usance	Shinhan Bank and others	0.05 - 2.19	235,991,693	337,722,241
Working Fund	SMBC Bank and others	1.16 - 10.50	421,856,288	319,730,808
	Korea Exchange Bank			
Loans for facilities	and others	1.70 - 11.00	44,439,601	24,952,923
Others	Woori Bank and others	0.00 - 7.00	34,289,394	9,205,420
			<u>1,671,388,882</u>	<u>1,429,353,265</u>
			<u>₩ 2,164,251,359</u>	<u>₩ 2,122,552,719</u>

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Non-current borrowings as of December 31, 2014 and 2013, are as follows:

(In thousands of Korean won)	Financial Institution	Annual interest rate (%)	Amount	
			December 31, 2014	2013
<b>Local currency loans</b>				
Broadcasting promotion fund	Woori Bank and others	2.50 - 3.00	₩ 1,299,990	₩ 916,630
General loans	Shinhan Bank and others	1.05 - 7.95	354,795,630	523,224,928
Loans for livestock promotion and agricultural credit funds	NongHyup Bank	3.00 - 4.00	9,000,000	9,000,000
Loans for operating funds	Kookmin Bank and others	4.40	10,000,000	17,000,000
Policy fund	Woori Bank and others	2.22 - 4.20	11,084,410	13,508,670
Loans for facilities	Kookmin Bank and others	2.61 - 5.50	445,404,712	648,297,581
Convertible redeemable preferred stock	-	-	-	550,417
Middle/Long-term CP	SK securities Co., Ltd. and others	2.40 - 4.00	1,160,000,000	908,000,000
Others	42th Hana Daol Land Chip Real Estate Investment Trust	6.80	150,033,703	150,033,703
Less : Present value discount			(37,516,475)	(46,723,130)
Current maturities			(441,995,548)	(153,339,852)
			<u>1,662,106,422</u>	<u>2,070,468,947</u>
<b>Foreign currency loans</b>				
GSM fund	Woori Bank and others	0.33 - 0.68	156,243,239	127,181,783
Policy fund	The Export-Import Bank of Korea and others	2.01 - 2.33	60,787,620	61,207,400
Loans for facilities	The Export-Import Bank of Korea and others	1.24 - 4.90	219,605,914	152,510,290
General loans	The Export-Import Bank of Korea and others	0.85 - 8.00	537,730,416	472,691,453
Less : Current maturities			(193,083,104)	(198,351,974)
			<u>781,284,085</u>	<u>615,238,952</u>
<b>Finance lease obligations</b>				
Machinery and others	Lotte Capital Co., Ltd. and others	1.88 - 6.50	28,699,877	24,955,338
Less : Current maturities			(15,504,919)	(8,796,888)
			<u>13,194,958</u>	<u>16,158,450</u>
			<u>₩ 2,456,585,465</u>	<u>₩ 2,701,866,349</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 collateral in relation to the Group's borrowings above (Note 36).

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Minimum lease payments to the lessor as of December 31, 2014 and 2013, are as follows:

<i>(In thousands of Korean won)</i>	<b>2014</b>	<b>2013</b>
<b>Total minimum lease payments</b>		
No later than 1 year	₩ 16,114,794	₩ 9,765,820
Between 1 and 5 years	<u>13,668,315</u>	<u>16,865,307</u>
	<u>29,783,109</u>	<u>26,631,127</u>
<b>Unearned financial income</b>	<u>(1,083,232)</u>	<u>(1,675,789)</u>
<b>Net minimum lease payment</b>		
No later than 1 year	15,504,919	8,796,888
Between 1 and 5 years	<u>13,194,958</u>	<u>16,158,450</u>
	<u>₩ 28,699,877</u>	<u>₩ 24,955,338</u>

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**20. Debentures**

Details of debentures as of December 31, 2014 and 2013, are as follows:

<i>(In thousands of Korean won)</i>	Annual interest rate(%)	Amount	
	December 31, 2014	2014	2013
<b>Local currency debentures</b>			
Non-guarantee public bonds	2.31 - 5.40	₩ 2,700,000,000	₩ 2,774,159,000
Non-guarantee private bonds	2.93 - 7.70	337,000,000	261,000,000
Less : Present value discount		(5,863,175)	(9,081,678)
Current maturities		(606,580,784)	(539,200,289)
		2,424,556,041	2,486,877,033
<b>Foreign currency debentures</b>			
Non-guarantee public bonds	0.17 - 3.15	400,181,300	422,601,466
Non-guarantee private bonds	3.45	32,976,000	34,500,000
Less : Present value discount		(1,241,044)	(857,085)
Current maturities		-	(191,064,812)
		431,916,256	265,179,569
<b>Exchangeable bonds</b>			
Redemption premium	1.80, 3.20	253,550,000	253,550,000
Less : Present value discount		15,230,490	15,230,490
Current maturities		(6,107,851)	(14,104,265)
		(181,310,201)	-
		81,362,438	254,676,225
		₩ 2,937,834,735	₩ 3,006,732,827

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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% of its par value per share.

<sup>2</sup> As of December 31, 2014, 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.

## **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.



# CJ Corporation and Subsidiaries

## Notes

### December 31, 2014 and 2013

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The amounts of net defined benefit liabilities recognized in the consolidated statements of financial position as of December 31, 2014 and 2013, are as follows:

<i>(In thousands of Korean won)</i>	<b>2014</b>	<b>2013</b>
Present value of funded defined benefit liabilities	₩ 663,211,744	₩ 531,589,923
Present value of unfunded defined benefit liabilities	6,656,879	10,463,331
	<u>669,868,623</u>	<u>542,053,254</u>
Fair value of plan assets <sup>1</sup>	<u>(437,865,708)</u>	<u>(361,403,011)</u>
Liability in the consolidated statement of financial position	<u>₩ 232,002,915</u>	<u>₩ 180,650,243</u>

<sup>1</sup> The fair value of plan assets includes contributions to the National Pension Fund of ₩243 million as of December 31, 2014 (2013: ₩275 million).

Changes in the defined benefit obligation for the years ended December 31, 2014 and 2013, are as follows:

<i>(In thousands of Korean won)</i>	<b>2014</b>	<b>2013</b>
Beginning balance	₩ 542,053,254	₩ 469,576,364
Increase due to business combination	2,136,771	2,944,812
Current service cost	118,917,168	116,362,406
Interest expense	20,962,268	16,001,524
Remeasurements:		
Actuarial gains and losses arising from changes in demographic assumptions	668,468	682,559
Actuarial gains and losses arising from changes in financial assumptions	40,565,111	(13,430,235)
Actuarial gains and losses arising from experience adjustments	23,585,734	26,875,099
Payments from plans:		
Benefit payments	(69,937,447)	(69,321,429)
Decrease due to disposal of subsidiaries	(9,350,250)	-
Transfer to held-for-sale	-	(6,591,349)
Effect of foreign currency translation	267,546	(1,046,497)
Ending balance	<u>₩ 669,868,623</u>	<u>₩ 542,053,254</u>

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Changes in the fair value of plan assets for the years ended December 31, 2014 and 2013, are as follows:

<i>(In thousands of Korean won)</i>	<b>2014</b>		<b>2013</b>	
Beginning balance	₩	361,403,011	₩	301,943,815
Increase due to business combination		655,577		738,124
Interest income		14,523,615		10,455,433
Remeasurements:				
Return on plan assets		(6,464,563)		1,637,733
Contributions:				
Employers		98,549,424		99,284,763
Payments from plans:				
Benefit payments		(28,231,974)		(51,235,349)
Decrease due to disposal of subsidiaries		(2,569,382)		-
Transfer to held-for-sale		-		(1,421,508)
Ending balance	₩	<u>437,865,708</u>	₩	<u>361,403,011</u>

Details of plan assets as of December 31, 2014 and 2013, are as follows:

<i>(In thousands of Korean won)</i>	<b>2014</b>		<b>2013</b>	
	<b>Amount</b>	<b>Composition(%)</b>	<b>Amount</b>	<b>Composition(%)</b>
Cash and deposits	₩ 291,057,463	66.47	₩ 238,924,333	66.11
Beneficiary certificate	146,004,686	33.34	122,262,607	33.83
Others	803,559	0.19	216,071	0.06
	<u>₩ 437,865,708</u>	<u>100.00</u>	<u>₩ 361,403,011</u>	<u>100.00</u>

The principal actuarial assumptions as of December 31, 2014 and 2013, are as follows:

<i>(in percentage)</i>	<b>2014</b>	<b>2013</b>
Discount rate	2.30% - 14.00%	3.16% - 14.00%
Future salary increases	3.00% - 11.00%	3.00% - 20.00%

The sensitivity of the defined benefit obligations as of December 31, 2014, 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%	5.88% decrease	6.65% increase
Future salary increases	1%	6.63% increase	5.98% decrease

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. The sensitivity of the defined benefit obligation to changes in principal actuarial assumptions is calculated using the projected unit credit method, the same method

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applied when calculating the defined benefit obligations recognized on the consolidated statement of financial position.

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

Expected maturity analysis of undiscounted pension benefits as of December 31, 2014, 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	₩105,021,368	₩106,356,649	₩294,776,846	₩516,716,202	₩1,022,871,065

The weighted average duration of the defined benefit obligations is 10.1 years.

#### 21.2 Defined Contribution Plan

Recognized expense related to the defined contribution plan for the year ended December 31, 2014, is ₩1,095 million (2013: ₩1,283 million).

## 22. Income Tax and Deferred Tax

Income tax expense for the years ended December 31, 2014 and 2013, consists of:

<i>(In thousands of Korean won)</i>	<b>2014</b>	<b>2013</b>
Current tax:		
Current tax on profits for the year	₩ 257,152,071	₩ 185,813,982
Adjustments in respect of prior years	<u>38,529,670</u>	<u>25,068,304</u>
	<u>295,681,741</u>	<u>210,882,286</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>(6,995,397)</u>	<u>(103,219,881)</u>
Income tax expense	<u>₩ 288,686,344</u>	<u>₩ 107,662,405</u>

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Reconciliation between profit before income tax and income tax expense for the years ended December 31, 2014 and 2013, are as follows:

(In thousands of <i>Korean won</i> )	<b>2014</b>		<b>2013</b>	
Profit before income tax	₩	797,319,488	₩	430,270,742
Tax calculated at domestic tax rates applicable to profits in the respective countries	₩	156,467,781	₩	101,672,519
Tax effects of:				
Profit (loss) of subsidiaries and associates		22,559,752		(10,118,382)
Adjustments in respect of prior years		38,529,670		25,068,304
Income not subject to tax		28,169,402		7,259,569
Tax credit		(16,004,893)		(17,082,430)
Unrecognized deferred income tax		71,964,150		(12,522,035)
Others		(12,999,518)		13,384,860
Income tax expense	₩	288,686,344	₩	107,662,405

Income tax effects related to components of other comprehensive income(expense) and equity for the years ended December 31, 2014 and 2013, is as follows:

(In thousands of <i>Korean won</i> )	<b>2014</b>			<b>2013</b>		
	<b>Before tax</b>	<b>Tax effect</b>	<b>After tax</b>	<b>Before tax</b>	<b>Tax effect</b>	<b>After tax</b>
Tax (charge) / credit relating to components of other comprehensive income:						
Gains (losses) on valuation of available-for-sale financial assets	₩ 59,352,911	₩ (14,713,742)	₩ 44,639,169	₩ (242,756,489)	₩ 61,730,700	₩ (181,025,789)
Cumulative effect of foreign currency translation	33,406,812	-	33,406,812	(25,950,633)	-	(25,950,633)
Share of other comprehensive gains (losses) of joint venture and associates	3,435,977	-	3,435,977	(7,009,656)	-	(7,009,656)
Gains (losses) on valuation of derivatives	(2,581,839)	621,270	(1,960,569)	1,701,650	(412,001)	1,289,649
Remeasurements of net defined benefit liabilities	(71,283,876)	20,575,619	(50,708,257)	(12,489,690)	1,759,240	(10,730,450)
	<u>22,329,985</u>	<u>6,483,147</u>	<u>28,813,132</u>	<u>(286,504,818)</u>	<u>63,077,939</u>	<u>(223,426,879)</u>
The income tax (charged) / credited directly to equity:						
Other components of equity	(1,175,147)	258,532	(916,615)	138,612,063	(32,069,073)	106,542,990
	<u>₩ 21,154,838</u>	<u>₩ 6,741,679</u>	<u>₩ 27,896,517</u>	<u>₩ (147,892,755)</u>	<u>₩ 31,008,866</u>	<u>₩ (116,883,889)</u>

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The analysis of deferred tax assets and deferred tax liabilities as of December 31, 2014 and 2013, are as follows:

<i>(In thousands of Korean won)</i>	<b>2014</b>	<b>2013</b>
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	₩ 442,331,582	₩ 325,009,287
Deferred tax asset to be recovered within 12 months	<u>86,828,715</u>	<u>66,623,536</u>
	<u>529,160,297</u>	<u>391,632,823</u>
Deferred tax liabilities		
Deferred tax liability to be recovered after more than 12 months	(1,037,260,417)	(890,897,774)
Deferred tax liability to be recovered within 12 months	<u>(3,014,695)</u>	<u>(1,644,478)</u>
	<u>(1,040,275,112)</u>	<u>(892,542,252)</u>
Deferred tax liabilities, net	<u>₩ (511,114,815)</u>	<u>₩ (500,909,429)</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, 2014 and 2013, are as follows:

(In thousands of Korean won)	2014							Ending book value
	Beginning book value	Statement of income	Other comprehensive income (loss)	Acquisition of subsidiaries	Disposal of subsidiaries	Effect of foreign currency translation		
<b>Deferred tax assets</b>								
Allowance for doubtful accounts	₩ 34,603,449	₩15,483,283	₩ -	₩ -	₩ (3,257,310)	₩ 18,957	₩ 46,848,379	
Net defined benefit liabilities	23,690,497	9,039,381	-	-	(1,399,047)	69,057	31,399,888	
Gain (Loss) on valuation of inventories	6,964,762	(508,414)	-	-	-	23,101	6,479,449	
Amortization	12,048,056	(7,815,621)	-	-	(4,232,435)	-	-	
Impairment loss on investment property	23,002,272	(6,258,315)	-	-	-	2,172	16,746,129	
Impairment loss on property, plant and equipment	8,039,585	331,787	-	-	(16,212)	5,507	8,360,667	
Impairment loss on intangible assets	502,615	6,766,331	-	-	(1,658,796)	-	5,610,150	
Accrued expenses	24,660,068	8,794,674	-	-	(95,930)	17,199	33,376,011	
Foreign currency translation	343,959	(267,568)	-	-	(2,815)	-	73,576	
Government subsidy	2,160,014	2,606,304	-	-	(4)	-	4,766,314	
Tax loss	205,570,681	51,388,241	-	-	(538,652)	27,855	256,448,125	
Tax credit	21,269,319	(15,145,932)	-	-	(647,520)	-	5,475,867	
Gain on valuation of hedging derivative	234,396	-	621,270	-	-	-	855,666	
Remeasurement	27,010,069	-	20,575,619	-	-	-	47,585,688	
Others	1,533,082	(1,481,784)	-	-	-	-	51,298	
	<u>391,632,824</u>	<u>62,932,367</u>	<u>21,196,889</u>	<u>-</u>	<u>(11,848,721)</u>	<u>163,848</u>	<u>464,077,207</u>	
<b>Deferred tax liabilities</b>								
Legal reserve under Special Tax Treatment Control Law	(67,789,155)	18,031,200	-	-	-	-	(49,757,955)	
Depreciation	(39,299,939)	(2,636,453)	-	-	(20,742)	(2,197,810)	(44,154,944)	
Amortization	-	(4,480,055)	-	-	-	(6)	(4,480,061)	
Borrowing costs	(3,388,230)	528,271	-	-	-	(3,351)	(2,863,310)	
Gain (Loss) on revaluation of property, plant and equipment	(333,552,491)	9,788,358	-	-	-	-	(323,764,133)	
Loss on valuation of available-for-sale financial assets	(97,790,822)	-	(14,713,742)	-	-	-	(112,504,564)	
Loss of subsidiaries and associates	(113,298,345)	(22,559,752)	-	-	-	(692,963)	(136,551,060)	

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	2014						
	Beginning book value	Statement of income	Other comprehensive income (loss)	Acquisition of subsidiaries	Disposal of subsidiaries	Effect of foreign currency translation	Ending book value
<i>(In thousands of Korean won)</i>							
Appraisal by fair value	(60,974,984)	9,964,823	-	(7,377,670)	-	-	(58,387,831)
Inventories, property, plant and equipment, intangible assets and others	(56,627,641)	14,274,909	-	-	-	-	(42,352,732)
Others	(66,027,684)	(6,884,121)	-	358,676	(1,225,277)	(68,391)	(73,846,797)
	<u>(838,749,291)</u>	<u>16,027,180</u>	<u>(14,713,742)</u>	<u>(7,018,994)</u>	<u>(1,246,019)</u>	<u>(2,962,521)</u>	<u>(848,663,387)</u>
Unrecognized deferred tax	(53,792,962)	(71,964,150)	-	-	(1,356,927)	585,404	(126,528,635)
	<u>₩ (500,909,429)</u>	<u>₩6,995,397</u>	<u>₩ 6,483,147</u>	<u>₩ (7,018,994)</u>	<u>₩ (14,451,667)</u>	<u>₩ (2,213,269)</u>	<u>₩ (511,114,815)</u>

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	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)
Borrowing costs	(3,359,429)	(44,840)	-	-	16,039	(3,388,230)
Gain(Loss) 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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**23. Provisions for Liabilities and Charges**

Changes in provisions for liabilities and charges for the years ended December 31, 2014 and 2013, are as follows:

	2014					
	Mileage	Sales returns	Restoration	Construction warranties	Other liabilities and charges	Total
<i>(In thousands of Korean won)</i>						
Beginning balance	₩ 7,280,681	₩ 5,131,788	₩ 457,912	₩ 3,389,190	₩ 8,138,039	₩24,397,610
Provisions adjustment	46,256,367	9,686,755	841,909	630,427	5,876,814	63,292,272
Unused amounts reversed	-	(85,712)	(104,730)	-	(503,331)	(693,773)
Used during year	(42,618,960)	(6,412,221)	(74,182)	(728,067)	(2,542,784)	(52,376,214)
Effect of foreign currency translation	304	(19,773)	14,926	-	(33)	(4,576)
Ending balance	<u>₩10,918,392</u>	<u>₩ 8,300,837</u>	<u>₩ 1,135,835</u>	<u>₩ 3,291,550</u>	<u>₩10,968,705</u>	<u>₩34,615,319</u>
Current	₩ 5,335,405	₩ 8,300,837	₩ 500,000	₩ -	₩ 76,914	₩14,213,156
Non-current	5,582,987	-	635,835	3,291,550	10,891,791	20,402,163
	2013					
	Mileage	Sales returns	Restoration	Construction warranties	Other liabilities and charges	Total
<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

**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, 2014, the Company has issued 29,084,427 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

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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, 2014, 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.

Changes in paid-in capital for the years ended December 31, 2014 and 2013, are as follows:

	Number of outstanding shares			Capital stock			Paid-in capital in excess of par value
	Common stock	Preferred stock	Total	Common stock	Preferred stock	Total	
<i>(In thousands of Korean won, except number of shares)</i>							
At January 1, 2013	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)	-	-	-	-
At December 31, 2013	26,069,014	2,259,105	28,328,119	145,931,565	11,301,115	157,232,680	979,794,142
Exercise of share options	43,855	-	43,855	219,275	-	219,275	4,176,842
Acquisition of treasury shares	(5)	(1)	(6)	-	-	-	-
December 31, 2014	26,112,864	2,259,104	28,371,968	₩ 146,150,840	₩ 11,301,115	₩ 157,451,955	₩ 983,970,984

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### 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)

2014	Date of the grant		
	March 8, 2005	March 13, 2006	February 29, 2008
Options granted	94,100	56,900	230,000
Exercised quantity, prior to 2014	65,505	-	10,000
Forfeited quantity	10,704	4,500	-
Transfer-out quantity due to split-off	14,615	46,500	-
Exercised quantity during 2014	3,276	1,000	39,579
Options outstanding			
as of December 31, 2014	-	4,900	180,421
Exercise price per share <sup>1</sup>	₩ 71,000	₩ 120,000	₩ 70,000

Options exercised in 2014 resulted in 43,855 shares being issued at a weighted average price of ₩71,215 each. The related weighted average share price at the time of exercise was ₩156,936 per share.

2013	Date of the grant			
	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.

<sup>1</sup> The exercise price per share can be adjusted in case of the issuance of new shares, stock

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dividends, stock split, or stock merger.

- Vesting period:

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

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

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

	Date of the grant					
	April 27, 2002(2 <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, 2014 and 2013, are as follows:

(In thousands of Korean won)	2014	2013
Share-based payments	₩ 5,530,355	₩ 6,817,728
Treasury stocks	(186,310,252)	(186,310,252)
Gains on valuation of available-for-sale financial assets	219,581,318	200,546,329
Losses on valuation of equity method investees	(7,295,908)	(7,924,264)
Losses on valuation of derivatives	(604,375)	(46,184)
Cumulative effect of foreign currency translation	(23,140,477)	(34,963,649)
Others	(105,073,682)	(86,212,840)
	<u>₩ (97,313,021)</u>	<u>₩ (108,093,132)</u>

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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, 2014, the Company will dispose of treasury shares, including 2,971,563 common shares and 1,119 preferred shares, depending on market conditions.

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**27. Retained Earnings**

Retained earnings as of December 31, 2014 and 2013, consist of:

<i>(In thousands of Korean won)</i>	<b>2014</b>	<b>2013</b>
Legal reserves <sup>1</sup>	₩ 79,869,424	₩ 79,869,424
Discretionary reserves <sup>2</sup>	1,547,401,957	1,499,241,376
Unappropriated retained earnings	734,009,066	619,641,496
	<u>₩ 2,361,280,447</u>	<u>₩ 2,198,752,296</u>

<sup>1</sup> The Commercial Code of the Republic of Korea requires the Controlling 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 Controlling 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 consolidated 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.

PT CheilJedang Indonesia, a consolidated subsidiary, issued hybrid securities with the face value of ₩200,000 million before the prior year. 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.

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**29. Expenses by Nature**

Expenses by nature for the years ended December 31, 2014 and 2013, are as follows:

<i>(In thousands of Korean won)</i>	<b>2014</b>	<b>2013</b>
Raw materials, sub-materials, biological assets and cost of		
Merchandise purchased	₩ 4,413,553,149	₩ 5,501,790,700
Changes in inventories and biological assets	(94,073,519)	191,633,755
Salaries	1,971,538,167	1,891,910,754
Severance benefits	126,450,577	123,190,497
Employee benefits	276,093,255	267,406,400
Freight expenses	690,966,918	214,740,828
Transportation expenses	3,206,615,119	2,983,857,587
Travel expenses	90,690,534	78,679,749
Taxes and dues	101,464,841	88,790,527
Advertising expenses	459,303,977	368,775,695
Rental expenses	614,492,735	555,205,231
Service Fees	1,379,100,049	907,690,002
Sales commission	144,314,841	148,369,083
Sales promotional expenses	235,125,512	115,895,323
Screening premium	287,443,090	262,932,684
Utility expenses	224,119,177	210,072,940
Power expenses	170,580,614	147,020,548
Packing material charge	251,207,185	255,328,458
Program usage fee	139,070,710	108,739,741
Network expenses	198,612,089	137,711,690
Repairs and maintenance expenses	73,008,311	61,727,178
Depreciation	724,183,483	666,484,454
Amortization	504,579,370	463,327,305
Outsourcing expenses	206,066,096	192,258,698
Building management fee	59,496,694	52,758,731
Others	2,115,180,385	2,069,333,265
Total cost of sales and selling and administrative expenses	<u>₩ 18,569,183,359</u>	<u>₩ 18,065,631,823</u>

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**30. Selling and Administrative Expenses**

Selling and administrative expenses for the years ended December 31, 2014 and 2013, are as follows:

<i>(In thousands of Korean won)</i>	<b>2014</b>		<b>2013</b>	
Salaries	₩	1,143,740,221	₩	1,055,952,400
Severance benefits		79,030,920		78,071,828
Employee benefits		183,790,743		169,133,730
Conference expenses		18,632,078		20,380,752
Entertainment expenses		40,992,154		40,517,780
Travel expenses		76,196,852		79,006,346
Communication expenses		33,939,053		32,281,156
Taxes and dues		86,814,235		88,798,606
Utility expenses		48,644,763		43,436,068
Research expenses		42,427,906		45,319,483
Repair expenses		19,207,927		18,457,592
Rental expenses		423,428,242		366,703,299
Foreign business expenses		21,490,187		20,416,252
Supplies expenses		34,153,087		30,708,794
Depreciation		158,312,212		152,194,436
Amortization		112,354,157		76,180,440
Insurance premium		23,808,571		21,481,385
Service fees		1,146,335,307		1,066,754,756
Sales commission		132,439,706		153,303,911
Training expenses		31,381,028		33,275,531
Freight expenses		426,880,516		372,956,642
Advertising expenses		442,907,486		434,702,779
Vehicles maintenance expenses		14,185,056		14,112,950
Sales promotional expenses		234,646,393		223,314,168
Bad debts expenses		50,322,221		15,020,019
Miscellaneous expenses		25,045,971		25,614,835
Others		35,700,667		40,869,262
	₩	<u>5,086,807,659</u>	₩	<u>4,718,965,200</u>



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**31. Financial Income and Expenses**

Financial income and expenses for the years ended December 31, 2014 and 2013, are as follows:

<i>(In thousands of Korean won)</i>	<b>2014</b>	<b>2013</b>
<b>Financial income</b>		
Interest income	₩ 70,204,379	₩ 68,931,554
Gain on foreign currency transaction	139,141,070	153,640,292
Dividends income	5,039,262	13,015,908
Gain on derivative instruments	44,500,865	24,714,025
Gain on disposal of available-for-sale financial assets	2,358,414	310,505,143
Others	1,170,367	827,906
	<u>262,414,357</u>	<u>571,634,828</u>
<b>Financial expenses</b>		
Interest expenses	333,856,927	325,446,522
Loss on foreign currency transaction	191,266,439	217,552,642
Loss on derivative instruments	34,489,565	32,017,232
Loss on disposal of available-for-sale financial assets	11,060,162	3,743,699
Impairment loss on available-for-sale financial assets	5,362,863	12,328,987
Others	10,505,958	9,021,838
	<u>₩ 586,541,914</u>	<u>₩ 600,110,920</u>

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

Other non-operating income and expenses for the years ended December 31, 2014 and 2013, are as follows:

<i>(In thousands of Korean won)</i>	<b>2014</b>	<b>2013</b>
<b>Other operating income</b>		
Gain on disposal of investment in subsidiaries	₩ 346,993,774	₩ 4,443,458
Gain on derivative instruments	41,460,668	39,917,918
Miscellaneous revenues	65,465,991	51,291,614
Others	24,761,543	15,852,706
	<u>₩ 478,681,976</u>	<u>₩ 111,505,696</u>

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<i>(In thousands of Korean won)</i>	<b>2014</b>		<b>2013</b>	
<b>Other operating expenses</b>				
Other bad debts expenses	₩	36,740,801	₩	19,681,786
Impairment loss on investment in joint ventures and associates		132,187		12,593,932
Loss on disposal of property, plant and equipment		22,586,112		25,315,866
Impairment loss on property, plant and equipment		33,163,387		35,234,841
Impairment loss on intangible assets		33,083,786		45,378,373
Loss on derivative instruments		73,190,037		46,422,392
Donations		82,473,626		81,976,348
Others		103,120,621		145,095,865
	₩	<u>384,490,557</u>	₩	<u>411,699,403</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, 2014 and 2013, is as follows:

<i>(In thousands of Korean won, except number of shares and earnings per share)</i>	<b>2014</b>		<b>2013</b>	
Net income	₩	209,165,289	₩	149,588,186
Less: Dividends for preferred shares		<u>16,773,568</u>		<u>12,041,292</u>
Net income available for common shares		192,391,721		137,546,894
Weighted average number of common shares in issue		<u>26,087,462</u>		<u>26,049,986</u>
Basic earnings per share (in Korean won)	₩	<u>7,375</u>	₩	<u>5,280</u>

Basic earnings per preferred share for the years ended December 31, 2014 and 2013, is as follows:

<i>(In thousands of Korean won, except number of shares and earnings per share)</i>	<b>2014</b>		<b>2013</b>	
Net income available for preferred shares	₩	16,773,568	₩	12,041,292
Weighted average number of preferred shares in issue		<u>2,259,105</u>		<u>2,259,106</u>
Basic earnings per preferred share (in Korean won)	₩	<u>7,425</u>	₩	<u>5,330</u>

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Diluted earnings per common share for the years ended December 31, 2014 and 2013, is as follows:

<i>(In thousands of Korean won, except number of shares and earnings per share)</i>	2014	2013
Net income available for common shares	₩ 192,391,721	₩ 137,546,894
Changes in the amount of dividend per preferred share from diluting effect	<u>80,762</u>	<u>43,076</u>
Diluted earnings	192,472,483	137,589,970
Weighted average number of common shares in issue including dilutive potential common shares	<u>26,225,541</u>	<u>26,152,588</u>
Diluted earnings per share (in Korean won)	<u>₩ 7,339</u>	<u>₩ 5,261</u>

Diluted earnings per preferred share for the years ended December 31, 2014 and 2013, is as follows:

<i>(In thousands of Korean won, except number of shares and earnings per share)</i>	2014	2013
Net income available for preferred shares <sup>1</sup>	₩ 16,692,806	₩ 11,998,216
Weighted average number of preferred shares in issue	<u>2,259,105</u>	<u>2,259,106</u>
Diluted earnings per preferred shares (in Korean won)	<u>₩ 7,389</u>	<u>₩ 5,311</u>

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

### 34. Dividends

The dividends paid in 2014 and 2013 were ₩27,025 million (₩950 per common share, ₩1,000 per preferred share) and ₩18,510 million (₩650 per common share, ₩700 per preferred share), respectively.

A dividend in respect of the year ended December 31, 2014, of ₩950 per common share and ₩1,000 per preferred share, amounting to a total dividend of ₩24,807 million and ₩2,259 million, respectively, is to be proposed at the annual general shareholders' meeting on March 20, 2015. 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, 2014 and 2013, is as follows:

<i>(In thousands of Korean won)</i>	<b>2014</b>	<b>2013</b>
Profit before income tax	₩ 797,319,488	₩ 430,270,742
Adjustments for:		
Depreciation	724,183,483	666,484,454
Amortization	504,579,370	463,327,305
Depreciation of investment property	10,306,749	10,517,406
Bad debts expenses	50,322,221	15,020,019
Interest income	(70,204,379)	(68,931,554)
Dividend income	(5,039,262)	(13,015,908)
Gain on derivative instruments	(85,961,533)	(64,631,943)
Gain on disposal of available-for-sale financial assets	(2,358,414)	(310,505,143)
Interest expenses	333,856,927	325,446,522
Loss on derivative instruments	107,679,602	78,439,624
Loss on disposal of available-for-sale financial assets	11,060,162	3,743,699
Impairment loss on available-for-sale financial assets	5,362,863	12,328,987
Gain on foreign currency translation	(24,747,988)	(3,372,925)
Share of profit of joint ventures and associates	(24,137,741)	27,126,499
Gain on disposal of investments in subsidiaries	(346,993,774)	(4,443,458)
Gain on disposal of property, plant and equipment	(8,830,048)	(3,732,079)
Other bad debts expense	36,740,801	19,681,786
Impairment loss on investments in joint ventures and associates	132,187	12,593,932
Loss on disposal of property, plant and equipment	22,586,112	25,315,866
Impairment loss on property, plant and equipment	33,163,387	35,234,841
Impairment loss on intangible assets	33,083,786	45,378,373
Loss on disposal of intangible assets	8,421,576	1,139,475
Others	16,931,848	45,170,064
Changes in working capital		
Increase in trade receivables	(204,751,077)	(284,968,231)
Decrease(increase) in other current financial assets	51,702,089	(43,642,126)
Decrease(increase) in advance payments	(69,562,562)	19,465,188
Decrease(increase) in inventories	(94,672,201)	211,154,682
Decrease(increase) in biological assets	1,710,310	(23,882,238)
Decrease(increase) in other current assets	106,461,406	(122,105,233)
Decrease(increase) in other non-current financial assets	128,692	(16,565,248)
Decrease in other non-current assets	11,489,847	7,648,382
Increase in trade payables	70,379,294	52,101,111
Increase(decrease) in non-trade payables	(12,003,214)	69,280,759
Increase in other current financial liabilities	1,321,278	33,606,569
Increase(decrease) in other current liabilities	(65,655,375)	33,460,377
Increase in deposits received	18,544,762	2,760,333

# CJ Corporation and Subsidiaries

## Notes

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<i>(In thousands of Korean won)</i>	<b>2014</b>	<b>2013</b>
Increase(decrease) in other non-current financial liabilities	232,100	(2,452,830)
Increase in net defined benefit liabilities	41,006,355	4,537,654
Increase(decrease) in provisions	6,112,581	(30,378,781)
Increase in other non-current liabilities	8,718,462	19,105,892
Cash generated from operations	<u>₩ 1,998,620,170</u>	<u>₩ 1,677,712,844</u>

Significant transactions not affecting cash flows for the years ended December 31, 2014 and 2013, are as follows:

<i>(In thousands of Korean won)</i>	<b>2014</b>	<b>2013</b>
Reclassification of construction in-progress to property, plant and equipment	₩ 462,982,441	₩ 1,136,778,657
Non-trade payables related to acquisition of property, plant and equipment	(6,203,418)	12,630,652
Non-trade payables related to acquisition of intangible assets	10,559,335	(2,599,481)
Non-trade payables related to acquisition of investment property	-	(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 available-for-sale financial assets	19,034,989	(122,743,505)
Changes in accumulated other comprehensive income due to translation of foreign currency financial statements	11,823,173	(6,081,591)

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**36. Commitments and Contingencies**

Payment guarantees provided by the Group as of December 31, 2014 and 2013, are as follows:

(In thousands of Korean won)

Guarantor	Guarantee	Financial institution	Loan amounts		Guarantee amounts		Guarantee period	Remark
			2014	2013	2014	2013		
CJ CheilJedang Corporation	Sichuan Jixiangju Food Co., Ltd.	The Export-Import Bank of Korea and others	₩ 5,496,000	₩ 5,276,500	₩ 10,800,300	₩ 10,499,200	2014/04/09 ~ 2015/12/21	Borrowings
	Ebara CJ Fresh Foods Inc.	The Bank of Yokohama	1,840,280	1,205,592	1,840,280	1,506,990	2014/03/25 ~ 2015/03/25	Borrowings
CJ Korea Express Corporation	Highone Solar Power Generation Co., Ltd.	Woori Bank	5,400,000	6,000,000	9,000,000	9,000,000	2010/12/24 ~ 2023/12/24	Borrowings
	Kumho Tire Tian Jin Co., Inc.	Landes Bank and others	23,913,096	45,916,000	93,432,000	89,700,500	2009/02/02 ~ 2016/02/02	Borrowings
	Yang San ICD Co., Ltd.	-	-	500,000	-	500,000	-	-
CJ JAPAN CORP.	Pan Japan Inc.	SBJ Bank	34,192,402	37,514,004	34,192,402	37,514,004	2014/10/10 ~ 2015/10/09	Borrowings
CJ Foodville Corp.	PT CJ Foodville Indonesia	Woori Bank	397,350	518,400	1,090,505	1,067,040	2014/05/23 ~ 2015/05/23	Borrowings
CJ CGV Co., Ltd. <sup>1</sup>	THEA Partners L.L.C	Korea Exchange Bank	15,067,360	-	16,999,360	-	2014/02/19 ~ 2017/02/20	Borrowings
CJ O Shopping Co., Ltd.	CJ Mediasa Shopping & Retail Corporation	Korea Exchange Bank	1,099,200	-	1,099,200	-	2014/07/23 ~ 2015/07/23	Borrowings
			<u>₩ 87,405,688</u>	<u>₩ 96,930,496</u>	<u>₩168,454,047</u>	<u>₩149,787,734</u>		

<sup>1</sup> In 2014, CJ CGV Co., Ltd., a consolidated subsidiary, entered into a contract with THEA Partners L.L.C to purchase shares held by THEA Partners L.L.C on or before December 31, 2017. However, THEA Partners L.L.C was not included in subsidiaries for consolidation because the Group does not have control over the entity.

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CJ Engineering & Construction Corp., a consolidated subsidiary, provides funding agreement amounting to ₩9,451 million based on the percentage of ownership as an investor for construction, 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 consolidated financial statements as of December 31, 2014. CJ Engineering & Construction Corp. provided 140,000 shares of equity securities of Seoul Integrated Freight Terminal PFV Co., Ltd. as collateral to Korea Development Bank.

In addition, CJ Engineering & Construction Corp. provides with joint guarantees amounting to ₩4,085 million to Seoul Guarantee Insurance Company, in relation to approval guarantee for Mugunghwa Trust Co., Ltd. provided by Seoul Guarantee Insurance Company.

KT Rental, which was spun off from CJ Korea Express Corporation, a consolidated subsidiary, assumes joint guarantee obligations for debts before the spin-off with the existed entity. In addition, CJ Korea Express Corporation provides guarantees amounting to ₩49,221 million to Seoul Guarantee Insurance and others in relation to contract performance guarantee and payment guarantee for Defense Transportation Headquarters and others.

The Group provides guarantees in relation to contract performance for IATA (International Air Transport Association) 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 Group 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, 2014, the Group obtained a guarantee from NongHyup Bank and others amounting to ₩218,089 million (2013: ₩215,138 million) relating to a performance guarantee and borrowings.

As of December 31, 2014, CJ Engineering & Construction Corp., a consolidated subsidiary, obtained a guarantee from the Korea Construction Financial Cooperative amounting to ₩120,894 million.

As of December 31, 2014, the Group obtained a guarantee from Seoul Guarantee Insurance Co., Ltd. in relation to its operations.

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Details of collaterals provided by the Group as of December 31, 2014, are as follows:

<i>(In millions of Korean won)</i>	<b>Secured assets</b>	<b>Carrying amount</b>	<b>Secured amount</b>	<b>Related line item</b>	<b>Related amount</b>	<b>Provided by</b>
CJ Korea Express Corporation	Financial assets	₩ 9,305	₩ 3,536	Borrowings	₩ 2,946	National Federation of Fisheries Cooperatives
	Property, plant and equipment and others	84,843	74,400	Borrowings	52,583	Korea Development Bank and others
Korea Integrated Freight Terminal Co.,Ltd	Property, plant and equipment and others	259,772	288,000	Borrowings	297,330	Korea Development Bank
CJ Freshway Corporation	Investment property	15,811	19,500	Borrowings	-	Kookmin Bank
	Financial assets	200	200	Borrowings	-	Agriculture Cooperative Livestock Marketing Inc.
CJ Engineering & Construction Corp.	Inventories	77,942	70,500	Borrowings	52,062	Korea Development Bank and others
	Financial assets	13,342	22,021	Borrowings	9,247	Construction Guarantee Cooperative and others
	Property, plant and equipment and others	176,019	598,215	Borrowings, debentures	25,538	Korea Development Bank and others
CJ Seafood Corporation	Property, plant and equipment	41,264	41,264	Borrowings	3,925	National Federation of Fisheries Cooperatives
PECT New Container Terminal Co., Ltd.	Donated assets usage rights	18,769	213,200	Borrowings	33,774	Korea Development Bank
Youngwoo Frozen Foods Co., Ltd.	Property, plant and equipment and others	20,444	20,050	Borrowings	16,500	Kookmin Bank and others
CJ Korea Express Busan Newport Distripark Co., Ltd.	Property, plant and equipment and others	24,840	21,621	Borrowings	9,822	Woori Bank and others
CJ Korea Express Asia Pte. Ltd.	Property, plant and equipment and others	19,986	27,947	Borrowings	15,598	United Bank of Oversea
Wonji Co., Ltd.	Financial assets	500	600	Borrowings	500	Kookmin Bank
	Property, plant and equipment and others	20,320	15,000	Borrowings	10,856	Kookmin Bank
CJ Japan Corp.	Property, plant and equipment and others	4,653	6,933	Borrowings	5,546	Korea Exchange Bank and others
	Investment peroperty	50,056	74,591	Borrowings	59,673	Korea Exchange Bank and others
Korea Express SB Co.,Ltd.	Property, plant and equipment and others	15,185	5,590	Borrowings	4,300	Woori Bank
	Financial assets	39,456	35,489	Borrowings and others	6,869	Korea Development Bank and others
Others	Property, plant and equipment and others	214,481	241,688	Borrowings and others	181,364	Korea Development Bank and others
		<u>₩ 1,107,188</u>	<u>₩ 1,780,345</u>		<u>₩ 788,433</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



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fund under agreements related to the expenses for the Gunpo extension construction.

Loan agreements with financial institutions as of December 31, 2014 and 2013, are as follows:

<i>(In millions of Korean won)</i>	<b>Maximum loan limit</b>	
	<b>2014</b>	<b>2013</b>
Bank overdraft	₩ 345,272	₩ 313,752
Discount note agreement	956,000	1,073,000
General loans	4,150,129	3,207,684
Import letter of credit	1,930,474	2,104,070
Other loans for facilities	706,184	1,013,984
DA negotiation agreements	44,332	53,562

As of December 31, 2014, the Group has entered into corporate purchase card agreements of up to ₩738,100 million (2013: ₩947,478 million) with Woori Bank and five other financial institutions.

As of December 31, 2014, the Group provided nine notes and bills (eight blanked bills, one note: ₩200,000 thousand) as collateral for contracts with related banks.

As of December 31, 2014, the Group is involved in 70 legal claims as the plaintiff and 131 legal claims as the defendant, and proceedings amounting to ₩204,110 million (2013: ₩91,057 million) and ₩82,850 million (2013: ₩56,936 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.

CJ Engineering & Construction Co., Ltd, a consolidated subsidiary, and 120 others are involved in a legal claim for refund of design compensation to Korea Water Resources Corporation as defendants. The ultimate resolution and effects of the case are uncertain as of December 31, 2014.

As of December 31, 2014, the Group 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 Group 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.

CJ CGV Co., Ltd., a consolidated subsidiary, entered into a cooperation contract ("joint investment cooperation contract") to jointly invest in PT Graha Layer Prima TBK. ("PT GLP"), a theater business entity in Indonesia, with KDB-Tstone Private Equity Fund ("KDB-Tstone") before the prior year. Under the joint investment cooperation contract, CJ CGV Co., Ltd. invested USD 15,250,000 in convertible loans receivable of PT GLP before 2013 and KDB-Tstone invested USD 15,250,000 in convertible loans receivable of PT GLP in 2013. CJ CGV Co., Ltd. acquired equity investments of PT GLP by exercising conversion rights and therefore, the convertible loans receivables were reclassified as investments in associates in 2014. 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

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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. The fair value of options are measured using the Black-Scholes valuation model and ₩5,940 million of loss on valuation of derivative instruments is recognized as finance expenses in the consolidated statements of income.

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

In 2014, CJ HelloVision Co., Ltd., a consolidated subsidiary, acquired CJ HelloVision Gangwon Broadcasting Co., Ltd. for ₩66,163 million. The goodwill of ₩51,172 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 Gangwon Broadcasting Co., Ltd.

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

	<b>CJ HelloVision Gangwon Broadcasting Co., Ltd.</b>	
<i>(In thousands of Korean won)</i>		
Consideration		
Cash	₩	66,162,933
Recognized amounts of identifiable assets acquired and liabilities assumed		16,062,840
Cash and cash equivalents		607,924
Trade and other receivables		4,408,151
Property, plant and equipment		27,586,438
Intangible assets		14,834,403
Other non-current assets		1,645,784
Trade and other payables		(9,608,921)
Borrowings		(19,430,933)
Other current liabilities		(607,559)
Other non-current liabilities		(3,372,447)
Non-controlling interests		(1,071,531)
Goodwill	₩	<u>51,171,624</u>

Had CJ HelloVision Gangwon Broadcasting Co., Ltd. been consolidated from January 1, 2014, the consolidated statement of income would show revenue of ₩19,562,951 million and profit of ₩508,269 million.

In 2013, CJ HelloVision Co., Ltd., a consolidated subsidiary, acquired CJ HelloVision Nara

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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.

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., and the fair value of assets acquired and liabilities assumed at the acquisition date:

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

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 income would show revenue of ₩18,912,746 million and profit of ₩329,877 million.

# CJ Corporation and Subsidiaries

## Notes

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#### 38. Related Party Transactions

Significant transactions with related parties for the years ended December 31, 2014 and 2013, and the related receivables and payables as of December 31, 2014 and 2013, are as follows:

(In thousands of Korean won)	2014		2013		2014		2013	
	Sales	Purchases <sup>1</sup>	Sales	Purchases <sup>1</sup>	Receivables	Payables	Receivables	Payables
<b>Joint ventures and associates</b>								
Freshone Co., Ltd.	₩ 21,913,036	₩ 4,237	₩ 24,283,867	₩ 4,989	₩ 3,743,416	₩ -	₩ 3,672,170	₩ -
FreshOne Gwangju Co. Ltd.	27,775,345	62,437	33,209,435	3,030	-	-	7,498,660	-
FreshOne NamSeoul Co., Ltd.	47,673,383	88,754	52,199,163	16,451	-	-	10,794,750	-
FreshOne Jungbu Co. Ltd.	23,865,495	760,009	33,415,190	262,308	-	-	8,715,648	-
FreshOne Gangnam Co., Ltd.	75,699,515	5,937,131	70,234,085	2,720,627	-	-	16,492,303	-
FreshOne Dongseoul Co., Ltd.	32,824,543	3,984,153	40,322,012	4,252,381	-	-	8,174,546	-
FreshOne Daegugyoungbuk Co., Ltd.	41,578,702	60,214	40,229,157	87,631	-	-	10,346,726	-
FreshOne Incheon Co., Ltd.	17,611,467	74,093	36,486,180	119,252	-	-	6,208,721	-
Gumbo D.D.F Co., Ltd.	2,072,728	3,544,983	2,006,788	1,643,767	633,447	347,199	770,635	-
Incheon North Port Bulk Terminal Co., Ltd.	4,701,534	4,256,292	3,263,437	4,028,652	14,810,240	147,290	9,638,552	87,993
Ulsan Port Operating Co., Ltd.	1,089,340	6,607,274	786,224	6,879,558	339,471	726,525	175,150	888,417
Terminal Operating Co., Ltd. of Pohang Port-Pier 8	-	7,555,032	-	1,808,994	801	798,146	-	394,526
Terminal Operating Co., Ltd. of Pohang Yeongilman Port	3,319,836	3,275,697	531,064	1,287,997	4,351,271	203,893	1,336,221	263,893
Home Choice Corp. Jellyfish Entertainment Co., Ltd.	3,514,590	44,794,716	4,154,999	37,762,854	386,157	7,420,683	655,675	7,638,130
Highway Solar Co., Ltd.	142,399	7,560,857	9,415	-	456,283	2,126,652	-	-
Ebara CJ Fresh Foods Inc.	10,515,343	-	-	-	261,698	-	-	-
Shanghai SMG-CJ Home Shopping Co., Ltd.	7,953,299	-	9,408,008	-	1,266,515	-	1,482,866	-
Tiantian CJ Home Shopping Co., Ltd.	56,303,970	-	56,433,497	-	10,448,623	-	7,304,187	-
CJ International Asia Pte. Ltd.	12,934,171	-	11,839,022	-	2,694,362	-	2,185,751	-
ACJ O Shopping Corporation	-	-	-	-	81,060,471	6,347,671	-	-
	7,255,812	-	1,468,606	-	2,070,266	-	1,189,655	-
<b>Others</b>	<b>20,339,445</b>	<b>19,738,847</b>	<b>18,195,137</b>	<b>15,922,255</b>	<b>13,148,624</b>	<b>8,029,536</b>	<b>8,016,271</b>	<b>4,205,581</b>
	<b>419,083,953</b>	<b>108,304,726</b>	<b>438,475,286</b>	<b>76,800,746</b>	<b>135,671,645</b>	<b>26,147,595</b>	<b>104,658,487</b>	<b>13,478,540</b>

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(In thousands of Korean won)	2014		2013		2014		2013	
	Sales	Purchases <sup>1</sup>	Sales	Purchases <sup>1</sup>	Receivables	Payables	Receivables	Payables
<b>Other related parties</b>								
C&I Leisure Industry Corp.	929,080	12,657,691	1,110,078	12,109,201	83,997	738,376	248,154	1,358,122
JS communications	2,964,909	2,720,563	4,016,347	2,692,827	20,301,185	2,095,724	20,605,030	1,907,123
Executives	-	-	-	-	-	60,381,315	-	-
Others	443,495	6,951,864	327,357	5,198,893	16,528	691,315	32,060	1,084,417
	<u>4,337,484</u>	<u>22,330,118</u>	<u>5,453,782</u>	<u>20,000,921</u>	<u>20,401,710</u>	<u>63,906,730</u>	<u>20,885,244</u>	<u>4,349,662</u>
	<u>₩423,421,437</u>	<u>₩130,634,844</u>	<u>₩443,929,068</u>	<u>₩96,801,667</u>	<u>₩156,073,355</u>	<u>₩90,054,325</u>	<u>₩125,543,731</u>	<u>₩17,828,202</u>

<sup>1</sup> Acquisition of property, plant and equipment and intangible assets amounting to ₩6,138 million (2013: ₩8,870 million) are included under purchases.

Fund transactions with related parties for the year ended December 31, 2014, are as follows:

(In thousands of Korean won)	Loan transactions		Borrowing transactions		Increase in payables	Equity contributions in cash
	Loans and others	Collection	Borrowings	Repayments		
<b>Joint ventures and associates</b>						
Incheon North Port Bulk Terminal Co., Ltd.	₩ 330,330	₩ -	₩ -	₩ -	₩ -	₩ -
Sichuan Jixiangju Food Co., Ltd.	-	-	7,990,066	(10,927,235)	-	-
Terminal Operating Co., Ltd. of Masan Port-Pier4	238,000	-	-	-	-	-
Union Global Contents Investment	-	-	-	-	-	5,000,000
Star CJ Network India Private Ltd.	-	-	-	-	-	6,647,333
Ningbo Culture Plaza CJ Cinema Co., Ltd.	-	-	-	-	-	471,483
Terminal Operating Co., Ltd. of Daesan Port	-	-	-	-	-	436,590
Beijing Cag and CJ Foodville Co., Ltd.	-	-	-	-	-	2,095,828
KOG-Smart Cargo Project Logistis Co., Ltd.	-	-	-	-	-	367,861
Gunsan Container Terminal Co.,Ltd.	-	-	-	-	-	300,000
<b>Other related parties</b>						
Executives	-	-	-	-	60,381,315	-
C&I Leisure Industry Corp.	-	(7,000,000)	-	-	-	-

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Payment guaranteed provided by the Group as of December 31, 2014 and 2013, are as follows:

(In thousands of Korean won)		Financial	Loan amounts		Guarantee amounts		Guarantee period	Remark
		institution	2014	2013	2014	2013		
CJ CheilJedang Corporation	Sichuan Jixiangju Food Co., Ltd.	The Export-Import Bank of Korea and others	₩5,496,000	₩5,276,500	₩10,800,300	₩10,499,200	2014/04/09 ~ 2015/12/21	Borrowings
	Ebara CJ Fresh Foods Inc.	The Bank of Yokohama	1,840,280	1,205,592	1,840,280	1,506,990	2014/03/25 ~ 2015/03/25	Borrowings
CJ Korea Express Corporation	Highone Solar Power Generation. Co., Ltd	Woori Bank	5,400,000	6,000,000	9,000,000	9,000,000	2010/12/24 ~ 2023/12/24	Borrowings
CJ Foodville Corp.	PT CJ Foodville Indonesia	Woori Bank	397,350	518,400	1,090,505	1,067,040	2014/05/23 ~ 2015/05/23	Borrowings
CJ O Shopping Co., Ltd.	CJ Mediasa Shopping & Retail Corporation	Korea Exchange Bank	1,099,200	-	1,099,200	-	2014/07/23 ~ 2015/07/23	Borrowings
			<u>₩14,232,830</u>	<u>₩13,000,492</u>	<u>₩23,830,285</u>	<u>₩22,073,230</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, 2014 and 2013, consists of:

(In thousands of Korean won)	2014	2013
Short-term employee benefits	₩ 8,713,140	₩ 5,951,652
Long-term employee benefits <sup>1</sup>	1,954,575	423,666
Severance benefits	960,201	694,648
	<u>₩ 11,627,916</u>	<u>₩ 7,069,966</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

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## Notes

### December 31, 2014 and 2013

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

Operating segment information for the years ended December 31, 2014 and 2013, are as follows:

<i>(In millions of Korean won)</i>	2014				
	Revenue	Inter-segment revenue	Revenue from external customers	Depreciation and amortization	Operating profit
Food & food service	₩ 7,531,800	₩ (1,425,920)	₩ 6,105,880	₩ 204,116	₩ 350,284
Bio & pharma	4,673,695	(1,210,818)	3,462,877	167,015	115,382
Homeshopping & logistics	7,355,164	(1,206,244)	6,148,920	171,787	330,336
Entertainment & media	4,084,381	(411,345)	3,673,036	668,756	158,205
Infrastructure	421,720	(240,132)	181,588	11,094	45,542
Consolidation adjustments	(4,494,459)	4,494,459	-	16,302	3,369
	<u>₩ 19,572,301</u>	<u>₩ -</u>	<u>₩ 19,572,301</u>	<u>₩ 1,239,070</u>	<u>₩ 1,003,118</u>

<i>(In millions of Korean won)</i>	2013 <sup>1</sup>				
	Revenue	Inter-segment revenue	Revenue from external customers	Depreciation and amortization	Operating profit
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	6,839,364	(1,173,787)	5,665,577	146,929	187,623
Entertainment & media	4,136,542	(477,706)	3,658,836	625,604	239,900
Infrastructure	428,977	(304,135)	124,842	10,940	33,808
Consolidation adjustments	(4,350,878)	4,350,878	-	26,188	2,312
	<u>₩ 18,851,699</u>	<u>₩ -</u>	<u>₩ 18,851,699</u>	<u>₩ 1,140,329</u>	<u>₩ 786,067</u>

<sup>1</sup> In 2014, certain business included in infrastructure segment was reclassified into homeshopping & logistics segments resulting from the merger of CJ Olive young Corporation (homeshopping & logistics segment) and CJ OliveNetworks Corporation (formerly CJ Systems Co., Ltd.) (infrastructure segment), the consolidated subsidiaries, and the comparative segment information for the year ended December 31, 2013, was restated.

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Regional segment information as of and for the years ended December 31, 2014 and 2013, are as follows:

		<b>2014</b>			
				<b>Revenue from</b>	
		<b>Inter-segment</b>		<b>external</b>	<b>Non-current</b>
<i>(In millions of Korean won)</i>		<b>Revenue</b>	<b>revenue</b>	<b>customers</b>	<b>assets</b>
Domestic	₩	18,841,915	₩ (3,060,912)	₩ 15,781,003	₩ 10,163,012
Asia		3,952,354	(1,130,951)	2,821,403	2,146,736
America		908,429	(262,600)	645,829	535,737
Others		364,062	(39,996)	324,066	20,606
Consolidation adjustments		<u>(4,494,459)</u>	<u>4,494,459</u>	<u>-</u>	<u>1,204,136</u>
	₩	<u>19,572,301</u>	₩ -	₩ 19,572,301	₩ 14,070,227

  

		<b>2013</b>			
				<b>Revenue from</b>	
		<b>Inter-segment</b>		<b>external</b>	<b>Non-current</b>
<i>(In millions of Korean won)</i>		<b>Revenue</b>	<b>revenue</b>	<b>customers</b>	<b>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		<u>(4,350,878)</u>	<u>4,350,878</u>	<u>-</u>	<u>1,244,078</u>
	₩	<u>18,851,699</u>	₩ -	₩ 18,851,699	₩ 13,944,281

There is no customer who contributes at least 10% of the total sales of the Group for the years ended December 31, 2014 and 2013.



**CJ Corporation and Subsidiaries**  
**Notes**  
**December 31, 2014 and 2013**

**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, 2014 and 2013, are as follows:

							<b>2014</b>
<i>(In thousands of Korean won, except percentage of non-controlling interests)</i>	<b>Percentage of non-controlling interests (%)</b>	<b>Accumulated non-controlling interests at the beginning of the year</b>	<b>Profit or loss allocated to non-controlling interests</b>	<b>Dividends paid to non-controlling interests</b>	<b>Others</b>	<b>Accumulated non-controlling interests at the end of the year</b>	
CJ CheilJedang Corporation and CJ Korea Express Corporation	62.15	₩ 3,443,760,138	₩ 81,971,203	₩ (17,146,503)	₩ (133,116,527)	₩ 3,375,468,311	
CJ Freshway Corporation	48.52	112,023,259	2,287,943	-	5,840,539	120,151,741	
CJ O Shopping Co.,Ltd.	58.69	968,490,550	69,163,370	(9,742,270)	1,600,505	1,029,512,155	
CJ CGV Co., Ltd.	60.97	233,994,628	8,097,393	(4,516,510)	(3,241,279)	234,334,232	
CJ E&M Corporation	60.46	930,589,885	100,800,171	-	(119,975,410)	911,414,646	
<b>2013</b>							
<i>(In thousands of Korean won, except percentage of non-controlling interests)</i>	<b>Percentage of non-controlling interests (%)</b>	<b>Accumulated non-controlling interests at the beginning of the year</b>	<b>Profit or loss allocated to non-controlling interests</b>	<b>Dividends paid to non-controlling interests</b>	<b>Others</b>	<b>Accumulated non-controlling interests at the end of the year</b>	
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	

# CJ Corporation and Subsidiaries

## Notes

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### 40.2 Summarized Financial Information of Subsidiaries

The summarized financial information of subsidiaries 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, 2014 and 2013, are as follows:

<i>(In thousands of Korean won)</i>	<b>2014</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	₩3,973,270,951	₩9,415,680,320	₩4,122,436,778	₩4,310,212,101	₩4,956,302,392
CJ Freshway Corporation	349,262,705	323,852,295	413,093,595	64,704,555	195,316,850
CJ O Shopping Co., Ltd.	806,214,185	2,351,144,508	910,961,466	979,984,918	1,266,412,309
CJ CGV Co., Ltd.	305,299,588	949,619,335	473,794,359	389,945,604	391,178,960
CJ E&M Corporation	1,039,174,047	1,318,410,976	580,803,967	270,878,173	1,505,902,883

  

<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	₩3,705,058,462	₩9,299,431,630	₩3,708,909,347	₩4,483,001,637	₩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

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Summarized consolidated statements of comprehensive income for the years ended December 31, 2014 and 2013, are as follows:

		<b>2014</b>			
<i>(In thousands of Korean won)</i>	<b>Sales</b>	<b>Profit</b>	<b>Other comprehensive income (loss)</b>	<b>Total comprehensive income</b>	
CJ CheilJedang Corporation	₩ 11,701,797,228	₩ 137,851,320	₩ 12,507,862	₩ 150,359,182	
CJ Freshway Corporation	1,795,277,457	9,333,504	(1,890,299)	7,443,205	
CJ O Shopping Co., Ltd.	2,604,907,441	105,787,151	7,204,376	112,991,527	
CJ CGV Co., Ltd.	1,039,295,973	16,019,849	1,708,281	17,728,130	
CJ E&M Corporation	1,232,665,332	233,417,605	(5,170,844)	228,246,761	

  

		<b>2013</b>			
<i>(In thousands of Korean won)</i>	<b>Sales</b>	<b>Profit (loss)</b>	<b>Other comprehensive loss</b>	<b>Total comprehensive income (loss)</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)	

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Summarized consolidated statements of cash flows for the years ended December 31, 2014 and 2013, are as follows:

<i>(In thousands of Korean won)</i>	<b>2014</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	₩ 823,697,033	₩ 31,862,996	₩ 482,037,415	₩ 139,482,602	₩ 195,219,576
Cash flows from investing activities	(544,320,848)	(29,954,285)	(409,944,244)	(181,223,228)	(640,007,848)
Cash flows from financing activities	(273,113,864)	(5,763,340)	(4,779,763)	58,637,597	146,433,489
Net increase(decrease) in cash and cash equivalents	6,262,321	(3,854,629)	67,313,408	16,896,971	(298,354,783)
Cash and cash equivalents at beginning of year	431,916,384	11,070,956	202,335,179	85,976,456	332,310,496
Exchange gains(losses) on cash and cash equivalents	(2,156,102)	88,941	(327,476)	5,919,661	(429,722)
Cash and cash equivalents at end of year	<u>₩ 436,022,603</u>	<u>₩ 7,305,268</u>	<u>₩ 269,321,111</u>	<u>₩ 108,793,088</u>	<u>₩ 33,525,991</u>

<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	₩ (9,569,990)	₩ 279,819,816	₩ 61,496,824	₩ 402,980,957
Cash flows from investing activities	(774,523,714)	(16,356,584)	(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 increase(decrease) in cash and cash equivalents	(117,479,014)	(196,119)	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)	(114,804)	(1,143,492)	(48,076)	1,629,824
Cash and cash equivalents at end of year	<u>₩ 431,916,384</u>	<u>₩ 11,070,956</u>	<u>₩ 202,335,179</u>	<u>₩ 85,976,456</u>	<u>₩ 332,310,496</u>

### 40.3 Transactions with Non-controlling Interests

The effective ratio of shareholdings for certain subsidiaries has changed after additional acquisition, disposal, and sale and purchase among subsidiaries during the year ended December 31, 2014. Accordingly, differences between considerations of acquisition and disposal and carrying amount of non-controlling interests amounting to ₩16,958 million (2013: ₩55,476 million increase) are treated as a decrease in equity attributable to owners of the Company.