

CJ Corporation and Subsidiaries

Consolidated Financial Statements

December 31, 2016 and 2015

CJ Corporation and Subsidiaries

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December 31, 2016 and 2015

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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 and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as at December 31, 2016 and 2015, and the consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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 Responsibilities

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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 accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of CJ Corporation and its subsidiaries as at December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Korean.

Other Matter

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 16, 2017

This report is effective as of March 16, 2017, 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, 2016 and 2015

<i>(in thousands of Korean won)</i>	Notes	2016	2015
Assets			
Current assets			
Cash and cash equivalents	6	1,169,282,970	1,195,080,774
Short-term financial instruments	6,7	477,372,001	615,418,191
Short-term loans receivable	6	88,962,072	51,141,544
Trade receivables	6,8	3,284,666,049	2,655,668,392
Other current financial assets	6,8,9	404,505,599	317,407,463
Advance payments		393,813,951	350,654,221
Inventories	10	1,699,383,558	1,495,391,511
Biological assets	11	47,209,039	28,537,526
Other current assets	12	290,759,761	234,282,272
		<u>7,855,955,000</u>	<u>6,943,581,894</u>
Non-current assets held-for-sale	13	6,496,114	6,623,190
Non-current assets			
Available-for-sale financial assets	6,14	614,387,912	605,950,246
Investments in joint ventures and associates	15	810,388,389	870,068,511
Property, plant and equipment	16	10,372,814,813	9,475,638,230
Intangible assets	17	5,736,100,647	4,249,566,250
Investment properties	18	277,969,305	269,048,117
Other non-current financial assets	6,8,9	621,968,282	535,095,029
Deferred tax assets	22	301,907,469	261,630,827
Other non-current assets	12	411,600,019	344,941,212
		<u>19,147,136,836</u>	<u>16,611,938,422</u>
Total assets		<u>27,009,587,950</u>	<u>23,562,143,506</u>

CJ Corporation and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2016 and 2015

<i>(in thousands of Korean won)</i>	Notes	2016	2015
Liabilities			
Current liabilities			
Trade payables	6	1,762,992,046	1,398,350,609
Short-term borrowings	6,19	2,882,199,670	2,050,571,122
Current portion of long-term debentures and borrowings	6,19,20	1,350,853,977	1,983,808,940
Non-trade payables	6	1,125,893,176	920,760,216
Other current financial liabilities	6,9	649,158,796	573,667,572
Income taxes payable		119,804,563	103,595,513
Current provisions for liabilities and charges	23	8,495,155	9,805,457
Other current liabilities	12	762,789,421	643,956,805
		<u>8,662,186,804</u>	<u>7,684,516,234</u>
Non-current liabilities			
Long-term borrowings	6,19	1,834,967,495	1,420,790,955
Debentures	6,20	3,728,243,027	3,160,813,089
Guarantee deposits received	6	194,612,631	186,005,785
Other non-current financial liabilities	6,9	33,635,153	42,243,037
Net defined benefit liabilities	21	258,358,586	260,141,892
Deferred income tax liabilities	22	839,633,101	757,780,769
Non-current provisions for liabilities and charges	23	19,052,424	17,897,004
Other non-current liabilities	12	184,449,026	168,498,713
		<u>7,092,951,443</u>	<u>6,014,171,244</u>
Total liabilities		<u>15,755,138,247</u>	<u>13,698,687,478</u>
Equity			
Share capital	24	157,914,810	157,698,560
Share premium	24	992,993,627	988,898,991
Other components of equity	26	(114,587,283)	(70,136,021)
Retained earnings	27	2,699,483,254	2,524,739,630
Equity attributable to owners of the Parent Company		3,735,804,408	3,601,201,160
Non-controlling interest		<u>7,518,645,295</u>	<u>6,262,254,868</u>
Total equity		<u>11,254,449,703</u>	<u>9,863,456,028</u>
Total liabilities and equity		<u>27,009,587,950</u>	<u>23,562,143,506</u>

The above consolidated statements of financial position should be read in conjunction with the accompanying notes.

CJ Corporation and Subsidiaries
Consolidated Statements of Profit or Loss
Years Ended December 31, 2016 and 2015

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

	Notes	2016	2015
Sales	40	23,954,197,397	21,166,707,211
Cost of sales	29	<u>(16,501,957,752)</u>	<u>(14,473,552,196)</u>
Gross profit		7,452,239,645	6,693,155,015
Selling and administrative expenses	29,30	(6,199,326,414)	(5,467,824,749)
Operating profit	40	<u>1,252,913,231</u>	<u>1,225,330,266</u>
Finance income	31	284,926,190	290,447,843
Finance costs	31	(595,910,787)	(605,700,120)
Share of profit of joint ventures and associates	15	69,997,151	163,322,606
Other non-operating income	32	188,059,036	113,092,802
Other non-operating expenses	32	(404,718,073)	(451,603,036)
Profit before income tax		<u>795,266,748</u>	<u>734,890,361</u>
Income tax expense	22	(225,443,366)	(183,774,814)
Profit for the period		<u>569,823,382</u>	<u>551,115,547</u>
Profit is attributable to owners of the Parent Company		223,028,021	205,792,550
Profit is attributable to non-controlling interests		346,795,361	345,322,997
Earnings per share attributable to the equity holders of the Parent Company	33		
Basic earnings per ordinary share		7,837	7,242
Diluted earnings per ordinary share		7,816	7,214
Basic earnings per preferred share		7,887	7,292
Diluted earnings per preferred share		7,866	7,264

The above consolidated statements of profit or loss should be read in conjunction with the accompanying notes.

CJ Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2016 and 2015

<i>(in thousands of Korean won)</i>	Notes	2016	2015
Profit for the period		<u>569,823,382</u>	<u>551,115,547</u>
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Share of other comprehensive income of joint venture and associates		(528,892)	-
Remeasurements of net defined benefit liabilities		(24,824,556)	(31,089,311)
Items that may be subsequently reclassified to profit or loss:			
Changes in the fair value of available-for-sale financial assets		(7,970,594)	(5,437,866)
Share of other comprehensive income of joint venture and associates		18,179,995	(8,140,232)
Exchange differences on translation of foreign operations		(61,885,608)	(12,532,001)
Gains on valuation of derivative instruments		<u>1,594,982</u>	<u>1,763,571</u>
Other comprehensive income for the period		<u>(75,434,673)</u>	<u>(55,435,839)</u>
Total comprehensive income for the period		<u>494,388,709</u>	<u>495,679,708</u>
Total comprehensive income is attributable to :			
Owners of the Parent Company		218,015,219	182,340,964
Non-controlling interests		276,373,490	313,338,744

The above consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.

CJ Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
Years Ended December 31, 2016 and 2015

	Notes	Attributable to owners of the Parent Company				Total	Non-controlling interests	Total Equity
		Share capital	Share premium	Other components of equity	Retained earnings			
<i>(in thousands of Korean won)</i>								
Balances at January 1, 2015		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
Comprehensive income								
Profit for the period		-	-	-	205,792,550	205,792,550	345,322,997	551,115,547
Other comprehensive income								
Changes in the fair value of available-for-sale financial assets		-	-	800,138	-	800,138	(6,238,004)	(5,437,866)
Share of other comprehensive income of joint ventures and associates		-	-	(4,586,731)	-	(4,586,731)	(3,553,501)	(8,140,232)
Translation of foreign currency financial statements		-	-	(4,857,567)	-	(4,857,567)	(7,674,434)	(12,532,001)
Gains on valuation of derivative instruments	9	-	-	459,616	-	459,616	1,303,955	1,763,571
Remeasurements of net defined benefit liabilities	21	-	-	-	(15,267,042)	(15,267,042)	(15,822,269)	(31,089,311)
Total comprehensive income for the period		-	-	(8,184,544)	190,525,508	182,340,964	313,338,744	495,679,708
Transactions with owners of the Parent Company								
Issuance of ordinary share due to exercise of stock options		246,605	4,928,007	(1,481,866)	-	3,692,746	-	3,692,746
Cash dividends	34	-	-	-	(27,066,325)	(27,066,325)	(50,248,237)	(77,314,562)
Issuance of hybrid bond		-	-	-	-	-	311,751,141	311,751,141
Non-controlling interests arising on business combination		-	-	-	-	-	35,596,401	35,596,401
Changes in ownership interests in subsidiaries without change of control	41	-	-	36,843,410	-	36,843,410	(12,667,325)	24,176,085
Total transaction with owners of the Parent Company		246,605	4,928,007	35,361,544	(27,066,325)	13,469,831	284,431,980	297,901,811
Balances at December 31, 2015		157,698,560	988,898,991	(70,136,021)	2,524,739,630	3,601,201,160	6,262,254,868	9,863,456,028

CJ Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
Years Ended December 31, 2016 and 2015

	Notes	Attributable to owners of the Parent Company				Total	Non-controlling interests	Total Equity
		Share capital	Share premium	Other components of equity	Retained earnings			
<i>(in thousands of Korean won)</i>								
Balances at January 1, 2016		157,698,560	988,898,991	(70,136,021)	2,524,739,630	3,601,201,160	6,262,254,868	9,863,456,028
Comprehensive income								
Profit for the period		-	-	-	223,028,021	223,028,021	346,795,361	569,823,382
Other comprehensive income								
Changes in the fair value of available-for-sale financial assets		-	-	(2,199,970)	-	(2,199,970)	(5,770,624)	(7,970,594)
Share of other comprehensive income of joint ventures and associates		-	-	6,918,063	379,157	7,297,220	10,353,883	17,651,103
Translation of foreign currency financial statements		-	-	(416,245)	-	(416,245)	(61,469,363)	(61,885,608)
Gains on valuation of derivative instruments	9	-	-	488,057	-	488,057	1,106,925	1,594,982
Remeasurements of net defined benefit liabilities	21	-	-	-	(10,181,864)	(10,181,864)	(14,642,692)	(24,824,556)
Total comprehensive income for the period		-	-	4,789,905	213,225,314	218,015,219	276,373,490	494,388,709
Transactions with owners of the Parent Company								
Issuance of ordinary share due to exercise of stock options		216,250	4,094,636	(1,287,478)	-	3,023,408	-	3,023,408
Cash dividends	34	-	-	-	(38,481,690)	(38,481,690)	(75,944,089)	(114,425,779)
Issuance of hybrid bond	28	-	-	-	-	-	156,508,050	156,508,050
Non-controlling interests arising on business combination		-	-	-	-	-	624,370,607	624,370,607
Changes in ownership interests in subsidiaries without change of control	41	-	-	(5,188,404)	-	(5,188,404)	340,488,819	335,300,415
Share of movement in other components of equity of joint ventures and associates		-	-	(42,765,285)	-	(42,765,285)	(65,406,450)	(108,171,735)
Total transaction with owners of the Parent Company		216,250	4,094,636	(49,241,167)	(38,481,690)	(83,411,971)	980,016,937	896,604,966
Balances at December 31, 2016		157,914,810	992,993,627	(114,587,283)	2,699,483,254	3,735,804,408	7,518,645,295	11,254,449,703

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

CJ Corporation and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2016 and 2015

<i>(in thousands of Korean won)</i>	Notes	2016	2015
Cash flows from operating activities			
Cash generated from operations	35	2,326,912,527	2,541,185,561
Income tax paid		(235,163,888)	(245,571,392)
Net cash inflow from operating activities		<u>2,091,748,639</u>	<u>2,295,614,169</u>
Cash flows from investing activities			
Decrease in short-term financial instruments		121,102,354	263,932,225
Decrease in short-term loans receivable		11,996,050	25,246,283
Increase in short-term loans receivable		(44,697,092)	(20,523,844)
Increase in advance payments		(95,014,647)	(105,732,272)
Proceeds from disposal of non-current assets held-for-sale		1,762	4,891,291
Proceeds from disposal of available-for-sale financial assets		23,176,529	19,713,975
Purchase of available-for-sale financial assets		(37,618,071)	(7,756,258)
Proceeds from disposal of investments in joint ventures and associates		18,908,967	26,630,809
Acquisition of investments in joint ventures and associates		(93,354,254)	(96,547,580)
Proceeds from disposal of property, plant and equipment		61,875,841	48,116,718
Purchase of property, plant and equipment		(1,374,387,593)	(1,128,037,012)
Proceeds from disposal of intangible assets		21,607,931	16,364,828
Purchase of intangible assets		(559,915,067)	(523,082,799)
Proceeds from disposal of investment properties		2,675,100	3,256,872
Purchase of investment properties		(3,626,534)	(9,445,217)
Proceeds from disposal of other current financial assets		255,941,065	64,444,834
Purchase of other current financial assets		(222,243,135)	(47,563,923)
Proceeds from disposal of other non-current financial assets		100,237,349	58,333,791
Purchase of other non-current financial assets		(203,226,434)	(122,733,903)
Proceeds from disposal of other non-current assets		6,361,101	-
Purchase of other non-current assets		(603,134)	(4,862,533)
Proceeds from disposal of investments in subsidiaries		36,876,341	2,216,675
Acquisition of investments in subsidiaries, net of cash acquired		(1,419,287,187)	(966,664)
Interest received		34,263,812	61,085,483
Dividends received		18,873,804	25,959,355
Change from other investing activities		(4,628,358)	(14,414,530)
Net cash outflow from investing activities		<u>(3,344,703,500)</u>	<u>(1,461,473,396)</u>

CJ Corporation and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2016 and 2015

<i>(in thousands of Korean won)</i>	Notes	2016	2015
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings		681,264,854	(188,847,096)
Proceeds from issuance of non-current borrowings		915,651,485	682,849,993
Repayment of non-current borrowings		(261,056,386)	(660,915,264)
Increase in current portion of long-term debentures and borrowings		9,200,827	4,179,328
Decrease in current portion of long-term debentures and borrowings		(1,783,372,657)	(1,469,390,244)
Proceeds from issuance of debentures		1,353,526,611	994,946,456
Repayment of debentures		(30,000,000)	-
Increase in deposits received		20,271,659	25,590,178
Decrease in deposits received		(11,738,368)	(11,403,450)
Increase in other current financial assets		(2,512,827)	(1,510,680)
Decrease in other current financial assets		494,327	-
Decrease in other current financial liabilities		(1,997,744)	(14,620,200)
Increase in other current liabilities		-	24,841
Decrease in other current liabilities		-	(60,381,315)
Proceeds from exercise of stock options		3,023,408	3,692,746
Increase in non-controlling interests		729,314,074	383,712,360
Decrease in non-controlling interests		(31,890,642)	(22,079,564)
Dividends paid to non-controlling interests		(75,944,089)	(50,248,237)
Interest paid		(243,642,359)	(259,936,743)
Dividends paid		(38,481,690)	(27,066,325)
Change from other financing activities		(1,611,749)	34,313,189
Net cash inflow (outflow) from financing activities		<u>1,230,498,734</u>	<u>(637,090,027)</u>
Net increase(decrease) in cash and cash equivalents		(22,456,127)	197,050,746
Cash and cash equivalents at the beginning of the year		1,195,080,774	991,166,042
Effects of exchange rate changes on cash and cash equivalents		(3,341,677)	6,022,477
Cash and cash equivalents of disposal group classified as held for sale		-	841,509
Cash and cash equivalents at the end of the year		<u>1,169,282,970</u>	<u>1,195,080,774</u>

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.

CJ Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2016 and 2015

1. General Information

CJ Corporation (the "Company", a parent company in accordance with Korean IFRS 1110 *Consolidated Financial Statements*) and 59 domestic entities, including CJ CheilJedang Corporation, and 252 foreign entities, including PT CheilJedang Indonesia, (the "Subsidiaries")(collectively referred to as the "Group") with 100 investments accounted for using the equity method including Netmarble Games Corporation, prepare their consolidated financial statements.

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

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

As at December 31, 2016, share capital amounts to ₩ 157,915 million, and its majority shareholder is Mr. Lee Jay Hyun, who owns 42.07% of the issued shares.

Subsidiaries included in the consolidated financial statements as at December 31, 2016, are as follows:

Name of entity	Location	Ownership interest held by the Group (%)		Closing month	Main business
		2016	2015		
CJ CheilJedang Corporation ¹	Korea	37.76	37.77	December	Food manufacturing
CJ Breeding Co., Ltd.	Korea	89.75	100.00	December	Crop Cultivating
CJ HealthCare Corporation	Korea	100.00	100.00	December	Medicine Manufacturing and sales
CJ Freshway Corporation ¹	Korea	47.11	47.11	December	Wholesale and brokerage
FreshOne Incheon Co., Ltd.	Korea	100.00	51.00	December	Food distribution
FreshOne Gwangju Co., Ltd.	Korea	91.44	63.61	December	Food distribution
FreshOne NamSeoul Co., Ltd.	Korea	87.67	87.67	December	Food distribution
FreshOne Jungbu Co., Ltd.	Korea	72.89	61.48	December	Food distribution
FreshOne Gangnam Co., Ltd.	Korea	51.82	51.82	December	Food distribution
FreshOne DongSeoul Co., Ltd.	Korea	63.28	63.28	December	Food distribution
FreshOne Daegu Gyeongbuk Co., Ltd.	Korea	71.23	51.00	December	Food distribution
CJ Foodville Corp.	Korea	96.02	96.02	December	Restaurant and bar
Sinuido Solar Salt Corporation	Korea	88.03	88.03	December	Wholesale, retail, bay salt and e-commerce
FreshOne Busan Co., Ltd.	Korea	51.00	-	December	Food distribution
FreshOne Jeonbuk Co., Ltd.	Korea	51.00	-	December	Food distribution
F&D Infra Co., Ltd.	Korea	100.00	-	December	Service
SongLim Food Co., Ltd.	Korea	70.00	-	December	Food manufacturing
SongLim FS Co., Ltd.	Korea	100.00	-	December	Food manufacturing
CJ Dondonfarm Co., Ltd.	Korea	99.99	99.99	December	Hog raising
CJ Seafood Corporation ¹	Korea	46.52	46.52	December	Food manufacturing
Youngwoo Frozen Foods Co., Ltd.	Korea	100.00	100.00	December	Food & beverage

CJ Corporation and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2016 and 2015

Name of entity	Location	Ownership interest held by the Group (%)		Closing month	Main business
		2016	2015		
Wonji Co., Ltd.	Korea	100.00	100.00	December	Printing business
Cofeed Co., Ltd.	Korea	70.02	-	December	Holding company
CJ O Shopping Co., Ltd. ¹	Korea	41.24	41.24	December	CATV
CJ HelloVision Co., Ltd.	Korea	53.92	53.92	December	CATV
CJ Telenix Co., Ltd.	Korea	100.00	100.00	December	Business support service
E&C Infra Co., Ltd.	Korea	100.00	100.00	December	Storage and warehousing
Superrace Co., Ltd.	Korea	98.79	98.79	December	Exhibition and event agency
CJ Korea Express Corporation	Korea	51.98	51.98	December	Logistics
Korea Integrated Freight Terminal Co., Ltd.	Korea	100.00	100.00	December	Integrated freight terminal operation
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
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
Gwangyang West Container Terminal Co., Ltd.	Korea	100.00	100.00	December	Harbor loading and unloading
Investment Association For Coexistence Of Small And Venture Businesses	Korea	95.00	-	December	Investment association
CJ Powercast Inc.	Korea	100.00	60.00	December	Broadcast transmission agency
CJ CGV Co., Ltd. ¹	Korea	39.02	39.02	December	Movie theater operation
CJ 4DPLEX Co., Ltd.	Korea	90.48	93.66	December	Equipment sales
Simuline Inc.	Korea	-	79.13	December	Equipment manufacturing
Bosphorus Investment Co., Ltd.	Korea	52.23	-	December	Investment overseas
CJ E&M Corporation ¹	Korea	39.52	39.52	December	Broadcasting, game, movie, music, and performance business
Mezzomedia Inc.	Korea	51.00	51.00	December	Advertising media sales
JS Pictures Co., Ltd.	Korea	70.00	70.00	December	Contents production
MMO Entertainment Corporation	Korea	100.00	100.00	December	Management
Story Plant Co., Ltd.	Korea	100.00	100.00	December	Broadcast program manufacturing
Hi-Lite Records Co., Ltd.	Korea	51.10	51.10	December	Music labelling business
AOMG Co., Ltd.	Korea	51.00	51.00	December	Music labelling business
K Valley Co., Ltd.	Korea	90.00	-	December	Information service
Studio Dragon Corporation	Korea	90.76	-	December	Broadcast program supply
Hwa & Dam Pictures Co., Ltd.	Korea	100.00	-	December	Entertainment management
Culturedepot Co., Ltd.	Korea	100.00	-	December	Entertainment management
KPJ Corporation	Korea	100.00	-	December	Contents production
Rubicon Company, Ltd.	Korea	100.00	-	December	Media commerce product planning and distribution
JK Film Co., Ltd.	Korea	51.00	-	December	Movie production

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		2016	2015		
CJ Digital Music Corporation	Korea	100.00	-	December	Music platform
TW Venture Investment No.13-New Industry	Korea	95.00	95.00	December	Investment association
CJ OliveNetworks Corporation	Korea	55.13	76.30	December	Wholesale and retail, system integration and management
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 E&C Malaysia Sdn. Bhd.	Malaysia	100.00	100.00	December	Construction
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.	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. ¹	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	December	Catering
CJ Freshway Vietnam Co., Ltd.	Vietnam	100.00	100.00	December	Food distribution
CJ Freshway America Corporation	USA	100.00	100.00	December	Food distribution
PT CJ CheilJedang Lestari	Indonesia	75.00	75.00	December	Food manufacturing
CJ Freshway Qingdao Corporation	China	100.00	100.00	December	Food distribution
CJ Act Pty. Ltd.	Australia	100.00	100.00	December	Cassava plantation
Shanghai Blue Wish Catering Service Co., Ltd.	China	100.00	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 Cheiljedang Mexico, S.A. DE C.V.	Mexico	100.00	100.00	December	Food sales and

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		2016	2015		
TMI Trading Corp.	USA	100.00	80.00	December	Food sales and distribution
Twin Marquis Inc.	USA	100.00	80.00	December	Food sales and distribution
Chef One Corporation	USA	100.00	80.00	December	Food sales and distribution
CJ Foods Manufacturing Corporation	USA	100.00	100.00	December	Food manufacturing
PT CJ Feed Medan	Indonesia	100.00	100.00	December	Feed manufacturing and sales
Bibigo International Corp.	USA	100.00	100.00	December	Restaurant
PT CJ Food Lestari	Indonesia	95.00	95.00	December	Food manufacturing
CJ Philippines, Inc.	Philippines	70.00	70.00	December	Feed manufacturing and sales
PT CheilJedang Indonesia	Indonesia	100.00	100.00	December	Lysine manufacturing and sales
PT CheilJedang Superfeed	Indonesia	100.00	100.00	December	Feed manufacturing and sales
CJ Cheiljedang Feed Semarang	Malaysia	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	Feed manufacturing and sales
PT Agrobis Panca Ekatama	Indonesia	100.00	100.00	December	Breeding stock
PT Super Unggas Jaya	Indonesia	100.00	100.00	December	Breeding stock
CJ Bio Rus	Russia	99.90	99.90	December	Bio logistic
CJ Cheiljedang Feed (Cambodia) Co., Ltd.	Cambodia	100.00	100.00	December	Feed manufacturing and sales
S.C.F-PNH Co., Ltd. ¹	Cambodia	49.00	49.00	December	Rental
CJ Food Italia S.R.L.	Italy	-	100.00	December	Restaurant
CJ Vina Agri Co., Ltd.	Vietnam	100.00	100.00	December	Feed manufacturing and sales
CJ-SC Global Milling LLC.	Vietnam	51.00	51.00	December	Mill manufacturing and sales
Tous Les Jours International Corp.	USA	100.00	100.00	December	Food manufacturing and 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	Research and development
CJ Foodville Japan Co., Ltd.	Japan	99.90	99.90	December	Restaurant
CJ Vina food Co., Ltd.	Vietnam	100.00	100.00	December	Hog raising
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 Korea Express Malaysia Sdn. Bhd.	Malaysia	100.00	100.00	December	Logistics
PT CJ Korea Express Indonesia	Indonesia	95.00	95.00	December	Logistics

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		2016	2015		
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	100.00	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 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.	China	100.00	100.00	December	Logistics
CJ Korea Express RT Myanmar Co., Ltd.	Myanmar	70.00	70.00	December	Logistics
CJ Korea Express Qingdao Co., Ltd.	China	100.00	100.00	December	Logistics
CJ Korea Express Vietnam Co., Ltd.	Vietnam	100.00	100.00	December	Logistics
CJ Korea Express Freight Vietnam 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	99.78	90.73	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
CJ Korea Express U.S.A. Corporation	USA	100.00	100.00	December	Logistics
CJ Korea Express Japan Corporation	Japan	100.00	100.00	December	Logistics
CJ 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 (Shanghai) Corporation	China	100.00	100.00	December	Retail
CJ IMC Pazarlama Ve Ticaret Ltd., Sti.	Turkey	-	100.00	December	Wholesale and brokerage
PT CJ Korea Express 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 Limited	Hong Kong	100.00	100.00	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	China	100.00	100.00	December	Logistics

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		2016	2015		
Co., Ltd.					
Shanghai Smart Cargo Supply Chain Management Co., Ltd.	China	100.00	100.00	December	Logistics
PT CJ Korea Express Logistics Service Indonesia ¹	Indonesia	49.00	49.00	December	Logistics
CJ Korea Express Tiantian Tianjin Co., Ltd.	China	90.00	90.00	December	Logistics
CJ SC Logistics (T) Limited	Tanzania	100.00	100.00	December	Logistics
CJ Korea Express Logistic L.L.C. ¹	UAE	49.00	49.00	December	Logistics
CJ IMC S.A. DE C.V.	Mexico	99.00	99.00	December	Wholesale and brokerage
CJ Smart Cargo Logistics SA(PTY) Ltd.	Republic of South Africa	100.00	100.00	December	Logistics
CJ KX Rokin Holdings Limited	Hong Kong	52.29	68.00	December	Logistics
CJ Korea Express Logistica Do Brasil Ltda.	Brazil	99.99	99.99	December	Logistics
CJ Entertainment Japan Inc.	Japan	60.00	60.00	December	Movie channel and other performance
CJ E&M Tianjin Co., Ltd.	China	100.00	100.00	December	Broadcasting service
CJ Victor Entertainment, Inc.	Japan	51.00	51.00	December	Music
Rolemodel Entertainment Group Limited	Hong Kong	99.04	98.00	December	Performance and movie distribution
CJ E&M Vietnam Co., Ltd.	Vietnam	100.00	100.00	December	Movie distribution
Shanghai Yiheya Media Co., Ltd.	China	100.00	100.00	December	Performance and movie distribution
Fuzhou CGV Cinema Co., Ltd.	China	100.00	100.00	December	Movie theater operation
CJ E&M Hong Kong Limited	Hong Kong	100.00	100.00	December	Broadcast program supply
Yanji CGV Cinema Co., Ltd.	China	100.00	100.00	December	Movie theater operation
CJ CGV (Sichuan) Cinema Co., Ltd.	China	100.00	100.00	December	Movie theater operation
Yunnan CGV Cinema Co., Ltd.	China	100.00	100.00	December	Movie theater operation
Ganzhou CGV Cinema Co., Ltd.	China	100.00	100.00	December	Movie theater operation
CGV (Xian) Cinema Co., Ltd.	China	100.00	100.00	December	Movie theater operation
Crown Jade Company Pte. Ltd.	Singapore	100.00	100.00	December	Investment overseas
CJ CGV (Hubei) Cinema Co., Ltd.	China	100.00	100.00	December	Movie theater operation
Neimenggu CGV Cinema Co., Ltd.	China	100.00	100.00	December	Movie theater operation
Cross Junction Investment Co., Pte. Ltd.	Singapore	100.00	100.00	December	Investment overseas
Dailan CGV Cinema Co., Ltd.	China	100.00	100.00	December	Movie theater operation
Henan CGV Cinema Co., Ltd.	China	100.00	100.00	December	Movie theater operation
CGV (Qingdao) Cinema Co., Ltd.	China	100.00	100.00	December	Movie theater operation
CJ 4DPLEX America, Inc.	USA	100.00	100.00	December	Equipment sales
CJ 4DPLEX Americas, LLC.	USA	100.00	100.00	December	Equipment sales
CGV Tianhe (Wuhan) Cinema Co., Ltd.	China	70.00	70.00	December	Movie theater operation
Jiangmen CGV Cinema Co., Ltd.	China	100.00	100.00	December	Movie theater operation
Jiangsu CGV Cinema Investment Co., Ltd.	China	100.00	100.00	December	Movie theater operation
CGV (Changzhou) Cinema Co., Ltd.	China	100.00	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

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		2016	2015		
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.	China	70.00	70.00	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	December	Investment overseas
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	100.00	100.00	December	Movie theater operation
Envoy Media Partners Ltd.	Virgin Islands	100.00	100.00	December	Movie theater operation
CJ CGV Vietnam 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.	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
ImaginAsian Entertainment, Inc.	USA	95.05	95.05	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
Sichuan Jixiangju Food Co., Ltd.	China	60.00	-	December	Food manufacturing
CJ Foods Myanmar Co., Ltd.	Myanmar	100.00	-	December	Food manufacturing
CJ Foods Vietnam Co., Ltd.	Vietnam	100.00	-	December	Food manufacturing
CJ Feed Ingredient Vietnam Co., Ltd.	Vietnam	100.00	-	December	Raw material of feed manufacturing and sales
PT CJ CheilJedang Feed Kalimantan	Indonesia	51.00	-	December	Feed manufacturing and sales
CJ Haide (Ningbo) Biotech Co., Ltd.	China	100.00	-	December	Functional amino acids manufacturing and sales

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		2016	2015		
CJ Haide (Ningbo) Amino Acid Industry Co., Ltd.	China	100.00	-	December	Functional amino acids manufacturing and sales
CJ Europe GMBH.	Germany	100.00	100.00	December	Trade
Cofeed Feedmill (Changchun) Co., Ltd.	China	100.00	-	December	Feed manufacturing and sales
Cofeed Feedmill (Tianjin) Co., Ltd.	China	100.00	-	December	Feed manufacturing and sales
Cofeed Feedmill (Qiqihaer) Co., Ltd.	China	100.00	-	December	Feed manufacturing and sales
Heilongjiang Jiusan Cofeed Feedmill Co., Ltd.	China	60.00	-	December	Feed manufacturing and sales
Cofeed Farm (Fuyu) Technology Co., Ltd.	China	100.00	-	December	Feed manufacturing and sales
CJ Foodville (Guangzhou) Corporation	China	100.00	-	December	Food manufacturing and restaurant
CJ Foodville (Chongqing) Corporation	China	100.00	-	December	Food manufacturing and restaurant
CJ Research Center LLC.	USA	100.00	-	December	Research and development
CJ Freshway Yonghui (Shanghai) Trade Co., Ltd.	China	70.00	-	December	Food distribution
CJ Japan Corp.	Japan	100.00	100.00	December	Intermediary trade
CJ (Foshan) Biotech Co., Ltd.	China	100.00	-	December	Raw material of feed manufacturing and sales
CAU TRE Export Goods Processing Joint Stock Company ¹	Vietnam	47.33	-	December	Food
CJ TMI Manufacturing America LLC.	USA	100.00	-	December	Food sales and distribution
CJ China, Ltd.	Hong Kong	99.66	99.66	December	Trade
CJ Vietnam Company Limited	Vietnam	85.00	85.00	December	Rental
CJ Global Holdings Ltd.	Hong Kong	100.00	100.00	December	Holding company
CMI Holdings Limited	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 Bibigo (Beijing) F&B Management Co., Ltd.	China	100.00	-	December	Food manufacturing and restaurant
CJ Foodville USA, 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
Guangzhou CGV Cinema Co., Ltd.	China	100.00	-	December	Movie theater operation
Zunyi CGV Cinema Co., Ltd.	China	100.00	-	December	Movie theater operation
Mars Entertainment Group Inc.	Turkey	87.61	-	December	Investment overseas
Mars Cinema, Tourism And Sports Facilities Management Inc.	Turkey	100.00	-	December	Movie theater operation
IKT Holdings Limited	Hong Kong	100.00	-	December	Investment overseas
Wisely Act Limited	Hong Kong	100.00	-	December	Investment overseas
Java Investment Limited	Hong Kong	100.00	-	December	Investment overseas
Ksamo Holdings Limited	Hong Kong	100.00	-	December	Investment overseas
KTM Investment Limited	Hong Kong	100.00	-	December	Investment overseas
Apollon Investment Limited	Hong Kong	100.00	-	December	Investment overseas

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		2016	2015		
CGV (Haikou) Cinema Co., Ltd.	China	100.00	-	December	Movie theater operation
PT Graha Layar Prima Tbk.	Indonesia	50.99	-	December	Movie theater operation
PT Graha Layar Mitra	Indonesia	99.82	-	December	Movie theater operation
Ewigen Frieden Limited	Hong Kong	100.00	-	December	Investment overseas
Beyond The Limit Limited	Hong Kong	100.00	-	December	Investment overseas
Coruscant Anglo Capital Limited	Hong Kong	100.00	-	December	Investment overseas
Dickinson & Hansen Limited	Hong Kong	100.00	-	December	Investment overseas
Great Golden China Limited	Hong Kong	100.00	-	December	Investment overseas
CJ China Consulting, Ltd.	China	100.00	100.00	December	Consulting
CJ Major Entertainment Co., Ltd. ¹	Thailand	50.00	-	December	Movie distribution and production
Blue Group Corporation	Vietnam	50.90	-	December	Media business
Blue Ocean Communication - Advertising Company Limited	Vietnam	100.00	-	December	Media business
Blue Light Film Company Limited	Vietnam	100.00	-	December	Media business
Indochina Link Marketing And Communication Company Limited	Vietnam	100.00	-	December	Media business
True CJ Creations Co., Ltd. ¹	Thailand	50.00	-	December	Media business
CJ Entertainment America LLC.	USA	100.00	100.00	December	Movie distribution and production
CJ E&M Japan, Inc. ¹	Japan	46.71	46.71	December	Broadcast program supply
CH Holdings Limited	Hong Kong	100.00	100.00	December	Holding company
CJ Rokin Logistics And Supply Chain Co., Ltd.	China	71.40	-	December	Logistics
Shanghai Xiaorong Logistics Co., Ltd.	China	100.00	-	December	Logistics
Rokin Logistics Supply Chain (Beijing) Co., Ltd.	China	100.00	-	December	Logistics
Shanghai Rokin International Storage and Transportation Co., Ltd.	China	100.00	-	December	Logistics
Guangzhou Rokin Logistics Supply Chain Co., Ltd.	China	100.00	-	December	Logistics
Linyi Rokin Logistics and Supply Chain Co., Ltd.	China	100.00	-	December	Logistics
Shanghai Rokin Logistics and Supply Chain Co., Ltd.	China	100.00	-	December	Logistics
Qingdao Rokin Logistics Supply Chain Co., Ltd.	China	100.00	-	December	Logistics
Shandong Xiaorong Chemical and Dangerous Goods Transportation Co., Ltd.	China	100.00	-	December	Logistics
Beijing Qiansheng Yuntai Transportation Co., Ltd.	China	100.00	-	December	Logistics
Tianjin Xiaorong Logistics Co., Ltd.	China	100.00	-	December	Logistics
PT. CJ Korea Express Logistics Indonesia ¹	Indonesia	49.00	-	December	Logistics
CJ Korea Express (China) Investment Co., Ltd.	China	100.00	-	December	Investment overseas
PT. CJ Korea Express Warehouse Service Indonesia	Indonesia	67.00	-	December	Logistics
CJ Korea Express Canada Corporation	Canada	100.00	-	December	Logistics
CJ Speedex Logistics Co., Ltd. ¹	China	50.00	-	December	Logistics
Century Logistics Holdings Berhad ¹	Malaysia	31.33	-	December	Storage and transportation

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		2016	2015		
Century Logistics Sdn. Bhd.	Malaysia	100.00	-	December	Storage and transportation
Century Total Logistics Sdn. Bhd.	Malaysia	100.00	-	December	Storage and transportation
Century Forwarding Agency Sdn. Bhd.	Malaysia	70.00	-	December	Storage and transportation
Century Advance Technology Sdn. Bhd.	Malaysia	100.00	-	December	Storage and transportation
Century Logistics (Johore) Sdn. Bhd.	Malaysia	100.00	-	December	Storage and transportation
Century LED Sdn. Bhd.	Malaysia	100.00	-	December	Storage and transportation
Century DMS Sdn. Bhd.	Malaysia	70.00	-	December	Storage and transportation
Storewell (M) Sdn. Bhd.	Malaysia	100.00	-	December	Storage and transportation
Century YES Logistics (Yichun) Co., Ltd.	China	75.00	-	December	Logistics
Century Logistics (S'pore) Pte. Ltd.	Singapore	100.00	-	December	Logistics
CJ Korea Express Asia Pte. Ltd.	Singapore	100.00	100.00	December	Logistics
Liaocheng Lantian Cogeneration Plant Co., Ltd.	China	100.00	100.00	December	Power generation steam supply
CJ IMC Malaysia Sdn. Bhd.	Malaysia	100.00	-	December	Wholesale and brokerage
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

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

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:

Name of entity	Percentage of ownership (%)
KOREX Packsimex Co., Ltd.	60.00
Ulsan Port Operating Co. Ltd.	51.54
KOG-SMART Cargo Project Logistics Co., Ltd.	65.00

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Summarized financial information of major consolidated subsidiaries as at and for the periods ended December 31, 2016 and 2015, is as follows:

(in millions of Korean won)

Name of entity	2016					
	Assets	Liabilities	Equity	Sales	Profit(loss) for the period	Total comprehensive income
CJ CheilJedang Corporation	7,049,220	3,842,114	3,207,106	4,862,290	197,322	199,331
CJ Healthcare Co., Ltd.	501,775	184,203	317,572	520,832	46,316	44,593
CJ Freshway Corporation	835,163	646,360	188,803	1,742,312	(984)	(5,328)
CJ Foodville Corp.	560,959	456,810	104,149	1,250,423	5,213	3,174
F&D Infra Co., Ltd.	86,318	318	86,000	-	-	-
CJ Seafood Corporation	119,741	64,456	55,285	173,738	5,373	5,600
Wonji Co., Ltd.	59,252	37,204	22,048	100,086	1,980	1,695
CJ O Shopping Co., Ltd.	1,111,514	428,379	683,135	1,095,911	16,082	15,749
CJ HelloVision Co., Ltd.	1,840,192	873,537	966,655	1,100,635	21,513	21,251
CJ Korea Express Corporation	4,231,090	1,930,617	2,300,473	4,846,376	18,582	19,982
Korea Integrated Freight Terminal Co., Ltd.	630,492	381,110	249,382	135,763	35,184	35,109
KX Holdings Corporation	506,027	27,077	478,950	-	(14,065)	(14,068)
CJ Powercast Inc.	239,502	68,483	171,019	109,165	10,996	10,749
CJ CGV Co., Ltd.	1,639,619	1,090,591	549,028	914,597	37,268	34,541
CJ 4DPLEX Co., Ltd.	91,923	30,660	61,263	52,280	5,953	5,812
Bosphorus Investment Co., Ltd.	606,022	-	606,022	-	(1,003)	(1,003)
CJ E&M Corporation	2,092,028	841,876	1,250,152	1,290,532	7,529	(4,895)
Mezzomedia Inc.	112,571	101,724	10,847	27,153	3,026	2,260
K Valley Co., Ltd.	145,449	71,515	73,934	-	(8,910)	(8,910)
Studio Dragon Corporation	218,191	82,779	135,412	135,505	7,760	7,789
CJ Digital Music Corporation	68,841	33,092	35,749	8,098	102	138
CJ OliveNetworks Co., Ltd.	852,702	437,579	415,123	1,438,978	72,026	65,024
CJ Engineering & Construction Corp.	658,223	506,595	151,628	632,597	4,565	4,427
CJ Shenyang Feed Co., Ltd.	58,566	48,074	10,492	22,590	(561)	(553)
CJ Qingdao Feed Co., Ltd.	59,134	55,639	3,495	81,708	(8,483)	(8,438)
CJ Liaocheng Biotech Co., Ltd.	412,777	199,020	213,757	241,911	1,621	1,455
CJ (Shenyang) Biotech Co., Ltd.	513,094	419,324	93,770	227,700	(15,636)	(15,722)
CJ Bio Malaysia Sdn. Bhd.	464,116	249,632	214,484	280,076	46,568	45,702
CJ Foods Manufacturing Corporation	52,752	33,250	19,502	55,333	4,908	4,999
PT Cheiljedang Indonesia	1,353,433	593,541	759,892	732,418	25,719	25,697
PT Cheiljedang Superfeed	409,030	160,274	248,756	248,724	5,869	5,841
CJ Cheiljedang Feed Semarang	63,130	48,909	14,221	28,589	310	319
PT CJ Cheiljedang Feed Lampung	51,854	33,866	17,988	107,556	4,004	4,107
PT CJ Feed Jombang	185,523	137,125	48,398	288,271	11,227	11,751
PT Super Unggas Jaya	113,842	94,326	19,516	194,384	(3,007)	(2,271)
CJ Vina Agri Co., Ltd.	258,993	132,714	126,279	388,765	30,154	30,619
CJ-SC Global Milling LLC.	60,056	28,212	31,844	39,067	(3,446)	(3,476)
CJ Vina Food Co., Ltd.	70,227	83,276	(13,049)	102,587	(6,493)	(6,571)
CJ Bio America Inc.	403,970	373,692	30,278	166,381	(4,819)	(4,148)

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Name of entity	2016					
	Assets	Liabilities	Equity	Sales	Profit(loss) for the period	Total comprehensive income
CJ Korea Express U.S.A. Corporation	53,550	36,769	16,781	121,716	1,411	1,463
CJ KX Rokin Holdings Limited	461,126	3	461,123	-	(351)	(365)
CJ CGV(Shanghai) Enterprise Management Co., Ltd.	84,779	61,041	23,738	21,613	1,800	1,796
UVD Enterprise Ltd.	299,007	5,342	293,665	710	(33)	(3)
Envoy Media Partners Ltd.	61,514	640	60,874	-	2,095	2,068
CJ CGV Vietnam Co., Ltd.	136,254	116,293	19,961	111,084	6,141	5,966
CJ CGI Holdings Ltd.	373,510	189,423	184,087	339	(2,870)	(2,849)
CJ E&M America Inc.	64,446	47,197	17,249	13,416	(3,400)	(13,340)
CJ America Inc.	316,832	249,955	66,877	413,799	2,701	3,023
Sichuan Jixiangju Food	71,405	23,453	47,952	75,057	9,883	9,818
CJ Europe GMBH.	117,790	99,101	18,689	326,203	1,954	1,837
CJ Japan Corp.	91,652	86,187	5,465	127,320	778	756
CJ China, Ltd.	133,818	114,245	19,573	167,653	414	400
CJ Vietnam Company Limited	58,715	2,147	56,568	6,577	3,110	3,156
CJ Global Holdings Ltd.	319,205	247,046	72,159	-	(5,756)	(6,038)
CJ Do Brazil Ind. Com. Prod. Alim. Ltda.	183,983	134,234	49,749	162,135	(11,226)	(12,381)
Mars Cinema, Tourism And Sports Facilities Management Inc.	182,472	100,483	81,989	114,829	(4,082)	(3,643)
IKT Holdings Limited	66,905	20,882	46,023	-	(342)	27,513
PT Graha Layar Prima Tbk.	115,834	17,225	98,609	-	-	3,368
CH Holdings Limited	54,759	1,185	53,574	81	(66)	(69)
CJ Rokin Logistic And Supply Chain Co., Ltd.	314,306	184,859	129,447	157,331	4,674	4,644
Shanghai Xiaorong Logistics Co., Ltd.	56,646	43,883	12,763	81,822	2,524	2,507
Shanghai Rokin International Storage And Transportation Co., Ltd.	123,101	104,506	18,595	140,176	4,342	4,314
CJ Korea Express (China) Investment Co., Ltd.	84,255	72	84,183	-	(92)	(92)
CJ Speedex Logistics Co., Ltd.	62,910	37,172	25,738	29,494	546	542
Century Logistics Holding Berhad	58,436	2,582	55,854	-	2,859	2,749
Century Total Logistics Sdn. Bhd.	133,753	115,127	18,626	17,816	1,260	1,212
CJ Korea Express Asia Pte. Ltd.	276,445	149,165	127,280	128,088	618	628
Liaocheng Lantian Cogeneration Plant Co., Ltd.	94,401	10,896	83,505	46,412	14,541	14,514

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Name of entity	2015					
	Assets	Liabilities	Equity	Sales	Profit(loss) for the period	Total comprehensive income
CJ CheilJedang Corporation	6,409,352	3,367,217	3,042,135	4,539,667	157,827	138,409
CJ Healthcare Co., Ltd.	497,659	189,195	308,464	462,733	35,453	34,962
CJ Freshway Corporation	718,866	522,361	196,505	1,593,115	15,474	11,964
CJ Foodville Corp.	574,801	465,853	108,948	1,206,550	(299)	(6,602)
CJ Seafood Corporation	93,610	43,591	50,019	161,717	2,552	2,686
CJ O Shopping Co., Ltd.	1,176,226	494,789	681,437	1,119,375	60,297	53,717
CJ HelloVision Co., Ltd.	1,999,590	1,049,060	950,530	1,050,611	60,237	57,763
CJ Korea Express Corporation	3,735,984	1,455,495	2,280,489	4,358,425	(12,371)	(11,528)
Korea Integrated Freight Terminal Co., Ltd.	643,379	419,863	223,516	127,799	25,476	25,387
KX Holdings Corporation	493,090	72	493,018	-	353	352
CJ Powercast Inc.	73,803	15,861	57,942	84,893	9,276	9,239
CJ CGV Co., Ltd.	1,216,250	694,357	521,893	896,777	57,703	56,476
CJ 4DPLEX Co., Ltd.	60,358	21,826	38,532	47,648	6,238	6,154
CJ E&M Corporation	1,931,977	669,216	1,262,761	1,261,748	(63,715)	(62,893)
Mezzomedia Inc.	74,551	65,825	8,726	24,253	2,816	2,954
CJ OliveNetworks Co., Ltd.	608,252	392,592	215,660	1,055,786	54,103	53,994
CJ Engineering & Construction Corp.	640,425	491,415	149,010	529,024	3,005	2,485
CJ Laiocheng Biotech Co., Ltd.	396,381	177,480	218,901	214,666	(28,009)	(27,360)
CJ (Shenyang) Biotech Co., Ltd.	565,544	552,136	13,408	273,636	(33,852)	(31,690)
CJ Bio Malaysia Sdn. Bhd.	467,103	299,040	168,063	296,714	77,984	80,963
PT Cheiljedang Indonesia	1,316,024	592,901	723,123	734,572	30,333	30,312
PT Cheiljedang Superfeed	261,847	66,759	195,088	226,992	(20,877)	(20,337)
PT CJ Cheiljedang Feed Lampung	51,392	38,262	13,130	84,222	1,504	1,662
PT CJ Feed Jombang	131,400	96,523	34,877	253,222	6,872	7,300
PT Super Unggas Jaya	73,026	51,542	21,484	132,439	(17,223)	(15,764)
CJ Vina Agri Co., Ltd.	170,266	94,026	76,240	313,807	19,994	19,833
CJ-SC Global Milling LLC.	50,665	15,895	34,770	15,090	(4,248)	(4,273)
CJ Bio America Inc.	383,040	348,744	34,296	135,717	(26,182)	(25,275)
CJ KX Rokin Holdings Limited	94,683	-	94,683	-	(14)	(15)
CJ CGV (Shanghai) Enterprise Management Co., Ltd.	55,449	32,838	22,611	19,913	1,278	1,247
UVD Enterprise Ltd.	251,932	7,079	244,853	634	(850)	(854)
Envoy Media Partners Ltd.	57,540	620	56,920	1,255	3,158	3,176
CJ CGV Vietnam Co., Ltd.	111,881	98,155	13,726	91,032	3,216	3,135
CJ CGI Holdings Ltd.	303,427	121,895	181,532	331	(4,054)	(3,991)
CJ E&M America Inc.	64,569	34,876	29,693	11,592	(821)	(768)
CJ America Inc.	211,849	149,932	61,917	369,599	226	196
CJ Europe GMBH.	107,908	90,977	16,931	328,803	4,579	5,337
CJ Japan Corp.	76,045	71,630	4,415	114,352	574	620
CJ China, Ltd.	171,728	153,154	18,574	164,670	877	797
CJ Vietnam Company Limited	54,119	1,638	52,481	6,090	2,277	2,261
CJ Global holdings Ltd.	295,152	239,665	55,487	-	1,054	1,117
CJ Do Brazil Ind. Com. Prod. Alim. Ltda.	141,183	91,611	49,572	172,575	543	(1,421)

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Name of entity	2015				Profit(loss)	Total
	Assets	Liabilities	Equity	Sales	for the period	comprehensive income
CJ Korea Express Asia Pte. Ltd.	167,986	136,401	31,585	139,852	(2,274)	(2,287)
Liaocheng Lantian Congeneration Plant Co., Ltd.	83,038	11,899	71,139	40,193	12,283	11,806

Subsidiaries newly included in the consolidated financial statements for the year ended December 31, 2016, are as follows:

Location	Name of entity	Remark
Korea	FreshOne Busan Co., Ltd.	Additional acquisition
Korea	FreshOne Jeonbuk Co., Ltd.	Additional acquisition
Korea	F&D Infra Co., Ltd.	Newly established
Korea	SongLim Food Co., Ltd.	Acquisition
Korea	SongLim FS Co., Ltd.	Acquisition
Korea	Cofeed Co., Ltd.	Acquisition
Korea	Investment Association For Coexistence Of Small And Venture Businesses	Newly established
Korea	Bosphorus Investment Co., Ltd	Newly established
Korea	K Valley Co., Ltd.	Newly established
Korea	Studio Dragon Corporation	Newly established
Korea	Hwa & Dam Pictures Co., Ltd.	Additional acquisition
Korea	Culturedepot Co., Ltd.	Additional acquisition
Korea	KPJ Corporation	Acquisition
Korea	Rubicon Company, Ltd.	Newly established
Korea	JK Film Co., Ltd.	Acquisition
Korea	CJ Digital Music Corporation	Newly established
China	Sichuan Jixiangju Food Co., Ltd.	Additional acquisition
Myanmar	CJ Foods Myanmar Co., Ltd.	Newly established
Vietnam	CJ Foods Vietnam Co., Ltd.	Acquisition
Vietnam	CJ Feed Ingredient Vietnam Co., Ltd.	Newly established
Indonesia	PT CJ Cheiljedang Feed Kalimantan	Newly established
China	CJ Haide (Ningbo) Biotech Co., Ltd.	Acquisition
China	CJ Haide (Ningbo) Amino Acid Industry Co., Ltd.	Acquisition
China	Cofeed Feedmill (Changchun) Co., Ltd.	Acquisition
China	Cofeed Feedmill (Tianjin) Co., Ltd.	Acquisition
China	Cofeed Feedmill (Qiqihaer) Co., Ltd.	Acquisition
China	Heilongjiang Jiusan Cofeed Feedmill Co., Ltd.	Acquisition
China	Cofeed Farm (Fuyu) Technology Co., Ltd.	Acquisition
China	CJ Foodville (Guangzhou) Corporation	Newly established
China	CJ Foodville (Chongqing) Corporation	Newly established
USA	CJ Research Center LLC.	Newly established
China	CJ Freshway Yonghui (Shanghai) International Co., Ltd.	Newly established
China	CJ (Foshan) Biotech Co., Ltd.	Newly established
Vietnam	CAU TRE Export Goods Processing Joint Stock Company	Acquisition
USA	CJ TMI Manufacturing America LLC.	Newly established
China	CJ Bibigo (Beijing) F&B Management Co., Ltd.	Newly established
China	Guangzhou CGV Cinema Co., Ltd.	Newly established

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Location	Name of entity	Remark
China	Zunyi CGV Cinema Co., Ltd.	Newly established
Turkey	Mars Entertainment Group Inc.	Acquisition
Turkey	Mars Cinema, Tourism and Sports Facilities Management Inc.	Acquisition
Hong Kong	IKT Holdings Limited	Acquisition
Hong Kong	Wisely Act Limited	Acquisition
Hong Kong	Java Investment Limited	Acquisition
Hong Kong	KSAMO Holdings Limited	Acquisition
Hong Kong	KTM Investment Limited	Acquisition
Hong Kong	Apollon Investment Limited	Acquisition
China	CGV (Haikou) Cinema Co., Ltd.	Newly established
Indonesia	PT Graha Layar Prima Tbk.	Additional acquisition
Indonesia	PT Graha Layar Mitra	Acquisition
Hong Kong	Ewigen Frieden Limited	Acquisition
Hong Kong	Beyond The Limit Limited	Acquisition
Hong Kong	Coruscant Anglo Capital Limited	Acquisition
Hong Kong	Dickinson & Hansen Limited	Acquisition
Hong Kong	Great Golden China Limited	Acquisition
Thailand	CJ Major Entertainment Co., Ltd.	Newly established
Vietnam	Blue Group Corporation	Acquisition
Vietnam	Blue Ocean Communication & Advertising Company Limited	Acquisition
Vietnam	Blue Light Film Company Limited	Acquisition
Vietnam	Indochina Link Marketing and Communication Company Limited	Acquisition
Thailand	True CJ Creations Co., Ltd.	Newly established
China	CJ Rokin Logistics and Supply Chain Co., Ltd.	Acquisition
China	Shanghai Xiaorong Logistics Co., Ltd.	Acquisition
China	Rokin Logistics Supply Chain (Beijing) Co., Ltd.	Acquisition
China	Shanghai Rokin International Storage and Transportation Co., Ltd.	Acquisition
China	Guangzhou Rokin Logistics Supply Chain Co., Ltd.	Acquisition
China	Linyi Rokin Logistics and Supply Chain Co., Ltd.	Acquisition
China	Shanghai Rokin Logistics and Supply Chain Co., Ltd.	Acquisition
China	Qingdao Rokin Logistics Supply Chain Co., Ltd.	Acquisition
China	Shandong Xiaorong Chemical and Dangerous Goods Transportation Co., Ltd.	Acquisition
China	Beijing Qiansheng Yuntai Transportation Co., Ltd.	Acquisition
China	Tianjin Xiaorong Logistics Co., Ltd.	Acquisition
Indonesia	PT. CJ Korea Express Logistics Indonesia	Newly established
China	CJ Korea Express (China) Investment Co., Ltd.	Newly established
Indonesia	PT. CJ Korea Express Warehouse Service Indonesia	Newly established
Canada	CJ Korea Express Canada Corporation	Newly established
China	CJ Speedex Logistics Co., Ltd.	Acquisition
Malaysia	Century Logistics Holding Berhad	Acquisition
Malaysia	Century Logistics Sdn. Bhd.	Acquisition
Malaysia	Century Total Logistics Sdn. Bhd.	Acquisition
Malaysia	Century Forwarding Agency Sdn. Bhd.	Acquisition
Malaysia	Century Advance Technology Sdn. Bhd.	Acquisition
Malaysia	Century Logistics (Johore) Sdn. Bhd.	Acquisition
Malaysia	Century LED Sdn. Bhd.	Acquisition
Malaysia	Century DMS Sdn. Bhd.	Acquisition

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Location	Name of entity	Remark
Malaysia	Storewell (M) Sdn. Bhd.	Acquisition
China	Century YES Logistics (Yichun) Co., Ltd.	Acquisition
Singapore	Century Logistics (S'pore) Pte. Ltd.	Acquisition
Malaysia	CJ IMC Malaysia Sdn. Bhd.	Newly established

Subsidiaries excluded from the consolidated financial statements for the year ended December 31, 2016, are as follows:

Location	Name of entity	Remark
Korea	Simuline Inc.	Merged
China	CJ Freshway Shenyang Co., Ltd.	Liquidated
Italy	CJ Food Italia S.R.L.	Liquidated
Turkey	CJ IMC Pazarlama Ve Ticaret Ltd., Sti.	Liquidated
China	Simuline China Limited	Liquidated

Dividends of CJ CheilJedang Corporation and PT CheilJedang Indonesia, PT CheilJedang Superfeed are restricted if PT CheilJedang Indonesia and PT CheilJedang Superfeed, a consolidated subsidiary, postpones the payment of the principal and interests for its 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 periods 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 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 financial statements requires the use of critical accounting estimates. Management also needs to exercise judgement in applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and

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estimates are significant to the consolidated financial statements are disclosed in Note 3.

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2.2 Changes in Accounting Policy and Disclosures

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

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2016. The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

- *Disclosure Initiative* – Amendments to Korean IFRS 1001 *Presentation of Financial Statements*
 - Korean IFRS 1011 *Construction Contract*, Korean IFRS 1037 *Provisions, Contingent Liabilities and Contingent Assets* and Interpretation 2115 *Arrangements for Property Construction*
 - *Agriculture: Bearer Plants* – Amendments to Korean IFRS 1016 *Property, Plant and Equipment*, and Korean IFRS 1041 *Agriculture*
 - *Clarification of Acceptable methods of Depreciation and Amortization* – Amendments to Korean IFRS 1016 *Property, Plant and Equipment*, and Korean IFRS 1038 *Intangible assets*
 - *Investment entities: Applying the Consolidation Exception* – Amendments to Korean IFRS 1110 *Consolidated Financial Statements*, Korean IFRS 1028 *Investments in Associates and Joint Ventures*, and Korean IFRS 1112 *Disclosures of Interests in Other Entities*
 - *Accounting for Acquisitions of Interests in Joint Operations* – Amendments to Korean IFRS 1111 *Joint Arrangement*
 - Annual Improvements to Korean IFRS 2012-2014 *Cycle*
- (b) *New standards and interpretations not yet adopted by the Group*

Certain new accounting standards and interpretations that have been published that are not mandatory for December 31, 2016 reporting periods and have not been early adopted by the Group are set out below.

- Amendments to Korean IFRS 1007 *Statement of Cash Flows*

Amendments to Korean IFRS 1007 *Statement of Cash flows* requires to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flows. This amendment will be effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. The Group does not expect the amendments to have a significant impact on the consolidated financial statements.

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- Amendments to Korean IFRS 1012 *Income Tax*

Amendments to Korean IFRS 1012 clarify how to account for deferred tax assets related to debt instruments measured at fair value. Korean IFRS 1012 provides requirements on the recognition and measurement of current or deferred tax liabilities or assets. The amendments issued clarify the requirements on recognition of deferred tax assets for unrealized losses, to address diversity in practice. This amendment will be effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. The Group does not expect the amendments to have a significant impact on the consolidated financial statements.

- Amendments to Korean IFRS 1102 *Share-based Payment*

Amendments to Korean IFRS 1102 clarify accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendment clarifies that the measurement approach should treat the terms and conditions of a cash-settled award in the same way as for an equity-settled award. This amendment will be effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Group does not expect the amendments to have a significant impact on the consolidated financial statements.

- Korean IFRS 1109 *Financial Instruments*

The new standard for financial instruments issued on September 25, 2015 are effective for annual periods beginning on or after January 1, 2018 with early application permitted. This standard will replace Korean IFRS 1039 *Financial Instruments: Recognition and Measurement*. The Group will apply the standards for annual periods beginning on or after January 1, 2018.

The standard requires retrospective application with some exceptions. For example, an entity is not required to restate prior period in relation to classification and measurement (including impairment) of financial instruments. The standard requires prospective application of its hedge accounting requirements for all hedging relationships except the accounting for time value of options and other exceptions.

Korean IFRS 1109 *Financial Instruments* requires all financial assets to be classified and measured on the basis of the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. A new impairment model, an expected credit loss model, is introduced and any subsequent changes in expected credit losses will be recognized in profit or loss. Also, hedge accounting rules amended to extend the hedging relationship, which consists only of eligible hedging instruments and hedged items, qualifies for hedge accounting.

An effective implementation of Korean IFRS 1109 requires preparation processes including financial impact assessment, accounting policy establishment, accounting system development and the system stabilization. The impact on the Group's financial statements due to the application of the standard is dependent on judgements made in applying the standard, financial instruments held by the Group and macroeconomic variables.

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With the implementation of Korean IFRS 1109, the Group neither prepared for internal management process nor began to adjust accounting system for financial instruments reporting. Also, the Group did not analyze the financial effects of applying the standard. However, the following areas are likely to be affected in general.

(a) Classification and Measurement of Financial Assets

When implementing Korean IFRS 1109, the classification of financial assets will be driven by the Group's business model for managing the financial assets and contractual terms of cash flow. The following table shows the classification of financial assets measured subsequently at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. If a hybrid contract contains a host that is a financial asset, the classification of the hybrid contract shall be determined for the entire contract without separating the embedded derivative.

<i>Business model for the contractual cash flows characteristics</i>	<i>Solely represent payments of principal and interest</i>	<i>All other</i>
<i>Hold the financial asset for the collection of the contractual cash flows</i>	Measured at amortized cost ¹	
<i>Hold the financial asset for the collection of the contractual cash flows and trading</i>	Recognized at fair value through other comprehensive income ¹	Recognized at fair value through profit or loss ²
<i>Hold for trading</i>	Recognized at fair value through profit or loss	

¹ A designation at fair value through profit or loss is allowed only if such designation mitigates an accounting mismatch (irrevocable).

² Equity investments not held for trading can be recorded in other comprehensive income (irrevocable).

With the implementation of Korean IFRS 1109, the criteria to classify the financial assets at amortized cost or at fair value through other comprehensive income are more strictly applied than the criteria applied with Korean IFRS 1039. Accordingly, the financial assets at fair value through profit or loss may increase by implementing Korean IFRS 1109 and may result an extended fluctuation in profit or loss.

As at December 31, 2016, the Group owns loan and trade receivables of ₩ 5,975,914 million, financial assets available-for-sales of ₩ 614,967 million and financial assets at fair value through profit or loss of ₩ 69,510 million.

According to Korean IFRS 1109, a debt instrument is measured at amortized cost if: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent payments of principal and interest. As at December 31, 2016, the Group measured loan and trade receivables of ₩ 5,975,914 million at amortized costs.

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(b) Classification and Measurement of Financial Liabilities

Korean IFRS 1109 requires the amount of the change in the liability's fair value attributable to changes in the credit risk to be recognized in other comprehensive income, unless this treatment of the credit risk component creates or enlarges a measurement mismatch. Amounts presented in other comprehensive income are not subsequently transferred to profit or loss.

Under Korean IFRS 1039, all financial liabilities designated at fair value through profit or loss recognized their fair value movements in profit or loss. However, under Korean IFRS 1109, certain fair value movements will be recognized in other comprehensive income and as a result profit or loss from fair value movements may decrease.

(c) Impairment: Financial Assets and Contract Assets

Korean IFRS 1109 sets out a new forward looking 'expected loss' impairment model which replaces the incurred loss model under Korean IFRS 1039 that impaired assets if there is an objective evidence and applies to:

- Financial assets measured at amortized cost
- Debt investments measured at fair value through other comprehensive income, and
- Certain loan commitments and financial guaranteed contracts.

Under Korean IFRS 1109 'expected loss' model, a credit event (or impairment 'trigger') no longer has to occur before credit losses are recognized. The Group will always recognize (at a minimum) 12-month expected credit losses in profit or loss. Lifetime expected losses will be recognized on assets for which there is a significant increase in credit risk after initial recognition.

Stage¹	Loss allowance
1 No significant increase in credit risk after initial recognition ²	12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date)
2 Significant increase in credit risk after initial recognition	Lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)
3 Credit-impaired	

¹ A loss allowance for lifetime expected credit losses is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. It is also required for contract assets or trade receivables that are not, according to Korean IFRS 1115 Revenue from Contracts with Customers, considered to contain a significant financing component. Additionally, the Group can elect an accounting policy of recognizing lifetime expected credit losses for all contract assets and/or all trade receivables, including those that contain a significant financing component.

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² If the financial instrument has low credit risk at the reporting date, the Group may assume that the credit risk has not increased significantly since initial recognition.

Under Korean IFRS 1109, the asset that is credit-impaired at initial recognition would recognize all changes in lifetime expected credit losses since the initial recognition as a loss allowance with any changes recognized in profit or loss.

As at December 31, 2016, the Group owns debt investment carries at amortized cost of ₩ 5,975,914 million (loan and trade receivables of ₩ 5,975,914 million), debt investments carried at fair value through other comprehensive income, which classified as financial assets available-for-sales, of ₩ 5,600 million. And, the Group recognized loss allowance of ₩ 253,390 million for these assets.

(d) Hedge Accounting

Hedge accounting mechanics (fair value hedges, cash flow hedges and hedge of net investments in a foreign operations) required by Korean IFRS 1039 remains unchanged in Korean IFRS 1109, however, the new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. Korean IFRS 1109 allows more hedging instruments and hedged items to qualify for hedge accounting, and relaxes the hedge accounting requirement by removing two hedge effectiveness tests that are a prospective test to ensure that the hedging relationship is expected to be highly effective and a quantitative retrospective test (within range of 80-120 %) to ensure that the hedging relationship has been highly effective throughout the reporting period.

With implementation of Korean IFRS 1109, volatility in profit or loss may be reduced as some items that were not eligible as hedged items or hedging instruments under Korean IFRS 1039 are now eligible under Korean IFRS 1109.

As at December 31, 2016, the Group applies the hedge accounting to its assets, liabilities, firm commitments and forecast transactions that amount to ₩ 100,000 million. With applying the hedge accounting, the Group recognized the fair value changes of fair value hedging instruments for ₩ 681 million in profit or loss, and reclassified the fair value changes of cash flow hedging instruments, which were previously recognized in other comprehensive income, to profit or loss. As at December 31, 2016, the changes in fair values of cash flow hedging instruments recognized in accumulated other comprehensive income amount to ₩ 1,595 million.

Furthermore, when the Group first applies Korean IFRS 1109, it may choose as its accounting policy choice to continue to apply all of the hedge accounting requirements of Korean IFRS 1039 instead of the requirements of Korean IFRS 1109.

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- Korean IFRS 1115 *Revenue from Contracts with Customers*

The Group will apply Korean IFRS 1115 *Revenue from Contracts with Customers* issued on November 6, 2015 for annual reporting periods beginning on or after January 1, 2018. Earlier adoption is permitted under Korean IFRS. This standard replaces Korean IFRS 1018 *Revenue*, Korean IFRS 1011 *Construction Contracts*, Interpretation 2031 *Revenue-Barter Transactions Involving Advertising Services*, Interpretation 2113 *Customer Loyalty Programs*, Interpretation 2115 *Agreements for the Construction of Real Estate* and Interpretation 2118 *Transfers of assets from customers*. The Group must apply Korean IFRS 1115 *Revenue from Contracts with Customers* within annual reporting periods beginning on or after January 1, 2018, and will apply the standard retrospectively to prior reporting period presented in accordance with Korean IFRS 1008 *Accounting Policies, Changes in Accounting Estimates and Errors* and apply simplified transition method with no restatement for completed contracts and other as at January 1, 2017.

The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer so the notion of control replaces the existing notion of risks and rewards. A new five-step process must be applied before revenue from contract with customer can be recognized:

- Identify contracts with customers
- Identify the separate performance obligation
- Determine the transaction price of the contract
- Allocate the transaction price to each of the separate performance obligations, and
- Recognize the revenue as each performance obligation is satisfied.

As at December 31, 2016, the Group neither prepared for internal management process nor began to adjust accounting system in relation to implementation of Korean IFRS 1115. Also, the Group did not analyze the financial effects of applying the standard. The Group plans to analyze the financial effects of applying the standard and disclose the result of the analysis in the notes on the financial statements as at September 30, 2017.

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 Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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The acquisition method of accounting is used to account for business combinations by the Group. 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 measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. All other non-controlling interests are measured at fair values, unless otherwise required by other standards. Acquisition-related costs are expensed as incurred.

The excess of consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in the profit or loss as a bargain purchase.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interest to reflect their relative interest in the subsidiary. Any difference between the amount of the adjustment to non-controlling interest and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Parent Company.

When the Group ceases to consolidate for a subsidiary because of a loss of control, any retained interest in the subsidiary is remeasured to its fair value with the change in carrying amount recognized in profit or loss.

(b) Associates

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost. 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 an objective evidence of impairment for the investment in the associate, the Group recognizes the difference between the recoverable amount of the associate and its book amount 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 recognizes its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. Interests in joint ventures are accounted for using the equity

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method, after initially being recognized at cost in the consolidated statement of financial position.

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 each entity operates (the "functional currency"). The consolidated financial statements are presented in Korean won, which is the Parent Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognized in other comprehensive income.

(c) Translation to the presentation currency

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

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

2.5 Financial Assets

(a) Classification and measurement

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

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At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. And, loans and receivables and held-to-maturity investments are subsequently carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss are recognized in profit or loss within other income or other expenses. Gains or losses arising from changes in the available-for-sale financial assets are recognized in other comprehensive income, and amounts are reclassified to profit or loss when the associated assets are sold or impaired.

(b) Impairment

The Group assesses at the end of each reporting period whether there is an 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 an 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, and that 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 an objective evidence of impairment.

(c) Derecognition

If a transfer does not result in derecognition because the Group has retained substantially all the risks and rewards of ownership of the transferred asset, the Group continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received. The Group classified the financial liability as "short-term borrowings" in the 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

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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 remeasured at their fair value at the end of each reporting period. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in profit or loss within finance income (costs)' or other non-operating income (expense)' based on 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 (costs)'. 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 (costs)'.

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 held for sale when their carrying amount will be recovered principally through a sale transaction rather than through continuing use 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.

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2.10 Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is 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:

	Useful lives
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 assets' depreciation method, residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

2.11 Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred.

2.12 Government Grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants related to assets are presented in the statement of financial position either by deducting the grant in arriving at the carrying amount of the asset, and government grants related to costs are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

2.13 Intangible Assets

Goodwill is measured as described in Note 2.3 (a), and carried at cost less accumulated impairment losses.

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

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Development costs that are directly attributable to internally generated by the Group are recognized when the criteria; such as, technically feasible, generate probable future economic benefits and other, are met. Membership rights, brand, and other intangible assets (rights of using wharf, registration plate of transporters, trademarks, and others) that have an indefinite useful life are not subject to amortization because there is no foreseeable limit to the period over which the assets are expected to be utilized. The Group amortizes intangible assets with a limited useful life using the straight-line method over the following periods:

	Useful lives
Development costs	5 years
Publication rights and copyrights to music contents	1 – 5 years
Service concession arrangement ¹	10 – 37 years
Other intangible assets	3 – 20 years

¹ 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

Investment property is property held to earn rentals or for capital appreciation or both. An investment property is measured initially at its cost. An investment property is measured after initial measurement at depreciated cost (less any accumulated impairment losses). After recognition as an asset, investment property is carried at cost less accumulated depreciation and impairment losses. The Group depreciates investment properties, except for land, using the straight-line method over their useful lives.

	Useful lives
Buildings	10 – 40 years
Structures	15 – 40 years

2.15 Impairment of Non-financial Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested 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 of disposal and value in use. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

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2.16 Financial Liabilities

(a) Classification and measurement

The Group's financial liabilities at fair value through profit or loss are financial instruments held for trading. A financial liability is held for trading if it is incurred principally for the purpose of repurchasing in the near term. A derivative that is not designated as a hedging instrument and an embedded derivative that is separated are also classified 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 present as 'trade payables', 'short-term borrowings', 'current portion of long-term debentures and borrowings', 'non-trade payables', 'other current financial liabilities', 'long-term borrowings', 'debentures', 'deposits received' and 'other non-current financial liabilities' in the statement of financial position.

(b) Derecognition

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

2.17 Financial Guarantee Contract

Financial guarantee contracts are recognized as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value, subsequently at the higher of the amount determined in accordance with Korean IFRS 1037 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognized less cumulative amortization in accordance with Korean IFRS1018 *Revenue*, and recognized in the statement of financial position within 'other current financial liabilities' and 'other non-current financial liabilities'.

The Group recognized financial guarantee contracts provided to the associates for no compensation by recognizing prepaid expenses which will be amortized over the guarantee period.

2.18 Compound Financial Instruments

Compound financial instruments are convertible notes, exchangeable bonds and the convertible redeemable preferred share 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.

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2.19 Provisions

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period, and the increase in the provision due to the 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. Current and deferred tax is recognized in profit or loss, 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 measured at the amount expected to be paid to the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. The Group recognizes current income tax on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises 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 if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

The Group recognizes a deferred tax liability all taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, 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, The Group recognizes a deferred tax asset for all 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis.

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2.21 Employee Benefits

(a) Post-employment benefits

The Group operates both defined contribution and defined benefit pension plans.

For defined contribution plans, the Group pays contribution to publicly or privately administered pension insurance plans on mandatory, contractual or voluntary basis. The Group has no further payment obligation once the contribution have been paid. The contribution are recognized as employee benefit expense when they are due.

A defined benefit plan is a pension plan that is not a defined contribution plan. Generally, post-employment benefits are payable after the completion of employment, and the benefit amount depended on the employee's age, periods of service or salary levels. The liability recognized in the 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 that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs.

(b) Share-based payments

Equity-settled share-based payment is recognized at fair value of equity instruments granted, and employee benefit expense is recognized over the vesting period. At the end of each period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

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

(c) Long-term employee benefits

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

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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 course of the business. Amounts disclosed as revenue are net of value added taxes, returns, rebates and discounts and after elimination of inter-company transactions.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group 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

Sales are recognized when control of the products has transferred, being when the products are delivered to the wholesaler.

(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 profit or loss 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 expenses 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

A customer loyalty program is operated by the Group to provide customers with incentives to buy their goods or services. If a customer buys goods or services, the Group grants the customer award credits (often described as 'points'). The customer can redeem the award credits for awards such as free or discounted goods or services. The award credits 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 award credits and the other components of the sale. The fair value of the award credits is measured by taking into account the proportion of the award credits that are not expected to be redeemed by customers. Revenue from the award credits is recognized when the points are redeemed.

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 in which a significant portion of the risks and rewards of ownership are not transferred to the Group are classified as operating leases. Payments made under operating leases are charge to profit or loss on a straight-line basis over the period of lease.

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Leases where the Group, as a lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost.

If the Group is a lessor, 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 Operating Segment

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 consolidated financial statements 2016 were approved for issue by the Board of Directors on February 9, 2017 and are subject to change with the approval of shareholders at their Annual General Meeting.

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3. Critical Accounting Estimates and Assumptions

The preparation of financial statements requires the Group to make estimates and assumptions concerning the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. 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 discussed below.

(a) Estimated impairment of goodwill

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations.

(b) Income taxes

The Group's taxable income generated from these operations are 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.

If certain portion of the taxable income is not used for investments or increase in wages or dividends in accordance with the *Tax System For Recirculation of Corporate Income*, the Group is liable to pay additional income tax calculated based on the tax laws. The new tax system is effective for three years from 2015. Accordingly, the measurement of current and deferred income tax is affected by the tax effects from the new tax system. As the Group's income tax is dependent on the investments, increase in wages and dividends, there is an uncertainty measuring the final tax effects.

(c) Fair value of financial instruments

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

(d) Net defined benefit liability

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

(e) Provisions

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

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(f) *Estimated total contract costs*

Amounts due from customers for contract work is recognized according to the percentage of completion, which is measured on the basis of the gross amount incurred to date. Total contract costs are estimated based on future estimates of material costs, labor costs, construction period and others.

4. Financial Risk Management

4.1 Financial Risk Factors

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

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

(a) *Market Risk*

i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, 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 table below summarizes the impact of weakened/strengthened Korean won on the Group's equity and post-tax profit for the period. The analysis is based on the assumption that Korean won has weakened/strengthened by 10% with all other variables held constant.

(In millions of Korean won)		Impact on post-tax profit		Impact on equity	
		2016	2015	2016	2015
USD	Strengthened	(89,672)	(89,152)	(89,672)	(89,152)
	Weakened	89,672	89,152	89,672	89,152
EUR	Strengthened	(12,153)	(14,570)	(12,153)	(14,570)
	Weakened	12,153	14,570	12,153	14,570

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ii) Price risk

The Group is exposed to price risk due to investments in equity securities including listed and unlisted shares 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 at December 31, 2016, the impact of increases/decreases of the share price by 10% with all other variables held constant on the Group's equity is ₩ 30,211 million (2015: ₩ 31,057 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 table below summarizes the impact of increases/decreases of interest rate on the Group's equity and post-tax profit for the period. The analysis is based on the assumption that the interest rate has increased/decreased by 1% with all other variables held constant.

<i>(In millions of Korean won)</i>		<u>Impact on post-tax profit</u>		<u>Impact on equity</u>	
		2016	2015	2016	2015
Interest expenses	Increase	(14,643)	(11,682)	(14,643)	(11,682)
	Decrease	14,643	11,682	14,643	11,682
Gains(Losses) on valuation of derivative instruments	Increase	563	1,234	1,343	2,794
	Decrease	(563)	(1,234)	(1,343)	(2,794)

(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 at December, 31 2016, the maximum value of exposed credit risk is equal to book amount of

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financial instruments (excluding cash and equity securities), loan commitments and guarantee amounts (Notes 6 and 36).

(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).

The analyses of the Group's liquidity risk as at December 31, 2016 and 2015, are as follows:

<i>(In millions of Korean won)</i>	2016			Total
	Less than 1 year	Between 1 and 5 years	Over 5 years	
Trade payables	1,762,992	-	-	1,762,992
Borrowings	3,756,209	1,669,549	281,657	5,707,415
Debentures	647,454	3,589,607	767,835	5,004,896
Non-trade payables	1,125,893	-	-	1,125,893
Deposits received	114,271	66,482	285,446	466,199
Other financial liabilities	532,851	33,199	-	566,050
Trading derivatives (currency forward)				
Outflows	90,295	-	-	90,295
Inflows	(88,197)	-	-	(88,197)
Financial guarantee contracts and others	800,632	260,000	-	1,060,632
	<u>8,742,400</u>	<u>5,618,837</u>	<u>1,334,938</u>	<u>15,696,175</u>

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<i>(In millions of Korean won)</i>	2015			Total
	Less than 1 year	Between 1 and 5 years	Over 5 years	
Trade payables	1,398,351	-	-	1,398,351
Borrowings	3,469,128	1,292,186	208,038	4,969,352
Debentures	945,592	2,844,063	569,049	4,358,704
Non-trade payables	920,760	-	-	920,760
Deposits received	107,479	76,219	269,890	453,588
Other financial liabilities	467,392	34,660	-	502,052
Trading derivatives (currency forward)				
Outflows	179,874	-	-	179,874
Inflows	(181,078)	-	-	(181,078)
Financial guarantee contracts and others	1,077,763	240,000	-	1,317,763
	<u>8,385,261</u>	<u>4,487,128</u>	<u>1,046,977</u>	<u>13,919,366</u>

4.2 Capital Risk Management

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

<i>(In millions of Korean won)</i>	December 31, 2016	December 31, 2015
Debt	15,755,138	13,698,687
Equity	11,254,450	9,863,456
Debt-to-equity ratio	140%	139%

5. Fair Value

5.1 Fair Value of Financial Instruments by Category

There is no significant difference between the book amount 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 amount of other financial instruments, except for financial instruments measured at cost (Note 5.2), is identical to its fair value.

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5.2 Financial Instruments Measured at Cost

Details of financial instruments measured at cost as at December 31, 2016 and 2015, are as follows:

<i>(In millions of Korean won)</i>	2016	2015
Available-for-sale financial assets		
Al Nahr Company Limited	7,251	7,032
TV Chosun-Daesung investment	6,000	6,000
Central Convergence Contents Investment	4,375	1,000
TW Venture Investment No. 12 – Global Contents	4,000	4,000
Michigan Global Contents Investment 5th	3,500	1,750
Formation 8 Partners Fund	3,253	2,910
DongMoon Media Contents & Culture Investment	2,706	3,500
ISU-global contents investment	2,702	3,173
Y-Biologics Inc.	2,501	-
Blackwell Fuller Holdings LLC.	-	9,532
Others	30,908	27,727
	<u>67,196</u>	<u>66,624</u>

Investments in Al Nahr Company Limited and others as unlisted equity instruments are measured at cost because the variability of estimated cash flows is significant and the probability of the various estimates cannot be reasonably assessed.

5.3 Fair Value Hierarchy

Items that are measured at fair value or for which the fair value is disclosed are categorized by the fair value hierarchy levels, and the defined levels are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- All inputs other than quoted prices included in level 1 that are observable (either directly that is, prices, or indirectly that is, derived from prices) for the asset or liability (Level 2).
- Unobservable inputs for the asset or liability (Level 3).

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Fair value hierarchy classifications of the financial instruments that are measured at fair value or its fair value is disclosed as at December 31, 2016, are as follows:

	2016			
<i>(In millions of Korean won)</i>	Level 1	Level 2	Level 3	Total
Other current financial assets				
Derivatives	6,034	32,147	66	38,247
Available-for-sale financial assets				
Marketable equity securities	491,776	2,364	-	494,140
Non-marketable equity securities	-	13,586	38,816	52,402
Debt securities	1,229	-	-	1,229
Other non-current financial assets				
Derivatives	-	31,934	83	32,017
Other current financial liabilities				
Derivatives	4,326	15,468	-	19,794
Other non-current financial liabilities				
Derivatives	-	5,842	-	5,842
	2015			
<i>(In millions of Korean won)</i>	Level 1	Level 2	Level 3	Total
Other current financial assets				
Derivatives	7,172	8,911	-	16,083
Available-for-sale financial assets				
Marketable equity securities	464,027	-	-	464,027
Non-marketable equity securities	-	12,383	62,213	74,596
Debt securities	703	-	-	703
Other non-current financial assets				
Derivatives	-	26,908	-	26,908
Other current financial liabilities				
Derivatives	3,708	3,358	-	7,066
Other non-current financial liabilities				
Derivatives	-	7,586	-	7,586

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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.

Changes in level 3 for recurring fair value measurements for the periods ended December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	2016		2015
	Available-for-sale financial assets	Other current / non-current financial assets	Available-for-sale financial assets
Beginning balance	62,213	-	58,208
Total profit or loss			
Amount recognized in profit or loss	1,308	149	(3,717)
Amount recognized in other comprehensive income ¹	2,036	-	11,711
Acquisition	1,671	-	2,354
Disposal and capital reduction	(13,152)	-	(5,843)
Transfer into Level 3 ²	2,845	-	-
Transfer out of Level 3 ³	(18,105)	-	(500)
Ending balance	<u>38,816</u>	<u>149</u>	<u>62,213</u>

¹ In 2016, the Group recognized ₩ 6,031 million of gain on valuation of available-for-sale financial assets relating to Raine-Partners Fund and others, and ₩ 3,995 million of loss on valuation of available-for-sale financial assets relating to Joongang Ilbo and others, respectively. In 2015, the Group recognized ₩ 7,436 million of gain on valuation of available-for-sale financial assets relating to Raine-Partners Fund and others, and ₩ 1,732 million of loss on valuation of available-for-sale financial assets relating to Happycall Co., Ltd. and others, respectively.

² In 2016, shares of Foshan Property Investment Company, which had been measured at cost, were measured at their fair value and transferred to level 3.

³ In 2016, shares of Haitai Confectionery & Foods Co., Ltd., which had been measured at the fair value categorized as level 3, were transferred to level 1 because the entity was listed on the Korea Exchange. Hyundai HCN Seocho Co., Ltd. and HCN Busan Systems Co., Ltd. were transferred to level 1 due to the merger into Hyundai HCN Co., Ltd.

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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 at December 31, 2016 and 2015, are as follows:

<i>(In millions of Korean won)</i>		2016		
	Fair value	Valuation techniques	Inputs	Range of inputs (weighted average)
Other current financial assets				
Derivatives	66	Option pricing model	Risk-free interest rate	4.9%
			Price volatility	4.3%
Other non-current financial assets				
Derivatives	83	Option pricing model	Risk-free interest rate	10.94%
			Price volatility	41.76%
Available-for-sale financial assets				
Equity investment and debt securities	38,816	Discounted cash flow Net asset value approach method and others	Discount rate Inflation rate Perpetual growth rate	8.90% - 10.14% 1.31% - 2.36% 0%

<i>(In millions of Korean won)</i>		2015		
Available-for-sale financial assets	Fair value	Valuation techniques	Inputs	Range of inputs (weighted average)
Equity investment and debt securities	62,213	Discounted cash flow Net asset value approach method and others	Discount rate Inflation rate Perpetual growth rate	9.12% - 12.04% 1.44% - 2.50% 0%

Valuation techniques and inputs used in the recurring fair value measurements categorized within Level 2 of the fair value hierarchy as at December 31, 2016 and 2015, are as follows:

<i>(In millions of Korean won)</i>		2016	
	Fair value	Valuation techniques	
Other current financial assets and other non-current financial assets			
Trading derivatives	64,081	Present value technique	
Available-for-sale financial assets			
Marketable equity securities	2,364	Market approach	
Non-marketable equity securities	13,586	Net asset value approach method	
Debt securities		Present value technique	
Other current financial liabilities and other non-current financial liabilities			
Trading derivatives	20,807	Present value technique	
Derivatives used for hedging	503	Present value technique	

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<i>(In millions of Korean won)</i>	2015	
	Fair value	Valuation techniques
Other current financial assets and other non-current financial assets		
Trading derivatives	35,819	Present value technique
Available-for-sale financial assets		
Non-marketable equity securities	12,383	Net asset value approach method
Other current financial liabilities and other non-current financial liabilities		
Trading derivatives	9,097	Present value technique
Derivatives used for hedging	1,847	Present value technique

5.6 Valuation Processes for Fair Value Measurements Categorized as 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 as 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 most favorable or most unfavorable amounts are presented. Financial instrument, which is categorized within Level 3 and subject to sensitivity analysis, consists of equity securities for which the changes in their fair value are recognized as other comprehensive income.

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6. Financial Instruments by Category

6.1 Carrying Amounts of Financial Instruments by Category

Categorizations of financial assets and liabilities as at December 31, 2016 and 2015, are as follows:

<i>(In millions of Korean won)</i>	2016				Total
	Loans and receivables	Assets at fair value through profit or loss	Assets classified as available-for-sale	Other financial assets¹	
Cash and cash equivalents	1,169,283	-	-	-	1,169,283
Short-term financial instruments	477,372	-	-	-	477,372
Short-term loans receivable	88,962	-	-	-	88,962
Trade receivables	3,284,666	-	-	-	3,284,666
Other current financial assets	365,680	38,247	579	-	404,506
Available-for-sale financial assets	-	-	614,388	-	614,388
Other non-current financial assets	589,951	31,263	-	754	621,968
	<u>5,975,914</u>	<u>69,510</u>	<u>614,967</u>	<u>754</u>	<u>6,661,145</u>

¹ Other financial assets include derivatives used for hedging.

<i>(In millions of Korean won)</i>	2016			Total
	Liabilities at fair value through profit or loss	Other financial liabilities at amortized cost	Other financial liabilities¹	
Trade payables	-	1,762,992	-	1,762,992
Borrowings	-	5,195,433	68,663	5,264,096
Debentures	-	4,532,168	-	4,532,168
Non-trade payables	-	1,125,893	-	1,125,893
Other current financial liabilities	19,794	629,365	-	649,159
Deposits received	-	194,613	-	194,613
Other non-current financial liabilities	5,842	27,793	-	33,635
	<u>25,636</u>	<u>13,468,257</u>	<u>68,663</u>	<u>13,562,556</u>

¹ Other financial liabilities include financial lease liabilities.

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	2015				Total
	Loans and receivables	Assets at fair value through profit or loss	Assets classified as available-for- sale	Assets classified as held-to- maturity	
<i>(In millions of Korean won)</i>					
Cash and cash equivalents	1,195,081	-	-	-	1,195,081
Short-term financial instruments	615,418	-	-	-	615,418
Short-term loans receivable	51,142	-	-	-	51,142
Trade receivables	2,655,668	-	-	-	2,655,668
Other current financial assets	301,324	16,083	-	-	317,407
Available-for-sale financial assets	-	-	605,950	-	605,950
Other non-current financial assets	500,668	26,908	-	7,519	535,095
	<u>5,319,301</u>	<u>42,991</u>	<u>605,950</u>	<u>7,519</u>	<u>5,975,761</u>

	2015			Total
	Liabilities at fair value through profit or loss	Other financial liabilities at amortized cost	Other financial liabilities ¹	
<i>(In millions of Korean won)</i>				
Trade payables	-	1,398,351	-	1,398,351
Borrowings	-	4,598,268	12,362	4,610,630
Debentures	-	4,005,354	-	4,005,354
Non-trade payables	-	920,760	-	920,760
Other current financial liabilities	5,722	566,602	1,344	573,668
Deposits received	-	186,006	-	186,006
Other non-current financial liabilities	7,083	34,558	602	42,243
	<u>12,805</u>	<u>11,709,899</u>	<u>14,308</u>	<u>11,737,012</u>

¹ Other financial liabilities include derivatives used for hedging, financial lease liabilities and financial payment guarantee.

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6.2 Net Gains or Losses by Category of Financial Instruments

Net gains or losses on each category of financial instruments for the periods ended December 31, 2016 and 2015, are as follows:

<i>(In millions of Korean won)</i>	2016	2015
Available-for-sale financial assets		
Loss on valuation		
(Other comprehensive income)	(7,971)	(5,438)
Interest income	12	47
Dividend income	9,398	11,705
Impairment loss	(9,690)	(1,511)
Gain (loss) on disposal(Profit or loss)	1,766	(477)
Gain (loss) on disposal(Reclassification) ¹	1,124	(5,631)
Held-to-maturity financial assets		
Interest income	121	167
Loans and receivables		
Interest income	40,048	47,009
Impairment loss	(28,264)	(28,825)
Other impairment loss	(8,794)	(8,671)
Others	(14,435)	(19,845)
Assets and liabilities at fair value through profit or loss		
Gain on derivatives	34,882	46,102
Other financial liabilities at amortized cost		
Interest expenses	(288,354)	(279,805)
Derivatives used for hedging		
Interest expenses	(2,652)	(7,642)
Gain on valuation (Other comprehensive income)	1,595	1,764

¹ 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 at December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	2016	2015
Short-term financial instruments		
Collateral against borrowings	-	407,226
Government-sponsored research and development projects	1,699,576	2,121,997
Contract performance guarantee	14,450,688	893,722
Withdrawal for support of cooperative firm	50,600,000	50,600,000
Escrow	2,500,000	2,500,000
Real estate sales income	14,526,753	9,929,779
Other activities	4,812,000	4,105,914
	<u>88,589,017</u>	<u>70,558,638</u>
Long-term financial instruments		
Contract performance guarantee	1,959,495	1,939,348
Withdrawal for support of cooperative firm	5,000,000	5,000,000
Others	790,100	5,764,743
	<u>7,749,595</u>	<u>12,704,091</u>
	<u>96,338,612</u>	<u>83,262,729</u>

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

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8. Trade and Other Receivables

Trade and other receivables as at December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	2016		
	Current	Non-current	Total
Trade receivables	3,400,773,138	50,516,217	3,451,289,355
Provision for impairment of trade receivables	(116,107,089)	(12,565,098)	(128,672,187)
Other receivables ¹	503,442,176	583,518,165	1,086,960,341
Provision for impairment of other receivables	<u>(48,799,951)</u>	<u>(75,918,101)</u>	<u>(124,718,052)</u>
	<u>3,739,308,274</u>	<u>545,551,183</u>	<u>4,284,859,457</u>
	2015		
<i>(In thousands of Korean won)</i>	Current	Non-current	Total
Trade receivables	2,765,785,196	35,708,735	2,801,493,931
Provision for impairment of trade receivables	(110,116,804)	(376,488)	(110,493,292)
Other receivables ¹	391,915,590	526,869,767	918,785,357
Provision for impairment of other receivables	<u>(39,450,291)</u>	<u>(84,648,873)</u>	<u>(124,099,164)</u>
	<u>3,008,133,691</u>	<u>477,553,141</u>	<u>3,485,686,832</u>

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

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The aging analysis of trade and other receivables as at December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	2016		2015	
	Trade receivables	Other receivables	Trade receivables	Other receivables
Receivables not past due	3,108,385,499	944,310,266	2,537,418,483	765,059,147
Past due but not impaired				
Up to 3 months	131,833,668	14,096,199	104,273,773	6,031,992
3 to 6 months	39,385,156	3,624,216	20,687,379	2,806,201
6 month to 1 year	39,763,522	1,997,798	28,481,587	6,340,618
Over 1 year	46,817,415	22,090,497	34,119,932	35,177,850
	<u>257,799,761</u>	<u>41,808,710</u>	<u>187,562,671</u>	<u>50,356,661</u>
Impaired				
Up to 3 months	1,008,127	140,637	1,040,087	68,410
3 to 6 months	4,911,874	14,325	3,252,151	14,088
6 month to 1 year	6,499,536	2,732,763	12,431,195	3,918,777
Over 1 year	72,684,558	97,953,640	59,789,344	99,368,274
	<u>85,104,095</u>	<u>100,841,365</u>	<u>76,512,777</u>	<u>103,369,549</u>
	<u>3,451,289,355</u>	<u>1,086,960,341</u>	<u>2,801,493,931</u>	<u>918,785,357</u>

Changes in provisions for impairment of trade and other receivables for the periods ended December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	2016	2015
Beginning balance	234,592,456	228,267,565
Increase due to business combination	5,314,653	149,246
Impairment loss	37,665,263	38,326,368
Write-off	(30,508,649)	(31,335,849)
Reversal	(607,302)	(830,540)
Effect of foreign currency translation	(83,862)	142,363
Others	7,017,680	(126,697)
Ending balance	<u>253,390,239</u>	<u>234,592,456</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 profit or loss.

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 at December 31, 2016.

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9. Other Financial Assets and Liabilities

Other financial assets as at December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	2016	2015
Current		
Available-for-sale financial assets	578,652	210
Non-trade receivables	297,612,805	248,526,149
Accrued income	5,098,286	4,528,507
Deposits provided	62,969,062	48,269,099
Derivative assets	38,246,794	16,083,498
	<u>404,505,599</u>	<u>317,407,463</u>
Non-current		
Long-term financial instruments	44,399,823	23,114,540
Held-to-maturity financial assets	-	7,519,395
Trade receivables	37,951,119	35,332,247
Loans receivable	58,421,221	25,636,067
Non-trade receivables	1,827,554	12,621,124
Accrued income	68,414	3,930
Deposits provided	447,282,875	403,959,773
Derivative assets	32,017,276	26,907,953
	<u>621,968,282</u>	<u>535,095,029</u>
	<u>1,026,473,881</u>	<u>852,502,492</u>

Other financial liabilities as at December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	2016	2015
Current		
Accrued expenses	515,065,523	459,092,287
Deposits received	114,271,452	107,479,468
Derivative liabilities	19,794,385	7,065,883
Current portion of other long-term liabilities	27,436	29,934
	<u>649,158,796</u>	<u>573,667,572</u>
Non-current		
Non-trade payables	27,793,222	34,558,274
Derivative liabilities	5,841,931	7,585,661
Non-current portion of other long-term liabilities	-	99,102
	<u>33,635,153</u>	<u>42,243,037</u>
	<u>682,793,949</u>	<u>615,910,609</u>

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Transfers of financial assets

In 2016, CJ Foodville Corp., a consolidated subsidiary, entered into a leasehold deposit transfer agreement with Hyundai CJ Hedge Fund and transferred leasehold deposits amounting to ₩ 50,000 million (2015: ₩ 20,000 million with Dong Yang CJ Franchise Investment Trust). In relation to this transaction, the Group recognized the loss on disposal of ₩ 124 million (2015: gain on disposal of ₩ 427 million) in 2016.

Furthermore, CJ Foodville Corp. has entered into contract with Dong Yang CJ Franchise Investment Trust to purchase back ₩ 50,000 million of leasehold deposit, which was transferred during 2013, at fair price in October 30, 2015 and October 31, 2016. Among the contract, ₩ 20,000 million of leasehold deposit which was scheduled to be purchased back in 2015 was purchased earlier on October 29, 2015. ₩ 30,000 million of leasehold deposit which was scheduled to be purchased back in 2016 was purchased earlier on October 28, 2016. Also, CJ Foodville Corp. made contract with Dong Yang CJ Franchise Investment Trust to purchase back ₩ 30,000 million and ₩ 20,000 million of leasehold deposit, which was transferred during 2014 and 2015, at fair price in September 26, 2017 and October 29, 2018, respectively. In addition, CJ Foodville Corp. made contract with Hyundai CJ Hedge Fund to purchase ₩ 50,000 million, which was transferred during 2016, at fair price in October 30, 2019.

Details of undiscounted cash outflows of leasehold deposits which are subject to repurchase are as follows:

<i>(In thousands of Korean won)</i>	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Total
Leasehold deposits	30,000,000	20,000,000	50,000,000	100,000,000

In 2015, CJ CGV Co., Ltd., a consolidated subsidiary, entered into a leasehold deposit transfer agreement with Dong Yang Multiplex Private Special Asset Investment Trust No.2 and transferred leasehold deposits amounting to ₩ 190,000 million. In relation to this transaction, the Group recognized the gain on disposal of ₩ 1,118 million in 2015.

Also, CJ CGV Co. has entered into purchase agreement with Dong Yang Multiplex Private Special Asset Investment Trust No.2 to purchase back leasehold deposit amounting to ₩ 190,000 million, which was transferred in 2015, at fair value in August 28, 2018 and the undiscounted cash outflow of this contact is ₩ 190,000 million.

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Derivatives as at December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	2016		2015	
	Assets	Liabilities	Assets	Liabilities
Current				
Commodity futures contract	128,071	-	1,673,747	-
Commodity option contract	5,905,909	4,077,491	5,498,250	3,505,317
Interest rate swap contract	2,031,918	248,640	957,711	1,546,605
Currency forward contract	15,386,354	13,291,834	3,356,912	1,198,821
Currency option contract	8,985,732	2,173,700	1,956,370	492,975
Currency swap contract	5,743,023	2,720	2,000,988	322,165
Other derivatives	65,787	-	639,520	-
	<u>38,246,794</u>	<u>19,794,385</u>	<u>16,083,498</u>	<u>7,065,883</u>
Non-current				
Exchangeable bonds option	-	-	-	847,590
Interest rate swap contract	1,227,242	4,588,480	1,409,463	145,185
Currency forward contract	6,183,839	-	4,243,511	-
Currency swap contract	22,501,930	879,105	16,821,199	6,089,680
Rate forward contract	2,021,502	-	1,411,974	-
Embedded derivatives	-	-	3,021,806	-
Other derivatives	82,763	374,346	-	503,206
	<u>32,017,276</u>	<u>5,841,931</u>	<u>26,907,953</u>	<u>7,585,661</u>
	<u>70,264,070</u>	<u>25,636,316</u>	<u>42,991,451</u>	<u>14,651,544</u>

Accounts which include gain and loss from derivatives for the periods ended December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	2016	2015
Finance income	66,935,290	93,362,144
Finance costs	59,814,889	34,672,667
Other non-operating income	78,155,612	39,526,252
Other non-operating expenses	50,394,230	52,113,753

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

<i>(In thousands of Korean won)</i>	Buy/Sell	Less than 1 year	Between 1 and 2 years	Over 2 years
Interest rate swap	Buy	-	-	100,000,000

CJ Korea Express Corporation, the consolidated subsidiary, entered into swap agreements with KEB Hana Bank and Shinhan Bank to hedge expected cash flow risks which may arise from floating rate borrowings of ₩ 100,000 million.

There is no ineffective portion recognized as current profit or loss under cash flow hedge. Gain on valuation of ₩ 1,595 million in 2016 (2015: gain on valuation of ₩ 1,764 million), excluding the income tax effect reflected directly on the equity account, is recognized as other comprehensive income.

Held-to-maturity investments as at December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	2016	2015
Debt securities Between 1 and 5 years	-	7,519,395

10. Inventories

Inventories as at December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	2016	2015
Merchandise	496,686,850	455,085,826
Finished goods	335,454,997	282,862,501
Work-in-process	48,623,271	49,463,301
Raw materials	437,536,870	323,070,324
Sub-materials	36,235,017	37,729,993
Supplies	62,375,220	54,094,647
Goods in transit	289,903,152	298,896,607
Lots	12,739,511	36,878,332
Others	1,983,166	866,259
Valuation allowance	<u>(22,154,496)</u>	<u>(43,556,279)</u>
	<u>1,699,383,558</u>	<u>1,495,391,511</u>

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11. Biological Assets

Group of biological assets as at December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	2016	2015
Biological assets for consumption		
Growing breed	36,301,293	21,200,858
Broiler breed	8,763,318	7,336,668
Rearingcalf	2,144,428	-
	<u>47,209,039</u>	<u>28,537,526</u>
Biological assets for production (Note 16)		
Sows	20,883,221	14,854,626
Spawning breed	28,106,231	15,834,606
Mature Bull	1,004,728	-
	<u>49,994,180</u>	<u>30,689,232</u>
	<u>97,203,219</u>	<u>59,226,758</u>

Changes in biological assets for consumption for the periods ended December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	2016			2015	
	Growing breed	Broiler breed	Rearingcalf	Growing breed	Broiler breed
Beginning balance	21,200,858	7,336,668	-	13,092,406	5,471,121
Increase due to business combination	-	-	2,159,376	-	-
Increase from purchases	141,448,597	195,841,439	-	109,984,606	163,765,303
Decrease from sales/disposals	(127,067,533)	(194,892,830)	-	(102,056,674)	(161,693,023)
Gain (loss) on valuation, net	97,720	-	-	(69,153)	-
Effect of foreign currency translation	621,651	478,041	(14,948)	249,673	(206,733)
Ending balance	<u>36,301,293</u>	<u>8,763,318</u>	<u>2,144,428</u>	<u>21,200,858</u>	<u>7,336,668</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.

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12. Other Assets and Liabilities

Other assets as at December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	2016	2015
Current		
Prepaid expenses	192,994,974	134,896,292
Prepaid taxes	89,877,242	81,289,317
Others	7,887,545	18,096,663
	<u>290,759,761</u>	<u>234,282,272</u>
Non-current		
Advance payments	90,144,616	28,426,944
Prepaid expenses	306,868,537	300,706,818
Others	14,586,866	15,807,450
	<u>411,600,019</u>	<u>344,941,212</u>
	<u>702,359,780</u>	<u>579,223,484</u>

Other liabilities as at December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	2016	2015
Current		
Advances receipts	276,544,261	229,690,875
Unearned revenues	37,019,742	23,350,202
Withholdings	410,783,325	363,143,304
Others	38,442,093	27,772,424
	<u>762,789,421</u>	<u>643,956,805</u>
Non-current		
Accrued expenses	31,440,815	27,440,803
Unearned revenues	115,831,656	115,953,964
Deferred revenues	25,570,557	21,812,677
Others	11,605,998	3,291,269
	<u>184,449,026</u>	<u>168,498,713</u>
	<u>947,238,447</u>	<u>812,455,518</u>

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13. Assets and Liabilities Held-for-Sale

Assets classified as held-for-sale as at December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	2016	2015
Property, plant and equipment	6,496,114	6,623,190

14. Available-for-sale Financial Assets

Changes in available-for-sale financial assets for the periods ended December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	2016	2015
Beginning balance	605,950,456	625,417,364
Increase due to business combination	2,952,493	-
Acquisition	37,865,834	7,778,808
Disposals and capital reduction and others	(23,176,529)	(23,831,240)
Impairment ¹	(9,690,433)	(1,511,388)
Net gains (losses) reclassified from equity	(1,473,826)	7,394,646
Net losses reclassified to equity	(5,789,748)	(15,821,034)
Reclassification ²	7,412,384	10,497,464
Decrease due to disposal of subsidiaries	-	(123,529)
Effect of foreign currency translation and others	915,933	(3,850,635)
Ending balance	<u>614,966,564</u>	<u>605,950,456</u>
Less: Non-current portion	<u>(614,387,912)</u>	<u>(605,950,246)</u>
Current portion of available-for-sale financial assets	<u>578,652</u>	<u>210</u>

¹ In 2016, the Group recognized impairment loss of ₩ 9,690 million (2015: ₩ 1,511 million) relating to Blackwell Fuller Holdings LLC. and others as the fair value of its shares decreased significantly below cost.

² In 2016, held-to-maturity financial assets of Music Works Co., Ltd. and others are reclassified as available-for-sale financial assets. In 2015, investments in joint ventures and associates of Blackwell Fuller Holdings LLC. and others are reclassified as available-for-sale financial assets.

Current portion of available-for-sale financial assets included in other current financial assets as at December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	2016	2015
Government bond and public bond	578,652	210

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Non-current portion of available-for-sale financial assets as at December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	Detail	2016	2015
		Book amount	Book amount
Marketable securities	(1)	494,138,277	464,026,691
Non-marketable securities	(2)	44,221,903	79,135,667
Investment in partnerships	(3)	70,427,808	62,084,655
Other investments	(4)	5,599,924	703,233
		<u>614,387,912</u>	<u>605,950,246</u>

(1) Marketable securities (excluding Investments in joint ventures and associates) as at December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	2016	2015
	Book amount	Book amount
Samsung Life Insurance Co., Ltd.	448,408,157	438,443,499
SAJOHAEPYO Corporation	11,106,900	15,712,200
Vissan Company Limited	8,514,426	-
Haitai Confectionery & Foods Co., Ltd.	7,646,700	-
Hyundai HCN Co., Ltd.	5,153,380	287,100
KT Corporation	3,841,198	3,690,947
Gencurix Inc.	2,364,283	-
Pangen Biotech Inc.	2,430,700	1,000,018
Theragen Etex Co., Ltd.	2,122,120	2,457,000
KT Skylife Co., Ltd.	2,076,000	2,076,000
Others	474,413	359,927
	<u>494,138,277</u>	<u>464,026,691</u>

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(2) Non-marketable securities (excluding investments in joint ventures and associates) as at December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	2016	2015
	Book amount	Book amount
Joongang Ilbo	12,639,502	16,398,089
Al Nahr Co., Ltd. ¹	7,251,000	7,032,000
Join Corp.	3,757,908	3,624,278
Foshan Property Investment Company	2,759,030	2,677,231
Y-Biologics Inc.	2,500,757	-
Happycall Co., Ltd.	-	10,755,569
Blackwell Fuller Holdings LLC.	-	9,531,970
Haitai Confectionery & Foods Co., Ltd.	-	9,331,956
Hyundai HCN Seocho Co., Ltd.	-	3,984,120
Barunson Holdings Co., Ltd.	-	2,801,462
Others	15,313,706	12,998,992
	<u>44,221,903</u>	<u>79,135,667</u>

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

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(3) Investment in partnerships (excluding investments in joint ventures and associates) as at December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	<u>2016</u>	<u>2015</u>
	Book amount	Book amount
Raine-Partners Fund	19,158,666	15,723,742
Construction Guarantee	12,438,059	12,235,861
TV Chosun-Daesung investment	6,000,000	6,000,000
Central Convergence Contents Investment	4,375,000	1,000,000
TW Venture Investment No. 12 – Global Contents	4,000,000	4,000,000
Michigan global contents Investment 5th	3,500,000	1,750,000
Formation 8 Partners Fund	3,252,525	2,909,880
DongMoon Media Contents & Culture Investment	2,705,882	3,500,000
ISU Global Contents investment	2,702,082	3,173,366
Leading Asia culture contents investment	2,000,000	2,000,000
Union Contents investment	2,000,000	2,000,000
Others	8,295,594	7,791,806
	<u>70,427,808</u>	<u>62,084,655</u>

(4) Other available-for-sale financial assets (excluding investments in joint ventures and associates) as at December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	<u>2016</u>	<u>2015</u>
	Book amount	Book amount
Debt securities	5,599,924	703,233

The difference between acquisition costs and fair value of available-for-sale financial assets is recognized as other components of equity (changes in the fair value of available-for-sale financial assets). The Group recognized ₩ 219,305 million which does not include income tax effect directly reflected on equity and non-controlling interests (2015: ₩ 220,710 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 collateral (Note 36).

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15. Investments in Joint Ventures and Associates

Details of investments in joint ventures of the Group as at December 31, 2016 and 2015, are as follows:

All of the joint ventures held by the Group are structuralized by separate companies and all of the involved parties who have common controls over joint commitments are assumed to have rights on the committed net assets and are classified as joint ventures.

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

	Location	Percentage of ownership (%)		Closing month	Business	2016		2015
		2016	2015			Net asset value	Book amount	Book amount
Busan Port Terminal Co., Ltd.	Korea	42.41	-	December	Logistics	18,117,572	23,824,681	-
Beijing Ershang CJ Food Co., Ltd.	China	49.00	49.00	December	Starch and sugar Manufacturing	11,325,401	11,369,134	11,719,853
Lucky Union Foods Co., Ltd.	Thailand	20.00	20.00	December	Fish cake manufacturing	10,171,799	10,171,799	8,886,152
Tiantian CJ Home Shopping Co., Ltd.	China	44.00	44.00	December	Wholesale and brokerage	7,553,924	7,553,924	7,348,477
Thanh Phuoc Vrg Port And Logistics Joint Stock Company	Vietnam	49.00	49.00	December	Logistics	6,090,330	6,090,330	5,805,302
Beijing CJ Xingxing Olympic International Cinema Co., Ltd.	China	49.00	49.00	December	Movie theater operation	5,590,033	5,590,033	5,851,425
SCJ TV Shopping Co., Ltd.	Vietnam	50.00	50.00	December	Wholesale and brokerage	5,442,519	5,442,519	4,588,662
Gumbo D.D.F Co., Ltd.	Korea	49.00	49.00	December	Breeding hog	1,881,990	5,107,718	4,616,082
Oshishang Trading Co., Ltd.	China	44.44	44.44	December	Wholesale and brokerage	4,248,612	4,248,612	4,490,171
Shenyang Batian CJ Ecology Co., Ltd.	China	32.00	-	December	Wastewater treatment	3,970,443	4,069,022	-
CJ Xingxing(TJ) International Cinema Co., Ltd.	China	49.00	49.00	December	Movie theater operation	3,945,583	3,945,583	4,133,788
ACJ O Shopping Corporation	Philippines	50.00	50.00	December	Wholesale and brokerage	3,579,257	3,596,247	3,216,947
Shanghai Shangying CGV Xinzhuang Co., Ltd.	China	49.00	49.00	December	Movie theater Operation	3,520,319	3,520,319	3,928,530
MP CJ O Shopping Sdn. Bhd.	Malaysia	49.00	-	December	Wholesale and brokerage	3,426,132	3,426,132	-
Ningbo Culture Plaza CJ Cinema Co., Ltd.	China	45.00	45.00	December	Movie theater operation	3,395,634	3,395,634	4,338,336
Shanghai Shangying CGV Cinema Co., Ltd.	China	50.00	50.00	December	Movie theater operation	2,915,399	2,915,399	3,347,975
Darby CJ Genetics Co., Ltd.	Vietnam	33.27	33.27	December	Breeding hog	2,255,042	2,255,042	1,426,331
Shanghai Baozun-CJ E-Commerce Co., Ltd.	China	49.00	-	December	Wholesale and brokerage	2,227,721	2,227,721	-
CJ Xingxing (Shanghai) Cinema Co., Ltd.	China	49.00	49.00	December	Movie Theater Operation	2,110,241	2,110,241	2,137,550
Korea express Saigon Port	Vietnam	50.00	50.00	December	Logistics	1,753,615	2,006,502	2,035,835

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

	Location	Percentage of ownership (%)		Closing month	Business	2016		2015
		2016	2015			Net asset value	Book amount	Book amount
Co., Ltd.								
Televisa CJ Grand, S.A. DE C.V.	Mexico	50.00	50.00	December	Wholesale and Brokerage	537,719	537,719	4,574,282
Beijing Cag and CJ Foodville Co., Ltd.	China	49.00	49.00	December	Food manufacturing and restaurant	248,950	380,222	2,039,855
Sichuan Jixiangju Food Co., Ltd. ¹	China	-	49.00	December	Kimchi manufacturing and sales	-	-	35,105,643
Others ²	-	-	-	-	-	12,897,307	12,729,931	15,359,329
						<u>117,205,542</u>	<u>126,514,464</u>	<u>134,950,525</u>

¹ In 2016, Sichuan Jixiangju Food Co., Ltd. is excluded from investments in joint ventures since it was reclassified as a subsidiary.

² Although the Group owns 60.00% of the shares in Korex Packsimex Co., Ltd. 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.

CJ Corporation and Subsidiaries

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Details of investments in associates of the Group as at December 31, 2016 and 2015, are as follows:

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

	Location	Percentage of ownership (%)		Closing month	Business	2016		2015
		2016	2015			Net asset value	Book amount	Book amount
Netmarble Games Corporation	Korea	27.63	31.45	December	Game software development	298,394,558	393,833,878	399,847,510
Shanghai SMG-CJ Home Shopping Co., Ltd. ³	China	15.84	15.84	December	Wholesale and brokerage	66,702,150	66,702,150	52,007,659
Kumho Industrial Co.,Ltd. ³	Korea	3.46	3.46	December	Construction	14,074,155	53,637,247	49,999,983
MBC Plus Media Co., Ltd.	Korea	23.52	23.52	December	Broadcasting service	48,308,503	49,757,530	47,418,923
CJ International Asia Pte. Ltd.	Singapore	29.55	29.55	December	Trade	29,310,080	31,546,816	30,516,313
Union Global Contents Investment	Korea	20.22	20.22	December	Investment association	16,177,961	16,177,961	22,667,597
Arkema Thiochemicals Malaysia Sdn. Bhd. ³	Malaysia	14.00	14.00	December	Methionine manufacturing and sales	13,566,150	13,566,150	10,601,111
Union picture venture investment	Korea	33.33	33.33	December	Investment association	5,464,011	5,464,011	5,429,167
Banks foundation for young entrepreneurs culture contents investment	Korea	22.64	22.64	December	Investment association	5,176,355	5,176,355	5,926,324
Shanghai-Inchon International Ferry Co., Ltd.	China	24.50	24.50	December	Marine freight transportation	4,315,624	4,315,624	4,475,574
Enprani Co., Ltd.	Korea	27.76	27.76	December	Cosmetic manufacturing and sales	4,074,439	4,074,439	3,797,820
TW Venture Investment No. 14 – Culture Contents	Korea	25.00	25.00	December	Investment association	3,170,422	3,170,422	4,962,866
Gretech Corporation	Korea	24.54	24.54	December	Broadcast program production	3,161,475	3,161,475	3,101,612
TWI Agrifood Investment Association	Korea	40.00	40.00	December	Food and food service	2,929,277	2,929,277	731,692
Incheon South Terminal Operation Company	Korea	40.00	40.00	December	Logistics	2,704,258	2,704,258	1,884,372
Cable TV VOD Co., Ltd. ³	Korea	17.75	17.75	December	Broadcast program production	2,677,166	2,677,166	2,469,909
CJ Worldis Co., Ltd.	Korea	50.00	50.00	December	Travel	2,603,410	2,603,410	2,324,269
IBK Finance Group Union Contents Investment	Korea	25.00	25.00	December	Investment association	2,478,438	2,478,438	1,235,086
ALS Bac Ninh Company Limited	Vietnam	30.00	30.00	December	Logistics	2,228,010	2,228,010	1,785,859
Art Service Co., Ltd.	Korea	41.35	41.35	December	Advertising agency and others	1,391,581	1,391,581	2,419,416
Michigan global contents	Korea	28.00	28.00	December	Investment	1,169,270	1,169,270	2,452,563

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

	Location	Percentage of ownership (%)		Closing month	Business association	2016		2015
		2016	2015			Net asset value	Book amount	Book amount
Investment 2nd								
SSV Contents Investment	Korea	44.83	44.83	December	Investment association	230,474	268,678	17,005,904
PT Graha Layar Prima Tbk. ¹	Indonesia	-	14.75	December	Movie Theater Operation	-	-	15,794,083
Culturedepot Co., Ltd. ¹	Korea	-	30.00	December	Management	-	-	10,500,000
CJ Korea Express Busan Terminal Corp. ²	Korea	-	46.92	December	Logistics	-	-	9,717,810
Hwa & Dam Pictures Co., Ltd. ¹	Korea	-	30.00	December	Management	-	-	9,000,000
Others ^{3,4}	-	-	-	-	-	13,309,565	14,839,779	17,044,564
						<u>543,617,332</u>	<u>683,873,925</u>	<u>735,117,986</u>

¹ In 2016, PT Graha Layar Prima Tbk., Culturedepot Co., Ltd. and Hwa & Dam Pictures Co., Ltd. are excluded from investments in associates since it was reclassified as subsidiaries.

² The Group reclassified CJ Korea Express Busan Terminal Corp. from an associate to a joint venture due to merger with Busan International Terminal in 2016 and reclassified to an associate from subsidiary due to a decrease in its ownership interest in 2015.

³ Although the Group owns less than 20% of the equity shares in Shanghai SMG-CJ Home Shopping Co., Ltd., Kumho Industrial Co., Ltd., Arkema Thiochemicals Malaysia Sdn. Bhd., Cable TV VOD Co., Ltd. and Jellyfish Entertainment Co., Ltd., which are classified as others, the Group classified these companies as investments in associates because the Group exercises significant influence through an agreement with other shareholders.

⁴ Although the Group owns 51.54% and 65.00% of the shares of Ulsan Port Operating Co., Ltd. and KOG-Smart Cargo Project Logistics 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.

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Details of valuation of investments in associates and joint ventures that are accounted for using the equity method for the periods ended December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	Beginning balance	Acquisition/ Transfer	Disposal/ Transfer ¹	Valuation of equity method in 2016			Ending balance
				Share of profit(loss)	Share of other comprehensive income	Others ³	
Netmarble Games Corporation ²	399,847,510	-	-	52,687,383	17,421,505	(76,122,520)	393,833,878
Shanghai SMG-CJ Home Shopping Co., Ltd.	52,007,659	-	-	16,322,662	(1,628,171)	-	66,702,150
Kumho Industrial Co., Ltd.	49,999,983	-	(426,626)	4,108,450	(44,560)	-	53,637,247
MBC Plus Media Co., Ltd.	47,418,923	-	-	2,722,380	-	(383,773)	49,757,530
CJ International Asia Pte. Ltd.	30,516,313	-	-	1,629,272	877,790	(1,476,559)	31,546,816
Busan Port Terminal Co., Ltd.	-	24,173,255	-	(348,574)	-	-	23,824,681
Union Global Contents Investment	22,667,597	-	-	(6,489,636)	-	-	16,177,961
Arkema Thiochemicals Malaysia Sdn. Bhd.	10,601,111	-	-	1,514,890	1,450,149	-	13,566,150
Beijing Ershang CJ Food Co., Ltd.	11,719,853	-	-	417,990	(340,768)	(427,941)	11,369,134
Lucky Union Foods Co., Ltd.	8,886,152	-	-	1,893,391	152,908	(760,652)	10,171,799
Tiantian CJ Home Shopping Co., Ltd.	7,348,477	-	-	423,134	(217,687)	-	7,553,924
Thanh Phuoc Vrg Port and Logistics Joint Stock Company	5,805,302	-	-	180,756	104,272	-	6,090,330
Beijing CJ Xingxing Olympic International Cinema Co., Ltd.	5,851,425	-	-	390,949	(169,797)	(482,544)	5,590,033
Union picture venture investment	5,429,167	-	-	34,844	-	-	5,464,011
SCJ TV Shopping Co., Ltd.	4,588,662	-	-	757,234	96,623	-	5,442,519
Banks foundation for young entrepreneurs culture contents investment	5,926,324	-	-	(749,969)	-	-	5,176,355
Gumbo D.D.F Co., Ltd.	4,616,082	-	-	491,636	-	-	5,107,718
Shanghai-Inchon International Ferry Co., Ltd.	4,475,574	-	-	255,643	(130,265)	(285,328)	4,315,624
Oshishang Trading Co., Ltd.	4,490,171	-	-	(110,947)	(130,612)	-	4,248,612
Enprani Co., Ltd.	3,797,820	-	-	268,712	7,907	-	4,074,439
Shenyang Batian CJ Ecology Co., Ltd.	-	5,589,440	-	(1,485,806)	(34,612)	-	4,069,022
CJ Xingxing(TJ) International Cinema Co., Ltd.	4,133,788	-	-	(67,746)	(120,459)	-	3,945,583
MP CJ O Shopping Sdn. Bhd.	-	6,248,055	-	(2,327,183)	(494,740)	-	3,426,132
ACJ O Shopping Corporation	3,216,947	-	-	457,470	(78,170)	-	3,596,247
Shanghai Shangying CGV Xinzhuang Co., Ltd.	3,928,530	-	-	884,442	(120,679)	(1,171,974)	3,520,319
Ningbo Culture Plaza CJ Cinema Co., Ltd.	4,338,336	-	-	230,066	(184,202)	(988,566)	3,395,634
TW Venture Investment No. 14 – Culture Contents	4,962,866	-	-	(1,792,444)	-	-	3,170,422
Gretech Corporation	3,101,612	-	-	42,190	17,673	-	3,161,475
TWI Agrifood Investment Association	731,692	2,400,000	-	(202,415)	-	-	2,929,277
Shanghai Shangying CGV Cinema Co., Ltd.	3,347,975	-	-	625,485	(102,007)	(956,054)	2,915,399
Incheon South Terminal Operation Company	1,884,372	-	-	1,939,886	-	(1,120,000)	2,704,258
Cable TV VOD Co., Ltd.	2,469,909	-	-	207,257	-	-	2,677,166

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<i>(In thousands of Korean won)</i>	Beginning balance	Acquisition/ Transfer	Disposal/ Transfer ¹	Valuation of equity method in 2016			Ending balance
				Share of profit(loss)	Share of other comprehensive income	Others ³	
CJ Wolrdis Co., Ltd.	2,324,269	-	-	279,141	-	-	2,603,410
IBK Finance Group Union Contents Investment	1,235,086	1,250,000	-	(6,648)	-	-	2,478,438
Darby CJ Genetics Co., Ltd.	1,426,331	-	-	786,100	42,611	-	2,255,042
ALS Bac Ninh Company Limited	1,785,859	-	-	635,715	41,444	(235,008)	2,228,010
Shanghai Baozun-CJ E-Commerce Co., Ltd.	-	2,561,004	-	(210,849)	(122,434)	-	2,227,721
CJ Xingxing (Shanghai) Cinema Co., Ltd.	2,137,550	-	-	501,516	(62,027)	(466,798)	2,110,241
Korea Express Saigon Port Co., Ltd.	2,035,835	-	-	35,455	29,201	(93,989)	2,006,502
Art Service Co., Ltd.	2,419,416	-	-	(1,027,835)	-	-	1,391,581
Michigan global contents Investment 2nd	2,452,563	-	-	(443,293)	-	(840,000)	1,169,270
Televisa CJ Grand, S.A. DE C.V.	4,574,282	-	-	(3,651,884)	(384,679)	-	537,719
Beijing CAG and CJ Foodville Co., Ltd.	2,039,855	-	-	(1,614,365)	(45,268)	-	380,222
SSV Contents Investment	17,005,904	-	-	163,675	-	(16,900,901)	268,678
Sichuan Jixiangju Food Co., Ltd. ¹	35,105,643	-	(35,132,204)	-	26,561	-	-
PT Graha Layar Prima TBK.	15,794,083	63,686,967	(79,446,110)	(31,656)	(3,284)	-	-
Culture Warehouse Co., Ltd.	10,500,000	-	(10,567,388)	67,388	-	-	-
CJ Korea Express Busan Terminal Corp.	9,717,810	29,304,500	(32,445,857)	(6,955,461)	379,008	-	-
Hwa & Dam Pictures Co., Ltd.	9,000,000	-	(8,868,546)	(131,454)	-	-	-
Others	32,403,893	22,601,555	(9,912,440)	(18,341,331)	1,417,872	(599,839)	27,569,710
	870,068,511	157,814,776	(176,799,171)	44,965,616	17,651,103	(103,312,446)	810,388,389

CJ Corporation and Subsidiaries
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<i>(In thousands of Korean won)</i>	Beginning balance	Acquisition/ Transfer	Disposal/ Transfer ¹	Valuation of equity method in 2015			Ending balance
				Share of profit(loss)	Share of other comprehensive income	Others ³	
Netmarble Games Corporation ²	266,888,150	-	-	39,204,779	101,104	93,653,477	399,847,510
Shanghai SMG-CJ Home Shopping Co., Ltd.	38,951,159	-	-	12,728,882	330,952	(3,334)	52,007,659
Kumho Industrial Co., Ltd.	-	49,999,983	-	-	-	-	49,999,983
MBC Plus Media Co., Ltd.	44,757,838	-	-	3,023,424	(4,439)	(357,900)	47,418,923
Sichuan Jixiangju Food Co., Ltd.	31,931,109	-	-	3,039,571	134,963	-	35,105,643
CJ International Asia Pte. Ltd.	21,696,962	-	-	7,270,932	1,552,656	(4,237)	30,516,313
Union Global Contents Investment	19,072,984	5,000,000	-	(1,405,387)	-	-	22,667,597
SSV Contents Investment	16,773,700	-	-	232,204	-	-	17,005,904
PT Graha Layar Prima TBK.	16,465,242	-	-	(483,203)	(253,231)	65,275	15,794,083
Beijing Ershang CJ Food Co., Ltd.	9,353,607	1,401,240	-	881,708	83,298	-	11,719,853
Arkema Thiochemicals Malaysia Sdn. Bhd.	8,622,512	-	-	3,309,178	(1,331,993)	1,414	10,601,111
Culture Warehouse Co., Ltd.	-	10,500,000	-	-	-	-	10,500,000
CJ Korea Express Busan Terminal Corp.	-	9,718,030	-	(220)	-	-	9,717,810
Hwa & Dam Pictures Co., Ltd.	-	9,000,000	-	-	-	-	9,000,000
Lucky Union Foods Co., Ltd.	8,615,443	-	-	1,518,072	(602,431)	(644,932)	8,886,152
Tiantian CJ Home Shopping Co., Ltd.	6,086,167	-	-	1,211,576	50,734	-	7,348,477
Banks foundation for young entrepreneurs culture contents investment	5,962,858	-	-	(36,534)	-	-	5,926,324
Beijing CJ Xingxing Olympic International Cinema Co., Ltd.	4,948,675	-	-	860,805	41,945	-	5,851,425
Thanh Phuoc Vrg Port and Logistics Joint Stock Company	5,837,057	-	-	(156,657)	89,593	35,309	5,805,302
Union picture venture investment	6,167,837	-	-	(738,670)	-	-	5,429,167
TW Venture Investment No. 14 – Culture Contents	5,017,947	-	-	(55,081)	-	-	4,962,866
Gumbo D.D.F Co., Ltd.	4,415,837	-	-	200,245	-	-	4,616,082
SCJ TV Shopping Co., Ltd.	4,183,766	-	-	335,874	69,022	-	4,588,662
Televisa CJ Grand, S.A. DE C.V.	-	7,972,463	-	(2,916,954)	(481,227)	-	4,574,282
Oshishang Trading Co., Ltd.	-	4,876,073	-	(283,762)	(102,140)	-	4,490,171
Shanghai-Inchon International Ferry Co., Ltd.	3,229,945	-	-	2,573,537	12,328	(1,340,236)	4,475,574
Ningbo Culture Plaza CJ Cinema Co., Ltd.	3,850,476	-	-	454,084	33,776	-	4,338,336
CJ Xingxing(TJ) International Cinema Co., Ltd.	3,428,056	-	-	678,128	27,604	-	4,133,788
Shanghai Shangying CGV Xinzhuang Co., Ltd.	3,487,786	-	-	1,348,941	25,427	(933,624)	3,928,530
Enprani Co., Ltd.	2,373,722	-	-	1,494,227	-	(70,129)	3,797,820
Shanghai Shangying CGV Cinema Co., Ltd.	2,974,549	-	-	1,100,418	21,964	(748,956)	3,347,975
ACJ O Shopping Corporation	2,730,122	-	-	437,018	49,807	-	3,216,947
Gretech Corporation	13,030,280	-	-	(450,803)	(414,626)	(9,063,239)	3,101,612
Cable TV VOD Co., Ltd.	2,812,116	-	-	(339,042)	-	(3,165)	2,469,909
Michigan global contents	2,759,688	-	-	(307,125)	-	-	2,452,563

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(In thousands of Korean won)	Beginning balance	Acquisition/ Transfer	Disposal/ Transfer ¹	Valuation of equity method in 2015			Ending balance
				Share of profit(loss)	Share of other comprehensive income	Others ³	
Investment 2nd							
Art Service Co., Ltd.	2,127,332	-	-	292,084	-	-	2,419,416
CJ Wolrdis Co., Ltd.	2,011,709	-	-	312,560	-	-	2,324,269
CJ Xingxing (Shanghai) Cinema Co., Ltd.	1,692,257	-	-	532,948	14,486	(102,141)	2,137,550
Beijing CAG and CJ Foodville Co., Ltd.	3,005,427	-	-	(998,281)	32,709	-	2,039,855
Korea Express Saigon Port Co., Ltd.	1,846,193	-	-	162,949	26,693	-	2,035,835
CJ Soho (Beijing) Co., Ltd.	2,990,028	-	-	(1,101,126)	34,376	-	1,923,278
IBK Group Contents Investment Fund	3,171,998	-	-	(56,715)	-	(1,799,814)	1,315,469
Company K Partners Limited - Contents	4,227,106	-	-	(511,836)	-	(3,000,000)	715,270
Smile Gate Venture Investment - Culture Industry	2,349,086	-	-	1,559,019	(802,291)	(2,548,939)	556,875
Blackwell Fuller Holdings LLC.	15,165,634	-	(14,916,796)	(398,545)	144,974	4,733	-
CJ Toyota Tsusho Philippines Inc.	4,695,300	-	(4,894,832)	65,175	-	134,357	-
Others	35,792,876	15,985,713	(2,710,083)	(4,919,281)	(7,026,265)	(2,166,619)	34,956,341
	<u>645,500,536</u>	<u>114,453,502</u>	<u>(22,521,711)</u>	<u>69,669,116</u>	<u>(8,140,232)</u>	<u>71,107,300</u>	<u>870,068,511</u>

¹ In 2016, the Group disposed of the shares of Sichuan Jixiangju Food Co., Ltd. and others, and recognized the gain and loss on disposal of investment in associates amounting to ₩ 2,472 million and ₩ 23,851 million (2015: ₩ 4,773 million and ₩ 510 million), respectively.

² In 2016, the Group recognized a ₩ 34,288 million (2015: ₩ 93,843 million) gain due to the third party allocation of Netmarble Games Corporation.

³ Others consist of dividends, capital reduction, gain and loss on foreign currency translation.

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The tables below provide summarized financial information for those associates and joint ventures that are material to the Group and received dividends from the associates and joint ventures.

<i>(In thousands of Korean won)</i>	2016						
	Assets	Liabilities	Revenue	Profit from continuing operations	Other comprehensive income	Total comprehensive income	Dividend
Netmarble Games Corporation	1,810,787,217	636,041,899	1,506,091,618	173,900,185	64,885,567	238,785,752	-
Shanghai SMG-CJ Home Shopping Co., Ltd.	433,252,846	12,153,415	194,998,241	100,748,264	(10,582,925)	90,165,339	-
Kumho Industrial Co., Ltd.	1,355,178,921	948,411,447	1,207,353,653	120,088,369	(94,948)	119,993,421	-
MBC Plus Media Co., Ltd.	259,438,437	54,045,140	214,213,341	2,890,230	-	2,890,230	383,773
CJ International Asia Pte. Ltd.	248,548,332	149,360,244	2,998,707,745	5,514,866	2,970,259	8,485,125	1,525,593
Busan Port Terminal Co., Ltd.	115,416,255	72,696,208	23,449,609	(822,717)	-	(822,717)	-
Union Global Contents Investment	81,451,701	1,442,005	1,653,141	(31,995,846)	-	(31,995,846)	-
Arkema Thiochemicals Malaysia Sdn. Bhd.	309,599,272	212,698,199	74,619,196	4,829,619	15,412,884	20,242,503	-
Beijing Ershang CJ Food Co., Ltd.	33,492,294	10,379,231	51,220,660	853,043	(695,447)	157,596	411,722
Lucky Union Foods Co., Ltd.	85,558,631	34,699,635	98,830,082	9,374,777	-	9,374,777	3,846,960
Tiantian CJ Home Shopping Co., Ltd.	45,644,330	28,476,321	111,573,189	962,151	(494,742)	467,409	-
Thanh Phuoc Vrg Port and Logistics Joint Stock Company	13,509,155	1,079,910	2,868,105	368,892	212,798	581,690	-
Beijing CJ Xingxing Olympic International Cinema Co., Ltd.	23,908,620	12,500,389	11,785,866	797,856	(346,524)	451,332	497,501
Union picture venture investment	16,397,442	3,770	1,698,883	(38,525)	-	(38,525)	-
SCJ TV Shopping Co., Ltd.	19,876,498	8,991,460	36,358,104	1,514,469	193,246	1,707,715	-
Banks foundation for young entrepreneurs culture contents investment	22,962,842	99,082	2,442,727	(3,312,582)	-	(3,312,582)	-
Gumbo D.D.F Co., Ltd.	4,528,450	687,654	7,457,061	1,003,340	-	1,003,340	-
Shanghai-Inchon International Ferry Co., Ltd.	24,308,905	6,694,112	1,043,441	1,043,441	(531,693)	511,748	288,194
Oshishang Trading Co., Ltd.	9,567,027	6,693	40,944	(249,686)	(293,876)	(543,562)	-
Enprani Co., Ltd.	45,044,912	30,367,538	82,794,765	967,983	28,482	996,465	-
Shenyang Batian CJ Ecology Co., Ltd.	14,473,165	2,065,532	2,371,762	(4,643,144)	(108,162)	(4,751,306)	-
CJ Xingxing(TJ) International Cinema Co., Ltd.	11,862,545	3,810,334	7,962,814	(138,258)	(245,833)	(384,091)	-
ACJ O Shopping Corporation	10,740,926	3,582,412	20,129,582	885,179	(126,579)	758,600	-
Shanghai Shangying CGV Xinzhuang Co., Ltd.	11,051,972	3,867,647	7,492,732	1,804,984	(246,284)	1,558,700	1,171,974
MP CJ O Shopping Sdn. Bhd.	15,160,797	8,168,691	17,103,521	(4,749,355)	(1,009,672)	(5,759,027)	-
Ningbo Culture Plaza CJ Cinema Co., Ltd.	10,584,932	3,039,078	7,945,703	511,258	(409,338)	101,920	988,565
TW Venture Investment No. 14 – Culture Contents	12,965,373	283,684	1,491,443	(7,169,775)	-	(7,169,775)	-
Gretech Corporation	17,897,029	5,014,081	8,469,634	115,343	128,600	243,943	-
TWI Agrifood Investment Association	7,450,518	127,326	4,234	(506,039)	-	(506,039)	-
Shanghai Shangying CGV Cinema Co., Ltd.	9,261,500	3,430,703	6,306,780	1,250,969	(204,013)	1,046,956	956,054
Incheon South Terminal Operation Company	8,327,618	1,566,973	15,006,684	4,849,715	-	4,849,715	1,120,000
Cable TV VOD Co., Ltd.	47,328,507	32,245,884	87,237,344	1,167,642	-	1,167,642	-

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<i>(In thousands of Korean won)</i>	2016						
	Assets	Liabilities	Revenue	Profit from continuing operations	Other comprehensive income	Total comprehensive income	Dividend
CJ Wolrdis Co., Ltd.	7,981,906	2,775,086	8,025,291	558,282	-	558,282	-
IBK Finance Group Union Contents Investment	9,965,173	51,420	137,328	(26,593)	-	(26,593)	-
Darby CJ Genetics Co., Ltd.	6,975,441	197,437	6,139,782	2,600,194	128,078	2,728,272	78,983
ALS Bac Ninh Company Limited	9,843,932	2,417,231	14,018,284	2,118,714	138,123	2,256,837	233,843
Shanghai Baozun-CJ E-Commerce Co., Ltd.	5,056,978	510,609	501,690	(417,647)	174,675	(242,972)	-
CJ Xingxing (Shanghai) Cinema Co., Ltd.	5,497,386	1,190,772	4,600,344	1,023,502	(126,586)	896,916	481,266
Korea Express Saigon Port Co., Ltd.	4,196,709	689,479	4,288,517	70,911	58,403	129,314	98,344
Art Service Co., Ltd.	16,551,972	13,186,601	10,398,657	(2,485,696)	-	(2,485,696)	-
Michigan global contents Investment 2nd	4,202,534	26,570	21,004	(1,583,191)	-	(1,583,191)	-
Televisa CJ Grand, S.A. DE C.V.	8,996,875	7,921,437	15,644,177	(7,303,768)	(769,358)	(8,073,126)	-
Beijing CAG and CJ Foodville Co., Ltd.	1,411,868	903,807	3,120,369	(3,294,622)	(92,383)	(3,387,005)	-
SSV Contents Investment	514,107	-	739,600	365,122	-	365,122	3,899,000

<i>(In thousands of Korean won)</i>	2015						
	Assets	Liabilities	Revenue	Profit from continuing operations	Other comprehensive income	Total comprehensive income	Dividend
Netmarble Games Corporation	1,319,022,378	266,512,952	1,072,920,876	117,266,136	20,716,371	137,982,507	-
Shanghai SMG-CJ Home Shopping Co., Ltd.	336,239,979	7,908,800	197,219,498	81,383,353	2,088,819	83,472,172	-
Kumho Industrial Co., Ltd.	1,391,118,504	1,191,610,880	-	-	-	-	-
MBC Plus Media Co., Ltd.	234,750,194	30,543,402	21,848,023	12,725,812	679,011	13,404,823	383,773
Sichuan Jixiangju Food Co., Ltd.	66,098,243	26,798,935	63,051,902	6,203,204	275,435	6,478,639	-
CJ International Asia Pte. Ltd.	267,693,328	171,993,402	2,606,834,647	24,609,233	5,242,212	29,851,445	-
Union Global Contents Investment	113,521,412	1,416,579	1,152,749	(2,074,803)	-	(2,074,803)	-
SSV Contents Investment	37,886,221	37,236	2,112,532	517,965	-	517,965	-
PT Graha Layar Prima TBK.	69,658,507	28,629,319	34,188,220	(3,275,148)	(1,275,190)	(4,550,338)	-
Beijing Ershang CJ Food Co., Ltd.	35,056,335	11,227,518	46,120,765	1,799,396	169,997	1,969,393	-
Arkema Thiochemicals Malaysia Sdn. Bhd.	265,373,029	189,650,811	84,215,342	23,636,981	(9,504,134)	14,132,847	-
Culture Warehouse Co., Ltd.	22,183,637	21,150,041	-	-	-	-	-
CJ Korea Express Busan Terminal Corp.	73,642,766	78,723,199	-	-	-	-	-
Hwa & Dam Pictures Co., Ltd.	3,087,011	2,093,932	-	-	-	-	-
Lucky Union Foods Co., Ltd.	64,331,034	19,900,272	67,058,226	6,243,993	-	6,243,993	3,224,656
Tiantian CJ Home Shopping Co., Ltd.	59,254,928	42,553,844	113,642,253	2,753,581	115,305	2,868,886	-
Banks foundation for young entrepreneurs culture contents investment	26,308,842	132,500	2,643,154	(361,371)	-	(361,371)	-
Beijing CJ Xingxing Olympic International Cinema Co., Ltd.	22,248,387	10,306,704	13,466,589	1,756,745	85,602	1,842,347	-
Thanh Phuoc Vrg Port and	12,741,241	893,686	1,522,285	(319,923)	182,812	(137,111)	-

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(In thousands of Korean won)	2015						
	Assets	Liabilities	Revenue	Profit from continuing operations	Other comprehensive income	Total comprehensive income	Dividend
Logistics Joint Stock Company							
Union picture venture investment	16,289,131	-	1,137,956	9,388,927	-	9,388,927	-
TW Venture Investment No. 14 – Culture Contents	20,180,941	329,477	2,864,428	(220,326)	-	(220,326)	-
Gumbo D.D.F Co., Ltd.	3,696,393	858,937	6,645,381	408,663	-	408,663	-
SCJ TV Shopping Co., Ltd.	15,234,472	6,057,148	31,388,992	671,746	138,045	809,791	-
Televisa CJ Grand, S.A. DE C.V.	13,707,171	4,558,608	5,059,683	(5,833,907)	(962,455)	(6,796,362)	-
Oshishang Trading Co., Ltd.	10,227,792	123,896	219,960	(708,280)	(177,735)	(886,015)	-
Shanghai-Inchon International Ferry Co., Ltd.	25,044,760	6,777,113	10,504,234	10,504,233	50,318	10,554,551	1,350,808
Ningbo Culture Plaza CJ Cinema Co., Ltd.	13,152,031	3,511,285	9,933,509	1,009,075	75,057	1,084,132	-
CJ Xingxing(TJ) International Cinema Co., Ltd.	12,351,226	3,914,924	10,083,795	1,381,891	58,379	1,440,270	-
Shanghai Shangying CGV Xinzhuang Co., Ltd.	13,441,950	5,424,542	9,450,033	2,752,942	51,892	2,804,834	945,185
Enprani Co., Ltd.	31,697,303	18,016,394	23,760,498	6,721,858	(252,254)	6,469,604	-
Shanghai Shangying CGV Cinema Co., Ltd.	11,054,116	4,358,167	8,673,088	2,200,835	43,928	2,244,763	758,230
ACJ O Shopping Corporation	11,435,156	5,035,244	16,632,961	874,034	99,615	973,649	-
Gretech Corporation	19,825,151	7,186,145	11,948,124	(1,890,249)	(1,689,714)	(3,579,963)	-
Cable TV VOD Co., Ltd.	67,332,621	53,417,640	136,882,193	(1,910,095)	-	(1,910,095)	-
Michigan global contents Investment 2nd	8,961,515	202,361	75,301	(1,096,874)	-	(1,096,874)	-
Art Service Co., Ltd.	19,598,650	13,747,583	10,672,831	706,637	-	706,637	-
CJ Wolrdis Co., Ltd.	11,074,672	6,426,135	640,595	625,120	-	625,120	-
CJ Xingxing (Shanghai) Cinema Co., Ltd.	5,351,270	988,923	5,212,446	1,087,647	29,564	1,117,211	102,745
Beijing CAG and CJ Foodville Co., Ltd.	6,043,190	2,148,124	4,562,147	(2,037,308)	66,753	(1,970,555)	-
Korea Express Saigon Port Co., Ltd.	4,199,751	633,855	3,833,410	325,896	53,387	379,283	-
CJ Soho (Beijing) Co., Ltd.	3,853,168	6,612	825,226	(2,202,254)	68,753	(2,133,501)	-
IBK Group Contents Investment Fund	4,216,801	270,000	221,459	(170,144)	-	(170,144)	-
Company K Partners Limited - Contents	2,384,498	265	183,123	(1,706,122)	-	(1,706,122)	-
Smile Gate Venture Investment - Culture Industry	2,231,890	4,389	5,508,341	(4,864,844)	-	(4,864,844)	-

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The tables below provide a reconciliation of the summarized financial information presented to the carrying amount of its interest in the joint ventures and associates.

<i>(In thousands of Korean won)</i>	2016				
	Net assets at the end of the year	Group's share in %	Group's share in net assets	Goodwill	Book amount
Netmarble Games Corporation	1,079,936,260	27.63	298,394,558	95,439,320	393,833,878
Shanghai SMG-CJ Home Shopping Co., Ltd.	421,099,431	15.84	66,702,150	-	66,702,150
Kumho Industrial Co., Ltd.	406,767,474	3.46	14,074,155	39,563,092	53,637,247
MBC Plus Media Co., Ltd.	205,393,297	23.52	48,308,503	1,449,027	49,757,530
CJ International Asia Pte. Ltd.	99,188,088	29.55	29,310,080	2,236,736	31,546,816
Busan Port Terminal Co., Ltd.	42,720,047	42.41	18,117,572	5,707,109	23,824,681
Union Global Contents Investment	80,009,696	20.22	16,177,961	-	16,177,961
Arkema Thiochemicals Malaysia Sdn. Bhd.	96,901,073	14.00	13,566,150	-	13,566,150
Beijing Ershang CJ Food Co., Ltd.	23,113,063	49.00	11,325,401	43,733	11,369,134
Lucky Union Foods Co., Ltd.	50,858,996	20.00	10,171,799	-	10,171,799
Tiantian CJ Home Shopping Co., Ltd.	17,168,009	44.00	7,553,924	-	7,553,924
Thanh Phuoc Vrg Port and Logistics Joint Stock Company	12,429,245	49.00	6,090,330	-	6,090,330
Beijing CJ Xingxing Olympic International Cinema Co., Ltd.	11,408,231	49.00	5,590,033	-	5,590,033
Union picture venture investment	16,393,672	33.33	5,464,011	-	5,464,011
SCJ TV Shopping Co., Ltd.	10,885,038	50.00	5,442,519	-	5,442,519
Banks foundation for young entrepreneurs culture contents investment	22,863,760	22.64	5,176,355	-	5,176,355
Gumbo D.D.F Co., Ltd.	3,840,796	49.00	1,881,990	3,225,728	5,107,718
Shanghai-Inchon International Ferry Co., Ltd.	17,614,793	24.50	4,315,624	-	4,315,624
Oshishang Trading Co., Ltd.	9,560,334	44.44	4,248,612	-	4,248,612
Enprani Co., Ltd.	14,677,374	27.76	4,074,439	-	4,074,439
Shenyang Batian CJ Ecology Co., Ltd.	12,407,633	32.00	3,970,443	98,579	4,069,022
CJ Xingxing(TJ) International Cinema Co., Ltd.	8,052,211	49.00	3,945,583	-	3,945,583
ACJ O Shopping Corporation	7,158,514	50.00	3,579,257	16,990	3,596,247
Shanghai Shangying CGV Xinzhuang Co., Ltd.	7,184,325	49.00	3,520,319	-	3,520,319
MP CJ O Shopping Sdn. Bhd.	6,992,106	49.00	3,426,132	-	3,426,132
Ningbo Culture Plaza CJ Cinema Co., Ltd.	7,545,854	45.00	3,395,634	-	3,395,634
TW Venture Investment No. 14 – Culture Contents	12,681,689	25.00	3,170,422	-	3,170,422
Gretech Corporation	12,882,948	24.54	3,161,475	-	3,161,475
TWI Agrifood Investment Association	7,323,192	40.00	2,929,277	-	2,929,277
Shanghai Shangying CGV Cinema Co., Ltd.	5,830,797	50.00	2,915,399	-	2,915,399
Incheon South Terminal Operation Company	6,760,645	40.00	2,704,258	-	2,704,258
Cable TV VOD Co., Ltd.	15,082,623	17.75	2,677,166	-	2,677,166
CJ Wolrdis Co., Ltd.	5,206,820	50.00	2,603,410	-	2,603,410
IBK Finance Group Union Contents Investment	9,913,753	25.00	2,478,438	-	2,478,438
Darby CJ Genetics Co., Ltd.	6,778,004	33.27	2,255,042	-	2,255,042

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<i>(In thousands of Korean won)</i>	2016				
	Net assets at the end of the year	Group's share in %	Group's share in net assets	Goodwill	Book amount
ALS Bac Ninh Company Limited	7,426,701	30.00	2,228,010	-	2,228,010
Shanghai Baozun-CJ E-Commerce Co., Ltd.	4,546,369	49.00	2,227,721	-	2,227,721
CJ Xingxing (Shanghai) Cinema Co., Ltd.	4,306,614	49.00	2,110,241	-	2,110,241
Korea Express Saigon Port Co., Ltd.	3,507,230	50.00	1,753,615	252,887	2,006,502
Art Service Co., Ltd.	3,365,371	41.35	1,391,581	-	1,391,581
Michigan global contents Investment 2nd	4,175,964	28.00	1,169,270	-	1,169,270
Televisa CJ Grand, S.A. DE C.V.	1,075,438	50.00	537,719	-	537,719
Beijing CAG and CJ Foodville Co., Ltd.	508,061	49.00	248,950	131,272	380,222
SSV Contents Investment	514,107	44.83	230,474	38,204	268,678

<i>(In thousands of Korean won)</i>	2015				
	Net assets at the end of the year	Group's share in %	Group's share in net assets	Goodwill	Book amount
Netmarble Games Corporation	925,935,296	31.45	291,206,651	108,640,859	399,847,510
Shanghai SMG-CJ Home Shopping Co., Ltd.	328,331,179	15.84	52,007,659	-	52,007,659
Kumho Industrial Co., Ltd.	199,507,624	3.46	6,902,964	43,097,019	49,999,983
MBC Plus Media Co., Ltd.	204,206,792	22.53	46,007,790	1,411,133	47,418,923
Sichuan Jixiangju Food Co., Ltd.	39,299,308	49.00	19,256,661	15,848,982	35,105,643
CJ International Asia Pte. Ltd.	95,699,926	29.55	28,279,328	2,236,985	30,516,313
Union Global Contents Investment	112,104,833	20.22	22,667,597	-	22,667,597
SSV Contents Investment	37,848,985	44.83	16,967,700	38,204	17,005,904
PT Graha Layar Prima TBK.	41,029,188	14.75	6,051,805	9,742,278	15,794,083
Beijing Ershang CJ Food Co., Ltd.	23,828,817	49.00	11,676,120	43,733	11,719,853
Arkema Thiochemicals Malaysia Sdn. Bhd.	75,722,218	14.00	10,601,111	-	10,601,111
Culture Warehouse Co., Ltd.	1,033,596	30.00	310,079	10,189,921	10,500,000
CJ Korea Express Busan Terminal Corp.	(5,080,433)	46.92	(2,383,739)	12,101,549	9,717,810
Hwa & Dam Pictures Co., Ltd.	993,079	30.00	297,924	8,702,076	9,000,000
Lucky Union Foods Co., Ltd.	44,430,762	20.00	8,886,152	-	8,886,152
Tiantian CJ Home Shopping Co., Ltd.	16,701,084	44.00	7,348,477	-	7,348,477
Banks foundation for young entrepreneurs culture contents investment	26,176,342	22.64	5,926,324	-	5,926,324
Beijing CJ Xingxing Olympic International Cinema Co., Ltd.	11,941,683	49.00	5,851,425	-	5,851,425
Thanh Phuoc Vrg Port and Logistics Joint Stock Company	11,847,555	49.00	5,805,302	-	5,805,302
Union picture venture investment	16,289,131	33.33	5,429,167	-	5,429,167
TW Venture Investment No. 14 – Culture Contents	19,851,464	25.00	4,962,866	-	4,962,866
Gumbo D.D.F Co., Ltd.	2,837,456	49.00	1,390,353	3,225,729	4,616,082
SCJ TV Shopping Co., Ltd.	9,177,324	50.00	4,588,662	-	4,588,662
Televisa CJ Grand, S.A. DE C.V.	9,148,563	50.00	4,574,282	-	4,574,282

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<i>(In thousands of Korean won)</i>	2015				
	Net assets at the end of the year	Group's share in %	Group's share in net assets	Goodwill	Book amount
Oshishang Trading Co., Ltd.	10,103,896	44.44	4,490,171	-	4,490,171
Shanghai-Inchon International Ferry Co., Ltd.	18,267,647	24.50	4,475,574	-	4,475,574
Ningbo Culture Plaza CJ Cinema Co., Ltd.	9,640,746	45.00	4,338,336	-	4,338,336
CJ Xingxing(TJ) International Cinema Co., Ltd.	8,436,302	49.00	4,133,788	-	4,133,788
Shanghai Shangying CGV Xinzhuang Co., Ltd.	8,017,408	49.00	3,928,530	-	3,928,530
Enprani Co., Ltd.	13,680,909	27.76	3,797,820	-	3,797,820
Shanghai Shangying CGV Cinema Co., Ltd.	6,695,949	50.00	3,347,975	-	3,347,975
ACJ O Shopping Corporation	6,399,912	50.00	3,199,956	16,991	3,216,947
Gretech Corporation	12,639,006	24.54	3,101,612	-	3,101,612
Cable TV VOD Co., Ltd.	13,914,981	17.75	2,469,909	-	2,469,909
Michigan global contents Investment 2nd	8,759,154	28.00	2,452,563	-	2,452,563
Art Service Co., Ltd.	5,851,067	41.35	2,419,416	-	2,419,416
CJ Wolrdis Co., Ltd.	4,648,537	50.00	2,324,269	-	2,324,269
CJ Xingxing (Shanghai) Cinema Co., Ltd.	4,362,347	49.00	2,137,550	-	2,137,550
Beijing CAG and CJ Foodville Co., Ltd.	3,895,066	49.00	1,908,582	131,273	2,039,855
Korea Express Saigon Port Co., Ltd.	3,565,896	50.00	1,782,948	252,887	2,035,835
CJ Soho (Beijing) Co., Ltd.	3,846,556	50.00	1,923,278	-	1,923,278
IBK Group Contents Investment Fund	3,946,801	33.33	1,315,469	-	1,315,469
Company K Partners Limited - Contents	2,384,233	30.00	715,270	-	715,270
Smile Gate Venture Investment – Culture Industry	2,227,501	25.00	556,875	-	556,875

The Group has suspended the application of the equity method of accounting on eight investees, including CJ Mediasa Shopping&Retail Corporation, due to their accumulated losses. Unrecognized loss of these investments amounts to ₩ 4,384 million in 2016 (2015: ₩ 4,351 million) and accumulated unrecognized loss of these investments amounts to ₩ 9,655 million as at December 31, 2016 (2015: ₩ 10,969 million).

Fair value of marketable associate as at December 31, 2016 and 2015, is as follows:

<i>(In thousands of Korean won)</i>	Company name	2016		2015	
		Market value	Book amount	Market value	Book amount
Associates	Kumho Industrial Co., Ltd.	11,743,863	53,637,247	17,955,493	49,999,983

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16. Property, Plant and Equipment

Details of property, plant and equipment as at December 31, 2016 and 2015, are as follows:

2016				
<i>(In thousands of Korean won)</i>	Cost	Accumulated depreciation¹	Government grants	Book amount
Land	3,041,307,940	-	(3,729,080)	3,037,578,860
Buildings	3,234,396,070	(924,717,308)	(18,186,304)	2,291,492,458
Structures	1,432,355,930	(476,534,758)	(2,114,732)	953,706,440
Machinery	5,478,829,728	(2,935,632,387)	(30,831,360)	2,512,365,981
Vehicles	289,384,863	(188,656,993)	(10,461)	100,717,409
Tools, equipment and supplies	2,184,966,560	(1,453,981,020)	(1,394,470)	729,591,070
Courses	70,263,418	-	-	70,263,418
Biotechnology assets	50,173,391	(179,211)	-	49,994,180
Heavy equipment	46,970,938	(29,334,179)	-	17,636,759
Others	260,460,249	(96,683,980)	(2,533,766)	161,242,503
Construction-in-progress	453,696,961	(4,351,000)	(1,120,226)	448,225,735
	<u>16,542,806,048</u>	<u>(6,110,070,836)</u>	<u>(59,920,399)</u>	<u>10,372,814,813</u>

2015				
<i>(In thousands of Korean won)</i>	Cost	Accumulated depreciation¹	Government grants	Book amount
Land	2,969,320,286	-	(4,150,369)	2,965,169,917
Buildings	2,981,046,282	(829,861,248)	(18,719,439)	2,132,465,595
Structures	1,191,468,266	(365,561,684)	(2,376,012)	823,530,570
Machinery	5,166,353,636	(2,663,524,119)	(33,396,294)	2,469,433,223
Vehicles	233,712,099	(159,535,634)	(16,775)	74,159,690
Tools, equipment and supplies	1,827,565,610	(1,245,019,685)	(1,639,197)	580,906,728
Courses	69,505,036	-	-	69,505,036
Biotechnology assets	30,716,313	(27,081)	-	30,689,232
Heavy equipment	52,961,693	(35,332,345)	-	17,629,348
Others	168,950,622	(69,002,858)	(2,961,327)	96,986,437
Construction-in-progress	220,496,680	(4,351,000)	(983,226)	215,162,454
	<u>14,912,096,523</u>	<u>(5,372,215,654)</u>	<u>(64,242,639)</u>	<u>9,475,638,230</u>

¹ Accumulated impairment loss is included.

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Changes in property, plant and equipment for the periods ended December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	2016					
	Land	Buildings	Structures	Machinery	Vehicles	Tools, equipment and supplies
Opening net book amount	2,965,169,917	2,132,465,595	823,530,570	2,469,433,223	74,159,690	580,906,728
Increase due to business combination	14,073,729	108,180,356	89,954,355	27,691,854	19,276,289	91,882,771
Acquisition	53,400,576	94,545,285	53,774,655	191,102,542	37,013,220	272,030,406
Transfer from (to) investment properties	(2,647,826)	(1,200,904)	26,965	-	-	412,779
Transfer to intangible assets	-	(1,179,568)	-	-	-	(2,368,332)
Transfer	11,959,345	71,060,375	64,151,294	253,539,000	2,745,239	31,558,721
Disposal	(7,516,563)	(10,584,463)	(4,292,198)	(11,681,129)	(6,273,938)	(21,621,619)
Depreciation	-	(106,798,139)	(72,760,106)	(395,887,313)	(25,309,650)	(214,841,410)
Impairment loss ¹	-	(2,801,861)	(33,912)	(1,277,168)	(61,617)	(82)
Effect of foreign currency translation	2,718,393	7,720,192	1,702,037	23,619,783	288,096	(6,088,606)
Others	421,289	85,590	(2,347,220)	(44,174,811)	(1,119,920)	(2,280,286)
Closing net book amount	<u>3,037,578,860</u>	<u>2,291,492,458</u>	<u>953,706,440</u>	<u>2,512,365,981</u>	<u>100,717,409</u>	<u>729,591,070</u>

<i>(In thousands of Korean won)</i>	2016					
	Courses	Biotechnology assets	Heavy equipment	Others	Construction- in- Progress	Total
Opening net book amount	69,505,036	30,689,232	17,629,348	96,986,437	215,162,454	9,475,638,230
Increase due to business combination	-	661,980	-	200,733	17,312,313	369,234,380
Acquisition	9,900	38,192,234	130,000	26,444,656	676,878,555	1,443,522,029
Transfer from (to) investment properties	-	-	-	-	(2,631,507)	(6,040,493)
Transfer to intangible assets	-	-	-	-	(9,432,057)	(12,979,957)
Transfer	748,482	-	4,077,961	5,042,840	(444,883,257)	-
Disposal	-	(20,335,791)	(13,264)	(240,152)	(6,935,590)	(89,494,707)
Depreciation	-	(64,671)	(2,919,269)	(13,506,988)	-	(832,087,546)
Impairment loss ¹	-	-	-	-	-	(4,174,640)
Effect of foreign currency translation	-	1,600,582	-	(1,097,419)	3,698,773	34,161,831
Others	-	(749,386)	(1,268,017)	47,412,396	(943,949)	(4,964,314)
Closing net book amount	<u>70,263,418</u>	<u>49,994,180</u>	<u>17,636,759</u>	<u>161,242,503</u>	<u>448,225,735</u>	<u>10,372,814,813</u>

¹ In 2016, the Group recognized impairment loss amounting to ₩ 4,175 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 book amounts.

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<i>(In thousands of Korean won)</i>	2015					
	Land	Buildings	Structures	Machinery	Vehicles	Tools, equipment and supplies
Opening net book amount	2,852,437,037	1,772,166,181	708,703,276	2,305,992,275	82,532,406	493,110,763
Increase due to business combination	1,557,542	997,756	200,725	1,557,053	-	20,630
Acquisition	18,146,080	257,370,897	51,750,532	153,035,093	13,585,511	228,192,876
Transfer from investment properties	16,571,976	6,609,110	-	-	-	(35,539)
Transfer to intangible assets	-	-	-	-	-	-
Transfer to assets held-for-sale	2,355,600	3,248,404	2,011,651	43,434,450	3,153,329	1,354,874
Decrease due to disposal of subsidiaries	-	(868)	(1,866,152)	(36,036,896)	(2,481,323)	(1,111,209)
Transfer	91,757,498	181,058,899	123,674,875	381,839,120	1,005,111	51,249,004
Disposal	(21,833,591)	(6,725,262)	(10,302,846)	(15,934,198)	(1,379,054)	(11,054,382)
Depreciation	-	(90,245,407)	(59,987,802)	(389,510,804)	(21,035,713)	(183,315,251)
Impairment loss ¹	-	-	-	(326,759)	-	(1,007,427)
Effect of foreign currency translation	(523,601)	4,093,529	9,088,808	30,649,958	(495,700)	977,368
Others	4,701,376	3,892,356	257,503	(5,266,069)	(724,877)	2,525,021
Closing net book amount	<u>2,965,169,917</u>	<u>2,132,465,595</u>	<u>823,530,570</u>	<u>2,469,433,223</u>	<u>74,159,690</u>	<u>580,906,728</u>

<i>(In thousands of Korean won)</i>	2015					
	Courses	Biotechnology assets	Heavy equipment	Others	Construction- in- Progress	Total
Opening net book amount	69,425,153	20,423,087	21,178,971	99,249,923	683,718,500	9,108,937,572
Increase due to business combination	-	-	-	-	377,691	4,711,397
Acquisition	18,260	12,436,147	112,875	7,057,942	424,755,012	1,166,461,225
Transfer from investment properties	-	-	-	-	-	23,145,547
Transfer to intangible assets	-	-	-	-	(39,498,881)	(39,498,881)
Transfer to assets held-for-sale	-	-	-	-	-	55,558,308
Decrease due to disposal of subsidiaries	-	-	-	(51,742)	-	(41,548,190)
Transfer	61,623	-	-	336,868	(830,982,998)	-
Disposal	-	(1,978,443)	(85,039)	(234,808)	(7,657,763)	(77,185,386)
Depreciation	-	-	(3,420,489)	(9,264,309)	-	(756,779,775)
Impairment loss ¹	-	-	-	-	-	(1,334,186)
Effect of foreign currency translation	-	(301,974)	-	(108)	(10,531,442)	32,956,838
Others	-	110,415	(156,970)	(107,329)	(5,017,665)	213,761
Closing net book amount	<u>69,505,036</u>	<u>30,689,232</u>	<u>17,629,348</u>	<u>96,986,437</u>	<u>215,162,454</u>	<u>9,475,638,230</u>

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¹ In 2015, the Group recognized impairment loss amounting to ₩ 1,334 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 book amounts.

Depreciation expense of property, plant and equipment for the periods ended December 31, 2016 and 2015, is classified as follows:

<i>(In thousands of Korean won)</i>	2016	2015
Cost of sales	644,731,391	583,020,382
Selling and administrative expenses	187,356,155	173,759,393
	<u>832,087,546</u>	<u>756,779,775</u>

Bank borrowings are secured by a portion of land (including investment property), buildings (including investment property), structures and machinery as at December 31, 2016.

In 2016, the Group has capitalized borrowing costs amounting to ₩ 680 million (2015: ₩ 2,573 million) on qualifying assets. Borrowing costs were capitalized at the weighted average rate of its general borrowings of 2.93% (2015: 2.27%).

Machinery, tools, equipment and supplies and vehicles include the following amounts where the Group is a lessee under a finance lease as at December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	2016		2015	
	Machinery	Equipment and vehicles	Machinery	Equipment and vehicles
Cost (capitalized finance leases)	143,802,264	8,572,838	53,288,221	14,492,986
Accumulated depreciation	<u>(59,574,739)</u>	<u>(5,111,550)</u>	<u>(20,598,739)</u>	<u>(7,871,018)</u>
Net book amount	<u>84,227,525</u>	<u>3,461,288</u>	<u>32,689,482</u>	<u>6,621,968</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 ₩ 757,736 million (2015: ₩ 712,718 million).

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17. Intangible Assets

Details of intangible assets as at December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	2016			
	Cost	Accumulated amortization¹	Government grants	Book amount
Goodwill	3,254,223,226	-	-	3,254,223,226
Development costs	412,781,540	(223,406,852)	(466,497)	188,908,191
Membership rights	58,937,057	(6,236,607)	-	52,700,450
Publication rights and rights to music contents	1,755,559,741	(1,514,591,610)	-	240,968,131
Service concession arrangement	631,692,469	(199,505,056)	(24,658,562)	407,528,851
Brand	249,271,211	-	-	249,271,211
Licenses	159,134,172	-	-	159,134,172
Construction in progress	98,628,534	(1,090,945)	(979,185)	96,558,404
Others	1,722,690,773	(633,054,528)	(2,828,234)	1,086,808,011
	<u>8,342,918,723</u>	<u>(2,577,885,598)</u>	<u>(28,932,478)</u>	<u>5,736,100,647</u>
	2015			
<i>(In thousands of Korean won)</i>	Cost	Accumulated amortization¹	Government grants	Book amount
Goodwill	2,070,625,908	-	-	2,070,625,908
Development costs	354,771,321	(167,001,454)	(461,867)	187,308,000
Membership rights	59,334,763	(6,099,645)	-	53,235,118
Publication rights and rights to music contents	1,500,517,227	(1,262,568,683)	-	237,948,544
Service concession arrangement	631,692,469	(186,923,183)	(25,743,798)	419,025,488
Brand	249,271,211	-	-	249,271,211
Licenses	159,134,172	-	-	159,134,172
Construction in progress	156,784,356	(1,065,533)	(674,821)	155,044,002
Others	1,253,727,126	(532,803,732)	(2,949,587)	717,973,807
	<u>6,435,858,553</u>	<u>(2,156,462,230)</u>	<u>(29,830,073)</u>	<u>4,249,566,250</u>

¹ Accumulated impairment loss is included.

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Changes in intangible assets for the periods ended December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	2016			
	Goodwill	Development costs	Membership rights	Publication rights and rights to music contents
Opening net book amount	2,070,625,908	187,308,000	53,235,118	237,948,544
Increase due to business combination	1,292,890,430	-	109,678	11,060,183
Acquisition	-	35,866,791	4,614,490	132,372,030
Transfer	-	9,137,927	-	241,958,013
Transfer from property, plant and equipment	-	18,120,707	(1,756,818)	1,682,464
Disposal	-	(1,005,024)	(3,257,377)	(373,197)
Amortization	-	(60,194,503)	-	(380,946,135)
Impairment loss ¹	(31,484,209)	-	(138,132)	(1,465,088)
Effect of foreign currency translation	(72,866,469)	1,930	42,321	(1,233,877)
Others	(4,942,434)	(327,637)	(148,830)	(34,806)
Closing net book amount	<u>3,254,223,226</u>	<u>188,908,191</u>	<u>52,700,450</u>	<u>240,968,131</u>

<i>(In thousands of Korean won)</i>	2016					
	Service concession arrangement	Brand	Licenses	Construction-in-progress	Others	Total
Opening net book amount	419,025,488	249,271,211	159,134,172	155,044,002	717,973,807	4,249,566,250
Increase due to business combination	-	-	-	-	385,449,051	1,689,509,342
Acquisition	-	-	-	255,619,382	116,977,855	545,450,548
Transfer	-	-	-	(299,118,314)	48,022,374	-
Transfer from property, plant and equipment	-	-	-	(12,932,379)	7,865,983	12,979,957
Disposal	-	-	-	(981,158)	(16,064,879)	(21,681,635)
Amortization	(11,496,637)	-	-	-	(177,215,357)	(629,852,632)
Impairment loss ¹	-	-	-	(25,412)	(535,697)	(33,648,538)
Effect of foreign currency translation	-	-	-	18,820	(506,730)	(74,544,005)
Others	-	-	-	(1,066,537)	4,841,604	(1,678,640)
Closing net book amount	<u>407,528,851</u>	<u>249,271,211</u>	<u>159,134,172</u>	<u>96,558,404</u>	<u>1,086,808,011</u>	<u>5,736,100,647</u>

¹ In 2016, the Group recognized impairment loss amounting to ₩ 33,649 million on intangible assets including goodwill for those that suffered a significant decrease in differences between their fair value or value-in-use and their book amount.

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<i>(In thousands of Korean won)</i>	2015			
	Goodwill	Development costs	Membership rights	Publication rights and rights to music contents
Opening net book amount	2,057,479,144	192,323,750	50,487,090	315,468,318
Increase due to business combination	10,042,271	-	-	612,203
Acquisition	12,319,636	41,499,351	3,494,856	103,347,502
Transfer	-	8,788,994	-	223,471,327
Transfer from assets held-for-sale	-	-	1,494,153	-
Transfer from property, plant and equipment	-	-	-	16,519,677
Decrease due to disposal of subsidiaries	(100,117)	-	(1,494,153)	-
Disposal	(186,864)	(969,329)	(1,520,570)	(1,066,430)
Amortization	-	(51,597,506)	-	(329,409,670)
Impairment loss ¹	(5,367,744)	(2,522,569)	(102,200)	(93,513,950)
Effect of foreign currency translation	(3,520,113)	3,481	67,811	167,407
Others	(40,305)	(218,172)	808,131	2,352,160
Closing net book amount	<u>2,070,625,908</u>	<u>187,308,000</u>	<u>53,235,118</u>	<u>237,948,544</u>

<i>(In thousands of Korean won)</i>	2015					
	Service concession arrangement	Brand	Licenses	Construction-in-progress	Others	Total
Opening net book amount	433,511,186	220,560,000	159,134,172	124,087,815	760,063,532	4,313,115,007
Increase due to business combination	-	-	-	-	6,092	10,660,566
Acquisition	4,566,335	-	-	280,079,379	88,591,144	533,898,203
Transfer	55,000	-	-	(263,197,721)	30,882,400	-
Transfer from assets held-for-sale	-	-	-	-	2,694,434	4,188,587
Transfer from property, plant and equipment	-	-	-	9,124,611	13,854,593	39,498,881
Decrease due to disposal of subsidiaries	-	-	-	-	(2,606,303)	(4,200,573)
Disposal	-	-	-	(4,666,241)	(9,982,372)	(18,391,806)
Amortization	(19,107,033)	-	-	-	(177,286,524)	(577,400,733)
Impairment loss ¹	-	-	-	(1,665,002)	(2,924,686)	(106,096,151)
Effect of foreign currency translation	-	-	-	105,104	1,044,658	(2,131,652)
Others	-	28,711,211	-	11,176,057	13,636,839	56,425,921
Closing net book amount	<u>419,025,488</u>	<u>249,271,211</u>	<u>159,134,172</u>	<u>155,044,002</u>	<u>717,973,807</u>	<u>4,249,566,250</u>

¹ In 2015, the Group recognized impairment loss amounting to ₩ 106,096 million on intangible assets including publication rights and rights to music contents for those that suffered a significant

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decrease in differences between their fair value or value-in-use and their book amount.

Amortization expense of intangible assets for the periods ended December 31, 2016 and 2015, are classified as follows:

<i>(In thousands of Korean won)</i>	2016	2015
Cost of sales	472,807,726	456,967,214
Selling and administrative costs	157,044,906	120,433,519
	<u>629,852,632</u>	<u>577,400,733</u>

Impairment Tests for Goodwill

Goodwill allocated according to cash-generating units for the periods ended December 31, 2016 and 2015, is as follows:

<i>(In millions of Korean won)</i>	2016	2015
Cash-Generating Units		
CJ Corporation's portion of goodwill relating to CJ Korea Express Corporation	898,564	509,255
CJ Corporation's portion of goodwill relating to CJ CGV Co., Ltd.	651,633	52,549
CJ Corporation's portion of goodwill relating to CJ HelloVision Co., Ltd.	633,822	665,306
CJ Corporation's portion of goodwill relating to CJ CheilJedang Corporation	582,832	500,966
CJ Corporation's portion of goodwill relating to CJ E&M Corporation	301,279	199,735
CJ Corporation's portion of goodwill relating to CJ O Shopping Co., Ltd.	105,625	105,625
CJ Corporation's portion of goodwill relating to CJ Freshway Corporation	49,575	22,768
CJ Corporation's portion of goodwill relating to CJ OliveNetworks Corporation	23,589	-
Others	7,304	14,422
	<u>3,254,223</u>	<u>2,070,626</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 periods ended December 31, 2016 and 2015.

Goodwill impairment reviews are undertaken annually. Impairment test suggests that the recoverable amount of cash generating units does not exceed the book amount, and ₩ 31,484 million (2015: ₩ 5,368 million) are recognized as impairment loss on intangible assets. Some of the recoverable amount of cash generation units used estimated pre-tax and post-tax cash flow amounts based on the next five years of approved financial budget of the management and the cash flows beyond the five-year period are extrapolated using the permanent growth rates.

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

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Impairment Tests for Brand

<i>(In thousands of Korean won)</i>	2016	2015
Brand of CJ Korea Express Corporation	220,560,000	220,560,000

Brand impairment reviews are undertaken annually. Impairment test suggests that the recoverable amount of cash generating units does not exceed the book amount, and no impairment loss is recognized. The recoverable amount of all CGUs has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Perpetual growth rate for CJ Korea Express Corporation is assumed as 0.5% ~ 6.00% according to the related assets and region. In case of CGUs except for CJ Korea Express Corporation, cash flows beyond the five-year period are extrapolated using the zero percent rate. The key assumptions used for value-in-use calculations in 2016 are as follows:

<i>(in thousands of Korean won)</i>	2016		
	Gross margin	Sales growth rate	Pre-tax discount rate
Brand of CJ Korea Express Corporation	0.3% ~ 9.3%	3.74% ~ 12.57%	5.31% ~ 10.87%

The Group determines the sales growth rate based on its past performances and expectations on future market development.

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Service Concession Arrangements

Service concession arrangements as at December 31, 2016, 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 Properties

Details of investment properties as at December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	2016	2015
Acquisition cost	320,947,607	302,356,102
Accumulated depreciation ¹	<u>(42,978,302)</u>	<u>(33,307,985)</u>
Book amount	<u>277,969,305</u>	<u>269,048,117</u>

¹ Accumulated impairment loss is included.

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Changes in investment properties for the periods ended December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	2016	2015
Opening net book amount	269,048,117	310,651,293
Increase due to business combination	284,334	-
Acquisition	3,626,534	9,572,404
Transfer to(from) property, plant and equipment	6,040,493	(23,145,547)
Disposal	(1,131,323)	(3,256,872)
Depreciation	(3,374,651)	(4,086,757)
Effect of foreign currency translation	3,475,801	3,305,082
Others	-	(23,991,486)
Closing net book amount	<u>277,969,305</u>	<u>269,048,117</u>

Investment properties above consist of land amounting to ₩ 155,167 million, buildings amounting to ₩ 107,544 million and other property, plant and equipment.

In 2016, rental income from investment properties is ₩ 14,257 million (2015: ₩ 13,252 million), and operating expenses (including repairs and maintenance) directly related to those investment properties amount to ₩ 4,293 million (2015: ₩ 7,044 million).

Fair value of investment properties as at December 31, 2016, is ₩ 322,212 million (2015: ₩ 335,957 million) and classified to Level 3 in fair value hierarchy (Note 5.3).

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19. Borrowings

Short-term borrowings as at December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	Financial Institution	Annual interest rate (%)	Amount	
		December 31, 2016	2016	2015
Borrowings in won				
General loans	Kookmin Bank and others	1.43 - 4.60	768,365,211	478,482,010
Commercial papers	Shinyoung Securities Co., Ltd and others	1.43 - 2.56	530,000,000	86,000,000
Working Fund	Kookmin Bank and others	2.21 - 2.89	45,000,000	33,700,000
Loans for facilities	Kookmin Bank and others	2.18 - 3.87	64,851,078	31,539,880
			<u>1,408,216,289</u>	<u>629,721,890</u>
Borrowings in foreign currency				
General loans	Kookmin Bank and others	0.62 - 9.66	724,584,945	712,281,733
Usance	Shinhan Bank and others	0.13 - 1.98	313,999,623	348,539,977
Working Fund	SMBC Bank and others	1.50 - 8.50	370,770,292	308,384,327
Loans for facilities	KEB Hana Bank and others	2.67 - 11.70	64,628,521	51,643,195
			<u>1,473,983,381</u>	<u>1,420,849,232</u>
			<u>2,882,199,670</u>	<u>2,050,571,122</u>

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Long-term borrowings as at December 31, 2016 and 2015, are as follows:

(In thousands of Korean won)	Financial Institution	Annual interest	Amount	
		rate (%)	2016	2015
		December 31,		
		2016	2016	2015
Borrowings in won				
Broadcasting promotion fund	Woori Bank	-	-	249,990
General loans	Korea Development Bank and others	1.00 - 6.90	53,844,481	235,849,151
Working fund	Kookmin Bank and others	3.60	2,200,000	-
Policy fund	Woori Bank and others	1.19 - 4.00	205,894,691	7,993,740
Loans for facilities	Kookmin Bank and others	1.04 - 3.82	455,888,602	344,847,307
Middle/Long-term CP	Shinhan Bank and others	1.89 - 3.78	510,000,000	889,988,248
Others	42th Hana Daol Land Chip Real Estate Investment Trust	6.80	150,033,703	150,033,703
Less : Present value discount			(26,286,686)	(30,011,897)
Current maturities			(376,756,237)	(828,291,750)
			<u>974,818,554</u>	<u>770,658,492</u>
Borrowings in foreign currency				
GSM fund	Woori Bank and others	0.72 - 1.65	79,687,719	134,722,721
Policy fund	The Export-Import Bank of Korea and others	2.67 - 2.96	72,510,000	70,320,000
Loans for facilities	KEB Hana Bank and others	0.80 - 5.90	236,585,774	223,776,805
General loans	Shinhan Bank and others	1.23 - 12.00	512,481,982	461,419,014
Exchange Equalization Fund	Woori Bank	2.33	60,425,000	58,600,000
Less :Present value discount			(31,724)	(92,293)
Current maturities			(150,673,027)	(307,261,138)
			<u>810,985,724</u>	<u>641,485,109</u>
Financial lease liabilities				
Machinery and others	Shinhan Capital Co., Ltd. and others	1.10 - 15.00	68,662,760	12,362,464
Less : Current maturities			(19,499,543)	(3,715,110)
			<u>49,163,217</u>	<u>8,647,354</u>
			<u>1,834,967,495</u>	<u>1,420,790,955</u>

Certain portions of short-term financial instruments, long-term financial instruments, available-for-sale financial assets, property, plant and equipment and investment property 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 at December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	2016	2015
Total minimum lease payments		
No later than 1 year	22,427,581	3,835,980
Between 1 and 5 years	52,673,260	9,004,217
	<u>75,100,841</u>	<u>12,840,197</u>
Unearned financial income	<u>(6,438,081)</u>	<u>(477,733)</u>
Net minimum lease payment		
No later than 1 year	19,499,543	3,715,110
Between 1 and 5 years	49,163,217	8,647,354
	<u>68,662,760</u>	<u>12,362,464</u>

20. Debentures

Details of debentures as at December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	Annual interest rate (%) December 31, 2016	Amount	
		2016	2015
Local currency debentures			
Non-guarantee public bonds	1.57 - 5.70	3,178,000,000	2,899,564,450
Non-guarantee private bonds	1.84 - 4.50	580,000,000	310,000,000
Less : Present value discount		(6,891,567)	(5,285,552)
Current maturities		<u>(542,703,764)</u>	<u>(809,477,302)</u>
		<u>3,208,404,669</u>	<u>2,394,801,596</u>
Foreign currency debentures			
Non-guarantee private bonds	0.11 - 3.15	695,853,258	718,341,960
Less : Present value discount		(1,009,048)	(998,599)
Current maturities		<u>(175,005,852)</u>	<u>(35,063,640)</u>
		<u>519,838,358</u>	<u>682,279,721</u>
Exchangeable debentures	1.80	86,710,000	86,710,000
Less : Present value discount		(494,446)	(2,978,228)
Current maturities		<u>(86,215,554)</u>	<u>-</u>
		<u>-</u>	<u>83,731,772</u>
		<u>3,728,243,027</u>	<u>3,160,813,089</u>

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

14th Non-guaranteed exchangeable debentures

Issued company	CJ CheilJedang Corporation
Total face amount	₩ 86,710,000 thousand
Maturity date	March 14, 2017
Coupon rate	1.80%
Interest rate at maturity	1.80%
Exchange rate	100.0%
Exchange price ¹	433,550 per share
Shares to be exchanged ²	200,000 registered ordinary share of CJ CheilJedang Corporation
Exchange period	From April 14, 2012 to February 14, 2017

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

² As at December 31, 2016, the registered ordinary share of 200,000 shares of CJ CheilJedang Corporation, which are subject to exchange of the debentures, is deposited with Korea Securities Depository.

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21. Post-employment Benefits

21.1 Defined Benefit Plan

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

The amounts of net defined benefit liabilities recognized in the consolidated statements of financial position as at December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	2016	2015
Present value of funded defined benefit liabilities	943,628,733	787,853,311
Present value of unfunded defined benefit liabilities	8,512,709	6,186,230
	<u>952,141,442</u>	<u>794,039,541</u>
Fair value of plan assets ¹	<u>(693,782,856)</u>	<u>(533,897,649)</u>
Net defined benefit liabilities	<u>258,358,586</u>	<u>260,141,892</u>

¹ The fair value of plan assets includes contributions to the National Pension Fund of ₩ 234 million as at December 31, 2016 (2015: ₩ 221 million).

Changes in the defined benefit obligation for the periods ended December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	2016	2015
Beginning balance	794,039,541	669,868,623
Increase due to business combination	6,855,774	940,332
Current service cost	148,044,198	134,479,297
Past service cost	9,174,294	-
Interest expense	22,632,773	21,325,370
Remeasurements:		
Actuarial loss (gain) from change in demographic assumptions	875,882	(549,813)
Actuarial loss (gain) from change in financial assumptions	4,057,654	(5,472)
Actuarial loss from experience adjustments	20,971,330	36,305,943
Payments from plans:		
Benefit payments	(54,589,619)	(65,418,819)
Decrease due to disposal of subsidiaries	-	(12,949,075)
Transfer to held-for-sale	-	10,041,528
Effect of foreign currency translation	79,615	1,627
Ending balance	<u>952,141,442</u>	<u>794,039,541</u>

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Movements in the fair value of plan assets for the periods ended December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	2016	2015
Beginning balance	533,897,649	437,865,708
Increase due to business combination	3,881,086	860,924
Interest income	14,860,539	13,356,462
Remeasurements:		
Return on plan assets	(6,871,179)	(4,895,193)
Contributions:		
Employers	183,278,558	121,110,713
Payments from plans:		
Benefit payments	(35,263,797)	(34,400,965)
Decrease due to disposal of subsidiaries	-	(1,388,820)
Transfer to held-for-sale	-	1,388,820
Ending balance	<u>693,782,856</u>	<u>533,897,649</u>

Details of plan assets as at December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	<u>2016</u>		<u>2015</u>	
	Amount	Composition(%)	Amount	Composition(%)
Deposits	528,231,460	76.14	401,432,567	75.19
Beneficiary certificate	146,863,814	21.17	122,474,636	22.94
Others	<u>18,687,582</u>	<u>2.69</u>	<u>9,990,446</u>	<u>1.87</u>
	<u>693,782,856</u>	<u>100.00</u>	<u>533,897,649</u>	<u>100.00</u>

The significant actuarial assumptions as at December 31, 2016 and 2015, are as follows:

<i>(in percentage)</i>	2016	2015
Discount rate	3.14%	3.14%
Future salary growth rate	5.13%	4.94%

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The sensitivity of the defined benefit obligation to changes in the principal assumptions is as follows:

<i>(in percentage)</i>	Impact on defined benefit obligation		
	Changes in assumption	Increase in assumption	Decrease in assumption
Discount rate	1% increase/ decrease	5.50% decrease	6.21% increase
Salary growth rate	1% increase/ decrease	6.19% increase	5.57% 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 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 at December 31, 2016, is as follows:

<i>(In thousands of Korean won)</i>	Less than 1 year	Between 1 and 2 years	Between 5 and 5 years	Over 5 years	Total
Pension benefits	189,267,825	141,950,296	383,187,450	646,972,931	1,361,378,502

The weighted average duration of the defined benefit obligations is 6.1 years.

21.2 Defined Contribution Plan

Recognized expense related to the defined contribution plan for the year ended December 31, 2016, is ₩ 728 million (2015: ₩ 912 million).

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22. Income Tax and Deferred Tax

Income tax expense for the periods ended December 31, 2016 and 2015, consists of:

<i>(In thousands of Korean won)</i>	2016	2015
Current tax:		
Current tax on profits for the year	253,980,911	194,381,246
Adjustments in respect of prior years	6,951,840	3,714,282
	<u>260,932,751</u>	<u>198,095,528</u>
Deferred tax:		
Origination and reversal of temporary differences	(35,489,385)	(14,320,714)
Income tax expense	<u>225,443,366</u>	<u>183,774,814</u>

Reconciliation between profit before income tax and income tax expense for the periods ended December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	2016	2015
Profit before income tax	<u>795,266,748</u>	<u>734,890,361</u>
Tax at domestic tax rates applicable to profits in the respective countries	213,094,691	189,743,642
Tax effects of:		
Profit (loss) of subsidiaries and associates	(22,484,361)	(3,060,217)
Adjustments in respect of prior years	6,951,840	3,714,282
Income not subject to tax	(4,542,576)	(15,106,966)
Tax credit	(26,970,631)	(10,905,908)
Unrecognized deferred income tax	47,808,915	14,703,912
Others	11,585,488	4,686,069
Income tax expense	<u>225,443,366</u>	<u>183,774,814</u>

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The tax effect relating to components of other comprehensive income and equity for the periods ended December 31, 2016 and 2015, is as follows:

<i>(In thousands of Korean won)</i>	2016			2015		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Tax (charge) / credit relating to components of other comprehensive income:						
Changes in the fair value of available-for-sale financial assets	(7,263,574)	(707,021)	(7,970,595)	(8,426,388)	2,988,522	(5,437,866)
Cumulative effect of foreign currency translation	(59,614,753)	(2,270,855)	(61,885,608)	(8,312,537)	(4,219,464)	(12,532,001)
Share of other comprehensive income of joint venture and associates	17,651,103	-	17,651,103	(8,140,232)	-	(8,140,232)
Gains (losses) on valuation of derivatives	2,096,178	(501,196)	1,594,982	2,324,081	(560,510)	1,763,571
Remeasurements of net defined benefit liabilities	(32,776,045)	7,951,489	(24,824,556)	(40,645,851)	9,556,540	(31,089,311)
	<u>(79,907,091)</u>	<u>4,472,417</u>	<u>(75,434,674)</u>	<u>(63,200,927)</u>	<u>7,765,088</u>	<u>(55,435,839)</u>
The income tax (charged) / credited directly to equity:						
Share of movement in other components of equity of associates	(108,171,736)	-	(108,171,736)	-	-	-
Other components of equity	<u>(2,406,083)</u>	<u>582,272</u>	<u>(1,823,811)</u>	<u>25,350,993</u>	<u>(5,573,033)</u>	<u>19,777,960</u>
	<u>(110,577,819)</u>	<u>582,272</u>	<u>(109,995,547)</u>	<u>25,350,993</u>	<u>(5,573,033)</u>	<u>19,777,960</u>
	<u>(190,484,910)</u>	<u>5,054,689</u>	<u>(185,430,221)</u>	<u>(37,849,934)</u>	<u>2,192,055</u>	<u>(35,657,879)</u>

The analysis of deferred tax assets and deferred tax liabilities as at December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	2016	2015
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	598,645,026	578,301,650
Deferred tax asset to be recovered within 12 months	<u>87,059,134</u>	<u>79,248,301</u>
	<u>685,704,160</u>	<u>657,549,951</u>
Deferred tax liabilities		
Deferred tax liability to be recovered after more than 12 months	(1,222,677,692)	(1,152,836,027)
Deferred tax liability to be recovered within 12 months	<u>(752,100)</u>	<u>(863,866)</u>
	<u>(1,223,429,792)</u>	<u>(1,153,699,893)</u>
Deferred tax liabilities, net	<u>(537,725,632)</u>	<u>(496,149,942)</u>

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Changes in deferred tax assets and liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction, for the periods ended December 31, 2016 and 2015, are as follows:

(In thousands of Korean won)	2016						Ending balance
	Beginning balance	Statement of profit or loss	Other Comprehensive income	Acquisition of subsidiaries	Disposal of subsidiaries	Effect of foreign currency translation	
Deferred tax assets							
Provision for impairment	45,769,160	1,538,730	-	183,769	-	17,912	47,509,571
Net defined benefit liabilities	43,039,874	10,861,710	-	-	-	145,980	54,047,564
Loss on valuation of inventories	6,142,824	(2,074,815)	-	-	-	-	4,068,009
Amortization	36,617,257	(27,911,021)	-	-	-	-	8,706,236
Impairment loss on investment property	13,193,169	3,879,818	-	-	-	5,471	17,078,458
Impairment loss on property, plant and equipment	6,761,329	(1,226,300)	-	-	-	-	5,535,029
Impairment loss on intangible assets	1,345,650	401,806	-	-	-	-	1,747,456
Accrued expenses	27,285,017	8,113,141	-	32,327	-	(231)	35,430,254
Government subsidy	4,524,660	(721,807)	-	-	-	-	3,802,853
Tax loss	298,371,741	32,415,474	-	-	(637,405)	(48,002)	330,101,808
Tax credit	11,220,198	3,083,348	-	-	-	2,404	14,305,950
Loss on valuation of hedging derivative	295,156	-	(295,156)	-	-	-	-
Remeasurement	57,142,228	-	7,951,489	-	-	-	65,093,717
Others	51,298	-	-	-	-	-	51,298
	<u>551,759,561</u>	<u>28,360,084</u>	<u>7,656,333</u>	<u>216,096</u>	<u>(637,405)</u>	<u>123,534</u>	<u>587,478,203</u>
Deferred tax liabilities							
Legal reserve under Special Tax Treatment Control Law	(33,354,814)	19,391,895	-	-	-	-	(13,962,919)
Depreciation	(54,692,905)	(95,544)	-	-	-	(1,938,695)	(56,727,144)
Borrowing costs	(2,977,786)	686,068	-	-	-	61	(2,291,657)
Foreign currency translation	(305,981)	264,805	-	-	-	-	(41,176)
Gain on revaluation of property, plant and equipment	(313,672,942)	4,267,036	-	-	-	-	(309,405,906)
Changes in the fair value of available-for-sale financial assets	(109,516,042)	-	(707,021)	-	-	-	(110,223,063)
Translation of foreign currency financial statements	(4,219,464)	-	(2,270,855)	-	-	-	(6,490,319)
Gain of subsidiaries and associates	(228,846,541)	(1,304,263)	-	44,485	-	(2,083,848)	(232,190,167)
Appraisal by fair value	(41,167,676)	10,416,667	-	(76,584,475)	-	(276,589)	(107,612,073)

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		2016						
<i>(In thousands of Korean won)</i>	Beginning balance	Statement of profit or loss	Other Comprehensive income	Acquisition of subsidiaries	Disposal of subsidiaries	Effect of foreign currency translation	Ending balance	
Inventories, property, plant and equipment, intangible assets and others	(33,654,923)	11,690,602	-	-	-	-	(21,964,321)	
Gain on valuation of hedging derivative	-	-	(206,040)	-	-	-	(206,040)	
Others	(89,405,506)	9,620,950	-	(1,883,171)	-	(209,866)	(81,877,593)	
	<u>(911,814,580)</u>	<u>54,938,216</u>	<u>(3,183,916)</u>	<u>(78,423,161)</u>	<u>-</u>	<u>(4,508,937)</u>	<u>(942,992,378)</u>	
Unrecognized deferred tax	(136,094,923)	(47,808,915)	-	386,128	637,405	668,848	(182,211,457)	
	<u>(496,149,942)</u>	<u>35,489,385</u>	<u>4,472,417</u>	<u>(77,820,937)</u>	<u>-</u>	<u>(3,716,555)</u>	<u>(537,725,632)</u>	
		2015						
<i>(In thousands of Korean won)</i>	Beginning balance	Statement of profit or loss	Other Comprehensive income	Acquisition of subsidiaries	Disposal of subsidiaries	Change in asset-for-sale	Effect of foreign currency translation	Ending balance
Deferred tax assets								
Provision for impairment	46,848,379	(932,134)	-	-	-	-	(147,085)	45,769,160
Net defined benefit liabilities	31,399,888	11,646,024	-	-	-	-	(6,038)	43,039,874
Loss on valuation of inventories	6,479,449	(347,671)	-	-	-	-	11,046	6,142,824
Amortization	-	36,617,257	-	-	-	-	-	36,617,257
Impairment loss on investment property	16,746,129	(3,549,199)	-	-	-	-	(3,761)	13,193,169
Impairment loss on property, plant and equipment	8,360,667	(1,603,205)	-	-	-	-	3,867	6,761,329
Impairment loss on intangible assets	5,610,150	(4,264,500)	-	-	-	-	-	1,345,650
Accrued expenses	33,376,011	(6,089,393)	-	-	-	-	(1,601)	27,285,017
Foreign currency translation	73,576	(73,576)	-	-	-	-	-	-
Government subsidy	4,766,314	(233,521)	-	-	-	-	(8,133)	4,524,660
Tax loss	256,448,125	48,910,254	-	-	(5,305,812)	-	(1,680,826)	298,371,741
Tax credit	5,475,867	5,819,985	-	-	-	-	(75,654)	11,220,198
Gain on valuation of hedging derivative	855,666	-	(560,510)	-	-	-	-	295,156
Remeasurement	47,585,688	-	9,556,540	-	-	-	-	57,142,228
Others	51,298	-	-	-	-	-	-	51,298
	<u>464,077,207</u>	<u>85,900,321</u>	<u>8,996,030</u>	<u>-</u>	<u>(5,305,812)</u>	<u>-</u>	<u>(1,908,185)</u>	<u>551,759,561</u>
Deferred tax liabilities								
Legal reserve under Special Tax Treatment								
Control Law	(49,757,955)	16,403,141	-	-	-	-	-	(33,354,814)
Depreciation	(44,154,944)	(6,911,514)	-	-	-	-	(3,626,447)	(54,692,905)
Amortization	(4,480,061)	4,480,061	-	-	-	-	-	-

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<i>(In thousands of Korean won)</i>	2015							
	Beginning balance	Statement of profit or loss	Other Comprehensive income	Acquisition of subsidiaries	Disposal of subsidiaries	Change in asset-for-sale	Effect of foreign currency translation	Ending balance
Borrowing costs	(2,863,310)	(113,405)	-	-	-	-	(1,071)	(2,977,786)
Foreign currency translation	-	(305,981)	-	-	-	-	-	(305,981)
Gain on revaluation of property, plant and equipment	(323,764,133)	10,091,191	-	-	-	-	-	(313,672,942)
Changes in the fair value of available-for-sale financial assets	(112,504,564)	-	2,988,522	-	-	-	-	(109,516,042)
Translation of foreign currency financial statements	-	-	(4,219,464)	-	-	-	-	(4,219,464)
Gain of subsidiaries and associates	(136,551,060)	(92,069,679)	-	-	-	-	(225,802)	(228,846,541)
Appraisal by fair value Inventories, property, plant and equipment, intangible assets and others	(58,387,831)	18,717,599	-	(1,529,340)	180,752	(294,976)	146,120	(41,167,676)
Others	(73,846,797)	(15,864,917)	-	-	-	-	306,208	(89,405,506)
	<u>(848,663,387)</u>	<u>(56,875,695)</u>	<u>(1,230,942)</u>	<u>(1,529,340)</u>	<u>180,752</u>	<u>(294,976)</u>	<u>(3,400,992)</u>	<u>(911,814,580)</u>
Unrecognized deferred tax	(126,528,635)	(14,703,912)	-	-	5,305,812	-	(168,188)	(136,094,923)
	<u>(511,114,815)</u>	<u>14,320,714</u>	<u>7,765,088</u>	<u>(1,529,340)</u>	<u>180,752</u>	<u>(294,976)</u>	<u>(5,477,365)</u>	<u>(496,149,942)</u>

23. Provisions for Liabilities and Charges

Changes in provisions for liabilities and charges for the periods ended December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	2016					
	Mileage	Sales returns	Restoration	Construction warranties	Other liabilities and charges	Total
Beginning balance	10,975,377	4,483,030	1,159,469	2,882,697	8,201,888	27,702,461
Increase due to business combination	-	-	-	-	339,193	339,193
Additional provisions	50,402,147	7,261,253	(437,646)	1,110,240	10,226,482	68,562,476
Unused amounts reversed	-	(445,357)	-	-	(641,708)	(1,087,065)
Used during year	(51,771,644)	(5,758,995)	(500,000)	(446,968)	(9,475,000)	(67,952,607)
Effect of foreign currency translation	(934)	(17)	57,177	-	(73,105)	(16,879)
Ending balance	<u>9,604,946</u>	<u>5,539,914</u>	<u>279,000</u>	<u>3,545,969</u>	<u>8,577,750</u>	<u>27,547,579</u>
Current	2,478,469	5,487,900	279,000	-	249,786	8,495,155
Non-current	7,126,477	52,014	-	3,545,969	8,327,964	19,052,424

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	2015					Total
	Mileage	Sales returns	Restoration	Construction warranties	Other liabilities and charges	
<i>(In thousands of Korean won)</i>						
Beginning balance	10,918,392	8,300,837	1,135,835	3,291,550	10,968,705	34,615,319
Additional provisions	48,342,711	2,685,033	-	918,614	1,948,167	53,894,525
Unused amounts reversed	-	(255,759)	-	(545,700)	(318,868)	(1,120,327)
Used during year	(48,285,783)	(6,251,579)	-	(781,767)	(4,396,116)	(59,715,245)
Effect of foreign currency translation	57	4,498	23,634	-	-	28,189
Ending balance	<u>10,975,377</u>	<u>4,483,030</u>	<u>1,159,469</u>	<u>2,882,697</u>	<u>8,201,888</u>	<u>27,702,461</u>
Current	3,994,677	4,483,030	500,000	-	827,750	9,805,457
Non-current	6,980,700	-	659,469	2,882,697	7,374,138	17,897,004

24. Share Capital and Share Premium

Under its Articles of Incorporation, the Company is authorized to issue 100 million shares with a par value of ₩5,000 per share. As at December 31, 2016, the Company has issued 29,176,998 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 share (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 ordinary 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 share the Company has issued as at December 31, 2016, is as follows:

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

The Company may grant options to purchase ordinary share 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 share; therefore, the amount of ordinary share capital and the total face value of outstanding ordinary shares are not equivalent.

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Changes in paid-in capital for the periods ended December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won, except number of shares)</i>	Number of outstanding shares			Share capital			Share premium
	Ordinary share	Preferred share	Total	Ordinary share	Preferred share	Total	
January 1, 2015	26,112,864	2,259,104	28,371,968	146,150,840	11,301,115	157,451,955	983,970,984
Exercise of stock options	49,321	-	49,321	246,605	-	246,605	4,928,007
Acquisition of treasury shares	(4)	-	(4)	-	-	-	-
December 31, 2015	26,162,181	2,259,104	28,421,285	146,397,445	11,301,115	157,698,560	988,898,991
Exercise of stock options	43,250	-	43,250	216,250	-	216,250	4,094,636
Acquisition of treasury shares	(3)	(1)	(4)	-	-	-	-
December 31, 2016	26,205,428	2,259,103	28,464,531	146,613,695	11,301,115	157,914,810	992,993,627

25. Share-based Payment

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

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

<i>(in number of shares)</i>	Date of the grant
2016	February 29, 2008 (7 th)
Options granted	230,000
Exercised quantity prior to 2015	94,000
Exercised quantity during 2016	43,250
Options outstanding as at December 31, 2016	92,750
Exercise price per share ¹	70,000

Options exercised in 2016 resulted in 43,250 shares being issued at a weighted average price of ₩ 70,000 each. The related weighted average share price at the time of exercise was ₩ 208,305 per share.

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<i>(in number of shares)</i>	Date of the grant	
	March 13, 2006 (6th)	February 29, 2008 (7th)
2015		
Options granted	56,900	230,000
Exercised quantity prior to 2014	1,000	49,579
Forfeited quantity	4,500	-
Transfer-out quantity due to split-off	46,500	-
Exercised quantity during 2015	4,900	44,421
Options outstanding as at December 31, 2015	-	136,000
Exercise price per share ¹	120,000	70,000

Options exercised in 2015 resulted in 49,321 shares being issued at a weighted average price of W 74,967 each. The related weighted average share price at the time of exercise was W 225,425 per share.

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

- Vesting period:

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	
	March 13, 2006(6th)	February 29, 2008(7th)
Fair value of stock options	32,557	29,768
Weighted average share price at the grant date	68,378	78,115
Price volatility ¹	36.34%	66.64%
Dividend yield	1.37%	1.43%
Expected option life	3 years	5 years
Expected forfeiture rate	6.00%	6.00%
Annual risk-free interest rate	4.93%	5.09%

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

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26. Other Components of Equity

Other components of equity as at December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	2016	2015
Share-based payments	2,761,011	4,048,489
Treasury shares	(186,310,252)	(186,310,252)
Gains on valuation of available-for-sale financial assets	219,304,789	220,709,526
Share of other comprehensive income of joint ventures and associates	(47,870,490)	(12,121,163)
Losses on valuation of derivatives	346,120	(145,774)
Cumulative effect of foreign currency translation	(29,734,709)	(28,490,187)
Others	(73,083,752)	(67,826,660)
	<u>(114,587,283)</u>	<u>(70,136,021)</u>

The Company acquired treasury shares in odd lots through split-off, merger of subsidiaries and for stabilization of the share price. As at December 31, 2016, the Company will dispose of treasury shares, including 2,971,570 common shares and 1,120 preferred shares, depending on market conditions.

27. Retained Earnings

Retained earnings as at December 31, 2016 and 2015, consist of:

<i>(In thousands of Korean won)</i>	2016	2015
Legal reserves ¹	79,869,424	79,869,424
Discretionary reserves ²	1,566,939,407	1,562,516,799
Unappropriated retained earnings	1,052,674,423	882,353,407
	<u>2,699,483,254</u>	<u>2,524,739,630</u>

¹ 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 share capital. The reserve is not available for cash dividends payment, but may be transferred to share capital 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.

² 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.

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28. Issuance of Hybrid Securities

Details of hybrid securities and hybrid bond as at December 31, 2016 and 2015, are as follows:

(In thousands of Korean won)

Issuer and borrower	Types	Par Value		Annual interest rate	Maturity	Claim for early repayment
		December 31, 2016	December 31, 2015			
CJ Foodville Corp.	Hybrid security	50,000	50,000	3.89%	2045-12-23	Hold
CJ Engineering & Construction Corp.	Hybrid security	50,000	50,000	3.62%	2045-12-23	Hold
CJ 4DPLEX Co.,Ltd ¹	Hybrid security	15,000	15,000	3.20%	2045-8-24	Hold
PT CheilJedang Superfeed	Hybrid bond	200,000	200,000	3.70%	2045-9-18	Hold
CJ Freshway Corporation	Hybrid security	26,000	26,000	2.90%	2043-5-9	Hold
PT CheilJedang Indonesia	Hybrid security	200,000	200,000	5.82%	2042-4-26	Hold
K Valley Co., Ltd.	Hybrid security	33,000	-	12.45%	2026-6-10	Hold
F&D infra Co., Ltd.	Hybrid security	50,000	-	4.20% - 4.46%	2046-12-27	Hold
Mars Cinema, Tourism And Sports Facilities Management Inc.	Hybrid security	80,000	-	4.70%	2046-10-27	Hold

¹ In 2016, Simuline Inc., a subsidiary of the Group, merged into CJ 4DPLEX Co. Ltd.

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

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29. Expenses by Nature

Expenses by nature for the periods ended December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	2016	2015
Raw materials, sub-materials, biological assets and cost of merchandise purchased	7,609,937,403	6,571,358,643
Changes in inventories and biological assets	(203,197,752)	(80,319,535)
Salaries	2,448,730,439	2,195,909,891
Post-employment benefits	165,718,726	143,360,205
Employee benefits	357,247,315	302,883,973
Transportation expenses	4,627,168,281	3,844,935,516
Travel expenses	106,212,970	100,384,885
Taxes and dues	116,366,023	134,189,774
Advertising expenses	344,161,986	334,480,240
Rental expenses	757,743,406	675,871,575
Service Fees	1,227,839,328	1,083,024,897
Sales commission	163,203,900	136,557,748
Sales promotional expenses	186,796,207	165,836,614
Screening premium	405,203,158	288,888,633
Utility expenses	224,402,738	233,663,169
Power expenses	179,792,843	199,149,876
Packing material charge	306,885,153	275,131,678
Program production cost	384,375,918	184,256,408
Program usage fee	169,846,008	148,868,007
Network expenses	217,523,815	210,989,981
Repairs and maintenance expenses	80,289,993	83,177,625
Depreciation	832,087,546	756,779,775
Amortization	629,852,632	577,400,733
Outsourcing expenses	318,696,266	267,694,401
Building management fee	78,842,455	67,201,779
Others	965,557,409	1,039,700,454
Total cost of sales and selling and administrative expenses	<u>22,701,284,166</u>	<u>19,941,376,945</u>

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30. Selling and Administrative Expenses

Selling and administrative expenses for the periods ended December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	2016	2015
Salaries	1,474,695,263	1,287,640,861
Post- employment benefits	114,137,024	84,000,236
Employee benefits	250,773,509	201,757,068
Conference expenses	24,326,889	20,158,127
Entertainment expenses	52,497,404	49,252,703
Travel expenses	93,222,426	83,247,338
Communication expenses	38,512,071	36,503,080
Taxes and dues	89,829,308	84,510,502
Publication expenses	11,600,159	10,005,637
Utility expenses	70,777,489	58,242,287
Research expenses	59,560,918	55,313,523
Repair expenses	23,448,180	20,258,236
Rental expenses	588,353,453	488,894,604
Foreign business expenses	29,135,935	25,029,276
Supplies expenses	47,352,965	40,832,993
Depreciation	187,356,155	173,759,393
Amortization	157,044,906	120,433,519
Insurance premium	27,827,624	23,700,461
Service fees	1,240,370,707	1,133,244,624
Sales commission	145,281,766	136,249,418
Training expenses	39,317,307	32,181,812
Freight expenses	551,263,729	472,869,980
Advertising expenses	463,558,773	448,254,647
Vehicles maintenance expenses	16,743,333	14,376,853
Sales promotional expenses	323,894,744	290,558,519
Impairment loss	28,264,027	28,825,173
Miscellaneous expenses	28,872,641	27,000,800
Others	21,307,709	20,723,079
	<u>6,199,326,414</u>	<u>5,467,824,749</u>

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31. Finance Income and Costs

Finance income and costs for the periods ended December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	2016	2015
Finance income		
Interest income	40,181,196	47,223,447
Gain on foreign currency transaction	160,108,352	135,530,064
Dividends income	9,398,486	11,704,571
Gain on derivative instruments	66,935,290	93,362,144
Gain on disposal of available-for-sale financial assets	6,985,682	681,760
Others	1,317,184	1,945,857
	<u>284,926,190</u>	<u>290,447,843</u>
Finance costs		
Interest expenses	291,006,464	287,447,416
Loss on foreign currency transaction	225,278,106	267,530,827
Loss on derivative instruments	59,814,889	34,672,667
Loss on disposal of available-for-sale financial assets	4,095,566	6,789,694
Impairment loss on available-for-sale financial assets	9,690,433	1,511,388
Others	6,025,329	7,748,128
	<u>595,910,787</u>	<u>605,700,120</u>

32. Other Non-operating Income and Expenses

Other non-operating income and expenses for the periods ended December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	2016	2015
Other operating income		
Gain on disposal of investment in subsidiaries	28,333,901	7,255,715
Gain on derivative instruments	78,155,612	39,526,252
Miscellaneous gain	66,995,878	48,418,446
Others	14,573,645	17,892,389
	<u>188,059,036</u>	<u>113,092,802</u>

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<i>(In thousands of Korean won)</i>	2016	2015
Other operating expenses		
Other impairment loss	12,304,447	20,136,056
Impairment loss on investment in joint ventures and associates	368	9,189,871
Loss on disposal of investments in joint ventures and associates	23,850,846	510,620
Loss on disposal of property, plant and equipment	30,468,643	38,512,547
Impairment loss on intangible assets	33,648,538	106,096,151
Loss on derivative instruments	50,394,230	52,113,752
Donations	113,430,470	97,772,630
Others	140,620,531	127,271,409
	<u>404,718,073</u>	<u>451,603,036</u>

33. Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Parent Company by the weighted average number of ordinary shares in issue during the year excluding ordinary 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 ordinary share for the periods ended December 31, 2016 and 2015, is as follows:

<i>(In thousands of Korean won, except number of shares and earnings per share)</i>	2016	2015
Profit for the period	223,028,021	205,792,550
Less: Dividends for preferred shares	<u>17,817,454</u>	<u>16,473,696</u>
Profit attributable to ordinary shares	205,210,567	189,318,854
Weighted average number of ordinary shares outstanding	<u>26,184,984</u>	<u>26,141,296</u>
Basic earnings per share (in Korean won)	<u>7,837</u>	<u>7,242</u>

Basic earnings per preferred share for the periods ended December 31, 2016 and 2015, is as follows:

<i>(In thousands of Korean won, except number of shares and earnings per share)</i>	2016	2015
Profit attributable to preferred shares	17,817,454	16,473,696
Weighted average number of preferred shares outstanding	<u>2,259,104</u>	<u>2,259,104</u>
Basic earnings per preferred share (in Korean won)	<u>7,887</u>	<u>7,292</u>

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Diluted earnings per ordinary share for the periods ended December 31, 2016 and 2015, is as follows:

<i>(In thousands of Korean won, except number of shares and earnings per share)</i>	2016	2015
Profit attributable to ordinary shares	205,210,567	189,318,854
Changes in the amount of dividend per preferred share from diluting effect	<u>46,676</u>	<u>63,137</u>
Diluted earnings	205,257,243	189,381,991
Weighted average number of ordinary shares in issue including dilutive potential ordinary shares	<u>26,260,172</u>	<u>26,251,321</u>
Diluted earnings per ordinary share (in Korean won)	<u>7,816</u>	<u>7,214</u>

Diluted earnings per preferred share for the periods ended December 31, 2016 and 2015, is as follows:

<i>(In thousands of Korean won, except number of shares and earnings per share)</i>	2016	2015
Profit attributable to preferred shares ¹	17,770,778	16,410,558
Weighted average number of preferred shares outstanding	<u>2,259,104</u>	<u>2,259,104</u>
Diluted earnings per preferred shares (in Korean won)	<u>7,866</u>	<u>7,264</u>

¹ Profit available for preferred shares is amended due to the dilution of ordinary shares.

34. Dividends

The dividends paid in 2016 and 2015 were ₩ 38,482 million (₩ 1,350 per ordinary share, ₩ 1,400 per preferred share) and ₩ 27,066 million (₩ 950 per ordinary share, ₩ 1,000 per preferred share), respectively.

A dividend in respect of the year ended December 31, 2016, of ₩ 1,350 per ordinary share and ₩ 1,400 per preferred share, amounting to a total dividend of ₩ 35,377 million and ₩ 3,163 million, respectively, is to be proposed to shareholders at the annual general meeting on March 24, 2017. These consolidated financial statements do not reflect this dividend payable.

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35. Cash Generated from Operations

Cash generated from operations for the periods ended December 31, 2016 and 2015, is as follows:

<i>(In thousands of Korean won)</i>	2016	2015
Profit before income tax	795,266,748	734,890,361
Adjustments for:		
Depreciation	832,087,546	756,779,775
Amortization	629,852,632	577,400,733
Impairment loss	28,264,027	28,825,173
Interest income	(40,181,196)	(47,223,447)
Dividend income	(9,398,486)	(11,704,571)
Gain on foreign currency transactions	(42,808,986)	(29,751,433)
Gain on foreign currency translation	(58,907,793)	(36,515,040)
Gain on derivative instruments	(145,090,902)	(132,888,396)
Interest expenses	291,006,464	287,447,416
Loss on foreign currency transactions	38,415,999	73,248,654
Loss on foreign currency translation	101,904,053	79,534,584
Loss on derivative instruments	110,209,119	86,786,420
Gain on disposal of investments in subsidiaries	(28,333,901)	(7,255,715)
Other impairment loss	12,304,447	20,136,056
Impairment loss on intangible assets	33,648,538	106,096,151
Loss on disposal of property, plant and equipment	30,468,643	38,512,547
Impairment loss on other investments	9,965,972	15,600,425
Share of profit of joint ventures and associates	(69,997,151)	(163,322,606)
Others	39,640,754	47,867,750
Changes in assets and liabilities from operating activities		
Increase in trade receivables	(307,992,894)	(152,177,174)
Decrease in other current financial assets	120,600,602	211,534,706
Decrease(increase) in advance payments	46,805,816	(45,095,323)
Increase in inventories	(152,295,418)	(67,523,791)
Increase in biological assets	(15,623,967)	(18,094,968)
Decrease in other current assets	47,748,929	32,055,853
Decrease(increase) in other non-current financial assets	(5,913,100)	767,386
Increase in other non-current assets	(39,653,405)	(25,324,432)
Increase in trade payables	189,499,985	89,029,109
Increase(decrease) in non-trade payables	(33,080,654)	34,637,403
Increase in other current financial liabilities	15,621,818	71,348,242
Decrease in other current liabilities	(10,734,561)	(24,608,450)
Increase(decrease) in deposits received	5,781,395	(2,041,586)
Decrease in other non-current financial liabilities	(12,548,221)	(5,291,094)
Decrease in net defined benefit liabilities	(41,558,409)	(2,439,093)
Decrease in provisions	(8,319,583)	(16,663,480)
Increase(decrease) in other non-current liabilities	(29,742,333)	36,607,416
Cash generated from operations	<u>2,326,912,527</u>	<u>2,541,185,561</u>

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Significant transactions not affecting cash flows for the periods ended December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	2016	2015
Reclassification of construction in-progress to property, plant and equipment	444,883,257	830,982,998
Non-trade payables related to acquisition of property, plant and equipment	69,134,436	38,424,213
Non-trade payables related to acquisition of intangible assets	(14,464,519)	10,815,404
Changes in other components of equity due to valuation, disposal and other activities of associates	(35,749,327)	(4,825,255)

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36. Commitments and Contingencies

Payment guarantees provided by the Group as at December 31, 2016 and 2015, are as follows:

(In thousands of Korean won)

Guarantor	Guarantee	Financial institution	Loan amounts		Guarantee amounts		Guarantee period	Remark
			2016	2015	2016	2015		
CJ CheilJedang Corporation	Sichuan Jixiangju Food Co., Ltd.	-	-	5,860,000	-	5,860,000	-	-
	Ebara CJ Fresh Foods Inc.	The Bank of Yokohama	2,073,620	1,944,020	2,073,620	1,944,020	2016/03/25 ~ 2017/03/25	Borrowings
CJ Korea Express Corporation	Highone Solar Power Generation Co., Ltd.	-	-	4,800,000	-	9,000,000	-	-
	Silver Synthesis Logistics Co., Ltd.	Seoul Guarantee Insurance	-	-	400,000	400,000	2013/06/10 ~ 2016/12/31	Joint surety
	Seoul Silver Synthesis Logistics Co., Ltd. and others	Seoul Guarantee Insurance	-	-	514,000	514,000	2014/10/02 ~ 2017/12/31	Joint surety
	TECHNIP FRANCE	-	-	3,750,400	-	3,750,400	-	-
	TSGI (GS Engineering & Construction Corp. EPC Consortium)	KEB Hana Bank	306,896	2,772,050	306,896	2,772,050	2016/01/15 ~ 2017/09/20	Borrowings
	Intergrated Logistics Company KCSC	KEB Hana Bank	3,295,760	-	3,295,760	-	2016/08/30 ~ 2017/03/06	Borrowings
	Pan Japan Inc.	SBJ Bank	38,154,608	36,861,294	38,154,608	36,861,294	2016/12/26 ~ 2017/6/16	Borrowings
CJ Foodville Corp.	PT CJ Foodville Indonesia	Woori Bank	898,000	807,500	898,000	969,000	2016/03/11 ~ 2017/03/11	Borrowings
Freshone Jungbu	Dongsuh Foods Corporation	Seoul Guarantee Insurance	-	-	15,000	-	2013/08/01 ~ 2017/07/31	Payment guarantee

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(In thousands of Korean won)

Guarantor	Guarantee	Financial institution	Loan amounts		Guarantee amounts		Guarantee period	Remark
			2016	2015	2016	2015		
Freshone Kangnam	HANA PRIME INC	Woori Bank	-	-	4,350,600	-	2016/11/08 ~ 2017/06/30	Borrowings
CJ CGV Co., Ltd.	THEA Partners L.L.C	-	-	12,949,000	-	17,922,100	-	-
	PT. LAYER PERSADA	KEB Hana Bank	36,255,000	-	36,255,000	-	2016/07/25 ~ 2017/07/25	Borrowings
CJ O Shopping Co., Ltd.	CJ Mediasa Shopping & Retail Corporation	KEB Hana Bank	-	1,172,000	-	1,172,000	-	-
			-	1,172,000	-	1,172,000	-	-
CJ Engineering & Construction Corp.	Real Property Buyers	Korea Development Bank and other	180,240,260	71,697,390	221,618,088	221,618,088	2014/12/08 ~ 2017/07/31	Second payment loan guarantee
		Nonghyup Bank	32,669,098	16,415,573	69,676,430	69,676,430	2015/01/30 ~ 2018/01/30	Second payment loan guarantee
	Mugunghwa Trust Co., Ltd.	Seoul Guarantee Insurance	-	-	97,000	96,695	2014/11/21 ~ 2019/11/19	Joint surety
	KORAMCO REITS Management and Trust CO., Ltd. and others	KEB Hana Bank and others	243,200,000	-	243,200,000	-	2014/12/03 ~ 2018/11/17	Borrowings
			<u>537,093,242</u>	<u>160,201,227</u>	<u>620,855,002</u>	<u>373,728,077</u>		

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CJ Korea Express Corporation, a consolidated subsidiary, provides joint guarantee with Woosin Transportation Co., Ltd. for Korea Feed Association in relation to the loading and unloading contract with Korea Feed Association.

The Group provides guarantees amounting to ₩ 84,639 million (2015: ₩ 105,236 million) to the Armed Forces Financial Management Corps and others in relation to contract performance guarantee 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 amounting to ₩ 65,138 million (2015: ₩ 61,799 million) in relation to the loans of employees and directors from financial institutions.

The payment guarantees provided to the Group are as follows:

As at December 31, 2016, the Group obtained a guarantee from Seoul Guarantee Insurance, KEB Hana Bank and others amounting to ₩ 682,781 million (2015: ₩ 447,890 million) relating to a performance guarantee and borrowings.

As at December 31, 2016, CJ Engineering & Construction Corp., a consolidated subsidiary, obtained a guarantee from the Korea Construction Financial Cooperative amounting to ₩ 184,929 million (2015: ₩ 130,586 million).

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Details of collateral provided by the Group as at December 31, 2016 and 2015, are as follows:

	Secured assets	2016		Related line item	Related amount	Provided by
		Book amount	Secured amount			
CJ Korea Express Corporation	Property, plant and equipment and others	51,487	120,000	Borrowings	40,000	Korea Development Bank
	Financial assets	2,803	3,940	Borrowings	2,900	National Federation of Fisheries Cooperatives
Korea Integrated Freight Terminal Co., Ltd	Property, plant and equipment and others	187,091	253,000	Borrowings	200,975	Korea Development Bank
CJ Freshway Corporation	Property, plant and equipment and others	16,256	19,500	Borrowings	-	Kookmin Bank
	Financial assets	200	200	Borrowings	-	Agriculture Cooperative Livestock Marketing Inc.
CJ Engineering & Construction Corp.	Inventories	14,682	644,715	Borrowings	3,100	Korea Development Bank and others
	Financial assets	11,990	12,150	Borrowings	9,180	Construction Guarantee Cooperative and others
CJ Seafood Corporation	Property, plant and equipment and others	165,460	24,000	Borrowings	10,000	KEB Hana Bank
	Property, plant and equipment	38,508	4,355	Borrowings	4,000	National Federation of Fisheries Cooperatives
Youngwoo Frozen Foods Co., Ltd.	Property, plant and equipment and others	18,036	16,800	Borrowings	14,000	Kookmin Bank
CJ Korea Express Busan Newport Distripark Co., Ltd.	Property, plant and equipment and others	20,311	20,901	Borrowings	7,687	Woori Bank
CJ Korea Express Asia Pte. Ltd.	Property, plant and equipment and others	18,940	28,043	Borrowings	9,489	United Overseas Bank
Wonji Co., Ltd.	Financial assets	16,883	8,762	Borrowings	12,926	Kookmin Bank
CJ Japan Corp.	Investment property	54,245	80,838	Borrowings	64,013	KEB Hana Bank
	Property, plant and equipment and others	7,397	11,023	Borrowings	8,729	KEB Hana Bank
Korea Express SB Co., Ltd.	Property, plant and equipment and others	14,629	6,360	Borrowings	4,146	Woori Bank
Others	Financial assets	696	696	Borrowings and others	146	Korea Development Bank and others
	Property, plant and equipment and others	180,634	196,459	Borrowings and others	171,647	42th Hana Daol Land Chip Real Estate Investment Trust and others
		820,248	1,451,742		562,938	

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		2015				
	Secured assets	Book amount	Secured amount	Related line item	Related amount	Provided by
Korea Integrated Freight Terminal Co., Ltd.	Property, plant and equipment and others	194,759	253,200	Borrowings	231,610	Korea Development Bank
CJ Freshway Corporation	Property, plant and equipment and others	16,426	19,500	Borrowings	10,000	Kookmin Bank
	Financial assets	200	200	Borrowings	-	Agriculture Cooperative Livestock Marketing Inc.
CJ Engineering & Construction Corp.	Inventories	48,575	644,715	Borrowings	32,800	Korea Development Bank and others
	Financial assets	12,488	21,381	Borrowings	9,250	Construction Guarantee Cooperative and others
	Property, plant and equipment and others	165,763	24,000	Borrowings	-	KEB Hana Bank and others
CJ Seafood Corporation	Property, plant and equipment	36,080	36,080	Borrowings	4,000	National Federation of Fisheries Cooperatives
Youngwoo Frozen Foods Co., Ltd.	Property, plant and equipment and others	18,062	16,800	Borrowings	14,000	Kookmin Bank and others
CJ Korea Express Busan Newport Distripark Co., Ltd.	Property, plant and equipment and others	20,932	20,901	Borrowings	9,260	Woori Bank and others
CJ Korea Express Asia Pte. Ltd.	Property, plant and equipment and others	19,266	27,824	Borrowings	10,830	United Overseas Bank
Wonji Co., Ltd.	Financial assets	19,576	15,600	Borrowings	10,070	Kookmin Bank
CJ Japan Corp.	Property, plant and equipment and others	4,908	7,324	Borrowings	5,978	KEB Hana Bank and others
	Investment property	52,804	78,796	Borrowings	64,316	KEB Hana Bank and others
Korea Express SB Co., Ltd.	Property, plant and equipment and others	15,185	6,550	Borrowings	4,300	Woori Bank
Others	Financial assets	4,355	4,355	Borrowings and others	1,193	Korea Development Bank and others
	Property, plant and equipment and others	184,134	204,282	Borrowings and others	171,987	42th Hana Daol Land Chip Real Estate Investment Trust and others
		813,513	1,381,508		579,594	

Korea Integrated Freight Terminal Co., Ltd., a consolidated subsidiary, is trying to register the facility loans for Gunpo site expansion construction which was completed in 2015. After the registration, they will provide this related asset as collateral for the financial fund loans in accordance with the contract.

CJ Engineering & Construction Corp., a consolidated subsidiary, entered into land management trust contract with Korea Trust Co., Ltd. in relation to the new apartment housing construction, and is providing the land and building as collateral to Korea Development Bank, Tongyang Life Insurance and Daewoo Engineering and Construction Co., Ltd. for the construction fund.

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Loan agreements with financial institutions as at December 31, 2016 and 2015, are as follows:

<i>(In millions of Korean won)</i>	Maximum loan limit	
	2016	2015
Bank overdraft	478,932	399,058
Discount note agreement	727,040	422,011
General loans	5,406,581	5,221,525
Import letter of credit	1,825,544	1,982,564
Other loans for facilities	639,021	74,120
DA negotiation agreements	117,479	138,235

As at December 31, 2016, the Group has entered into corporate purchase card agreements of up to ₩ 834,625 million (2015: ₩ 907,700 million) with Woori Bank and eight other financial institutions.

As at December 31, 2016, CJ Korea Express Corporation, a consolidated subsidiary, provided three blanked bills as collateral for the construction fund according to Gun Jang new port construction amounting to ₩ 104,400 million with related banks.

As at December 31, 2016, the Group is involved in 382 legal claims as the plaintiff and 165 legal claims as the defendant, and proceedings amounting to ₩ 164,520 million (2015: ₩ 199,861 million) and ₩ 73,048 million (2015: ₩ 625,658 million), respectively. The Group's management believes that, although the outcome of these cases is uncertain, the ultimate resolution of these cases will not have a material adverse effect on the operations or financial position of the Group.

As at December 31, 2016, the Group entered into sales and leaseback contract with Woori Bank, the trustee of 42nd Hana Daol Land Chip Real Estate Investment Trust for property, plant and equipment worth ₩ 158,093 million. In this regard, the Group entered into a contract to repurchase ₩ 150,034 million worth of beneficiary certificate from shareholders of 42nd Hana Daol Land Chip Real Estate Investment Trust on June 29, 2017.

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

CJ CGV Co., Ltd., a consolidated subsidiary, entered into a total return swap contract with Hana Financial Investment Co., Ltd., the underwriting company of convertible notes issued by CJ 4D PLEX Co., Ltd. (par value: ₩ 15 billion). This contract includes settling the difference arising from the changes in fair value if the convertible notes are sold to third parties three years after the issue date of convertible notes.

CJ E&M Corporation, a consolidated subsidiary, entered into a total return swap contract with Bangsawan Capital Limited, the underwriting company of convertible notes issued by K Valley Co., Ltd. (par value: JPY 3,055 million). This contract includes settling the difference arising from the changes in fair value if the convertible notes are sold to third parties five years after the issue date of convertible notes.

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CJ CGV Co., Ltd., a consolidated subsidiary, entered into a total return swap contract with non-controlling shareholders of Bosphorus Investment Co., Ltd. This contract includes settling the difference arising from the changes in fair value if the shares of Bosphorus Investment Co., Ltd. owned by its non-controlling shareholders are sold to third parties.

The Group entered into a total return swap contract with Hana Financial Investment Co., Ltd., the underwriting company of convertible notes issued by CJ Engineering & Construction Corp.(par value: ₩ 50 billion) and CJ Foodville Corp.(par value: ₩ 50 billion). This contract includes settling the difference arising from the changes in fair value if the convertible notes are sold to third parties three years and five years after the issue date of convertible notes.

In 2015, CJ O Shopping Co., Ltd., CJ CheilJedang Corporation, CJ Korea Express Corporation, CJ CGV Co., Ltd., consolidated subsidiaries, acquired 85% ownership in CJ Vietnam Company Limited owned by Gemadept Corporation. And CJ O Shopping Co., Ltd. entered into call option that could acquire the remaining 15% interest for USD 6,820,000 in three years.

CJ OliveNetworks Corporation, a consolidated subsidiary, holds put option that would sell CJ Lion Co., Ltd. shares at ₩ 22,105 per share to Lion Corporation, which holds a call option that would purchase the shares at ₩ 22,105 per share from the Group. The exercise period of these options is from December 31, 2017 to June 30, 2018.

CJ Freshway Corporation, a consolidated subsidiary, has entered into a trust agreement with NH Investment & Securities Co., Ltd. for the sale of real estate held by CJ Freshway Corporation with F&D Infra Co., Ltd. as a beneficiary. At the same time, CJ Freshway Corporation entered into a lease agreement with NH Investment & Securities Co., Ltd. for trust assets. The trust agreement will be automatically extended for a three-year term, and CJ Freshway Corporation has entered into a contract with a pre-emption right to purchase the beneficiary's rights at the fair value at the maturity of trust agreement or when a reason of disposal occurs.

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37. Construction Contracts

Changes in balance of construction service contracts for the periods ended December 31, 2016 and 2015, are as follows:

(In thousands of Korean won)

	2016			
	Beginning balance	Changes ¹	Recognized construction revenue	Ending balance
System development services	1,451,585	36,818,468	27,996,925	10,273,128
Constructions	<u>387,118,646</u>	<u>207,839,041</u>	<u>308,089,369</u>	<u>286,868,318</u>
	<u>388,570,231</u>	<u>244,657,509</u>	<u>336,086,294</u>	<u>297,141,446</u>

¹ For the year ended December 31, 2016, the increase in the balance of contracts from new orders and other is ₩ 281,720 million and the decrease in the balance of contracts from changes in size of construction is ₩ 37,062 million.

(In thousands of Korean won)

	2015			
	Beginning balance	Changes ¹	Recognized construction revenue	Ending balance
System development services	6,680,556	2,011,798	7,240,769	1,451,585
Constructions	<u>308,078,675</u>	<u>256,549,670</u>	<u>177,509,699</u>	<u>387,118,646</u>
	<u>314,759,231</u>	<u>258,561,468</u>	<u>184,750,468</u>	<u>388,570,231</u>

¹ For the year ended December 31, 2015, the increase in the balance of contracts from new orders and other is ₩ 278,061 million and the decrease in the balance of contracts from changes in size of construction is ₩ 19,500 million.

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Details of recognized construction profit or loss for ongoing construction contracts as at December 31, 2016 and 2015, are as follows:

(In thousands of Korean won)

	2016				
	Accumulated earned revenue	Accumulated expense	Accumulated profit	Unearned advance receipts	Reserves
System development services	8,421,047	6,931,217	1,489,830	3,185,630	1,973
Constructions	659,481,737	548,517,367	110,964,370	157,300	-
	<u>667,902,784</u>	<u>555,448,584</u>	<u>112,454,200</u>	<u>3,342,930</u>	<u>1,973</u>

(In thousands of Korean won)

	2015				
	Accumulated earned revenue	Accumulated expense	Accumulated profit	Unearned advance receipts	Reserves
System development services	10,643,456	9,561,464	1,081,992	-	-
Constructions	346,960,236	321,720,918	25,239,318	1,037,300	-
	<u>357,603,692</u>	<u>331,282,382</u>	<u>26,321,310</u>	<u>1,037,300</u>	<u>-</u>

Gross amount due from customers recognized as assets and due to customers recognized as liabilities for contract work as at December 31, 2016 and 2015, are as follows:

(In thousands of Korean won)

	2016		2015	
	Assets ¹	Liabilities ²	Assets ¹	Liabilities ²
System development services	3,185,630	1,973	564,995	1,639,543
Constructions	118,713,898	4,400,064	30,213,833	5,200,808
	<u>121,899,528</u>	<u>4,402,037</u>	<u>30,778,828</u>	<u>6,840,351</u>

¹ Included in trade receivables, net, in the accompanying consolidated statements of financial position.

² Included in advances receipts in the accompanying consolidated statements of financial position.

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38. Business Combinations

In 2016, CJ CheilJedang Corporation, a consolidated subsidiary, acquired Sichuan Jixiangju Food Co., Ltd., and Cofeed Co., Ltd. and its subsidiaries for ₩ 50,375 million and ₩ 48,251 million, respectively. The goodwill of ₩ 25,255 million and ₩ 24,915 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 CJ CheilJedang Corporation and Sichuan Jixiangju Food Co., Ltd., Cofeed Co., Ltd. and its subsidiaries.

The following table summarizes the consideration paid for Sichuan Jixiangju Food Co., Ltd., and Cofeed Co., Ltd. and its subsidiaries, the fair value of assets acquired and liabilities assumed at the acquisition date:

<i>(In millions of Korean won)</i>	Sichuan Jixiangju Food Co., Ltd.	Cofeed Co., Ltd. and its subsidiaries
Purchase consideration		
Cash	50,375,492	35,184,800
Financial liabilities	-	13,066,696
Recognized amounts of identifiable assets acquired and liabilities assumed		
Cash and cash equivalents	9,036,599	4,060,806
Trade and other receivables	6,218,596	17,316,523
Inventories	14,596,458	4,374,554
Property, plant and equipment	27,949,856	15,952,354
Intangible assets	9,526,779	9,536,409
Other current assets	1,684,877	19,012,926
Other non-current assets	639,969	3,437,336
Trade and other payables	(7,506,828)	(17,003,431)
Borrowings	(15,400,037)	(12,149,768)
Net defined benefit liabilities	-	(716,692)
Deferred tax liabilities	(862,205)	(1,879,651)
Other liabilities	(4,015,880)	(15,906,762)
Net identifiable assets acquired	41,868,184	26,034,604
Non-controlling interests	(16,747,274)	(2,698,144)
Goodwill	25,254,582	24,915,036
	<u>50,375,492</u>	<u>48,251,496</u>

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In 2016, CJ Korea Express Corporation, a consolidated subsidiary, acquired CJ Rokin Logistic and Supply Chain Co., Ltd. and its subsidiaries, and CJ Speedex Logistics Co., Ltd. for ₩ 446,570 million and ₩ 80,952 million, respectively. The goodwill of ₩ 280,709 million and ₩ 59,822 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 CJ Korea Express Corporation and CJ Rokin Logistic and Supply Chain Co., Ltd. and its subsidiaries, and CJ Speedex Logistics Co., Ltd.

The following table summarizes the consideration paid for CJ Rokin Logistic and Supply Chain Co., Ltd. and its subsidiaries, and CJ Speedex Logistics Co., Ltd., the fair value of assets acquired and liabilities assumed at the acquisition date:

<i>(In millions of Korean won)</i>	CJ Rokin Logistic and Supply Chain Co., Ltd. and its subsidiaries	CJ Speedex Logistics Co., Ltd.
Purchase consideration		
Cash	446,569,996	80,952,000
Recognized amounts of identifiable assets acquired and liabilities assumed		
Cash and cash equivalents	17,138,170	21,259,542
Trade and other receivables	125,958,806	32,862,878
Inventories	370,302	-
Property, plant and equipment	65,341,788	857,609
Intangible assets	95,777,138	23,566,596
Other current assets	14,899,140	263,042
Other non-current assets	6,546,787	671,294
Trade and other payables	(61,181,510)	(31,498,023)
Borrowings	(5,416,500)	-
Deferred tax liabilities	(22,533,765)	(5,662,050)
Other liabilities	(8,837,820)	(60,590)
Net identifiable assets acquired	228,062,536	42,260,298
Non-controlling interests	(62,201,530)	(21,130,149)
Goodwill	280,708,990	59,821,851
	<u>446,569,996</u>	<u>80,952,000</u>

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In 2016, CJ E&M Corporation and Bosphorus Investment Co., Ltd, consolidated subsidiaries, acquired Mars Entertainment Group Inc., which operates a movie theater and owns Mars Cinema, Tourism and Sports Facilities Management Inc., for ₩ 703,115 million. The goodwill of ₩ 665,561 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 CJ E&M Corporation, Bosphorus Investment Co., Ltd and Mars Entertainment Group Inc.

The following table summarizes the consideration paid for Mars Entertainment Group Inc., the fair value of assets acquired and liabilities assumed at the acquisition date:

<i>(In millions of Korean won)</i>	Mars Entertainment Group Inc.
Purchase consideration	
Cash	703,114,627
Recognized amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	2,703,074
Trade and other receivables	16,107,327
Property, plant and equipment	110,929,988
Intangible assets	219,918,420
Other assets	11,670,172
Trade and other payables	(11,206,309)
Borrowings	(73,275,472)
Other liabilities	(139,791,088)
Net identifiable assets acquired	137,056,112
Non-controlling interests ¹	(99,502,573)
Goodwill	665,561,088
	<u>703,114,627</u>

¹ Non-controlling interests were measured by applying the future cash flow discount method.

In 2016, the Group acquired Culturedepot Co., Ltd. and others, and recognized the goodwill amounting to ₩ 220,309 million.

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39. Related Party Transactions

Significant transactions with related parties for the periods ended December 31, 2016 and 2015, and the related receivables and payables as at December 31, 2016 and 2015, are as follows:

(In thousands of Korean won)	2016		2015		2016		2015	
	Sales	Purchases ¹	Sales	Purchases ¹	Receivables	Payables	Receivables	Payables
Joint ventures and associates								
Freshone Co., Ltd. ²	-	-	13,832,542	1,659	-	-	-	-
FreshOne Busan Co., Ltd. ³	-	-	10,362,218	552,770	-	-	7,268,229	1,353
Bukil & FreshOne Co., Ltd.	2,023,060	35,686	-	-	3,350,763	-	-	-
CJ Worldis Co., Ltd. Incheon North Port Bulk Terminal Co., Ltd.	2,482,625	218,089	2,835,101	237,073	42,093	2,846,902	34,212	2,255,185
Dong Seok Logistics Terminal Operating Co., Ltd. Of Gunsan Port-Pier 7	7,275,607	5,888,902	8,705,357	7,675,930	29,689,300	1,852,471	28,703,518	2,058,735
Ulsan Port Operating Co., Ltd. Terminal Operating Co., Ltd. of Pohang Port-Pier 8	300	2,670,922	-	2,303,261	-	486,849	-	333,065
Terminal Operating Co., Ltd. of Pohang Yeongilman Port	2,866,827	3,771,747	2,070,315	3,735,990	1,460,333	588,014	531,948	466,180
Uiryeong Wind Power Co., Ltd.	1,474,424	4,187,710	1,183,486	6,599,364	480,590	331,078	210,976	650,435
CJ Korea Express Busan Container Terminal Co., Ltd. ⁴	-	4,706,466	-	5,038,081	526	247,169	669	365,678
Kumho Industrial Co., Ltd	542,361	1,642,816	527,662	1,938,742	3,506,191	69,191	3,939,527	140,202
Busan Port Terminal Co., Ltd. ⁴	7,539,388	-	6,992,612	-	-	-	-	-
Art Service Co., Ltd. D-cinema of Korea Corp	15,905,851	55,546,150	-	-	-	-	1,259,954	8,456,830
Cinema Service Co., Ltd.	465,542	17,520	-	-	10,938,978	4,549	10,941,286	50
Cable TV VOD Co., Ltd.	1,260,135	139,714	-	-	1,721,884	3,159,435	-	-
Jellyfish Entertainment Co., Ltd.	563,506	3,113,876	373,484	98,675	715,774	-	389,121	20,462
Netmarble Games Corporation	3,059	1,012,290	29,629	3,909,430	10,923	-	4,233	220,174
Enprani Co., Ltd. PHIL-KOR Holdings Co., Inc.	865	300,623	33,456	-	4,172,124	-	2,750,038	-
PT. CJ PIA	1,314,899	22,195,637	2,845,141	40,980,248	355,465	2,507,625	247,721	7,463,868
Darby CJ Genetics Co., Ltd.	47,621	5,674,697	97,301	7,085,421	1,866,914	267,441	400,000	280,802
Ebara CJ Fresh Foods Inc.	4,776,966	31,097	1,978,651	1,356,820	41,955	3,440	26,581	4,095
Shanghai SMG-CJ Home Shopping Co., Ltd.	1,845,152	41,086	2,283,291	1,080,746	147,288	-	163,461	13,821
Tiantian CJ Home Shopping Co., Ltd.	-	-	-	-	2,161,941	-	1,684,325	-
ACJ O Shopping Corporation	1,921,279	2,739,802	1,711,271	2,157,815	4,250,549	105,197	3,461,759	25,762
CJ International Asia Pte. Ltd.	2,075,619	4,737,615	2,267,168	3,291,924	152,845	257,970	-	235,189
Televisa CJ Grand, S.A. DE C.V.	8,201,005	-	6,001,562	-	1,657,903	-	1,124,462	-
	11,205,028	-	30,378,951	-	1,459,653	-	2,120,478	-
	8,502,742	-	12,935,731	-	106,426	460,038	1,789,798	-
	11,796,166	-	10,702,457	107	2,245,388	-	2,945,248	2,157
	90,189,447	882,853,820	101,872,316	979,791,971	6,463,192	11,104,878	1,148,290	14,195,371
	2,261,996	-	662,869	-	412,132	-	454,827	-

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	2016		2015		2016		2015	
	Sales	Purchases ¹	Sales	Purchases ¹	Receivables	Payables	Receivables	Payables
<i>(In thousands of Korean won)</i>								
CJ Xingxing(TJ) International Cinema Co., Ltd.	162,688	146,920	152,459	56,704	190,751	2,119,928	-	2,098,925
PT Graha Layar Prima TBK. ³	611,573	-	1,342,312	-	-	-	2,752,824	-
Beijing CJ Xingxing International Cinema	208,462	289,830	506,785	104,586	137,281	7,204,624	354,767	5,326,599
Others	<u>7,872,116</u>	<u>6,192,668</u>	<u>10,962,657</u>	<u>5,570,348</u>	<u>5,753,407</u>	<u>1,738,432</u>	<u>6,606,643</u>	<u>2,893,963</u>
	<u>195,396,309</u>	<u>1,008,155,683</u>	<u>233,646,784</u>	<u>1,073,567,665</u>	<u>83,492,569</u>	<u>35,355,231</u>	<u>81,314,895</u>	<u>47,508,901</u>
Other related parties								
JOY Rent a Car Co., Ltd.	54,858	8,340,611	48,687	7,505,912	2,192	834,051	1,606	747,374
C&I Leisure Industry Corp. ⁵	13,234	-	1,204,353	14,284,971	12,503	-	409,650	1,734,179
JS communications ⁶	6,002,953	1,722,862	2,521,568	2,720,433	-	-	25,495,654	4,841,682
SG Safety Corporation	1,671,243	12,282,397	-	-	301,044	1,921,703	-	-
Others	<u>981,515</u>	<u>73</u>	<u>466,657</u>	<u>178,637</u>	<u>12,564</u>	<u>-</u>	<u>186,114</u>	<u>396,446</u>
	<u>8,723,803</u>	<u>22,345,943</u>	<u>4,241,265</u>	<u>24,689,953</u>	<u>328,303</u>	<u>2,755,754</u>	<u>26,093,024</u>	<u>7,719,681</u>
	<u>204,120,112</u>	<u>1,030,501,626</u>	<u>237,888,049</u>	<u>1,098,257,618</u>	<u>83,820,872</u>	<u>38,110,985</u>	<u>107,407,919</u>	<u>55,228,582</u>

¹ Acquisition of property, plant and equipment, and intangible assets amounting to ₩ 2,402 million (2015: ₩ 3,066 million) are included under purchases.

² It was excluded from investments in joint ventures due to the Group's disposal of equity shares in 2015.

³ It was reclassified to a consolidated subsidiary due to the Group's acquisition of additional equity shares in 2016.

⁴ In 2016, CJ Korea Express Busan Container Terminal Co., Ltd. was changed to Busan Port Terminal Co., Ltd. due to the merger.

⁵ CJ Engineering & Construction Corp., a consolidated subsidiary, entered into business transfer contract with C&I Leisure Industry Corp. and the transfer price is amounting to ₩ 13,059 million.

⁶ In 2016, it was transferred to the Group's subsidiary due to the merger with CJ Powercast Inc., a consolidated subsidiary.

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Fund transactions with related parties for the periods ended December 31, 2016 and 2015 are as follows:

(In thousands of Korean won)

	2016							
	Loan transactions		Borrowing transactions			Equity contributions in cash	Dividend income / capital reduction	Dividend payment
	Loans and others	Collection	Borrowings	Repayments				
Joint ventures and associates								
CJ Korea Express Busan Container Terminal Co., Ltd.	-	-	-	-	29,304,500	-	-	-
PT Graha Layar Prima TBK.	-	-	-	-	28,993,870	-	-	-
Shop CJ Network Private Limited	-	-	-	-	15,056,602	-	-	-
CJ Mediasa Shopping&Retail Corporation	-	-	-	-	5,035,495	-	-	-
IBK Finance Group Union Contents Investment	-	-	-	-	1,250,000	-	-	-
SSV Contents Investment	-	-	-	-	-	16,899,000	-	-
CJ International Asia Pte. Ltd.	-	-	-	-	-	1,525,593	-	-
Shanghai Shangying CGV Xinzhuang Co., Ltd.	-	-	-	-	-	1,171,974	-	-
Incheon South Terminal Operation Company	-	-	-	-	-	1,120,000	-	-
Beijing CJ Xingxing Olympic International Cinema Co., Ltd.	-	-	5,945,552	-	-	85,919	-	-
Others ¹	-	243,121	618,954	85,319	584,680	8,099,651	-	-
Other related parties								
Executives	-	-	-	-	-	-	-	21,088,307

¹ Short-term surplus fund transactions with related parties and amounts are presented in net increase or decrease in consideration of the transaction's volume and nature.

(In thousands of Korean won)

	2015							
	Loan transactions		Borrowing transactions			Equity contributions in cash	Dividend income	Dividend payment
	Loans and others	Collection	Borrowings	Repayments	Increase in payables			
Joint ventures and associates								
Sichuan Jixiangju Food Co., Ltd.	3,053,713	-	-	1,904,001	-	-	-	-
Daesan Port Operations Co., Ltd.	1,163,626	-	-	-	-	-	-	-
Terminal Operating Co., Ltd. of Masan Port-Pier4	5,187	-	-	-	-	-	-	-
Shop CJ Network Private Limited	-	-	-	-	-	9,744,707	-	-
Union Global Contents Investment	-	-	-	-	-	5,000,000	-	-
Beijing Ershang CJ Food Co., Ltd.	-	-	-	-	-	1,401,240	-	-
MVP Venture Investment - Culture Industry	-	-	-	-	-	-	2,187,837	-
Shanghai-Inchon International Ferry Co., Ltd.	-	-	-	-	-	-	1,350,808	-
Others	-	-	-	-	-	1,150,595	4,808,929	-
Other related parties								
Executives	-	-	-	-	(60,381,315)	-	-	11,978,020

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Payment guarantees provided by the Group as at December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>		Financial institution	Loan amounts		Guarantee amounts		Guarantee period	Remark
Guarantor	Guarantee	2016	2016	2015	2016	2015		
CJ CheilJedang Corporation	Sichuan Jixiangju Food Co., Ltd.	-	-	5,860,000	-	5,860,000	-	-
	Ebara CJ Fresh Foods Inc.	The Bank of Yokohama	2,073,620	1,944,020	2,073,620	1,944,020	2016/03/25~2017/03/25	Borrowings
CJ Korea Express Corporation	Highone Solar Power Generation Co., Ltd	-	-	4,800,000	-	9,000,000	-	-
CJ Foodville Corp.	PT CJ Foodville Indonesia	KEB Hana Bank	898,000	807,500	898,000	969,000	2016/03/11~2017/03/11	Borrowings
CJ O Shopping Co., Ltd.	CJ Mediasa Shopping & Retail Corporation	KEB Hana Bank	-	1,172,000	-	1,172,000	-	-
			-	1,172,000	-	1,172,000	-	
			<u>2,971,620</u>	<u>15,755,520</u>	<u>2,971,620</u>	<u>20,117,020</u>		

Key management includes directors (executive and non-executive). The compensation paid or payable to key management for employee services for the periods ended December 31, 2016 and 2015, consists of:

<i>(In thousands of Korean won)</i>	2016	2015
Short-term employee benefits	16,081,790	14,953,169
Long-term employee benefits ¹	5,650,694	741,500
Post-employment benefits	<u>6,580,983</u>	<u>1,556,326</u>
	<u>28,313,467</u>	<u>17,250,995</u>

¹ Long-term employee benefits include long-term incentive plans. Long-term incentive is paid based on the performance of executives.

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40. Operating Segment Information

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

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

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

Operating segment information for the periods ended December 31, 2016 and 2015, are as follows:

<i>(In millions of Korean won)</i>	2016				
	Revenue	Inter-segment revenue	Revenue from external customers	Depreciation and amortization	Operating profit
Food & food service	9,467,255	(1,933,853)	7,533,402	258,596	363,940
Bio & pharma	5,872,055	(1,576,672)	4,295,383	202,739	263,866
Homeshopping & logistics	9,188,162	(1,464,357)	7,723,805	193,588	433,862
Entertainment & media	4,357,549	(434,215)	3,923,334	778,961	151,742
Infrastructure	740,844	(262,571)	478,273	11,438	42,033
Consolidation adjustments	(5,671,668)	5,671,668	-	19,993	(2,530)
	<u>23,954,197</u>	<u>-</u>	<u>23,954,197</u>	<u>1,465,315</u>	<u>1,252,913</u>

<i>(In millions of Korean won)</i>	2015				
	Revenue	Inter-segment revenue	Revenue from external customers	Depreciation and amortization	Operating profit
Food & food service	8,284,095	(1,520,608)	6,763,487	220,042	376,807
Bio & pharma	5,392,578	(1,435,095)	3,957,483	195,726	250,185
Homeshopping & logistics	7,811,893	(1,269,240)	6,542,653	197,478	344,022
Entertainment & media	3,905,375	(338,502)	3,566,873	699,225	234,868
Infrastructure	628,655	(292,444)	336,211	11,684	49,916
Consolidation adjustments	(4,855,889)	4,855,889	-	14,112	(30,468)
	<u>21,166,707</u>	<u>-</u>	<u>21,166,707</u>	<u>1,338,267</u>	<u>1,225,330</u>

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Regional segment information as at and for the periods ended December 31, 2016 and 2015, are as follows:

2016				
<i>(In millions of Korean won)</i>	Revenue	Inter-segment revenue	Revenue from external customers	Non-current assets
Domestic	21,925,843	(3,509,137)	18,416,706	10,934,562
Asia	5,986,748	(1,759,251)	4,227,497	2,951,422
America	1,214,092	(359,321)	854,771	579,191
Others	499,182	(43,959)	455,223	288,732
Consolidation adjustments	<u>(5,671,668)</u>	<u>5,671,668</u>	<u>-</u>	<u>2,044,578</u>
	<u>23,954,197</u>	<u>-</u>	<u>23,954,197</u>	<u>16,798,485</u>
2015				
<i>(In millions of Korean won)</i>	Revenue	Inter-segment revenue	Revenue from external customers	Non-current assets
Domestic	19,850,951	(3,130,433)	16,720,518	10,522,714
Asia	4,721,819	(1,379,693)	3,342,126	2,313,938
America	1,064,274	(309,663)	754,611	524,431
Others	385,552	(36,100)	349,452	17,876
Consolidation adjustments	<u>(4,855,889)</u>	<u>4,855,889</u>	<u>-</u>	<u>960,235</u>
	<u>21,166,707</u>	<u>-</u>	<u>21,166,707</u>	<u>14,339,194</u>

There is no customer who contributes at least 10% of the total sales of the Group for the periods ended December 31, 2016 and 2015.

CJ Corporation and Subsidiaries
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41. Information About Non-controlling Interests

41.1 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 periods ended December 31, 2016 and 2015, are as follows:

		2016						
<i>(In thousands of Korean won, except percentage of non-controlling interests)</i>	Percentage of non-controlling interests (%)	Accumulated non-controlling interests at the beginning of the year		Profit or loss allocated to non-controlling interests	Dividends paid to non-controlling interests	Increase due to business combination	Others	Accumulated non-controlling interests at the end of the year
		CJ CheilJedang Corporation and CJ Korea Express Corporation	62.24	3,850,582,785	258,456,392	(45,444,279)	175,456,302	215,305,868
CJ Freshway Corporation	52.89	108,318,635	(4,353,446)	(1,324,511)	447,037	48,079,405	151,167,120	
CJ O Shopping Co., Ltd.	58.76	876,334,960	47,032,416	(11,801,112)	50,000	(1,228,923)	910,387,341	
CJ CGV Co., Ltd.	60.98	271,417,068	293,813	(4,556,486)	355,296,400	62,157,927	684,608,722	
CJ E&M Corporation	60.48	948,887,121	34,253,897	(4,664,367)	10,601,817	12,946,463	1,002,024,931	

		2015						
<i>(In thousands of Korean won, except percentage of non-controlling interests)</i>	Percentage of non-controlling interests (%)	Accumulated non-controlling interests at the beginning of the year		Profit or loss allocated to non-controlling interests	Dividends paid to non-controlling interests	Increase due to business combination	Others	Accumulated non-controlling interests at the end of the year
		CJ CheilJedang Corporation and CJ Korea Express Corporation	62.23	3,375,468,311	167,451,363	(32,875,894)	35,109,287	305,429,718
CJ Freshway Corporation	52.89	120,151,741	3,977,300	(1,177,275)	-	(14,633,131)	108,318,635	
CJ O Shopping Co., Ltd.	58.76	1,029,512,155	76,424,863	(11,512,007)	31,988	(218,122,039)	876,334,960	
CJ CGV Co., Ltd.	60.98	234,334,232	31,678,229	(4,683,061)	-	10,087,668	271,417,068	
CJ E&M Corporation	60.48	911,414,646	28,655,263	-	906,808	7,910,404	948,887,121	

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A. Summarized Financial Information of Subsidiaries

Set out below is summarized financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarized consolidated statements of financial position as at December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	2016				
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity
CJ CheilJedang Corporation	4,880,693,006	10,885,545,533	4,699,232,648	5,006,529,025	6,060,476,866
CJ Freshway Corporation	469,095,262	365,583,025	433,481,659	175,009,453	226,187,175
CJ O Shopping Co., Ltd.	689,027,935	2,064,565,569	1,017,274,896	373,429,984	1,362,888,624
CJ CGV Co., Ltd.	514,188,110	2,027,584,903	815,390,440	805,901,644	920,480,929
CJ E&M Corporation	995,627,348	1,797,327,636	937,193,270	240,232,098	1,615,529,616

<i>(In thousands of Korean won)</i>	2015				
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity
CJ CheilJedang Corporation	4,018,510,915	9,732,754,143	4,335,743,182	4,030,288,591	5,385,233,285
CJ Freshway Corporation	418,473,545	324,470,143	462,582,502	90,713,245	189,647,941
CJ O Shopping Co., Ltd.	758,534,402	2,229,698,002	988,400,541	649,702,419	1,350,129,444
CJ CGV Co., Ltd.	355,344,842	1,062,232,585	446,726,773	525,680,474	445,170,180
CJ E&M Corporation	940,144,217	1,424,711,404	642,285,891	162,487,395	1,560,082,335

Summarized consolidated statements of comprehensive income for the periods ended December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	2016			
	Sales	Profit	Other comprehensive income	Total comprehensive income
CJ CheilJedang Corporation	14,563,257,246	353,548,749	30,217,196	383,765,945
CJ Freshway Corporation	2,327,923,602	(5,848,857)	(5,710,744)	(11,559,601)
CJ O Shopping Co., Ltd.	2,208,596,188	32,583,106	(1,994,005)	30,589,101
CJ CGV Co., Ltd.	1,432,245,447	5,621,660	(138,272,580)	(132,650,920)
CJ E&M Corporation	1,538,423,391	60,857,853	(103,132,588)	(42,274,735)

CJ Corporation and Subsidiaries
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<i>(In thousands of Korean won)</i>	2015			
	Sales	Profit (loss)	Other comprehensive income	Total comprehensive income
CJ CheilJedang Corporation	12,924,472,295	253,666,762	(11,671,804)	241,994,958
CJ Freshway Corporation	2,072,357,920	6,653,752	1,799,526	8,453,278
CJ O Shopping Co., Ltd.	2,308,605,390	112,018,539	(10,660,975)	101,357,564
CJ CGV Co., Ltd.	1,193,516,367	52,199,239	(4,189,618)	48,009,621
CJ E&M Corporation	1,347,313,885	52,920,340	(888,577)	52,031,763

Summarized consolidated statements of cash flows for the periods ended December 31, 2016 and 2015, are as follows:

<i>(In thousands of Korean won)</i>	2016				
	CJ CheilJedang Corporation	CJ Freshway Corporation	CJ O Shopping Co., Ltd.	CJ CGV Co., Ltd.	CJ E&M Corporation
Cash flows from operating activities	800,141,934	(4,842,851)	416,058,713	187,811,328	258,777,879
Cash flows from investing activities	(1,408,917,160)	(53,697,731)	(329,140,375)	(835,353,963)	(533,683,073)
Cash flows from financing activities	725,943,103	59,965,093	(298,014,271)	705,419,104	306,032,539
Net increase(decrease) in cash and cash equivalents	117,167,877	1,424,511	(211,095,933)	57,876,469	31,127,345
Cash and cash equivalents at the beginning of the year	529,780,432	10,954,897	314,048,487	139,298,958	47,493,272
Effects of exchange rate changes on cash and cash equivalents	(2,585,803)	36,201	273,797	2,347,162	2,644,411
Cash and cash equivalents at the end of the year	644,362,506	12,415,609	103,226,351	199,522,589	81,265,028

<i>(In thousands of Korean won)</i>	2015				
	CJ CheilJedang Corporation	CJ Freshway Corporation	CJ O Shopping Co., Ltd.	CJ CGV Co., Ltd.	CJ E&M Corporation
Cash flows from operating activities	1,234,757,880	(18,442,496)	440,437,887	158,586,949	295,450,649
Cash flows from investing activities	(825,199,246)	(37,659,466)	(187,909,671)	(234,225,207)	(188,917,998)
Cash flows from financing activities	(318,565,166)	59,719,050	(196,727,707)	106,500,212	(94,293,468)
Net increase(decrease) in cash and cash equivalents	90,993,468	3,617,088	55,800,509	30,861,954	12,239,183
Cash and cash equivalents at the beginning of the year	436,022,603	7,305,268	269,321,111	108,793,088	33,525,991
Effects of exchange rate changes on cash and cash equivalents	2,764,361	32,541	727,017	(356,084)	1,728,098
Cash and cash equivalents at the end of the year	529,780,432	10,954,897	325,848,637	139,298,958	47,493,272

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B. 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, 2016. Accordingly, differences between considerations of acquisition and disposal and carrying amount of non-controlling interests amounting to ₩ 5,188 million (2015: ₩ 36,843 million increase) are treated as a decrease in equity attributable to owners of the Parent Company.