

# **CJ Corporation and Subsidiaries**

**Consolidated Financial Statements**

**December 31, 2017 and 2016**

# CJ Corporation and Subsidiaries

## Index

December 31, 2017 and 2016

---

	<b>Page(s)</b>
<b>Independent Auditor's Report</b> .....	1 – 2
<b>Consolidated Financial Statements</b>	
Consolidated Statements of Financial Position.....	3 - 4
Consolidated Statements of Profit or Loss.....	5
Consolidated Statements of Comprehensive Income .....	6
Consolidated Statements of Changes in Equity.....	7 - 8
Consolidated Statements of Cash Flows.....	9 - 10
Notes to the Consolidated Financial Statements .....	11 – 144

## 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, 2017 and 2016, 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, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Korean IFRS.

**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 19, 2018

This report is effective as of March 19, 2018, 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, 2017 and 2016**

<i>(in thousands of Korean won)</i>	<b>Notes</b>	<b>2017</b>	<b>2016</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	1,219,547,558	1,169,282,970
Short-term financial instruments	6,7	433,707,497	477,372,001
Short-term loan receivable	6	62,482,998	88,962,072
Trade receivables	6,8	3,551,768,653	3,284,666,049
Other current financial assets	6,8,9	427,736,451	404,505,599
Advance payments		377,993,013	393,813,951
Inventories	10	1,733,006,295	1,699,383,558
Biological assets	11	60,922,565	47,209,039
Other current assets	12	292,949,516	290,759,761
		<u>8,160,114,546</u>	<u>7,855,955,000</u>
<b>Non-current assets held-for-sale</b>	13	173,138,454	6,496,114
<b>Non-current assets</b>			
Available-for-sale financial assets	6,14	283,894,352	614,387,912
Investments in joint ventures and associates	15	1,366,045,956	810,388,389
Property, plant and equipment	16	11,492,884,161	10,372,814,813
Intangible assets	17	6,039,033,206	5,736,100,647
Investment properties	18	271,916,531	277,969,305
Other non-current financial assets	6,8,9	742,363,446	621,968,282
Deferred tax assets	22	310,654,725	301,907,469
Other non-current assets	12	485,337,687	411,600,019
		<u>20,992,130,064</u>	<u>19,147,136,836</u>
<b>Total assets</b>		<u>29,325,383,064</u>	<u>27,009,587,950</u>

**CJ Corporation and Subsidiaries**  
**Consolidated Statements of Financial Position**  
**December 31, 2017 and 2016**

<i>(in thousands of Korean won)</i>	<b>Notes</b>	<b>2017</b>	<b>2016</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables	6	2,034,998,735	1,762,992,046
Short-term borrowings	6,19	2,920,089,020	2,882,199,670
Current portion of long-term debentures and borrowings	6,19,20	1,402,909,640	1,350,853,977
Non-trade payables	6	1,339,141,542	1,125,893,176
Other current financial liabilities	6,9	725,816,546	649,158,796
Income taxes payable		168,135,733	119,804,563
Current provisions for liabilities and charges	23	8,548,525	8,495,155
Other current liabilities	12	763,618,974	762,789,421
		<u>9,363,258,715</u>	<u>8,662,186,804</u>
<b>Non-current liabilities</b>			
Long-term borrowings	6,19	1,592,710,545	1,834,967,495
Debentures	6,20	4,682,065,004	3,728,243,027
Guarantee deposits received	6	212,067,861	194,612,631
Other non-current financial liabilities	6,9	95,166,272	33,635,153
Net defined benefit liabilities	21	235,446,526	258,358,586
Deferred income tax liabilities	22	881,236,745	839,633,101
Non-current provisions for liabilities and charges	23	21,786,934	19,052,424
Other non-current liabilities	12	249,475,653	184,449,026
		<u>7,969,955,540</u>	<u>7,092,951,443</u>
<b>Total liabilities</b>		<u>17,333,214,255</u>	<u>15,755,138,247</u>
<b>Equity</b>			
Share capital	24	157,914,810	157,914,810
Share premium	24	992,993,627	992,993,627
Other components of equity	26	(336,474,656)	(114,587,283)
Retained earnings	27	3,115,329,926	2,699,483,254
<b>Equity attributable to owners of the Parent Company</b>		<u>3,929,763,707</u>	<u>3,735,804,408</u>
<b>Non-controlling interest</b>		<u>8,062,405,102</u>	<u>7,518,645,295</u>
<b>Total equity</b>		<u>11,992,168,809</u>	<u>11,254,449,703</u>
<b>Total liabilities and equity</b>		<u>29,325,383,064</u>	<u>27,009,587,950</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, 2017 and 2016**

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

	Notes	2017	2016
<b>Sales</b>	40	26,898,599,989	23,954,197,397
<b>Cost of sales</b>	29	<u>(18,608,585,681)</u>	<u>(16,501,957,752)</u>
<b>Gross profit</b>		8,290,014,308	7,452,239,645
Selling and administrative expenses	29,30	(6,964,058,969)	(6,199,326,414)
<b>Operating profit</b>	40	<u>1,325,955,339</u>	<u>1,252,913,231</u>
Finance income	31	731,801,536	284,926,190
Finance costs	31	(706,087,568)	(595,910,787)
Share of profit of joint ventures and associates	15	86,597,239	69,997,151
Other non-operating income	32	632,139,718	188,059,036
Other non-operating expenses	32	(495,224,935)	(404,718,073)
Profit before income tax		<u>1,575,181,329</u>	<u>795,266,748</u>
Income tax expense	22	(437,452,912)	(225,443,366)
<b>Profit for the year</b>		<u>1,137,728,417</u>	<u>569,823,382</u>
Profit is attributable to owners of the Parent Company		463,698,379	223,028,021
Profit is attributable to non-controlling interests		674,030,038	346,795,361
<b>Earnings per share attributable to the equity holders of the Parent Company</b>	33		
Basic earnings per ordinary share		16,286	7,837
Diluted earnings per ordinary share		16,264	7,816
Basic earnings per preferred share		16,336	7,887
Diluted earnings per preferred share		16,314	7,866

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, 2017 and 2016**

<i>(in thousands of Korean won)</i>	<b>Notes</b>	<b>2017</b>	<b>2016</b>
<b>Profit for the year</b>		<u>1,137,728,417</u>	<u>569,823,382</u>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Share of other comprehensive income of joint venture and associates		(1,115,457)	(528,892)
Remeasurements of net defined benefit liabilities		(15,240,850)	(24,824,556)
<b>Items that may be subsequently reclassified to profit or loss:</b>			
Changes in the fair value of available-for-sale financial assets		(234,132,074)	(7,970,594)
Share of other comprehensive income of joint venture and associates		24,004,006	18,179,995
Exchange differences on translation of foreign operations		(446,902,130)	(61,885,608)
Gains on valuation of derivative instruments		216,453	1,594,982
<b>Other comprehensive income for the year, net of tax</b>		<u>(673,170,052)</u>	<u>(75,434,673)</u>
<b>Total comprehensive income for the year</b>		<u>464,558,365</u>	<u>494,388,709</u>
<b>Total comprehensive income is attributable to :</b>			
Owners of the Parent Company		206,522,332	218,015,219
Non-controlling interests		258,036,033	276,373,490

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, 2017 and 2016**

<i>(in thousands of Korean won)</i>	Notes	Attributable to owners of the Parent Company				Total	Non-controlling interests	Total Equity
		Share capital	Share premium	Other components of equity	Retained earnings			
<b>Balances at January 1, 2016</b>		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
<b>Comprehensive income</b>								
Profit for the year		-	-	-	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)
<b>Total comprehensive income for the year</b>		-	-	4,789,905	213,225,314	218,015,219	276,373,490	494,388,709
<b>Transactions with owners of the Parent Company</b>								
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		-	-	-	-	-	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)
<b>Total transaction with owners of the Parent Company</b>		216,250	4,094,636	(49,241,167)	(38,481,690)	(83,411,971)	980,016,937	896,604,966
<b>Balances at December 31, 2016</b>		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

**CJ Corporation and Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**Years Ended December 31, 2017 and 2016**

<i>(in thousands of Korean won)</i>	Notes	Attributable to owners of the Parent Company				Total	Non-controlling interests	Total Equity
		Share capital	Share premium	Other components of equity	Retained earnings			
<b>Balances at January 1, 2017</b>		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
<b>Comprehensive income</b>								
Profit for the year		-	-	-	463,698,379	463,698,379	674,030,038	1,137,728,417
Other comprehensive income								
Changes in the fair value of available-for-sale financial assets		-	-	(138,280,502)	-	(138,280,502)	(95,851,572)	(234,132,074)
Share of other comprehensive income of joint ventures and associates		-	-	9,149,397	(397,765)	8,751,632	14,136,917	22,888,549
Translation of foreign currency financial statements		-	-	(118,808,871)	-	(118,808,871)	(328,093,259)	(446,902,130)
Gains on valuation of derivative instruments	9	-	-	75,564	-	75,564	140,889	216,453
Remeasurements of net defined benefit liabilities	21	-	-	-	(8,913,870)	(8,913,870)	(6,326,980)	(15,240,850)
<b>Total comprehensive income for the year</b>		-	-	(247,864,412)	454,386,744	206,522,332	258,036,033	464,558,365
<b>Transactions with owners of the Parent Company</b>								
Issuance of ordinary share due to exercise of stock options		-	-	(3,668,900)	-	(3,668,900)	-	(3,668,900)
Cash dividends	34	-	-	-	(38,540,072)	(38,540,072)	(80,858,443)	(119,398,515)
Issuance of hybrid bond	28	-	-	-	-	-	200,000,000	200,000,000
Repayments of hybrid bond		-	-	-	-	-	(200,000,000)	(200,000,000)
Non-controlling interests arising on business combination		-	-	-	-	-	224,390,388	224,390,388
Changes in ownership interests in subsidiaries without change of control	41	-	-	37,429,141	-	37,429,141	154,097,981	191,527,122
Share of movement in other components of equity of joint ventures and associates		-	-	(7,783,202)	-	(7,783,202)	(11,906,152)	(19,689,354)
<b>Total transaction with owners of the Parent Company</b>		-	-	25,977,039	(38,540,072)	(12,563,033)	285,723,774	273,160,741
<b>Balances at December 31, 2017</b>		157,914,810	992,993,627	(336,474,656)	3,115,329,926	3,929,763,707	8,062,405,102	11,992,168,809

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, 2017 and 2016**

<i>(in thousands of Korean won)</i>	<b>Notes</b>	<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations	35	2,460,732,336	2,326,912,527
Income tax paid		(220,328,034)	(235,163,888)
<b>Net cash inflow from operating activities</b>		<u>2,240,404,302</u>	<u>2,091,748,639</u>
<b>Cash flows from investing activities</b>			
Decrease in short-term financial instruments		77,638,683	121,102,354
Decrease in short-term loan receivable		37,146,836	11,996,050
Increase in short-term loan receivable		(5,360,456)	(44,697,092)
Increase in advance payments		-	(95,014,647)
Proceeds from disposal of non-current assets held-for-sale		4,650,430	1,762
Proceeds from disposal of available-for-sale financial assets		370,526,940	23,176,529
Purchase of available-for-sale financial assets		(25,319,318)	(37,618,071)
Proceeds from disposal of investments in joint ventures and associates		6,734,724	18,908,967
Acquisition of investments in joint ventures and associates		(29,556,359)	(93,354,254)
Proceeds from disposal of property, plant and equipment		89,598,118	61,875,841
Purchase of property, plant and equipment		(2,272,949,492)	(1,374,387,593)
Proceeds from disposal of intangible assets		14,182,769	21,607,931
Purchase of intangible assets		(565,932,292)	(559,915,067)
Proceeds from disposal of investment properties		1,004,955	2,675,100
Purchase of investment properties		(56,375,247)	(3,626,534)
Proceeds from disposal of other current financial assets		72,459,845	255,941,065
Purchase of other current financial assets		(93,217,936)	(222,243,135)
Proceeds from disposal of other non-current financial assets		92,237,594	100,237,349
Purchase of other non-current financial assets		(221,388,760)	(203,226,434)
Proceeds from disposal of other non-current assets		1,506,162	6,361,101
Purchase of other non-current assets		(2,011,655)	(603,134)
Proceeds from disposal of investments in subsidiaries		111,930	36,876,341
Acquisition of investments in subsidiaries, net of cash acquired		(413,626,857)	(1,419,287,187)
Interest received		38,581,769	34,263,812
Dividends received		14,191,405	18,873,804
Change from other investing activities		1,366,589	(4,628,358)
<b>Net cash outflow from investing activities</b>		<u>(2,863,799,623)</u>	<u>(3,344,703,500)</u>

**CJ Corporation and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2017 and 2016**

<i>(in thousands of Korean won)</i>	<b>Notes</b>	<b>2017</b>	<b>2016</b>
<b>Cash flows from financing activities</b>			
Net increase in short-term borrowings		123,045,999	681,264,854
Proceeds from issuance of non-current borrowings		532,966,466	915,651,485
Repayment of non-current borrowings		(102,576,220)	(261,056,386)
Increase in current portion of long-term debentures and borrowings		12,043,653	9,200,827
Decrease in current portion of long-term debentures and borrowings		(1,337,421,920)	(1,783,372,657)
Proceeds from issuance of debentures		1,772,812,610	1,353,526,611
Repayment of debentures		(60,304,662)	(30,000,000)
Increase in deposits received		18,004,010	20,271,659
Decrease in deposits received		(5,919,708)	(11,738,368)
Exercise of stock options		(3,668,900)	3,023,408
Increase in non-controlling interests		419,438,890	729,314,074
Decrease in non-controlling interests		(241,140,678)	(31,890,642)
Dividends paid to non-controlling interests		(80,858,443)	(75,944,089)
Interest paid		(289,583,922)	(243,642,359)
Dividends paid		(38,540,072)	(38,481,690)
Change from other financing activities		(81,784)	(5,627,993)
<b>Net cash inflow from financing activities</b>		<u>718,215,319</u>	<u>1,230,498,734</u>
<b>Net increase (decrease) in cash and cash equivalents</b>		94,819,998	(22,456,127)
Cash and cash equivalents at the beginning of the year		1,169,282,970	1,195,080,774
Effects of exchange rate changes on cash and cash equivalents		(44,555,410)	(3,341,677)
<b>Cash and cash equivalents at the end of the year</b>		<u>1,219,547,558</u>	<u>1,169,282,970</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, 2017 and 2016

#### 1. General Information

CJ Corporation (the "Company" or "Parent Company", a parent company in accordance with Korean IFRS 1110 *Consolidated Financial Statements*) and 69 domestic entities, including CJ CheilJedang Corporation, and 281 foreign entities, including PT CheilJedang Indonesia, (the "Subsidiaries") (collectively referred to as the "Group") with 97 investments accounted for using the equity method including Netmarble Games Corporation, prepare their consolidated financial statements.

CJ Corporation 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 investment division and manufacturing divisions, and became a holding company managing investments.

As at December 31, 2017, 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, 2017, are as follows:

Name of entity	Location	Ownership interest held by the Group (%)		Closing month	Main business
		2017	2016		
CJ CheilJedang Corporation <sup>1</sup>	Korea	37.72	37.76	December	Food manufacturing
CJ Breeding Co., Ltd.	Korea	94.88	89.75	December	Crop Cultivating
CJ HealthCare Corporation	Korea	100.00	100.00	December	Medicine Manufacturing and sales
CJ Freshway Corporation <sup>1</sup>	Korea	47.11	47.11	December	Wholesale and brokerage
FreshOne Incheon Co., Ltd.	Korea	100.00	100.00	December	Food logistic
FreshOne Gwangju Co., Ltd.	Korea	96.04	91.44	December	Food logistic
FreshOne NamSeoul Co., Ltd.	Korea	87.67	87.67	December	Food logistic
FreshOne Jungbu Co., Ltd.	Korea	87.58	72.89	December	Food logistic
FreshOne Gangnam Co., Ltd.	Korea	51.82	51.82	December	Food logistic
FreshOne DongSeoul Co., Ltd.	Korea	63.28	63.28	December	Food logistic
FreshOne Daegu Gyeongbuk Co., Ltd.	Korea	95.96	71.23	December	Food logistic
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	61.37	51.00	December	Food logistic
FreshOne Jeonbuk Co., Ltd.	Korea	76.62	51.00	December	Food logistic
F&D Infra Co., Ltd.	Korea	100.00	100.00	December	Service
SongLim Food Co., Ltd.	Korea	70.00	70.00	December	Food manufacturing
SongLim FS Co., Ltd.	Korea	100.00	100.00	December	Food manufacturing
CJ Dondonfarm Co., Ltd.	Korea	99.99	99.99	December	Hog raising
CJ Seafood Corporation <sup>1</sup>	Korea	46.52	46.52	December	Food manufacturing
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, 2017 and 2016**

Name of entity	Location	Ownership interest held by the Group (%)		Closing month	Main business manufacturing
		2017	2016		
Wonji Co., Ltd.	Korea	100.00	100.00	December	Printing business
Cofeed Co., Ltd.	Korea	70.02	70.02	December	Holding company
CJ O Shopping Co., Ltd. <sup>1</sup>	Korea	41.24	41.24	December	CATV
CJ Hello Co., Ltd. (formerly, 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	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	95.00	December	Investment association
CJ Powercast Inc.	Korea	100.00	100.00	December	Broadcast transmission agency
CJ CGV Co., Ltd. <sup>1</sup>	Korea	39.02	39.02	December	Movie theater operation
CJ 4DPLEX Co., Ltd.	Korea	90.48	90.48	December	Equipment sales
Bosphorus Investment Co., Ltd.	Korea	52.23	52.23	December	Investment overseas
CJ E&M Corporation <sup>1</sup>	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	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	91.74	90.00	December	Information service
Studio Dragon Corporation	Korea	71.33	90.76	December	Broadcast program supply
Hwa & Dam Pictures Co., Ltd.	Korea	100.00	100.00	December	Entertainment management
Culturedepot Co., Ltd.	Korea	100.00	100.00	December	Entertainment management
KPJ Corporation	Korea	100.00	100.00	December	Contents production
Rubicon Company, Ltd.	Korea	100.00	100.00	December	Media commerce product planning and distribution
JK Film Co., Ltd.	Korea	51.00	51.00	December	Movie production
CJ Digital Music Corporation	Korea	100.00	100.00	December	Music platform

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

Name of entity	Location	Ownership interest held by the Group (%)		Closing month	Main business
		2017	2016		
TW Venture Investment No.13-New Industry	Korea	95.00	95.00	December	Investment association
CJ OliveNetworks Corporation	Korea	55.13	55.13	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. <sup>3</sup>	China	50.00	50.00	December	Premix manufacturing and sales
CJ Foodville Shanghai (SHANGHAI) CORPORATION	China	100.00	100.00	December	Food manufacturing and restaurant
CJ Freshway Vietnam Co., Ltd.	Vietnam	100.00	100.00	December	Food logistic
CJ Freshway America Corporation	USA	100.00	100.00	December	Food logistic
PT CJ CheilJedang Lestari	Indonesia	75.00	75.00	December	Food manufacturing
CJ Freshway Qingdao Corporation	China	100.00	100.00	December	Food logistic
CJ Act Pty. Ltd.	Australia	100.00	100.00	December	Cassava plantation
Shanghai Blue Wish Catering Service Co., Ltd.	China	100.00	100.00	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 distribution
TMI Trading Corp.	USA	100.00	100.00	December	Food sales and distribution

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

Name of entity	Location	Ownership interest held by the Group (%)		Closing month	Main business
		2017	2016		
Twin Marquis Inc.	USA	100.00	100.00	December	Food sales and distribution
Chef One Corporation	USA	100.00	100.00	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
PT CJ Cheiljedang Feed Semarang	Indonesia	100.00	100.00	December	Feed manufacturing and sales
PT CJ Cheiljedang Feed Lampung	Indonesia	100.00	100.00	December	Feed manufacturing and sales
PT CJ Feed Jombang	Indonesia	100.00	100.00	December	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. <sup>2</sup>	Cambodia	49.00	49.00	December	Rental
CJ Vina Agri Co., Ltd.	Vietnam	100.00	100.00	December	Feed manufacturing and sales
CJ-SC Global Milling LLC.	Vietnam	61.11	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	December	Research and development
CJ Foodville Japan Co., Ltd.	Japan	99.75	99.90	December	Restaurant
CJ Vina food Co., Ltd.	Vietnam	100.00	100.00	December	Hog raising
BBG RESTAURANTS SINGAPORE PTE. LTD.	Singapore	-	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 LOGISTICS INDONESIA (formerly, PT CJ Korea Express Indonesia)	Indonesia	95.00	95.00	December	Logistics
EC Distribution Sdn. Bhd	Malaysia	100.00	100.00	December	Logistics
CJ LOGISTICS PH CORP. (formerly, CJ Korea Express Philippines Corporation)	Philippines	100.00	100.00	December	Logistics

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

Name of entity	Location	Ownership interest held by the Group (%)		Closing month	Main business
		2017	2016		
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 Services Enterprise Sdn Bhd	Malaysia	100.00	100.00	December	Logistics
CJ GLS China (Shanghai) Ltd	China	100.00	100.00	December	Logistics
CJ LOGISTICS MEXICO, S.A. DE C.V. (formerly, CJ Korea Express Mexico, S.A. DE C.V.)	Mexico	100.00	100.00	December	Logistics
CJ LOGISTICS CONPAC PTE. LTD. (formerly, CJ Korea Express Conpac Warehousing Pte. Ltd.)	Singapore	100.00	100.00	December	Logistics
CJ LOGISTICS EUROPE B.V. (formerly, CJ Korea Express Netherlands B.V.)	Netherlands	100.00	100.00	December	Logistics
CJ LOGISTICS (THAILAND) CO., LTD. (formerly, 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 LOGISTICS PH WAREHOUSING CORP. (formerly, CJ Korea Express VMI Warehousing Philippines Corporation)	Philippines	100.00	100.00	December	Logistics
CJ Prime Shopping Inc.	Japan	99.78	99.78	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 LOGISTICS U.S.A. CORPORATION (formerly, CJ Korea Express U.S.A. Corporation)	USA	100.00	100.00	December	Logistics
CJ LOGISTICS JAPAN CORPORATION (formerly, 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
CJ LOGISTICS EUROPE GMBH. (formerly, Korea Express Germany GMBH.)	Germany	100.00	100.00	December	Logistics
CJ IMC VIETNAM INC	Vietnam	100.00	100.00	December	Wholesale and brokerage
CJ IMC THAILAND INC	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 Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

Name of entity	Location	Ownership interest held by the Group (%)		Closing month	Main business
		2017	2016		
PT CJ Korea Express Resources Indonesia	Indonesia	100.00	100.00	December	Logistics
CJ LOGISTICS MIDDLE EAST FZE (formerly, 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 Co., Ltd	China	100.00	100.00	December	Logistics
Shanghai Smart Cargo Supply Chain Management Co., Ltd	China	100.00	100.00	December	Logistics
PT CJ LOGISTICS SERVICE INDONESIA (formerly, PT CJ Korea Express Logistics Service Indonesia) <sup>2</sup>	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 LOGISTICS L.L.C. (formerly, CJ Korea Express Logistic L.L.C.) <sup>2</sup>	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
CJKX Rokin Holdings Limited	Hong Kong	52.29	52.29	December	Logistics
CJ LOGISTICS DO BRASIL LTDA (formerly, CJ Korea Express Logistica Do Brasil Ltda.)	Brazil	99.99	99.99	December	Logistics
CJ Entertainment Japan Inc.	Japan	100.00	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	99.04	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

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

Name of entity	Location	Ownership interest held by the Group (%)		Closing month	Main business
		2017	2016		
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
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 (Huainan) 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
CJ 4DPLEX HONGKONG LIMITED (formerly, Simuline Hong Kong Limited)	Hong Kong	100.00	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	Investment overseas
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	Investment overseas
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	December	Movie theater operation
Shanghai C Media Co., Ltd.	China	58.00	100.00	December	Advertising agency
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	Investment overseas
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 Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

Name of entity	Location	Ownership interest held by the Group (%)		Closing month	Main business
		2017	2016		
CJ America Inc.	USA	100.00	100.00	December	Trade
Sichuan Jixiangju Food Co., Ltd.	China	60.00	60.00	December	Food manufacturing
CJ Foods Myanmar Co., Ltd.	Myanmar	100.00	100.00	December	Food manufacturing
CJ Foods Vietnam Co., Ltd.	Vietnam	100.00	100.00	December	Food manufacturing
CJ Feed Ingredient Vietnam Co., Ltd.	Vietnam	100.00	100.00	December	Raw material of feed manufacturing and sales
PT CJ CheilJedang Feed Kalimantan	Indonesia	51.00	51.00	December	Feed manufacturing and sales
CJ Haide (Ningbo) Biotech Co., Ltd.	China	100.00	100.00	December	Functional amino acids manufacturing and sales
CJ Haide (Ningbo) Amino Acid Industry Co., Ltd.	China	100.00	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	100.00	December	Feed manufacturing and sales
Cofeed Feedmill (Tianjin) Co., Ltd.	China	100.00	100.00	December	Feed manufacturing and sales
Cofeed Feedmill (Qiqihaer) Co., Ltd.	China	100.00	100.00	December	Feed manufacturing and sales
Heilongjiang Jiusan Cofeed Feedmill Co., Ltd.	China	60.00	60.00	December	Feed manufacturing and sales
Cofeed Farm (Fuyu) Technology Co., Ltd.	China	100.00	100.00	December	Feed manufacturing and sales
CJ Foodville (Guangzhou) Corporation	China	100.00	100.00	December	Food manufacturing and restaurant
CJ Foodville (Chongqing) Corporation	China	100.00	100.00	December	Food manufacturing and restaurant
CJ Research Center LLC.	USA	100.00	100.00	December	Research and development
CJ Freshway Yonghui (Shanghai) Trade Co., Ltd.	China	70.00	70.00	December	Food logistic
CJ Japan Corp.	Japan	100.00	100.00	December	Intermediary trade
CJ (Foshan) Biotech Co., Ltd.	China	100.00	100.00	December	Raw material of feed manufacturing and sales
CJ CAU TRE FOODS JOINT STOCK COMPANY	Vietnam	71.60	47.33	December	Food
CJ TMI Manufacturing America LLC.	USA	100.00	100.00	December	Food sales and distribution
CJ China, Ltd.	Hong Kong	100.00	99.66	December	Trade
CJ Vietnam Company Limited	Vietnam	100.00	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	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	100.00	December	Movie theater operation
Zunyi CGV Cinema Co., Ltd.	China	100.00	100.00	December	Movie theater operation

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

Name of entity	Location	Ownership interest held by the Group (%)		Closing month	Main business
		2017	2016		
Mars Entertainment Group Inc.	Turkey	87.61	87.61	December	Investment overseas
Mars Cinema, Tourism And Sports Facilities Management Inc.	Turkey	100.00	100.00	December	Movie theater operation
IKT Holdings Limited	Hong Kong	100.00	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
CGV (Haikou) Cinema Co., Ltd.	China	100.00	100.00	December	Movie theater operation
PT Graha Layar Prima Tbk.	Indonesia	50.99	50.99	December	Movie theater operation
PT Graha Layar Mitra	Indonesia	99.82	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. <sup>4</sup>	Thailand	50.00	50.00	December	Movie distribution and production
CJ BLUE CORPORATION	Vietnam	50.90	50.90	December	Media business
Blue Ocean Communication - Advertising Company Limited	Vietnam	100.00	100.00	December	Media business
Blue Light Film Company Limited	Vietnam	100.00	100.00	December	Media business
Indochina Link Marketing And Communication Company Limited	Vietnam	100.00	100.00	December	Media business
True CJ Creations Co., Ltd. <sup>4</sup>	Thailand	50.00	50.00	December	Media business
CJ Entertainment America, LLC.	USA	100.00	100.00	December	Movie distribution and production
CJ E&M Japan, Inc. <sup>4</sup>	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	71.40	December	Logistics
SHANGHAI XIAORONG CO.,LTD	China	100.00	100.00	December	Logistics
Rokin Logistics Supply Chain (Beijing) Co., Ltd.	China	100.00	100.00	December	Logistics
Shanghai Rokin International Storage and Transportation Co., Ltd.	China	100.00	100.00	December	Logistics
Guangzhou Rokin Logistics Supply Chain Co., Ltd.	China	100.00	100.00	December	Logistics
Linyi Rokin Logistics and Supply Chain Co., Ltd.	China	100.00	100.00	December	Logistics
Shanghai Rokin Logistics and Supply Chain Co., Ltd.	China	100.00	100.00	December	Logistics
Qingdao Rokin Logistics Supply Chain Co., Ltd.	China	100.00	100.00	December	Logistics
SHANDONG XIAORONG CO.,LTD	China	100.00	100.00	December	Logistics
BEIJING QIANSHENGYUNTAI CO.,LTD	China	100.00	100.00	December	Logistics
TIANJIN XIAORONG CO.,LTD	China	100.00	100.00	December	Logistics

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

Name of entity	Location	Ownership interest held by the Group (%)		Closing month	Main business
		2017	2016		
PT CJ LOGISTICS NUSANTARA (formerly, PT. CJ Korea Express Logistics Indonesia) <sup>1</sup>	Indonesia	49.00	49.00	December	Logistics
CJ Korea Express (China) Investment Co., Ltd.	China	100.00	100.00	December	Investment overseas
PT CJ LOGISTICS WAREHOUSE SERVICE INDONESIA (formerly, PT. CJ Korea Express Warehouse Service Indonesia)	Indonesia	67.00	67.00	December	Logistics
PT CJ LOGISTICS WAREHOUSE SERVICE INDONESIA (formerly, CJ Korea Express Canada Corporation)	Canada	100.00	100.00	December	Logistics
CJ Speedex Logistics Co., Ltd. <sup>1</sup>	China	50.00	50.00	December	Logistics
Century Logistics Holdings Berhad <sup>1</sup>	Malaysia	30.69	31.33	December	Storage and transportation
Century Logistics Sdn. Bhd.	Malaysia	100.00	100.00	December	Storage and transportation
Century Total Logistics Sdn. Bhd.	Malaysia	100.00	100.00	December	Storage and transportation
Century Forwarding Agency Sdn. Bhd.	Malaysia	70.00	70.00	December	Storage and transportation
Century Advance Technology Sdn. Bhd.	Malaysia	100.00	100.00	December	Storage and transportation
Century Logistics (Johore) Sdn. Bhd.	Malaysia	100.00	100.00	December	Storage and transportation
Century LED Sdn. Bhd.	Malaysia	100.00	100.00	December	Storage and transportation
Century DMS Sdn. Bhd.	Malaysia	70.00	70.00	December	Storage and transportation
Storewell (M) Sdn. Bhd.	Malaysia	100.00	100.00	December	Storage and transportation
Century YES Logistics (Yichun) Co., Ltd.	China	75.00	75.00	December	Logistics
Century Logistics (S'pore) Pte. Ltd.	Singapore	100.00	100.00	December	Logistics
CJ LOGISTICS ASIA PTE. LTD (formerly, 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	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
Bio Healthcare Fund	Korea	98.68	-	December	Venture capital
Pebblestone CGV Private Real Estate Investment Trust No. 1	Korea	51.47	-	December	Real estate rental
Rankwave Co., Ltd	Korea	100.00	-	December	Software consulting, development and supply
Jellyfish Entertainment Co., Ltd	Korea	51.00	-	December	Music contents production and entertainment management
H1GHRMUSICRECORDS.LTD.	Korea	51.00	-	December	Broadcast program production
STUDIO TAKE ONE	Korea	100.00	-	December	Broadcast program production
Highup Entertainment	Korea	51.00	-	December	Record , production and sale
David Toy & Entertainment	Korea	51.00	-	December	Wholesale and retail, Music contents production and entertainment management
Amoeba Culture Co., Ltd.	Korea	60.00	-	December	Wholesale, retail and e-commerce
Artworks Korea	Korea	70.02	-	December	

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

Name of entity	Location	Ownership interest held by the Group (%)		Closing month	Main business
		2017	2016		
ICT Convergence Fund	Korea	98.96	-	December	Venture capital
Small & Venture Company Cooperation Fund II	Korea	98.04	-	December	Venture capital
DIWare Co., LTD.	Korea	100.00	-	December	Software consulting, development and supply
CJ MINH DAT FOODS JOINT STOCK COMPANY	Vietnam	100.00	-	December	Food manufacturing
CJ RAVIOLLO RUS	Russia	100.00	-	December	Food manufacturing
CJ FEED MYANMAR CO., LTD.	Myanmar	100.00	-	December	Feed manufacturing and sales
CJ SELECTA S.A.	Brazil	66.00	-	December	Raw material of feed manufacturing and sales
CJ-TEREOS SWEETENERS EUROPE SAS <sup>3</sup>	France	50.00	-	December	Food manufacturing
CJ FOODS MANUFACTURING BEAUMONT CORPORATION	USA	100.00	-	December	Food manufacturing
CJ LIAOCHENG FOOD. CO., LTD.	China	100.00	-	December	Food manufacturing
PT. CJ FOODVILLE BAKERY AND CAFE INDONESIA	Indonesia	100.00	-	December	Food manufacturing and Restaurant
CJ FOODVILLE (ZHEJIANG) CO., LTD.	China	100.00	-	December	Food manufacturing and Restaurant
GUANGZHOU JIANZHONG TRANSPORTATION CO., LTD	China	100.00	-	December	Logistics
CJ ROKIN LOGISTICS (TAICANG) CO.,LTD.	China	100.00	-	December	Metal casting
CJ TRANSNATIONAL PHILIPPINES INC.	Philippines	60.00	-	December	Logistics
CJ ICM FZCO	UAE	51.02	-	December	Logistics
IBRAKOM CARGO LLC. <sup>1</sup>	UAE	49.00	-	December	Logistics
IBRAKOM SERVICES DWC LLC	UAE	100.00	-	December	Logistics
LLOYDS MARITIME & TRADING LTD.	England	100.00	-	December	Logistics
IBRAKOM TASHKENT LIMITED	Uzbekistan	100.00	-	December	Logistics
IBRAKOM LOGISTICS SERVICES LTD. STI	Turkey	100.00	-	December	Logistics
QQ IOTIN PAXTA MAHSULATLARI BAZASI	Uzbekistan	74.63	-	December	Logistics
CABA & MISNAK	Turkey	100.00	-	December	Logistics
IBRAKOM ITALY SRL	Italy	100.00	-	December	Logistics
IBRAKOM LLP	Kazakhstan	100.00	-	December	Logistics
IBRAKOM LOGISTIC SERVICES LTD.	Georgia	100.00	-	December	Logistics
IBRAKOM DEUTSCHLAND GMBH.	Germany	100.00	-	December	Logistics
MISNAK TURKMENISTAN HOJALYK	Turkmenistan	99.00	-	December	Logistics
CJ DARCL LOGISTICS LIMITED <sup>2</sup>	India	50.00	-	December	Logistics
TRANSRAIL LOGISTICS LIMITED	India	100.00	-	December	Logistics
FR8OLOGY PRIVATE LIMITED	India	100.00	-	December	Logistics
DARCL LOGISTICS NEPAL PRIVATE LIMITED	Nepal	100.00	-	December	Logistics
CJ KOREA EXPRESS SHENYANG CO.,LTD.	China	100.00	-	December	Logistics
TIANJIN DONGFANG XINSHENG SUPPLY CHAIN MANAGEMENT WAREHOUSING AND	China	90.00	-	December	Logistics

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

Name of entity	Location	Ownership interest held by the Group (%)		Closing month	Main business
		2017	2016		
TRANSPORTATION CO.,LTD.					
SHENGSHI SHUNTONG(TIANJIN)LOGISTICS CO., LTD.	China	100.00	-	December	Logistics
WUHAN NORTH TRANSPORT INTERNATIONAL LOGISTICS CO., LTD.	China	100.00	-	December	Transportation
CJ LOGISTICS WAREHOUSE(SHANGHAI) CO.,LTD.	China	59.38	-	December	Transportation
QINGHAI CGV CINEMA CO., LTD.	China	100.00	-	December	Movie theater operation
CGV (SHANGHAI) CINEMA CO., LTD.	China	100.00	-	December	Movie theater operation
CGV (SUZHOU) CINEMA CO., LTD.	China	100.00	-	December	Movie theater operation
CGV (NANCHANG) CINEMA CO., LTD.	China	100.00	-	December	Movie theater operation
CJ ENTERTAINMENT TURKEY	Turkey	100.00	-	December	Movie distribution and production
JELLYFISH ENTERTAINMENT JAPAN INC.	Japan	100.00	-	December	Music contents production and entertainment management
CJ HK ENTERTAINMENT CO., LTD.	Vietnam	51.00	-	December	Movie distribution
CJ OLIVENETWORKS VINA CO.,LTD	Vietnam	100.00	-	December	System integration and management
CJ E&C VIETNAM CO., LTD.	Vietnam	100.00	-	December	Construction

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

<sup>2</sup> Included as subsidiary since the Group is entitled to over more than half of the voting rights of entities by virtue of an agreement with other investors although the Group owns less than 50% of the voting rights of the entities.

<sup>3</sup> Included as subsidiary since the Group holds additional potential voting rights for the remaining interests although the Group owns less than 50% of the voting rights of the entities.

<sup>4</sup> The Group exercises its voting rights by Board of Directors.

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 (%)
Ulsan Port Operating Co. Ltd.	51.54
PT CJ FOODVILLE INDONESIA	88.67

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

Summarized financial information of major consolidated subsidiaries as at and for the years ended December 31, 2017 and 2016, is as follows:

(in millions of Korean won)

Name of entity	2017					
	Assets	Liabilities	Equity	Sales	Profit (loss) for the year	Total comprehensive income
CJ CheilJedang Corporation	7,180,700	3,925,106	3,255,594	5,267,128	234,614	80,333
CJ Healthcare Co., Ltd.	521,250	146,835	374,415	534,506	56,547	56,843
CJ Freshway Corporation	866,555	686,060	180,495	1,797,613	(5,778)	(5,934)
CJ Foodville Corp.	625,648	564,796	60,852	1,258,938	(36,859)	(38,064)
CJ Seafood Corporation	120,215	60,161	60,054	164,630	4,590	4,769
CJ O Shopping Co., Ltd.	1,149,206	346,472	802,734	1,136,459	128,169	134,671
CJ Hello Co., Ltd. (formerly, CJ HelloVision Co., Ltd.)	1,866,687	881,033	985,654	1,119,895	28,609	26,002
CJ Korea Express Corporation	4,726,069	2,404,950	2,321,119	5,188,813	19,315	20,033
Korea Integrated Freight Terminal Co., Ltd.	632,367	356,664	275,703	153,523	34,671	34,730
KX Holdings Corporation	508,301	28,754	479,547	-	602	597
CJ Powercast Inc.	259,215	78,992	180,223	235,229	21,723	19,925
CJ CGV Co., Ltd.	1,595,659	1,068,225	527,434	932,126	(13,299)	(14,187)
CJ 4DPLEX Co., Ltd.	107,393	49,311	58,082	69,064	(2,661)	(2,701)
Bosphorus Investment Co., Ltd.	605,702	-	605,702	-	(320)	(320)
CJ E&M Corporation	2,273,296	1,027,295	1,246,001	1,320,306	21,675	3,564
Mezzomedia Inc.	142,709	129,988	12,721	29,468	1,690	1,874
K Valley Co., Ltd.	226,839	78,434	148,405	-	(30,066)	(30,493)
Studio Dragon Corporation	438,480	75,401	363,079	255,707	19,033	18,951
CJ OliveNetworks Co., Ltd.	1,063,048	590,652	472,396	1,824,417	71,051	73,047
CJ Engineering & Construction Corp.	769,716	602,720	166,996	871,032	17,961	17,133
CJ Liaocheng Biotech Co., Ltd.	405,553	188,915	216,638	302,251	15,079	14,747
CJ (Shenyang) Biotech Co., Ltd.	511,531	401,415	110,116	269,419	22,049	21,445
CJ Bio Malaysia Sdn. Bhd.	524,634	342,655	181,979	275,192	(8,625)	(10,098)
PT Cheiljedang Indonesia	1,279,609	559,767	719,842	726,819	57,050	52,373
PT Cheiljedang Superfeed	397,424	189,112	208,312	188,951	(3,764)	(3,680)
PT CJ Feed Jombang	178,390	130,835	47,555	252,031	5,337	4,643
PT Super Unggas Jaya	114,021	112,155	1,866	240,926	(16,317)	(15,212)
CJ Vina Agri Co., Ltd.	323,997	184,054	139,943	397,510	29,221	26,998
CJ Bio America Inc.	333,601	306,079	27,522	178,413	717	881
CJ KX Rokin Holdings Limited	408,781	3	408,778	-	(34)	(17)
CJ LOGISTICS DO BRASIL LTDA (formerly, CJ KOREA EXPRESS LOGISTICA DO BRASIL LTDA)	212,586	1,023	211,563	4,474	(1,492)	(1,348)
CJ CGV(Shanghai) Enterprise Management Co., Ltd.	104,338	81,563	22,775	20,352	362	365
UVD Enterprise Ltd.	304,943	89	304,854	701	5,607	5,297
CJ CGV VIETNAM CO., LTD.	143,785	119,722	24,063	130,639	6,667	6,177
CGI HOLDINGS LTD.	347,608	186,814	160,794	329	(1,336)	(992)
CJ America Inc.	285,147	223,860	61,287	484,337	2,108	1,877

# CJ Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2017 and 2016

(in millions of Korean won)

Name of entity	2017					
	Assets	Liabilities	Equity	Sales	Profit (loss) for the year	Total comprehensive income
CJ Europe GMBH.	137,743	114,108	23,635	345,161	4,763	4,797
CJ China, Ltd.	131,913	113,563	18,350	190,613	1,199	1,115
CJ Global Holdings Ltd.	289,643	213,454	76,189	-	1,353	1,521
CJ Do Brazil Ind. Com. Prod. Alim. Ltda.	158,998	127,711	31,287	167,254	(13,202)	(10,819)
Mars Cinema, Tourism And Sports Facilities Management Inc.	152,197	71,981	80,216	210,923	17,559	15,321
PT Graha Layar Prima Tbk.	136,324	48,610	87,714	71,631	1,177	957
CJ Rokin Logistic And Supply Chain Co., Ltd.	348,112	221,754	126,358	220,494	4,187	4,122
Shanghai Rokin International Storage And Transportation Co., Ltd.	109,850	89,687	20,163	159,221	2,660	2,628
CJ Korea Express (China) Investment Co., Ltd.	109,894	9,036	100,858	-	37	36
Century Total Logistics Sdn. Bhd.	146,191	121,747	24,444	65,452	5,038	5,096
CJ LOGISTICS ASIA PTE. LTD. (formerly, CJ Korea Express Asia Pte. Ltd.)	265,114	144,697	120,417	152,939	(1,721)	(1,678)
CJ SELECTA S.A.	224,023	179,934	44,089	204,179	(4,107)	(3,749)
CJ DARCL LOGISTICS LIMITED	132,618	78,588	54,030	137,147	443	426

(in millions of Korean won)

Name of entity	2016					
	Assets	Liabilities	Equity	Sales	Profit (loss) for the year	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
CJ Seafood Corporation	119,741	64,456	55,285	173,738	5,373	5,600
CJ O Shopping Co., Ltd.	1,111,514	428,379	683,135	1,095,911	16,082	15,749
CJ Hello Co., Ltd. (formerly, 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
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 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 Liaocheng Biotech Co., Ltd.	412,777	199,020	213,757	241,911	1,621	1,455

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

(in millions of Korean won)

2016

Name of entity	Assets	Liabilities	Equity	Sales	Total	
					Profit (loss) for the year	comprehensive income
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
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
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 Bio America Inc.	403,970	373,692	30,278	166,381	(4,819)	(4,148)
CJ KX Rokin Holdings Limited	461,126	3	461,123	-	(351)	(365)
UVD Enterprise Ltd.	299,007	5,342	293,665	710	(33)	(3)
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 America Inc.	316,832	249,955	66,877	413,799	2,701	3,023
CJ Europe GMBH.	117,790	99,101	18,689	326,203	1,954	1,837
CJ China, Ltd.	133,818	114,245	19,573	167,653	414	400
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)
PT Graha Layar Prima Tbk.	115,834	17,225	98,609	-	-	-
CJ Rokin Logistic And Supply Chain Co., Ltd.	314,306	184,859	129,447	157,331	4,674	4,644
Shanghai Rokin International Storage And Transportation Co., Ltd.	123,101	104,506	18,595	140,176	4,342	4,314
Century Total Logistics Sdn. Bhd.	133,753	115,127	18,626	17,816	1,260	1,212
CJ LOGISTICS ASIA PTE. LTD. (formerly, CJ Korea Express Asia Pte. Ltd.)	276,445	149,165	127,280	128,088	618	628

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

---

Subsidiaries newly included in the consolidated financial statements for the year ended December 31, 2017, are as follows:

<b>Location</b>	<b>Name of entity</b>	<b>Remark</b>
Korea	Bio Healthcare Fund	Newly established
Korea	Pebblestone CGV Private Real Estate Investment Trust No. 1	Newly established
Korea	Rankwave Co., Ltd	Acquisition
Korea	Jellyfish Entertainment Co., Ltd	Additional acquisition
Korea	H1GHRMUSICRECORDS.LTD.	Newly established
Korea	STUDIO TAKE ONE	Newly established
Korea	Highup Entertainment	Newly established
Korea	David Toy & Entertainment	Acquisition
Korea	Amoeba Culture Co., Ltd.	Acquisition
Korea	Artworks Korea	Acquisition
Korea	ICT Convergence Fund	Newly established
Korea	Small & Venture Company Cooperation Fund II	Newly established
Korea	DIWare Co., LTD.	Newly established
Vietnam	CJ MINH DAT FOODS JOINT STOCK COMPANY	Acquisition
Russia	CJ RAVIOLLO RUS	Acquisition
Myanmar	CJ FEED MYANMAR CO., LTD.	Newly established
Brazil	CJ SELECTA S.A.	Acquisition
France	CJ-TEREOS SWEETENERS EUROPE SAS	Newly established
USA	CJ FOODS MANUFACTURING BEAUMONT CORPORATION	Newly established
China	CJ LIAOCHENG FOOD. CO., LTD.	Newly established
Indonesia	PT. CJ FOODVILLE BAKERY AND CAFE INDONESIA	Newly established
China	CJ FOODVILLE (ZHEJIANG) CO., LTD.	Newly established
China	GUANGZHOU JIANZHONG TRANSPORTATION CO., LTD	Acquisition
China	CJ ROKIN LOGISTICS (TAICANG) CO.,LTD.	Acquisition
Philippines	CJ TRANSNATIONAL PHILIPPINES INC.	Newly established
UAE	CJ ICM FZCO	Acquisition
UAE	IBRAKOM CARGO LLC.	Acquisition
UAE	IBRAKOM SERVICES DWC LLC	Acquisition
England	LLOYDS MARITIME & TRADING LTD.	Acquisition
Uzbekistan	IBRAKOM TASHKENT LIMITED	Acquisition
Turkey	IBRAKOM LOGISTICS SERVICES LTD. STI	Acquisition
Uzbekistan	QQ IOTIN PAXTA MAHSULATLARI BAZASI	Acquisition
Turkey	CABA & MISNAK	Acquisition
Italy	IBRAKOM ITALY SRL	Acquisition
Kazakhstan	IBRAKOM LLP	Acquisition
Georgia	IBRAKOM LOGISTIC SERVICES LTD.	Acquisition
Germany	IBRAKOM DEUTSCHLAND GMBH.	Acquisition
Turkmenistan	MISNAK TURKMENISTAN HOJALYK	Acquisition
India	CJ DARCL LOGISTICS LIMITED	Acquisition
India	TRANSRAIL LOGISTICS LIMITED	Acquisition
India	FR8OLOGY PRIVATE LIMITED	Acquisition
Nepal	DARCL LOGISTICS NEPAL PRIVATE LIMITED	Acquisition
China	CJ KOREA EXPRESS SHENYANG CO.,LTD.	Acquisition
China	TIANJIN DONGFANG XINSHENG SUPPLY CHAIN MANAGEMENT WAREHOUSING AND TRANSPORTATION	Acquisition

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

---

<b>Location</b>	<b>Name of entity</b>	<b>Remark</b>
	CO.,LTD.	
China	SHENGSHI SHUNTONG(TIANJIN)LOGISTICS CO., LTD.	Acquisition
China	WUHAN NORTH TRANSPORT INTERNATIONAL LOGISTICS CO., LTD.	Acquisition
China	CJ LOGISTICS WAREHOUSE(SHANGHAI) CO.,LTD.	Acquisition
China	QINGHAI CGV CINEMA CO., LTD.	Newly established
China	CGV (SHANGHAI) CINEMA CO., LTD.	Newly established
China	CGV (SUZHOU) CINEMA CO., LTD.	Newly established
China	CGV (NANCHANG) CINEMA CO., LTD.	Newly established
Turkey	CJ ENTERTAINMENT TURKEY	Newly established
Japan	JELLYFISH ENTERTAINMENT JAPAN INC.	Additional acquisition
Vietnam	CJ HK ENTERTAINMENT CO., LTD.	Newly established
Vietnam	CJ OLIVENETWORKS VINA CO.,LTD	Newly established
Vietnam	CJ E&C VIETNAM CO., LTD.	Newly established

Subsidiaries excluded from the consolidated financial statements for the year ended December 31, 2017, are as follows:

<b>Location</b>	<b>Name of entity</b>	<b>Remark</b>
Korea	CJ Korea Express Incheon Container Terminal Corporation	Liquidated
Korea	Story Plant Co., Ltd.	Disposal
India	CJ PHARMA RESEARCH INDIA LTD.	Liquidated
Singapore	CJ FOODVILLE ASIA PTE. LTD.	Liquidated
Vietnam	VIETNAM CINEMA 1 COMPANY LIMITED	Liquidated
Hong Kong	WISELY ACT LIMITED	Merged
Hong Kong	JAVA INVESTMENT LIMITED	Merged
Hong Kong	KSAMO HOLDINGS LIMITED	Merged
Hong Kong	KTM INVESTMENT LIMITED	Merged
Hong Kong	APOLLON INVESTMENT LIMITED	Merged
Hong Kong	EWIGEN FRIEDEN LIMITED	Merged
Hong Kong	BEYOND THE LIMIT LIMITED	Merged
Hong Kong	CORUSCANT ANGLO CAPITAL LIMITED	Merged
Hong Kong	DICKINSON & HANSEN LIMITED	Merged
Hong Kong	GREAT GOLDEN CHINA LIMITED	Merged

Dividends of CJ CheilJedang Corporation and PT CheilJedang Indonesia, PT CheilJedang Superfeed will be restricted if PT CheilJedang Indonesia and PT CheilJedang Superfeed, consolidated subsidiaries, postpone the payment of the principal and interests for its hybrid securities.

# CJ Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2017 and 2016

---

## 2. Significant Accounting Policies

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

### 2.1 Basis of Preparation

The Group maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with 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 estimates are significant to the consolidated financial statements are disclosed in Note 3.

### 2.2 Changes in Accounting Policy and Disclosures

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

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2017. The adoption of these amendments did not have any material impact on the financial statements.

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

Amendments to Korean IFRS 1007 *Statement of Cash flows* require 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.

#### - 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

# CJ Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2017 and 2016

---

the requirements on recognition of deferred tax assets for unrealized losses, to address diversity in practice.

#### - Amendments to Korean IFRS 1112 *Disclosures of Interests in Other Entities*

Amendments to Korean IFRS 1112 clarify when an entity's interest in a subsidiary, a joint venture or an associate is classified as held for sales in accordance with Korean IFRS 1105, the entity is required to disclose other information except for summarized financial information in accordance with Korean IFRS 1112.

#### *(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 annual reporting period commencing January 1, 2017 and have not been early adopted by the Group are set out below.

#### - Amendments to Korean IFRS 1028 *Investments in Associates and Joint Ventures*

When an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organization, or a mutual fund, unit trust and similar entities including investment-linked insurance funds, the entity may elect to measure that investment at fair value through profit or loss in accordance with Korean IFRS 1109. The amendments clarify that an entity shall make this election separately for each associate or joint venture, at initial recognition of the associate or joint venture. The amendments 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 financial statements because the Group is not a venture capital organization.

#### - Amendment to Korean IFRS 1040 *Transfers of Investment Property*

Paragraph 57 of Korean IFRS 1040 clarifies that a transfer to, or from, investment property, including property under construction, can only be made if there has been a change in use that is supported by evidence, and provides a list of circumstances as examples. The amendment will be effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Group does not expect the amendment to have a significant impact on the 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. Amendments also clarify 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. The amendments 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 financial statements.

## **CJ Corporation and Subsidiaries**

### **Notes to the Consolidated Financial Statements**

#### **December 31, 2017 and 2016**

---

#### - Enactment of Interpretation 2122 *Foreign Currency Transaction and Advance Consideration*

According to the enactments, the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The enactment will be effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Group does not expect the enactment to have a significant impact on the financial statements.

#### - Enactment of Korean IFRS 1116 *Leases*

The new standard will replace Korean IFRS 1017 *Leases*. The standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The Group is identifying the effects of applying the standard

The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. The Group will apply Korean IFRS 1116 *Leases* for annual periods beginning on or after January 1, 2018.

#### - Enactment of Korean IFRS 1109 *Financial Instruments*

The new standard for financial instruments issued on September 25, 2015 is 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 three main areas including: (a) classification and measurement of financial assets on the basis of the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial assets, (b) a new impairment model of financial instruments based on the expected credit losses, and (c) hedge accounting including expansion of the range of eligible hedging instruments and hedged items that qualify for hedge accounting or change of a method of hedge effectiveness assessment.

An effective implementation of Korean IFRS 1109 requires preparation processes including financial impact assessment, accounting policy establishment, accounting system development

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

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.

The Group performed an impact assessment to identify potential financial effects of applying Korean IFRS 1109. The assessment was performed based on available information as at December 31, 2017, and the results of the assessment are explained as below. The Group plans to perform more detailed analysis on the financial effects based on additional information in the future; therefore, the results of the assessment may change due to additional information that the Group may obtain after the assessment.

*(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.

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

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

<sup>2</sup> 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, 2017, the Group owns loans and receivables of ₩ 6,383,841 million, financial assets available-for-sales of ₩ 284,348 million and financial assets at fair value through profit or loss of ₩ 52,272 million.

## **CJ Corporation and Subsidiaries**

### **Notes to the Consolidated Financial Statements**

#### **December 31, 2017 and 2016**

---

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, 2017, the Group measured loans and receivables of ₩ 6,383,841 million at amortized costs.

Based on results from the impact assessment of Korean IFRS 1109, the application of the new standard as at December 31, 2017 does not have a material impact on the Group's financial statements. This is because the Group holds the majority of financial assets measured at amortized cost that meets the both criteria: a) the contractual terms of the financial assets that the Group holds give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on a specified date, and b) the Group holds the financial assets in order to collect contractual cash flow.

According to Korean IFRS 1109, a debt instrument is measured at fair value through other comprehensive income if the objective of the business model is achieved both by collecting contractual cash flows and selling financial assets; and the contractual cash flows represents solely payments of principal and interest on a specific date under contract terms. As at December 31, 2017, the Group holds debt instruments of ₩ 2,576 million classified as financial assets available-for-sale in total.

Based on results from the impact assessment of Korean IFRS 1109, if Korean IFRS 1109 is applied for the above debt instruments classified as financial assets available-for-sale, the Group expects the majority of the financial assets to be measured at fair value through other comprehensive income.

According to Korean IFRS 1109, equity instruments that are not held for trading, the Group can make an irrevocable election at initial recognition to classify the instruments as assets measured at fair value through other comprehensive income, which all subsequent changes in fair value being recognized in other comprehensive income and not recycled to profit or loss. As at December 31, 2017, the Group holds equity instruments of ₩ 277,374 million classified as financial assets available-for-sale and recycled unrealized gain or loss of ₩ 335,141 million arose from the equity instruments to profit or loss.

Based on results from the impact assessment of Korean IFRS 1109, the Group plans to designate equity instruments, which are classified in financial assets available-for-sale, as instruments measured at fair value through other comprehensive income for long-term investment purpose. Therefore, the Group expects the application of Korean IFRS 1109 on these financial assets will not have a material impact on the financial statements.

According to Korean IFRS 1109, debt instruments those contractual cash flows do not represent solely payments of principal and interest and held for trading, and equity instruments that are not designated as instruments measured at fair value through other comprehensive income are measured at fair value through profit or loss.

Based on results from the impact assessment, if the Group applies Korean IFRS 1109 to the financial assets measured at fair value through profit or loss as at December 31, 2017, the

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

application will not have a material impact on the financial statements because the majority of the financial assets will still be classified as at fair value through profit or loss.

*(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.

Based on results from the impact assessment, the financial liabilities in applying Korean IFRS 1109 may not be expected to have a material impact on the financial statements because the majority of financial liabilities designated as at fair value through profit or loss as at December 31, 2017 have short maturities and insignificant fluctuations in their credit risks.

*(c) Impairment: Financial Assets and Contract Assets*

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under Korean IFRS 1039. It applies to financial assets classified at amortized cost, debt instruments measured at fair value through other comprehensive income, lease receivables, contract assets, loan commitments and certain financial guarantee 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.

Stage <sup>1</sup>		Loss allowance
1	No significant increase in credit risk after initial recognition <sup>2</sup>	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	

<sup>1</sup> 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

## CJ Corporation and Subsidiaries

### Notes to the Consolidated Financial Statements

#### December 31, 2017 and 2016

---

losses for all contract assets and/or all trade receivables, including those that contain a significant financing component.

<sup>2</sup> If the financial instrument has low credit risk at the end of the reporting period, 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, 2017, the Group owns debt investment carried at amortized cost of ₩ 6,657,492 million (loans and receivables), debt investments carried at fair value through other comprehensive income, which classified as financial assets available-for-sales, of ₩ 6,974 million. And, the Group recognized loss allowance of ₩ 273,651 million for these assets.

For trade receivables, contract assets and lease receivables that contain a significant financing component, the Group measures the loss allowance at an amount equal to lifetime expected credit losses at initial recognition. The Group performed an impact assessment using the simplified approach with an assumption that the credit risk has not increased significantly since initial recognition because the financial instrument has a low credit risk at the reporting period. As a result of the impact assessment, the Group expects the application of the standard will not have a material impact on the loss allowance as at December 31, 2017.

#### *(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 80-125%) 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, 2017, the Group applies the hedge accounting to its assets, liabilities, firm commitments and forecast transactions that amount to ₩ 100,000 million. As at December 31, 2017, the changes in fair values of cash flow hedging instruments recognized in accumulated other comprehensive income amount to ₩ 216 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

# CJ Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2017 and 2016

---

instead of the requirements of Korean IFRS 1109.

The Group has not yet decide 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; however, they have performed an impact assessment with an assumption that the Group applies hedge accounting in accordance with Korean IFRS 1109.

#### - Enactment of Korean IFRS 1115 *Revenue from Contracts with Customers*

Korean IFRS 1115 *Revenue from Contracts with Customers* issued on November 6, 2015 will be effective for annual reporting periods beginning on or after January 1, 2018 with early adoption permitted. 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 elect the modified retrospective approach which will recognize the cumulative impact of initially applying the revenue standard as an adjustment to retained earnings as at January 1 2018, the period of initial application.

Korean IFRS 1018 and other current revenue standard identify revenue as income that arises in the course of ordinary activities of an entity and provides guidance on a variety of different types of revenue, such as, sale of goods, rendering of services, interest, dividends, royalties and construction contracts. However, 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 customers 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, 2017, for the preparation of implementing Korean IFRS 1115, the Group formed a task force team and analyzed the financial effects of applying the standard.

The Group performed an impact assessment to identify potential financial effects of applying Korean IFRS 1115. The assessment was performed based on available information as at December 31, 2017, and the results of the assessment are explained as below. The results of the assessment as at December 31, 2017 may change due to additional information that the Group may obtain after the assessment.

# CJ Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2017 and 2016

---

#### 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.

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

# CJ Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2017 and 2016

---

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 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

# CJ Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2017 and 2016

---

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.

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 Group considers that there is an objective evidence of impairment if significant financial difficulties of the debtor, or delinquency in interest or principal payments is indicated. Moreover, in the case of equity investments classified as available-for-sale, a significant decline in the fair value of the security below its cost, or prolonged decline is considered an objective evidence of impairment.

# **CJ Corporation and Subsidiaries**

## **Notes to the Consolidated Financial Statements**

### **December 31, 2017 and 2016**

---

#### *(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 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 transactions no longer to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately reclassified to profit or loss within '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

# CJ Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2017 and 2016

---

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.

#### 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.

Depreciation of all property, plant and equipment, except for land, course and art works, is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

	<b>Useful lives</b>
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 by deducting the grant in arriving at the carrying amount of the asset, and government grants related

# CJ Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2017 and 2016

---

to income are deferred and later deducted from the related expense.

#### 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.

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. Customer contracts acquired in a business combination are recognized at fair value at the acquisition date. 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:

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

<sup>1</sup> Service concession arrangement :

On the real estate owned by the Korea Rail Network Authority and the Ministry of Land, Transport and Maritime Affairs, the Group built a cargo terminal with its own fund. The Group owns and operates the cargo terminal for a certain period and then donates the terminal to the government. The transfer period of ownership is under discussion with the Ministry of Land, Transport and Maritime Affairs. Its estimated useful life will be determined after reaching an agreement on 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.

	<b>Useful lives</b>
Buildings	10 – 40 years
Structures	15 – 40 years

#### 2.15 Impairment of Non-financial Assets

# CJ Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2017 and 2016

---

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.

#### **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 a designated as hedging instruments 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 IFRS 1018 *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**

# **CJ Corporation and Subsidiaries**

## **Notes to the Consolidated Financial Statements**

### **December 31, 2017 and 2016**

---

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.

#### **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.

# **CJ Corporation and Subsidiaries**

## **Notes to the Consolidated Financial Statements**

### **December 31, 2017 and 2016**

---

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.

#### **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.

However, in accordance with approval of the Board of Directors, the Group can distribute treasury shares or make payment in share or cash for the valuation difference

# CJ Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2017 and 2016

---

#### *(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 accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. The Group recognizes service cost, net interest on long-term employee benefits and remeasurements as profit or loss for the year. These liabilities are valued annually by an independent qualified actuary.

#### **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.

## **CJ Corporation and Subsidiaries**

### **Notes to the Consolidated Financial Statements**

#### **December 31, 2017 and 2016**

---

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.

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.

# **CJ Corporation and Subsidiaries**

## **Notes to the Consolidated Financial Statements**

### **December 31, 2017 and 2016**

---

#### **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.

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 2017 were approved for issue by the Board of Directors on February 8, 2018 and are subject to change with the approval of shareholders at their Annual General Meeting.

# CJ Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2017 and 2016

---

### 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 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. 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, and increase in wages, 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.

(f) *Estimated total contract costs*

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

---

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, the Euro and the Chinese yuan. 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 year. The analysis is based on the assumption that Korean won has weakened/strengthened by 10% with all other variables held constant.

<i>(In millions of Korean won)</i>	<b>Impact on post-tax profit</b>		<b>Impact on equity</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
USD/ Weakened	(84,302)	(89,672)	(84,302)	(89,672)
KRW Strengthened	84,302	89,672	84,302	89,672
EUR/ Weakened	(10,972)	(12,153)	(10,972)	(12,153)
KRW Strengthened	10,972	12,153	10,972	12,153
CNY/ Weakened	17,503	17,140	17,503	17,140
KRW Strengthened	(17,503)	(17,140)	(17,503)	(17,140)

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

---

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, 2017, the impact of increases/decreases of the share price by 10% with all other variables held constant on the Group's equity is ₩ 14,432 million (2016: ₩ 30,211 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 year. 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>		<b>Impact on post-tax profit</b>		<b>Impact on equity</b>	
		<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Interest expenses	Increase	(13,586)	(14,643)	(13,586)	(14,643)
	Decrease	13,586	14,643	13,586	14,643
Gains (Losses) on valuation of derivative instruments	Increase	2,925	563	3,683	1,343
	Decrease	(2,925)	(563)	(3,683)	(1,343)

*(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 2017, the maximum value of exposed credit risk is equal to book amount of

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

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 analysis of the Group's liquidity risk as at December 31, 2017 and 2016, are as follows:

<i>(In millions of Korean won)</i>	<b>2017</b>			<b>Total</b>
	<b>Less than 1 year</b>	<b>Between 1 and 5 years</b>	<b>Over 5 years</b>	
Trade payables	2,034,999	-	-	2,034,999
Borrowings	3,758,070	1,368,624	344,248	5,470,942
Debentures	1,076,044	4,640,478	354,234	6,070,756
Non-trade payables	1,339,142	-	-	1,339,142
Deposits received	109,498	66,253	284,254	460,005
Other financial liabilities	601,707	87,031	-	688,738
Trading derivatives (currency forward)				
Outflows	485,355	-	-	485,355
Inflows	(504,914)	-	-	(504,914)
Financial guarantee contracts and others	770,221	70,000	-	840,221
	<u>9,670,122</u>	<u>6,232,386</u>	<u>982,736</u>	<u>16,885,244</u>

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

<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>

#### 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, 2017	December 31, 2016
Debt	17,333,214	15,755,138
Equity	11,992,169	11,254,450
Debt-to-equity ratio	145%	140%

## 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.

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

---

**5.2 Financial Instruments Measured at Cost**

Details of financial instruments measured at cost as at December 31, 2017 and 2016, are as follows:

<i>(In millions of Korean won)</i>	<b>2017</b>	<b>2016</b>
<b>Available-for-sale financial assets</b>		
TV Chosun-Daesung investment	6,000	6,000
Central Convergence Contents Investment	4,532	4,375
The nature Holdings, Co, Ltd.	4,000	-
Michigan Global Contents Investment 5th.	3,500	3,500
ISU-global contents investment	2,702	2,702
SV Korean-Chinese Culture ICT Convergence Fund	2,700	1,800
Y-Biologics Inc.	2,501	2,501
DongMoon Media Contents & Culture Investment	2,366	2,706
Rookiest Entertainment Co., Ltd.	2,000	-
Neuraclescience Co., Ltd.	2,000	-
Union Contents Investment	2,000	2,000
Leading Asia Culture Industry Investment	2,000	2,000
Formation 8 Partners Fund	838	3,253
AL NAHR COMPANY LIMITED	-	7,251
TW Venture Investment No. 12 – Global Contents	-	4,000
Others	30,321	25,108
	<u>67,460</u>	<u>67,196</u>

Investments in TV Chosun-Daesung investment 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).

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

Fair value hierarchy classifications of the financial instruments that are measured at fair value or its fair value is disclosed as at December 31, 2017, are as follows:

	<b>2017</b>			
<i>(In millions of Korean won)</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Other current financial assets				
Derivatives	5,119	13,973	-	19,092
Available-for-sale financial assets				
Marketable equity securities	164,338	2,129	-	166,467
Non-marketable equity securities	-	27,503	22,465	49,968
Debt securities	454	-	-	454
Other non-current financial assets				
Derivatives	-	34,219	-	34,219
Other current financial liabilities				
Derivatives	2,235	48,206	-	50,441
Other non-current financial liabilities				
Derivatives	-	14,055	51,217	65,272
	<b>2016</b>			
<i>(In millions of Korean won)</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
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

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

**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 years ended December 31, 2017 and 2016, are as follows:

	2017			2016	
	Available-for-sale financial assets	Other current / non-current financial assets	Other non-current financial liabilities	Available-for-sale financial assets	Other current / non-current financial assets
<i>(In millions of Korean won)</i>					
Beginning balance	38,816	149	-	62,213	-
Total profit or loss					
Amount recognized in profit or loss	(237)	(149)	(51,217)	1,308	149
Amount recognized in other comprehensive income <sup>1</sup>	(805)	-	-	2,036	-
Acquisition	1,131	-	-	1,671	-
Disposal and capital reduction	(3,800)	-	-	(13,152)	-
Transfer into Level 3 <sup>2</sup>	-	-	-	2,845	-
Transfer out of Level 3 <sup>3</sup>	(12,640)	-	-	(18,105)	-
Ending balance	22,465	-	(51,217)	38,816	149

<sup>1</sup> In 2017, the Group recognized ₩ 805 million of gain on valuation of available-for-sale financial assets relating to Raine-Partners Fund and others. 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.

<sup>2</sup> 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.

<sup>3</sup> In 2017, shares of Joongang Ilbo, which had been measured at the fair value categorized as level 3, were transferred to level 2. 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.

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

---

**5.5 Valuation Technique and the Inputs**

Valuation techniques and inputs used in the recurring fair value measurements categorized within Level 2 of the fair value hierarchy as at December 31, 2017 and 2016, are as follows:

<i>(In millions of Korean won)</i>	<b>2017</b>	
	<b>Fair value</b>	<b>Valuation techniques</b>
Other current financial assets and other non-current financial assets		
Trading derivatives	48,192	Present value technique
Available-for-sale financial assets		
Marketable equity securities	2,129	Market approach
Non-marketable equity securities	17,767	Net asset value approach method
	9,736	Market approach
Other current financial liabilities and other non-current financial liabilities		
Trading derivatives	60,860	Present value technique
Derivatives used for hedging	1,401	Present value technique
<i>(In millions of Korean won)</i>	<b>2016</b>	
	<b>Fair value</b>	<b>Valuation techniques</b>
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
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

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

Valuation techniques and inputs used in the recurring fair value measurements categorized within Level 3 of the fair value hierarchy as at December 31, 2017 and 2016, are as follows:

(In millions of Korean won)

		2017		
	Fair value	Valuation techniques	Inputs	Range of inputs (weighted average)
Available-for-sale financial assets				
Equity investment and debt securities	22,465	Discounted cash flow Net asset value approach method and others	Discount rate Inflation rate Perpetual growth rate	8.90% - 9.76% 1.28% - 2.32% 0%
Other non-current financial liabilities				
Derivatives	51,217	Option pricing model	Risk-free interest rate Price volatility	12.80% 40.58%

(In millions of Korean won)

		2016		
	Fair value	Valuation techniques	Inputs	Range of inputs (weighted average)
Other current financial assets				
Derivatives	66	Option pricing model	Risk-free interest rate Price volatility	4.9% 4.3%
Other non-current financial assets				
Derivatives	83	Option pricing model	Risk-free interest rate Price volatility	10.94% 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%

**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 derivatives, equity securities and debt securities.

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

**6. Financial Instruments by Category**

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

Categorizations of financial assets and liabilities as at December 31, 2017 and 2016, are as follows:

<i>(In millions of Korean won)</i>	<b>2017</b>				<b>Total</b>
	<b>Loans and receivables</b>	<b>Assets at fair value through profit or loss</b>	<b>Assets classified as available-for-sale</b>	<b>Other financial assets<sup>1</sup></b>	
Cash and cash equivalents	1,219,548	-	-	-	1,219,548
Short-term financial instruments	433,707	-	-	-	433,707
Short-term loan receivable	62,483	-	-	-	62,483
Trade receivables	3,551,769	-	-	-	3,551,769
Other current financial assets	408,190	19,092	454	-	427,736
Available-for-sale financial assets	-	-	283,894	-	283,894
Other non-current financial assets	708,144	33,180	-	1,039	742,363
	<u>6,383,841</u>	<u>52,272</u>	<u>284,348</u>	<u>1,039</u>	<u>6,721,500</u>

<sup>1</sup> Other financial assets include derivatives used for hedging.

<i>(In millions of Korean won)</i>	<b>2017</b>			<b>Total</b>
	<b>Liabilities at fair value through profit or loss</b>	<b>Other financial liabilities at amortized cost</b>	<b>Other financial liabilities<sup>1</sup></b>	
Trade payables	-	2,034,999	-	2,034,999
Borrowings	-	5,258,801	62,121	5,320,922
Debentures	-	5,276,852	-	5,276,852
Non-trade payables	-	1,339,142	-	1,339,142
Other current financial liabilities	50,441	675,376	-	725,817
Deposits received	-	212,068	-	212,068
Other non-current financial liabilities	65,272	29,894	-	95,166
	<u>115,713</u>	<u>14,827,132</u>	<u>62,121</u>	<u>15,004,966</u>

<sup>1</sup> Other financial liabilities include financial lease liabilities.

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

	<b>2016</b>				<b>Total</b>
	<b>Loans and receivables</b>	<b>Assets at fair value through profit or loss</b>	<b>Assets classified as available-for-sale</b>	<b>Other financial assets<sup>1</sup></b>	
<i>(In millions of Korean won)</i>					
Cash and cash equivalents	1,169,283	-	-	-	1,169,283
Short-term financial instruments	477,372	-	-	-	477,372
Short-term loan 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>

<sup>1</sup> Other financial assets include derivatives used for hedging.

	<b>2016</b>			<b>Total</b>
	<b>Liabilities at fair value through profit or loss</b>	<b>Other financial liabilities at amortized cost</b>	<b>Other financial liabilities<sup>1</sup></b>	
<i>(In millions of Korean won)</i>				
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>

<sup>1</sup> Other financial liabilities include financial lease liabilities.

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

---

**6.2 Net Gains or Losses by Category of Financial Instruments**

Net gains or losses on each category of financial instruments for the years ended December 31, 2017 and 2016, are as follows:

<i>(In millions of Korean won)</i>	<b>2017</b>	<b>2016</b>
Available-for-sale financial assets		
Loss on valuation		
(Other comprehensive income)	(234,132)	(7,971)
Interest income	31	12
Dividend income	6,100	9,398
Impairment loss	(20,696)	(9,690)
Gain on disposal (Profit or loss)	17,618	1,766
Gain on disposal (Reclassification) <sup>1</sup>	335,141	1,124
Held-to-maturity financial assets		
Interest income	40	121
Loans and receivables		
Interest income	41,680	40,048
Impairment loss	(27,043)	(28,264)
Other impairment loss	(26,706)	(8,794)
Others	(15,380)	(14,435)
Assets and liabilities at fair value through profit or loss		
Gain (Loss) on derivatives	(128,512)	34,882
Other financial liabilities at amortized cost		
Interest expenses	(315,652)	(288,354)
Derivatives used for hedging		
Interest expenses	(1,970)	(2,652)
Gain on valuation (Other comprehensive income)	216	1,595

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

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

---

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

Financial instruments subject to withdrawal restrictions as at December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	<b>2017</b>	<b>2016</b>
<b>Short-term financial instruments</b>		
Government-sponsored research and development projects	930,115	1,699,576
Contract performance guarantee and others	707,218	14,450,688
Withdrawal for support of cooperative firm	51,600,000	50,600,000
Escrow	2,500,000	2,500,000
Real estate sales income	4,735,461	14,526,753
Other activities	5,201,989	4,812,000
	<u>65,674,783</u>	<u>88,589,017</u>
<b>Long-term financial instruments</b>		
Contract performance guarantee and others	2,027,927	1,959,495
Withdrawal for support of cooperative firm	5,000,000	5,000,000
Others	8,213,711	790,100
	<u>15,241,638</u>	<u>7,749,595</u>
	<u>80,916,421</u>	<u>96,338,612</u>

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

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

**8. Trade and Other Receivables**

Trade and other receivables as at December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	<b>2017</b>		
	<b>Current</b>	<b>Non-current</b>	<b>Total</b>
Trade receivables	3,664,958,170	92,433,659	3,757,391,829
Provision for impairment of trade receivables	(113,189,517)	(17,093,114)	(130,282,631)
Other receivables <sup>1</sup>	539,202,135	678,642,764	1,217,844,899
Provision for impairment of other receivables	<u>(68,528,658)</u>	<u>(74,840,117)</u>	<u>(143,368,775)</u>
	<u>4,022,442,130</u>	<u>679,143,192</u>	<u>4,701,585,322</u>
	<b>2016</b>		
<i>(In thousands of Korean won)</i>	<b>Current</b>	<b>Non-current</b>	<b>Total</b>
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 <sup>1</sup>	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>

<sup>1</sup> Other receivables consist of short-term loan 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.

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

The aging analysis of trade and other receivables as at December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	2017		2016	
	Trade receivables	Other receivables	Trade receivables	Other receivables
Receivables not past due	3,318,318,148	1,008,580,853	3,108,385,499	944,310,266
Past due but not impaired				
Up to 3 months	136,506,429	20,138,046	131,833,668	14,096,199
3 to 6 months	32,420,307	10,828,531	39,385,156	3,624,216
6 month to 1 year	58,928,276	16,788,263	39,763,522	1,997,798
Over 1 year	24,036,045	17,441,067	46,817,415	22,090,497
	251,891,057	65,195,907	257,799,761	41,808,710
Impaired				
Up to 3 months	24,963,188	25,068,998	1,008,127	140,637
3 to 6 months	16,274,878	3,718,230	4,911,874	14,325
6 month to 1 year	17,425,244	10,444,061	6,499,536	2,732,763
Over 1 year	128,519,314	104,836,850	72,684,558	97,953,640
	187,182,624	144,068,139	85,104,095	100,841,365
	3,757,391,829	1,217,844,899	3,451,289,355	1,086,960,341

Changes in provisions for impairment of trade and other receivables for the years ended December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	2017	2016
Beginning balance	253,390,239	234,592,456
Increase due to business combination	3,665,799	5,314,653
Impairment loss	57,484,976	37,665,263
Write-off	(39,134,881)	(30,508,649)
Reversal	(1,336,763)	(607,302)
Effect of foreign currency translation	(2,116,839)	(83,862)
Others	1,698,875	7,017,680
Ending balance	273,651,406	253,390,239

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, 2017.

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

**9. Other Financial Assets and Liabilities**

Other financial assets as at December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	<b>2017</b>	<b>2016</b>
Current		
Available-for-sale financial assets	454,250	578,652
Non-trade receivables	335,083,660	297,612,805
Accrued income	6,581,105	5,098,286
Deposits provided	66,525,713	62,969,062
Derivative assets	19,091,723	38,246,794
	<u>427,736,451</u>	<u>404,505,599</u>
Non-current		
Long-term financial instruments	29,001,130	44,399,823
Trade receivables	75,340,546	37,951,119
Loan receivable	91,086,933	58,421,221
Non-trade receivables	6,933,776	1,827,554
Accrued income	-	68,414
Deposits provided	505,781,938	447,282,875
Derivative assets	34,219,123	32,017,276
	<u>742,363,446</u>	<u>621,968,282</u>
	<u>1,170,099,897</u>	<u>1,026,473,881</u>

Other financial liabilities as at December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	<b>2017</b>	<b>2016</b>
Current		
Accrued expenses	386,754,484	515,065,523
Deposits received	107,539,245	114,271,452
Derivative liabilities	50,441,499	19,794,385
Other liabilities	181,081,318	27,436
	<u>725,816,546</u>	<u>649,158,796</u>
Non-current		
Non-trade payables	29,894,660	27,793,222
Derivative liabilities	65,271,612	5,841,931
	<u>95,166,272</u>	<u>33,635,153</u>
	<u>820,982,818</u>	<u>682,793,949</u>

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

---

*Transfers of financial assets*

In 2017, CJ Foodville Corp., a consolidated subsidiary, entered into a leasehold deposit transfer agreement with Hyundai CJ Hedge Fund and transferred leasehold deposits amounting to ₩ 20,000 million (2016: ₩ 50,000 million). In relation to this transaction, the Group recognized the loss on disposal of ₩ 361 million (2016: gain on disposal of ₩ 124 million) in 2017.

Furthermore, CJ Foodville Corp. has entered into a contract with Dong Yang CJ Franchise Investment Trust to purchase back ₩ 30,000 million of leasehold deposit, which was transferred during 2014, at fair value in September 26, 2017 and purchased it on September 25, 2017. Also, CJ Foodville Corp. made contract with Dong Yang CJ Franchise Investment Trust to purchase back ₩ 20,000 million of leasehold deposit, which was transferred during 2015, at fair value in October 29, 2018. In addition, CJ Foodville Corp. made contract with Hyundai CJ Hedge Fund to purchase ₩ 50,000 million, which was transferred on October 31, 2016, at fair value in October 30, 2019. CJ Foodville Corp. has entered into contract with Hyundai CJ Hedge Fund to purchase back ₩ 20,000 million of leasehold deposit, which was transferred during 2017, at fair value in September 26, 2019.

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

<i>(In thousands of Korean won)</i>	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Total</b>
Leasehold deposits	20,000,000	70,000,000	90,000,000

Before 2016, 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.

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 2016, at fair value in August 28, 2018 and the undiscounted cash outflow of this contact is ₩ 190,000 million.

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

Derivatives as at December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	<b>2017</b>		<b>2016</b>	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
<b>Current</b>				
Commodity futures contract	1,970,479	2,021,922	128,071	-
Commodity option contract	3,148,077	1,485,884	5,905,909	4,077,491
Interest rate swap contract	1,264,906	126,559	2,031,918	248,640
Currency forward contract	568,297	24,617,608	15,386,354	13,291,834
Currency option contract	-	14,374,463	8,985,732	2,173,700
Currency swap contract	3,657,299	6,771,750	5,743,023	2,720
Other derivatives	8,482,665	1,043,313	65,787	-
	<u>19,091,723</u>	<u>50,441,499</u>	<u>38,246,794</u>	<u>19,794,385</u>
<b>Non-current</b>				
Interest rate swap contract	2,287,998	5,511,567	1,227,242	4,588,480
Currency forward contract	-	1,019,581	6,183,839	-
Currency swap contract	31,931,125	7,521,813	22,501,930	879,105
Rate forward contract	-	-	2,021,502	-
Total return swap contract (Note 36)	-	51,216,841	82,763	-
Other derivatives	-	1,810	-	374,346
	<u>34,219,123</u>	<u>65,271,612</u>	<u>32,017,276</u>	<u>5,841,931</u>
	<u>53,310,846</u>	<u>115,713,111</u>	<u>70,264,070</u>	<u>25,636,316</u>

Accounts which include gain and loss from derivatives for the years ended December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	<b>2017</b>	<b>2016</b>
Finance income	77,235,794	66,935,290
Finance costs	179,452,812	59,814,889
Other non-operating income	44,146,682	78,155,612
Other non-operating expenses	70,441,963	50,394,230

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

---

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

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

CJ Korea Express Corporation, a consolidated subsidiary, entered into swap agreements with 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 ₩ 216 million in 2017 (2016: gain on valuation of ₩ 1,595 million), excluding the income tax effect reflected directly on the equity account, is recognized as other comprehensive income.

There are no held-to-maturity investments as at December 31, 2017.

**10. Inventories**

Inventories as at December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	<b>2017</b>	<b>2016</b>
Merchandise	530,525,994	496,686,850
Finished goods	351,516,582	335,454,997
Work-in-process	50,036,099	48,623,271
Raw materials	413,601,109	437,536,870
Sub-materials	38,730,052	36,235,017
Supplies	69,383,956	62,375,220
Goods in transit	303,956,071	289,903,152
Lots	-	12,739,511
Others	2,676,148	1,983,166
Valuation allowance	<u>(27,419,716)</u>	<u>(22,154,496)</u>
	<u>1,733,006,295</u>	<u>1,699,383,558</u>

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

**11. Biological Assets**

Group of biological assets as at December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	<b>2017</b>	<b>2016</b>
Biological assets for consumption		
Growing breed	45,478,095	36,301,293
Broiler breed	13,231,841	8,763,318
Rearingcalf	2,212,629	2,144,428
	<u>60,922,565</u>	<u>47,209,039</u>
Biological assets for production (Note 16)		
Sows	34,273,180	20,883,221
Spawning breed	26,757,929	28,106,231
Mature Bull	1,677,498	1,004,728
	<u>62,708,607</u>	<u>49,994,180</u>
	<u>123,631,172</u>	<u>97,203,219</u>

Changes in biological assets for consumption for the years ended December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	<b>2017</b>			<b>2016</b>		
	<b>Growing breed</b>	<b>Broiler breed</b>	<b>Rearingcalf</b>	<b>Growing breed</b>	<b>Broiler breed</b>	<b>Rearingcalf</b>
Beginning balance	36,301,293	8,763,318	2,144,428	21,200,858	7,336,668	-
Increase due to business combination	-	-	-	-	-	2,159,376
Increase from purchases	179,504,075	250,097,272	16	141,448,597	195,841,439	-
Decrease from sales/disposals	(165,947,138)	(243,133,312)	-	(127,067,533)	(194,892,830)	-
Gain (loss) on valuation, net	(400,089)	(1,062,351)	191,482	97,720	-	-
Effect of foreign currency translation	(3,980,046)	(1,433,086)	(123,297)	621,651	478,041	(14,948)
Ending balance	<u>45,478,095</u>	<u>13,231,841</u>	<u>2,212,629</u>	<u>36,301,293</u>	<u>8,763,318</u>	<u>2,144,428</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.

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

---

**12. Other Assets and Liabilities**

Other assets as at December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	<b>2017</b>	<b>2016</b>
Current		
Prepaid expenses	141,487,470	192,994,974
Prepaid taxes	134,546,997	89,877,242
Others	16,915,049	7,887,545
	<u>292,949,516</u>	<u>290,759,761</u>
Non-current		
Advance payments	70,974,029	90,144,616
Prepaid expenses	403,566,162	306,868,537
Others	10,797,496	14,586,866
	<u>485,337,687</u>	<u>411,600,019</u>
	<u>778,287,203</u>	<u>702,359,780</u>

Other liabilities as at December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	<b>2017</b>	<b>2016</b>
Current		
Advances receipts	293,233,013	276,544,261
Unearned revenues	63,875,561	37,019,742
Withholdings	180,308,997	410,783,325
Others	226,201,403	38,442,093
	<u>763,618,974</u>	<u>762,789,421</u>
Non-current		
Accrued expenses	61,618,976	31,440,815
Unearned revenues	114,994,290	115,831,656
Deferred revenues	47,611,335	25,570,557
Others	25,251,052	11,605,998
	<u>249,475,653</u>	<u>184,449,026</u>
	<u>1,013,094,627</u>	<u>947,238,447</u>

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

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

Assets classified as held-for-sale as at December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	<b>2017</b>	<b>2016</b>
Property, plant and equipment <sup>1</sup>	171,069,046	6,496,114
Investments in joint venture	2,069,408	-
	<u>173,138,454</u>	<u>6,496,114</u>

<sup>1</sup> K Valley Co.,Ltd., a subsidiary decided to dispose of rights of certain business of Goyang Tourist Cultural Complex

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

Changes in available-for-sale financial assets for the years ended December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	<b>2017</b>	<b>2016</b>
Beginning balance	614,966,564	605,950,456
Increase due to business combination	100	2,952,493
Acquisition	25,638,459	37,865,834
Disposals and capital reduction and others	(14,215,821)	(23,176,529)
Impairment <sup>1</sup>	(20,696,409)	(9,690,433)
Net losses reclassified from equity	(335,140,802)	(1,473,826)
Net gains (losses) reclassified to equity	9,771,838	(5,789,748)
Reclassification <sup>2</sup>	-	7,412,384
Effect of foreign currency translation and others	4,024,673	915,933
Ending balance	<u>284,348,602</u>	<u>614,966,564</u>
Less: Non-current portion	<u>(283,894,352)</u>	<u>(614,387,912)</u>
Current portion of available-for-sale financial assets	<u>454,250</u>	<u>578,652</u>

<sup>1</sup> In 2017, the Group recognized impairment loss of ₩ 20,696 million (2016: ₩ 9,690 million) relating to AL NAHR COMPANY LIMITED and others as the fair value of its shares decreased significantly below cost.

<sup>2</sup> In 2016, held-to-maturity financial assets of Music Works Co., Ltd. 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, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	<b>2017</b>	<b>2016</b>
Government bond and public bond	454,250	578,652

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

Non-current portion of available-for-sale financial assets as at December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	<b>Detail</b>	<b>2017</b>	<b>2016</b>
		<b>Book amount</b>	<b>Book amount</b>
Marketable securities	(1)	166,464,409	494,138,277
Non-marketable securities	(2)	42,211,902	44,221,903
Investment in partnerships and others	(3)	68,698,041	70,427,808
Other investments	(4)	6,520,000	5,599,924
		<u>283,894,352</u>	<u>614,387,912</u>

(1) Marketable securities (excluding Investments in joint ventures and associates) as at December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	<b>2017</b>	<b>2016</b>
	<b>Book amount</b>	<b>Book amount</b>
Samsung Life Insurance Co., Ltd.	124,500,000	448,408,157
SAJOHAEPYO Corporation	9,887,850	11,106,900
Haitai Confectionery & Foods Co., Ltd.	6,581,700	7,646,700
Vissan Company Limited	6,375,724	8,514,426
Hyundai HCN Co., Ltd.	4,922,818	5,153,380
Theragen Etex Co., Ltd.	3,985,800	2,122,120
KT Corporation	3,952,283	3,841,198
Pangen Biotech Inc.	2,160,622	2,430,700
Gencurix Inc.	2,128,569	2,364,283
KT Skylife Co., Ltd.	1,614,000	2,076,000
Others	355,043	474,413
	<u>166,464,409</u>	<u>494,138,277</u>

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

---

(2) Non-marketable securities (excluding investments in joint ventures and associates) as at December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	<b>2017</b>	<b>2016</b>
	<b>Book amount</b>	<b>Book amount</b>
Joongang Ilbo	9,735,686	12,639,502
Join Corp.	4,124,768	3,757,908
The nature Holdings, Co, Ltd	4,000,000	-
Y-Biologics Inc.	2,500,757	2,500,757
Rookiest Entertainment Co., Ltd.	2,000,003	-
AL NAHR COMPANY LIMITED <sup>1</sup>	-	7,251,000
FOSHAN PROPERTY INVESTMENT COMPANY	-	2,759,030
Others	19,850,688	15,313,706
	<u>42,211,902</u>	<u>44,221,903</u>

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

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

(3) Investment in partnerships (excluding investments in joint ventures and associates) as at December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	<b>2017</b>	<b>2016</b>
	<b>Book amount</b>	<b>Book amount</b>
Raine-Partners Fund	18,290,889	19,158,666
Construction Guarantee	14,099,943	12,438,059
TV Chosun-Daesung investment	6,000,000	6,000,000
Central Convergence Contents Investment	4,531,500	4,375,000
Michigan global contents Investment 5th	3,500,000	3,500,000
ISU Global Contents investment	2,702,082	2,702,082
SV Korean-Chinese Culture ICT Convergence Fund	2,700,000	1,800,000
DongMoon Media Contents & Culture Investment	2,365,882	2,705,882
Union Contents investment	2,000,000	2,000,000
Leading Asia culture contents investment	2,000,000	2,000,000
TW Venture Investment No. 12 – Global Contents	-	4,000,000
Formation 8 Partners Fund	838,137	3,252,525
Others	9,669,608	6,495,594
	<u>68,698,041</u>	<u>70,427,808</u>

(4) Other available-for-sale financial assets (excluding investments in joint ventures and associates) as at December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	<b>2017</b>	<b>2016</b>
	<b>Book amount</b>	<b>Book amount</b>
Debt securities	6,520,000	5,599,924

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 ₩ 81,117 million which does not include income tax effect directly reflected on equity and non-controlling interests (2016: ₩ 219,305 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).

# CJ Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2017 and 2016

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

Details of investments in joint ventures of the Group as at December 31, 2017 and 2016, 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	2017		2016
		2017	2016			Net asset value	Book amount	Book amount
Busan Port Terminal Co., Ltd.	Korea	42.41	42.41	December	Logistics	20,079,061	25,786,169	23,824,681
Beijing Ershang CJ Food Co., Ltd.	China	49.00	49.00	December	Starch and sugar Manufacturing	11,599,038	11,599,038	11,369,134
Lucky Union Foods Co., Ltd.	Thailand	20.00	20.00	December	Fish cake manufacturing	10,470,229	10,470,229	10,171,799
Tiantian CJ Home Shopping Co., Ltd.	China	44.00	44.00	December	Wholesale and brokerage	7,727,229	7,727,229	7,553,924
Beijing CJ Xingxing Olympic International Cinema Co., Ltd.	China	49.00	49.00	December	Movie theater operation	5,932,503	5,932,503	5,590,033
Thanh Phuoc Vrg Port And Logistics Joint Stock Company	Vietnam	49.00	49.00	December	Logistics	5,444,536	5,444,536	6,090,330
SCJ TV Shopping Co., Ltd.	Vietnam	50.00	50.00	December	Wholesale and brokerage	5,420,698	5,420,698	5,442,519
Gumbo D.D.F Co., Ltd.	Korea	49.00	49.00	December	Breeding hog	2,145,690	5,371,418	5,107,718
CJ Xingxing(TJ) International Cinema Co., Ltd.	China	49.00	49.00	December	Movie theater operation	4,301,788	4,301,788	3,945,583
Shenyang Batian CJ Ecology Co., Ltd.	China	32.00	32.00	December	Wastewater treatment	3,467,757	3,566,336	4,069,022
Shanghai Shangying CGV Xinzhuang Co., Ltd.	China	49.00	49.00	December	Movie theater Operation	3,182,502	3,182,502	3,520,319
ACJ O Shopping Corporation	Philippines	50.00	50.00	December	Wholesale and brokerage	3,120,881	3,120,881	3,596,247
Ningbo Culture Plaza CJ Cinema Co., Ltd.	China	45.00	45.00	December	Movie theater operation	3,025,923	3,025,923	3,395,634
Shanghai Shangying CGV Cinema Co., Ltd.	China	50.00	50.00	December	Movie theater operation	2,633,561	2,633,561	2,915,399
CJ Xingxing (Shanghai) Cinema Co., Ltd.	China	49.00	49.00	December	Movie Theater Operation	2,207,818	2,207,818	2,110,241
Darby CJ Genetics Co., Ltd.	Vietnam	33.27	33.27	December	Breeding hog	2,098,338	2,098,338	2,255,042
Shanghai Baozun-CJ E-Commerce Co., Ltd.	China	49.00	49.00	December	Wholesale and brokerage	1,905,290	1,905,290	2,227,721
Korea express Saigon Port Co., Ltd.	Vietnam	50.00	50.00	December	Logistics	1,467,460	1,720,347	2,006,502
MP CJ O Shopping Sdn. Bhd.	Malaysia	49.00	49.00	December	Wholesale and brokerage	1,404,806	1,404,806	3,426,132
Oshishang Trading Co., Ltd.	China	-	44.44	December	Wholesale and brokerage	-	-	4,248,612
Others <sup>1</sup>	-	-	-	-	-	14,453,733	15,281,082	13,647,872
						<u>112,088,841</u>	<u>122,200,492</u>	<u>126,514,464</u>

# CJ Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2017 and 2016

<sup>1</sup> Although the Group owns 88.67% of the shares in PT CJ FOODVILLE INDONESIA 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.

Details of investments in associates of the Group as at December 31, 2017 and 2016, are as follows:

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

	Location	Percentage of ownership (%)		Closing month	Business	2017		2016
		2017	2016			Net asset value	Book amount	Book amount
Netmarble Games Corporation	Korea	22.02	27.63	December	Game software development	916,030,610	992,100,927	393,833,878
Shanghai SMG-CJ Home Shopping Co., Ltd. <sup>1</sup>	China	15.84	15.84	December	Wholesale and brokerage	52,498,988	52,498,988	66,702,150
MBC Plus Media Co., Ltd.	Korea	23.52	23.52	December	Broadcasting service	48,217,693	49,628,826	49,757,530
Kumho Industrial Co.,Ltd. <sup>1</sup>	Korea	3.39	3.46	December	Construction	11,303,311	35,396,073	53,637,247
CJ International Asia Pte. Ltd.	Singapore	29.55	29.55	December	Trade	26,294,288	28,531,273	31,546,816
Union Global Contents Investment	Korea	20.22	20.22	December	Investment association	13,668,315	13,668,315	16,177,961
Arkema Thiochemicals Malaysia Sdn. Bhd. <sup>1</sup>	Malaysia	14.00	14.00	December	Methionine manufacturing and sales	12,756,974	12,756,974	13,566,150
THUONG TIN - CJ CAU TRE COMPANY LIMITED	Vietnam	50.00	-	December	Food and food service	5,569,600	5,569,600	-
Banks foundation for young entrepreneurs culture contents investment	Korea	22.64	22.64	December	Investment association	5,115,815	5,115,815	5,176,355
TWI Agrifood Investment Association	Korea	40.00	40.00	December	Food and food service	4,400,010	4,400,010	2,929,277
Union picture venture investment	Korea	33.33	33.33	December	Investment association	4,113,750	4,113,750	5,464,011
Enprani Co., Ltd.	Korea	27.76	27.76	December	Cosmetic manufacturing and sales	3,986,658	3,986,658	4,074,439
MYANMAR CINEPLEX CO., LTD.	Myanmar	50.00	50.00	December	Movie theater operation	3,637,293	3,637,293	1,948,279
TW Venture Investment No. 14 – Culture Contents	Korea	25.00	25.00	December	Investment association	3,151,454	3,151,454	3,170,422
Cable TV VOD Co., Ltd. <sup>1</sup>	Korea	17.75	17.75	December	Broadcast program production	3,010,815	3,010,815	2,677,166
CJ Worldis Co., Ltd.	Korea	50.00	50.00	December	Travel	2,980,664	2,980,664	2,603,410
Gretech Corporation	Korea	24.54	24.54	December	Broadcast program production	2,631,979	2,631,979	3,161,475
IBK Finance Group Union Contents Investment	Korea	25.00	25.00	December	Investment association	2,577,231	2,577,231	2,478,438
Shanghai-Inchon International Ferry Co., Ltd.	China	24.50	24.50	December	Marine freight transportation	2,478,907	2,478,907	4,315,624
ALS Bac Ninh Company Limited	Vietnam	30.00	30.00	December	Logistics	2,413,092	2,413,092	2,228,010
Incheon South Terminal	Korea	40.00	40.00	December	Logistics	1,979,509	1,979,509	2,704,258

# CJ Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2017 and 2016

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

	Location	Percentage of ownership (%)		Closing month	Business	2017		2016
		2017	2016			Net asset value	Book amount	Book amount
Operation Company								
Others <sup>2</sup>	-	-	-	-	-	11,193,404	11,217,311	15,721,029
						<u>1,140,010,360</u>	<u>1,243,845,464</u>	<u>683,873,925</u>

<sup>1</sup> 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., and Cable TV VOD Co., Ltd., the Group classified these companies as investments in associates because the Group exercises significant influence through an agreement with other shareholders.

<sup>2</sup> Although the Group owns 51.54% of the shares of Ulsan Port Operating Co., Ltd., 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**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

Details of valuation of investments in associates and joint ventures that are accounted for using the equity method for the years ended December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	Beginning balance	Acquisition/ Transfer	Disposal/ Transfer <sup>1</sup>	Valuation of equity method in 2017			Ending balance
				Share of profit(loss)	Share of other comprehensive income	Others <sup>3</sup>	
Netmarble Games Corporation <sup>2</sup>	393,833,878	-	-	78,202,199	38,339,691	481,725,159	992,100,927
Shanghai SMG-CJ Home Shopping Co., Ltd.	66,702,150	-	-	16,203,255	(4,481,335)	(25,925,082)	52,498,988
MBC Plus Media Co., Ltd.	49,757,530	-	-	148,640	(73,663)	(203,681)	49,628,826
Kumho Industrial Co., Ltd. <sup>4</sup>	53,637,247	-	-	(1,810,883)	(367,030)	(16,063,261)	35,396,073
CJ International Asia Pte. Ltd.	31,546,816	-	-	327,043	(3,342,586)	-	28,531,273
Busan Port Terminal Co., Ltd.	23,824,681	-	-	1,961,488	-	-	25,786,169
Union Global Contents Investment	16,177,961	-	-	(2,509,646)	-	-	13,668,315
Arkema Thiochemicals Malaysia Sdn. Bhd.	13,566,150	-	-	770,346	(740,778)	(838,744)	12,756,974
Beijing Ershang CJ Food Co., Ltd.	11,369,134	-	-	879,069	(649,165)	-	11,599,038
Lucky Union Foods Co., Ltd.	10,171,799	-	-	1,229,449	(55,634)	(875,385)	10,470,229
Tiantian CJ Home Shopping Co., Ltd.	7,553,924	-	-	606,079	(432,774)	-	7,727,229
Beijing CJ Xingxing Olympic International Cinema Co., Ltd	5,590,033	-	-	1,005,569	(324,581)	(338,518)	5,932,503
THUONG TIN - CJ CAU TRE COMPANY LIMITED	-	5,569,600	-	-	-	-	5,569,600
Thanh Phuoc Vrg Port and Logistics Joint Stock Company	6,090,330	-	-	32,617	(678,411)	-	5,444,536
SCJ TV Shopping Co., Ltd.	5,442,519	-	-	615,053	(636,874)	-	5,420,698
Gumbo D.D.F Co., Ltd.	5,107,718	-	-	488,120	-	(224,420)	5,371,418
Banks foundation for young entrepreneurs culture contents investment	5,176,355	-	-	(60,540)	-	-	5,115,815
TWI Agrifood Investment Association	2,929,277	1,600,000	-	(202,897)	73,630	-	4,400,010
CJ Xingxing(TJ) International Cinema Co., Ltd.	3,945,583	-	-	588,440	(232,235)	-	4,301,788
Union picture venture investment	5,464,011	-	-	(1,303,901)	-	(46,360)	4,113,750
Enprani Co., Ltd.	4,074,439	-	-	(76,296)	(15,747)	4,262	3,986,658
MYANMAR CINEPLEX CO., LTD.	1,948,279	1,797,549	-	256,901	(365,436)	-	3,637,293
Shenyang Batian CJ Ecology Co., Ltd.	4,069,022	-	-	(289,038)	(213,648)	-	3,566,336
Shanghai Shangying CGV Xinzhuang Co., Ltd.	3,520,319	-	-	618,443	(169,619)	(786,641)	3,182,502
TW Venture Investment No. 14 – Culture Contents	3,170,422	-	-	(18,968)	-	-	3,151,454
ACJ O Shopping Corporation	3,596,247	-	-	(24,959)	(433,416)	(16,991)	3,120,881
Ningbo Culture Plaza CJ Cinema Co., Ltd.	3,395,634	-	-	19,630	(178,091)	(211,250)	3,025,923
Cable TV VOD Co., Ltd.	2,677,166	-	-	333,649	-	-	3,010,815
CJ Wolrdis Co., Ltd.	2,603,410	-	-	377,254	-	-	2,980,664
Gretech Corporation	3,161,475	-	-	(178,457)	(55,400)	(295,639)	2,631,979
Shanghai Shangying CGV Cinema Co., Ltd.	2,915,399	-	-	417,605	(143,124)	(556,319)	2,633,561
IBK Finance Group Union Contents Investment	2,478,438	-	-	98,793	-	-	2,577,231

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

<i>(In thousands of Korean won)</i>	Beginning balance	Acquisition/ Transfer	Disposal/ Transfer <sup>1</sup>	Valuation of equity method in 2017			Ending balance
				Share of profit(loss)	Share of other comprehensive income	Others <sup>3</sup>	
Shanghai-Inchon International Ferry Co., Ltd	4,315,624	-	-	770,928	(256,909)	(2,350,736)	2,478,907
ALS Bac Ninh Company Limited	2,228,010	-	-	1,577,222	(264,681)	(1,127,459)	2,413,092
CJ Xingxing (Shanghai) Cinema Co., Ltd.	2,110,241	-	-	653,023	(121,189)	(434,257)	2,207,818
Darby CJ Genetics Co., Ltd.	2,255,042	-	-	99,023	(255,727)	-	2,098,338
Incheon South Terminal Operation Company	2,704,258	-	-	795,251	-	(1,520,000)	1,979,509
Shanghai Baozun-CJ E-Commerce Co., Ltd.	2,227,721	-	-	(203,499)	(118,932)	-	1,905,290
Korea Express Saigon Port Co., Ltd.	2,006,502	-	-	118,094	(188,525)	(215,724)	1,720,347
MP CJ O Shopping Sdn. Bhd.	3,426,132	-	-	(2,118,871)	(80,397)	177,942	1,404,806
OSHISHANG (SHANGHAI) TRADING CO., LTD.	4,248,612	-	(4,439,061)	(42,303)	232,752	-	-
Others <sup>4</sup>	29,368,901	17,433,147	(4,724,123)	(13,755,686)	(1,429,667)	(394,179)	26,498,393
	<u>810,388,389</u>	<u>26,400,296</u>	<u>(9,163,184)</u>	<u>86,597,239</u>	<u>22,340,499</u>	<u>429,482,717</u>	<u>1,366,045,956</u>

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

<i>(In thousands of Korean won)</i>	Beginning balance	Acquisition/ Transfer	Disposal/ Transfer <sup>1</sup>	Valuation of equity method in 2016			Ending balance
				Share of profit(loss)	Share of other comprehensive income	Others <sup>3</sup>	
Netmarble Games Corporation <sup>2</sup>	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
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

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

	Valuation of equity method in 2016						Ending balance
	Beginning balance	Acquisition/ Transfer	Disposal/ Transfer <sup>1</sup>	Share of profit(loss)	Share of other comprehensive income	Others <sup>3</sup>	
<i>(In thousands of Korean won)</i>							
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. <sup>5</sup>	35,105,643	-	(35,132,204)	-	26,561	-	-
PT Graha Layar Prima TBK. <sup>5</sup>	15,794,083	63,686,967	(79,446,110)	(31,656)	(3,284)	-	-
Culture Warehouse Co., Ltd. <sup>5</sup>	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. <sup>5</sup>	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
	<u>870,068,511</u>	<u>157,814,776</u>	<u>(176,799,171)</u>	<u>44,965,616</u>	<u>17,651,103</u>	<u>(103,312,446)</u>	<u>810,388,389</u>

<sup>1</sup> In 2017, the Group disposed of the shares of Centurion Multimedia Investment Fund 2 and others, and recognized the gain and loss on disposal of investment in associates amounting to ₩ 5,040 million and ₩ 969 million (2016: ₩ 2,472 million and ₩ 23,851 million), respectively.

<sup>2</sup> In 2017, the Group recognized a ₩ 500,878 million (2016: ₩ 34,288 million) gain due to uneven capital increase of Netmarble Games Corporation.

<sup>3</sup> Others consist of dividends, capital reduction, impairment, gain and loss on foreign currency translation.

<sup>4</sup> In 2017, the Group recognized impairment loss on investments in associates of ₩ 17,456 million relating to Kumho Industrial Co., Ltd. and others as the fair value of its shares significantly fell below the carrying amount.

<sup>5</sup> In 2016, Sichuan Jixiangju Food Co., Ltd, PT Graha Layar Prima TBK., Culture Warehouse Co., Ltd., and Hwa & Dam Pictures Co., Ltd. and others were included in the consolidated subsidiaries.

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

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

<i>(In thousands of Korean won)</i>	2017						
	Assets	Liabilities	Revenue	Profit from continuing operations	Other comprehensive income	Total comprehensive income	Dividend
Netmarble Games Corporation	5,210,271,201	906,426,865	2,422,023,352	320,289,264	198,404,119	518,693,383	-
Shanghai SMG-CJ Home Shopping Co., Ltd.	503,158,359	172,569,025	197,761,164	67,816,814	(196,372)	67,620,442	26,049,120
MBC Plus Media Co., Ltd.	242,866,371	37,859,172	197,538,868	774,997	(313,170)	461,827	203,174
Kumho Industrial Co., Ltd.	1,257,550,509	924,119,513	1,295,330,864	(53,481,056)	(5,797,994)	(59,279,050)	363,963
CJ International Asia Pte. Ltd.	212,359,483	123,377,122	2,792,186,634	1,104,882	(11,310,609)	(10,205,727)	-
Busan Port Terminal Co., Ltd.	113,759,506	66,414,397	162,265,601	4,625,061	-	4,625,061	-
Union Global Contents Investment	68,692,403	1,094,405	6,399,143	(12,510,989)	-	(12,510,989)	-
Arkema Thiochemicals Malaysia Sdn. Bhd.	270,415,522	179,294,280	88,319,928	5,502,474	(11,282,305)	(5,779,831)	-
Beijing Ershang CJ Food Co., Ltd.	34,858,194	11,186,689	55,573,277	1,883,275	(1,324,832)	558,443	-
Lucky Union Foods Co., Ltd.	80,675,714	28,324,568	104,683,017	6,147,247	(278,172)	5,869,075	879,912
Tiantian CJ Home Shopping Co., Ltd.	42,571,968	25,010,084	90,106,647	1,377,451	(983,576)	393,875	-
Beijing CJ Xingxing Olympic International Cinema Co., Ltd	17,714,968	5,607,820	12,497,547	2,052,182	333,296	2,385,478	336,460
THUONG TIN - CJ CAU TRE COMPANY LIMITED	11,139,200	-	-	-	-	-	-
Thanh Phuoc Vrg Port and Logistics Joint Stock Company	12,617,662	1,506,365	3,163,987	66,554	(1,384,502)	(1,317,948)	-
SCJ TV Shopping Co., Ltd.	17,376,486	6,535,090	39,678,474	1,230,023	(1,273,667)	(43,644)	-
Gumbo D.D.F Co., Ltd.	5,151,571	772,612	8,616,568	996,163	-	996,163	224,000
Banks foundation for young entrepreneurs culture contents investment	22,836,866	240,508	3,064,583	(282,516)	-	(282,516)	-
TWI Agrifood Investment Association	11,128,740	128,716	3,450	(507,242)	184,075	(323,167)	-
CJ Xingxing(TJ) International Cinema Co., Ltd.	12,714,898	3,935,740	8,260,772	1,200,892	99,474	1,300,366	-
Union picture venture investment	12,484,524	142,039	1,323,474	(4,050,782)	-	(4,050,782)	-
Enprani Co., Ltd.	36,146,964	21,785,803	71,877,480	(1,697,947)	25,896	(1,672,051)	-
MYANMAR CINEPLEX CO., LTD.	9,106,091	1,831,504	7,042,555	513,800	603,593	1,117,393	-
Shenyang Batian CJ Ecology Co., Ltd.	12,717,034	1,880,294	1,425,763	(903,245)	(667,649)	(1,570,894)	-
Shanghai Shangying CGV Xinzhuang Co., Ltd.	8,667,832	2,172,930	6,403,138	1,262,129	(40,509)	1,221,620	771,214
TW Venture Investment No. 14 – Culture Contents	12,764,422	158,607	2,487,075	(75,874)	-	(75,874)	-
ACJ O Shopping Corporation	9,429,178	3,187,416	18,854,890	(49,920)	(866,832)	(916,752)	-
Ningbo Culture Plaza CJ Cinema Co., Ltd.	8,905,892	2,181,619	6,720,162	43,623	387,810	431,433	205,301
Cable TV VOD Co., Ltd.	46,271,280	29,308,944	97,060,177	1,866,667	-	1,866,667	-
CJ Worldis Co., Ltd.	9,566,407	3,605,080	9,763,107	754,508	-	754,508	-
Shanghai Shangying CGV Cinema Co., Ltd.	7,386,734	2,119,613	4,880,498	835,210	(43,980)	791,230	545,409
Gretech Corporation	15,849,655	5,124,394	9,929,822	(2,167,185)	9,497	(2,157,688)	-
IBK Finance Group Union Contents Investment	10,360,589	51,664	1,005,845	395,173	-	395,173	-
Shanghai-Inchon International Ferry Co., Ltd	26,531,473	16,413,484	3,146,645	3,146,645	(1,048,610)	2,098,035	2,362,946
ALS Bac Ninh Company	9,609,259	1,565,617	13,512,168	5,256,569	(882,128)	4,374,441	1,132,060

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

(In thousands of Korean won)	2017						
	Assets	Liabilities	Revenue	Profit from continuing operations	Other comprehensive income	Total comprehensive income	Dividend
Limited							
CJ Xingxing (Shanghai) Cinema Co., Ltd.	5,394,600	888,850	4,305,979	1,332,698	104,215	1,436,913	432,296
Darby CJ Genetics Co., Ltd.	7,375,828	1,068,832	3,721,462	297,643	(768,651)	(471,008)	-
Incheon South Terminal Operation Company	7,025,386	2,076,614	13,423,392	1,988,127	-	1,988,127	1,520,000
Shanghai Baozun-CJ E-Commerce Co., Ltd.	5,017,730	1,129,382	3,966,640	(415,302)	(242,719)	(658,021)	-
Korea Express Saigon Port Co., Ltd.	3,551,651	616,731	3,705,317	236,186	(377,049)	(140,863)	215,724
MP CJ O Shopping Sdn. Bhd.	9,012,973	6,146,022	34,072,804	(3,961,080)	(164,075)	(4,125,155)	-

(In thousands of Korean won)	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	11,051,972	3,867,647	7,492,732	1,804,984	(246,284)	1,558,700	1,171,974

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

(In thousands of Korean won)	2016						
	Assets	Liabilities	Revenue	Profit from continuing operations	Other comprehensive income	Total comprehensive income	Dividend
Xinzhuang Co., Ltd.							
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	-
CJ Woldis 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

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

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>	2017				
	Net assets at the end of the year	Group's share in %	Group's share in net assets	Goodwill	Book amount
Netmarble Games Corporation	4,159,355,647	22.02	916,030,610	76,070,317	992,100,927
Shanghai SMG-CJ Home Shopping Co., Ltd.	331,349,334	15.84	52,498,988	-	52,498,988
MBC Plus Media Co., Ltd.	205,007,199	23.52	48,217,693	1,411,133	49,628,826
Kumho Industrial Co., Ltd.	333,430,996	3.39	11,303,311	24,092,762	35,396,073
CJ International Asia Pte. Ltd.	88,982,361	29.55	26,294,288	2,236,985	28,531,273
Busan Port Terminal Co., Ltd.	47,345,109	42.41	20,079,061	5,707,109	25,786,170
Union Global Contents Investment	67,597,998	20.22	13,668,315	-	13,668,315
Arkema Thiochemicals Malaysia Sdn. Bhd.	91,121,242	14.00	12,756,974	-	12,756,974
Beijing Ershang CJ Food Co., Ltd.	23,671,505	49.00	11,599,038	-	11,599,038
Lucky Union Foods Co., Ltd.	52,351,146	20.00	10,470,229	-	10,470,229
Tiantian CJ Home Shopping Co., Ltd.	17,561,884	44.00	7,727,229	-	7,727,229
Beijing CJ Xingxing Olympic International Cinema Co., Ltd	12,107,148	49.00	5,932,503	-	5,932,503
THUONG TIN - CJ CAU TRE COMPANY LIMITED	11,139,200	50.00	5,569,600	-	5,569,600
Thanh Phuoc Vrg Port and Logistics Joint Stock Company	11,111,297	49.00	5,444,536	-	5,444,536
SCJ TV Shopping Co., Ltd.	10,841,396	50.00	5,420,698	-	5,420,698
Gumbo D.D.F Co., Ltd.	4,378,959	49.00	2,145,690	3,225,728	5,371,418
Banks foundation for young entrepreneurs culture contents investment	22,596,358	22.64	5,115,815	-	5,115,815
TWI Agrifood Investment Association	11,000,024	40.00	4,400,010	-	4,400,010
CJ Xingxing(TJ) International Cinema Co., Ltd.	8,779,158	49.00	4,301,788	-	4,301,788
Union picture venture investment	12,342,485	33.33	4,113,750	-	4,113,750
Enprani Co., Ltd.	14,361,161	27.76	3,986,658	-	3,986,658
MYANMAR CINEPLEX CO., LTD.	7,274,587	50.00	3,637,293	-	3,637,293
Shenyang Batian CJ Ecology Co., Ltd.	10,836,740	32.00	3,467,757	98,579	3,566,336
Shanghai Shangying CGV Xinzhuang Co., Ltd.	6,494,902	49.00	3,182,502	-	3,182,502
TW Venture Investment No. 14 – Culture Contents	12,605,815	25.00	3,151,454	-	3,151,454
ACJ O Shopping Corporation	6,241,762	50.00	3,120,881	-	3,120,881
Ningbo Culture Plaza CJ Cinema Co., Ltd.	6,724,273	45.00	3,025,923	-	3,025,923
Cable TV VOD Co., Ltd.	16,962,336	17.75	3,010,815	-	3,010,815
CJ Woldis Co., Ltd.	5,961,327	50.00	2,980,664	-	2,980,664
Shanghai Shangying CGV Cinema Co., Ltd.	5,267,121	50.00	2,633,561	-	2,633,561
Gretech Corporation	10,725,261	24.54	2,631,979	-	2,631,979
IBK Finance Group Union Contents Investment	10,308,925	25.00	2,577,231	-	2,577,231
Shanghai-Inchon International Ferry Co., Ltd	10,117,989	24.50	2,478,907	-	2,478,907

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

<i>(In thousands of Korean won)</i>	2017				
	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	8,043,642	30.00	2,413,092	-	2,413,092
CJ Xingxing (Shanghai) Cinema Co., Ltd.	4,505,750	49.00	2,207,818	-	2,207,818
Darby CJ Genetics Co., Ltd.	6,306,996	33.27	2,098,338	-	2,098,338
Incheon South Terminal Operation Company	4,948,772	40.00	1,979,509	-	1,979,509
Shanghai Baozun-CJ E-Commerce Co., Ltd.	3,888,348	49.00	1,905,290	-	1,905,290
Korea Express Saigon Port Co., Ltd.	2,934,920	50.00	1,467,460	252,887	1,720,347
MP CJ O Shopping Sdn. Bhd.	2,866,951	49.00	1,404,806	-	1,404,806

<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	7,545,854	45.00	3,395,634	-	3,395,634

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

<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
Cinema Co., Ltd.					
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 Worldis 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
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

The Group has suspended the application of the equity method of accounting on nine investees, including CJ Mediasa Shopping&Retail Corporation, due to their accumulated losses. Unrecognized loss of these investments amounts to ₩ 4,956 million in 2017 (2016: ₩ 4,384 million) and accumulated unrecognized loss of these investments amounts to ₩ 13,568 million as at December 31, 2017 (2016: ₩ 9,655 million).

Fair value of marketable associates as at December 31, 2017 and 2016, is as follows:

<i>(In thousands of Korean won)</i>	Company name	2017		2016	
		Market value	Book amount	Market value	Book amount
Associates	Kumho Industrial Co., Ltd.	11,537,618	35,929,165	11,743,863	53,637,247
	Netmarble Games Corporation <sup>1</sup>	3,528,720,000	992,101,643	-	-

<sup>1</sup> Its shares were listed on the securities market in 2017.

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

**16. Property, Plant and Equipment**

Details of property, plant and equipment as at December 31, 2017 and 2016, are as follows:

<b>2017</b>				
<i>(In thousands of Korean won)</i>	<b>Cost</b>	<b>Accumulated depreciation<sup>1</sup></b>	<b>Government grants</b>	<b>Book amount</b>
Land	3,105,517,188	-	(3,332,479)	3,102,184,709
Buildings	3,459,929,564	(1,014,677,741)	(16,077,449)	2,429,174,374
Structures	1,528,727,020	(525,701,179)	(1,805,884)	1,001,219,957
Machinery	5,700,130,531	(3,088,833,080)	(25,555,221)	2,585,742,230
Vehicles	307,520,913	(192,937,742)	(7,026)	114,576,145
Tools, equipment and supplies	2,363,830,469	(1,529,970,452)	(1,293,414)	832,566,603
Courses	75,131,394	(207,981)	-	74,923,413
Biotechnology assets	63,300,272	(591,665)	-	62,708,607
Heavy equipment	80,000,292	(50,636,014)	-	29,364,278
Others	234,853,237	(70,314,890)	(2,065,511)	162,472,836
Construction-in-progress	1,098,934,235	-	(983,226)	1,097,951,009
	<u>18,017,875,115</u>	<u>(6,473,870,744)</u>	<u>(51,120,210)</u>	<u>11,492,884,161</u>

  

<b>2016</b>				
<i>(In thousands of Korean won)</i>	<b>Cost</b>	<b>Accumulated depreciation<sup>1</sup></b>	<b>Government grants</b>	<b>Book amount</b>
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>

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

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

Changes in property, plant and equipment for the years ended December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	<b>2017</b>					
	<b>Land</b>	<b>Buildings</b>	<b>Structures</b>	<b>Machinery</b>	<b>Vehicles</b>	<b>Tools, equipment and supplies</b>
Opening net book amount	3,037,578,860	2,291,492,458	953,706,440	2,512,365,981	100,717,409	729,591,070
Increase due to business combination	13,016,767	29,034,005	9,777,948	91,677,972	22,567,958	7,382,912
Acquisition	24,820,431	105,542,790	60,574,045	229,889,531	27,994,192	335,604,643
Transfer from (to) investment properties	41,262,260	6,700,231	26,965	-	-	146,802
Transfer to intangible assets	-	-	-	-	-	2,808,917
Transfer	1,025,236	176,452,531	118,647,843	355,764,186	4,201,996	61,756,550
Disposal	(5,473,613)	(14,186,006)	(4,791,486)	(26,409,069)	(5,649,283)	(24,178,885)
Depreciation	-	(111,165,960)	(84,138,282)	(414,712,312)	(30,781,041)	(261,983,816)
Impairment loss <sup>1</sup>	-	(2,265,890)	-	(8,451,298)	-	(29,704)
Effect of foreign currency translation	(8,040,149)	(58,862,687)	(52,632,044)	(140,730,197)	(4,662,035)	(28,529,837)
Others	(2,005,083)	6,432,902	48,528	(13,652,564)	186,949	9,997,951
Closing net book amount	<u>3,102,184,709</u>	<u>2,429,174,374</u>	<u>1,001,219,957</u>	<u>2,585,742,230</u>	<u>114,576,145</u>	<u>832,566,603</u>

<i>(In thousands of Korean won)</i>	<b>2017</b>					
	<b>Courses</b>	<b>Biotechnology assets</b>	<b>Heavy equipment</b>	<b>Others</b>	<b>Construction-in-Progress</b>	<b>Total</b>
Opening net book amount	70,263,418	49,994,180	17,636,759	161,242,503	448,225,735	10,372,814,813
Increase due to business combination	-	-	18,902,579	2,542,299	21,772,235	216,674,675
Acquisition	837,897	47,444,216	921,809	17,817,737	1,415,684,012	2,267,131,303
Transfer from (to) investment properties	-	-	-	-	-	48,136,258
Transfer to intangible assets	-	-	-	-	(17,568,859)	(14,759,942)
Transfer	4,030,079	-	-	3,454,061	(725,332,482)	-
Disposal	-	(28,002,423)	(1,582,914)	(857,272)	(5,981,169)	(117,112,120)
Depreciation	-	(431,905)	(5,045,817)	(13,899,289)	-	(922,158,422)
Impairment loss <sup>1</sup>	(207,981)	-	-	-	-	(10,954,873)
Effect of foreign currency translation	-	(6,757,509)	(1,135,980)	(2,611,491)	(27,471,047)	(331,432,976)
Others	-	462,048	(332,158)	(5,215,712)	(11,377,416)	(15,454,555)
Closing net book amount	<u>74,923,413</u>	<u>62,708,607</u>	<u>29,364,278</u>	<u>162,472,836</u>	<u>1,097,951,009</u>	<u>11,492,884,161</u>

<sup>1</sup> In 2017, the Group recognized impairment loss amounting to ₩ 10,955 million on property, plant and equipment for those that suffered a significant decrease in their fair values determined based on expected disposal amounts.

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

<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 <sup>1</sup>	-	(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 <sup>1</sup>	-	-	-	-	-	(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>

<sup>1</sup> 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 their fair values determined based on expected disposal amounts.

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

Depreciation expense of property, plant and equipment for the years ended December 31, 2017 and 2016, is classified as follows:

<i>(In thousands of Korean won)</i>	<b>2017</b>	<b>2016</b>
Cost of sales	717,867,510	644,731,391
Selling and administrative expenses	204,290,912	187,356,155
	<u>922,158,422</u>	<u>832,087,546</u>

Bank borrowings are secured by a portion of land (including investment property), buildings (including investment property), structures and machinery as at December 31, 2017.

In 2017, the Group has capitalized borrowing costs amounting to ₩ 4,554 million (2016: ₩ 680 million) on qualifying assets. The weighted average rate of general borrowings rate used to measure Borrowing costs was 2.75% (2016: 2.93%).

CJ CheilJedang Co., Ltd., a subsidiary, resolved at its board meeting on June 12, 2017 to construct an integrated food production plant in Jincheon, Chungcheongbuk-do for the purpose of building a production infrastructure that correspond to growth in the food core business. The estimated investment amount is ₩ 541,000 million and the estimated investment period is from 2017 to 2020. Increase in construction in progress during the current year includes the expenditure for the integrated food production plant.

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, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	<u>2017</u>		<u>2016</u>	
	<b>Machinery</b>	<b>Equipment and vehicles</b>	<b>Machinery</b>	<b>Equipment and vehicles</b>
Cost (capitalized finance leases)	59,080,669	148,968,876	143,802,264	8,572,838
Accumulated depreciation	<u>(13,599,834)</u>	<u>(77,366,598)</u>	<u>(59,574,739)</u>	<u>(5,111,550)</u>
Net book amount	<u>45,480,835</u>	<u>71,602,278</u>	<u>84,227,525</u>	<u>3,461,288</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 ₩ 735,507 million (2016: ₩ 757,736 million). Also, total minimum lease payments in relation to non-cancellable operating leases amount to ₩ 2,781,599 million, of which ₩ 481,164 million will be paid within one year, ₩ 1,117,280 million will be paid later than one year but less than five years, and ₩ 1,183,155 million will be paid later than five years.

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

**17. Intangible Assets**

Details of intangible assets as at December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	<b>2017</b>			
	<b>Cost</b>	<b>Accumulated amortization<sup>1</sup></b>	<b>Government grants</b>	<b>Book amount</b>
Goodwill	3,615,209,956	(60,134,103)	-	3,555,075,853
Development costs	468,106,825	(287,821,784)	(1,433,474)	178,851,567
Membership rights	61,281,282	(6,705,075)	-	54,576,207
Publication rights and rights to music contents	1,970,877,292	(1,736,049,637)	-	234,827,655
Service concession arrangement	631,746,541	(219,471,561)	(23,571,657)	388,703,323
Brand	249,271,211	-	-	249,271,211
Licenses	159,134,172	-	-	159,134,172
Construction in progress	148,529,362	(1,090,945)	(89,200)	147,349,217
Others	<u>1,787,498,500</u>	<u>(713,683,040)</u>	<u>(2,571,459)</u>	<u>1,071,244,001</u>
	<u>9,091,655,141</u>	<u>(3,024,956,145)</u>	<u>(27,665,790)</u>	<u>6,039,033,206</u>
	<b>2016</b>			
<i>(In thousands of Korean won)</i>	<b>Cost</b>	<b>Accumulated amortization<sup>1</sup></b>	<b>Government grants</b>	<b>Book amount</b>
Goodwill	3,309,846,724	(55,623,498)	-	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	<u>1,722,690,773</u>	<u>(633,054,528)</u>	<u>(2,828,234)</u>	<u>1,086,808,011</u>
	<u>8,398,542,221</u>	<u>(2,633,509,096)</u>	<u>(28,932,478)</u>	<u>5,736,100,647</u>

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

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

Changes in intangible assets for the years ended December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	<b>2017</b>			
	<b>Goodwill</b>	<b>Development costs</b>	<b>Membership rights</b>	<b>Publication rights and rights to music contents</b>
Opening net book amount	3,254,223,226	188,908,191	52,700,450	240,968,131
Increase due to business combination	502,380,231	-	-	3,767,430
Acquisition	-	47,940,092	5,224,004	126,573,823
Transfer	-	6,474,484	-	225,603,557
Transfer from property, plant and equipment	-	3,217,148	-	5,715,256
Disposal	(5,675)	(24,104)	(340,912)	(256,596)
Amortization	-	(55,332,482)	-	(338,013,749)
Impairment loss <sup>1</sup>	(4,510,605)	(12,111,297)	(716,405)	(2,187,169)
Effect of foreign currency translation	(200,284,149)	(292)	(170,924)	(2,789,186)
Others	3,272,825	(220,173)	(2,120,006)	(24,553,842)
Closing net book amount	<u>3,555,075,853</u>	<u>178,851,567</u>	<u>54,576,207</u>	<u>234,827,655</u>

<i>(In thousands of Korean won)</i>	<b>2017</b>					
	<b>Service concession arrangement</b>	<b>Brand</b>	<b>Licenses</b>	<b>Construction-in-progress</b>	<b>Others</b>	<b>Total</b>
Opening net book amount	407,528,851	249,271,211	159,134,172	96,558,404	1,086,808,011	5,736,100,647
Increase due to business combination	-	-	-	-	78,684,310	584,831,971
Acquisition	54,071	-	-	323,500,731	100,505,582	603,798,303
Transfer	-	-	-	(274,665,558)	42,587,517	-
Transfer from property, plant and equipment	-	-	-	3,149,715	2,677,823	14,759,942
Disposal	-	-	-	(240,891)	(20,356,329)	(21,224,507)
Amortization	(11,213,565)	-	-	-	(182,183,806)	(586,743,602)
Impairment loss <sup>1</sup>	-	-	-	-	(1,327,090)	(20,852,566)
Effect of foreign currency translation	-	-	-	(79,463)	(12,218,998)	(215,543,012)
Others	(7,666,034)	-	-	(873,721)	(23,933,019)	(56,093,970)
Closing net book amount	<u>388,703,323</u>	<u>249,271,211</u>	<u>159,134,172</u>	<u>147,349,217</u>	<u>1,071,244,001</u>	<u>6,039,033,206</u>

<sup>1</sup> In 2017, the Group recognized impairment loss amounting to ₩ 20,853 million on intangible assets including goodwill for those that suffered a significant decrease in their fair value or value-in-use.

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

<i>(In thousands of Korean won)</i>	<b>2016</b>			
	<b>Goodwill</b>	<b>Development costs</b>	<b>Membership rights</b>	<b>Publication rights and rights to music contents</b>
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 <sup>1</sup>	(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>	<b>2016</b>					
	<b>Service concession arrangement</b>	<b>Brand</b>	<b>Licenses</b>	<b>Construction-in-progress</b>	<b>Others</b>	<b>Total</b>
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 <sup>1</sup>	-	-	-	(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>

<sup>1</sup> In 2016, the Group recognized impairment loss amounting to ₩ 33,649 million on intangible assets including publication rights and rights to music contents for those that suffered a significant decrease in their fair value or value-in-use.

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

Amortization expense of intangible assets for the years ended December 31, 2017 and 2016, are classified as follows:

<i>(In thousands of Korean won)</i>	<b>2017</b>	<b>2016</b>
Cost of sales	418,060,508	472,807,726
Selling and administrative costs	168,683,094	157,044,906
	<u>586,743,602</u>	<u>629,852,632</u>

*Impairment Tests for Goodwill*

Goodwill allocated according to cash-generating units for the years ended December 31, 2017 and 2016, is as follows:

<i>(In millions of Korean won)</i>	<b>2017</b>	<b>2016</b>
<b>Cash-Generating Units</b>		
CJ Corporation's portion of goodwill relating to CJ Korea Express Corporation	949,382	898,564
CJ Corporation's portion of goodwill relating to CJ CGV Co., Ltd.	544,693	651,633
CJ Corporation's portion of goodwill relating to CJ Hello Co., Ltd. (formerly, CJ HelloVision Co., Ltd.)	633,822	633,822
CJ Corporation's portion of goodwill relating to CJ CheilJedang Corporation	898,572	582,832
CJ Corporation's portion of goodwill relating to CJ E&M Corporation	331,828	301,279
CJ Corporation's portion of goodwill relating to CJ O Shopping Co., Ltd.	121,772	105,625
CJ Corporation's portion of goodwill relating to CJ Freshway Corporation	40,971	49,575
CJ Corporation's portion of goodwill relating to CJ OliveNetworks Corporation	23,589	23,589
Others	10,447	7,304
	<u>3,555,076</u>	<u>3,254,223</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, 2017 and 2016.

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

Goodwill impairment reviews are undertaken annually. Impairment test suggests that the recoverable amount of cash generating units does not exceed the book amount, and ₩ 4,511 million (2016: ₩ 31,484 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 key assumptions used for value-in-use calculations in 2017 are as follows:

*(in millions of Korean won)*

	<b>2017</b>		
	<b>Average gross margin rate</b>	<b>Average sales growth rate</b>	<b>Discount rate</b>
CJ Corporation's portion of goodwill relating to CJ Korea Express Corporation	1.63% ~ 6.37%	3.71% ~ 13.95%	6.80%
CJ Corporation's portion of goodwill relating to CJ CGV Co., Ltd.	11.19%	22.15%	13.30%
CJ Corporation's portion of goodwill relating to CJ Hello Co., Ltd. (formerly, CJ HelloVision Co., Ltd.)	10.34%	2.94%	6.60%
CJ Corporation's portion of goodwill relating to CJ CheilJedang Corporation	(0.47%) ~ 25.07%	(0.12%) ~ 63.51%	4.91% ~ 10.95%
CJ Corporation's portion of goodwill relating to CJ E&M Corporation	5.54% ~ 28.18%	10.64% ~ 18.26%	5.4% ~ 15.4%
CJ Corporation's portion of goodwill relating to CJ O Shopping Co., Ltd.	6.64% ~ 6.69%	8.18% ~ 13.43%	12.65% ~ 14.41%
CJ Corporation's portion of goodwill relating to CJ Freshway Corporation	7.08% ~ 29.01%	2.64% ~ 22.26%	9.06% ~ 14%
CJ Corporation's portion of goodwill relating to CJ OliveNetworks Corporation	8.30%	2.03%	10.30%

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.

*Impairment Tests for Brand*

*(In thousands of Korean won)*

	<b>2017</b>	<b>2016</b>
Brand of CJ Korea Express Corporation	220,560,000	220,560,000

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

Brand impairment reviews are undertaken annually. Impairment test suggests that the recoverable amount of cash generating units exceeds 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. For CGUs other than 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 2017 are as follows:

<i>(in thousands of Korean won)</i>	2017		
	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.

*Service Concession Arrangements*

Service concession arrangements as at December 31, 2017, 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

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

---

**18. Investment Properties**

Details of investment properties as at December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	<b>2017</b>	<b>2016</b>
Acquisition cost	307,768,691	320,947,607
Accumulated depreciation <sup>1</sup>	<u>(35,852,160)</u>	<u>(42,978,302)</u>
Book amount	<u>271,916,531</u>	<u>277,969,305</u>

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

Changes in investment properties for the years ended December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	<b>2017</b>	<b>2016</b>
Opening net book amount	277,969,305	269,048,117
Increase due to business combination	-	284,334
Acquisition	56,375,247	3,626,534
Transfer to (from) property, plant and equipment	(48,136,258)	6,040,493
Disposal	(895,498)	(1,131,323)
Depreciation	(5,083,417)	(3,374,651)
Effect of foreign currency translation	<u>(8,312,848)</u>	<u>3,475,801</u>
Closing net book amount	<u>271,916,531</u>	<u>277,969,305</u>

Investment properties above consist of land amounting to ₩ 152,699 million, buildings amounting to ₩ 97,424 million and other property, plant and equipment.

In 2017, rental income from investment properties is ₩ 16,467 million (2016: ₩ 14,257 million), and operating expenses (including repairs and maintenance) directly related to those investment properties amount to ₩ 7,061 million (2016: ₩ 4,293 million).

Fair value of investment properties as at December 31, 2017, is ₩ 318,905 million (2016: ₩ 322,212 million) and classified to Level 3 in fair value hierarchy (Note 5.3).

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

**19. Borrowings**

Short-term borrowings as at December 31, 2017 and 2016, are as follows:

(In thousands of Korean won)	Financial Institution	Annual interest rate (%)	Amount	
		December 31, 2017	2017	2016
General loans	Korea Development Bank and others	0.40 - 11.15	1,323,496,608	1,492,950,156
Commercial papers	NH INVESTMENT & SECURITIES CO.,LTD. and others	1.69 - 2.83	313,000,000	530,000,000
Working Fund	Woori Bank and others	0.02 - 10.50	849,792,425	415,770,292
Loans for facilities	Kookmin Bank and others	1.47 - 14.85	121,969,923	129,479,599
Usance	KEB Hana Bank and others	0.24 - 2.70	311,830,064	313,999,623
			<u>2,920,089,020</u>	<u>2,882,199,670</u>

Long-term borrowings as at December 31, 2017 and 2016, are as follows:

(In thousands of Korean won)	Financial Institution	Annual interest rate (%)	Amount	
		December 31, 2017	2017	2016
<b>General borrowings</b>				
General loans	Korea Development Bank and others	0.01 - 11.00	1,193,202,003	566,326,463
Working fund	The Bank of Yokohama and others	0.80 - 6.00	3,564,153	2,200,000
Policy fund	The Export-Import Bank of Korea and others	1.00 - 3.44	253,408,370	278,404,691
Loans for facilities	Korea Development Bank and others	1.37 - 7.20	522,021,795	692,474,376
Middle/Long-term CP	Shinhan Bank and others	1.79 - 3.13	330,000,000	510,000,000
GSM fund	Korea Development Bank	1.60 - 2.11	57,107,498	79,687,719
Exchange Equalization Fund	Woori Bank	-	-	60,425,000
Others	-	-	-	150,033,703
Less : Present value discount			(20,591,570)	(26,318,410)
Current maturities			(800,007,249)	(527,429,264)
			<u>1,538,705,000</u>	<u>1,785,804,278</u>
<b>Financial lease liabilities</b>				
Machinery and others	Shinhan Capital Co., Ltd. and others	1.10 - 15.00	62,120,602	68,662,760
Less : Current maturities			(8,115,057)	(19,499,543)
			<u>54,005,545</u>	<u>49,163,217</u>

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

1,592,710,545      1,834,967,495

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).

Minimum lease payments to the lessor as at December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	<b>2017</b>	<b>2016</b>
<b>Total minimum lease payments</b>		
No later than 1 year	10,768,994	22,427,581
Between 1 and 5 years	42,181,176	52,673,260
Over 5 years	22,353,983	-
	<u>75,304,153</u>	<u>75,100,841</u>
<b>Unearned financial income</b>	<u>(13,183,551)</u>	<u>(6,438,081)</u>
<b>Net minimum lease payment</b>		
No later than 1 year	8,115,057	19,499,543
Between 1 and 5 years	37,189,918	49,163,217
Over 5 years	16,815,627	-
	<u>62,120,602</u>	<u>68,662,760</u>

**20. Debentures**

Details of debentures as at December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	<b>Annual interest</b>	<b>Amount</b>	
	<b>rate (%)</b>		
	<b>December 31,</b>	<b>2017</b>	<b>2016</b>
	<b>2017</b>		
Non-guarantee public bonds	1.57 - 4.76	4,130,000,000	3,178,000,000
Non-guarantee private bonds	0.85 - 5.20	1,155,236,288	1,275,853,258
Exchangeable debentures	-	-	86,710,000
Less : Present value discount		(8,383,950)	(8,395,061)
Current maturities		<u>(594,787,334)</u>	<u>(803,925,170)</u>
		<u>4,682,065,004</u>	<u>3,728,243,027</u>

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

---

**21. Post-employment Benefits**

**21.1 Defined Benefit Plan**

The Group operates defined benefit 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, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	<b>2017</b>	<b>2016</b>
Present value of funded defined benefit liabilities	1,056,546,547	943,628,733
Present value of unfunded defined benefit liabilities	26,411,251	8,512,709
	<u>1,082,957,798</u>	<u>952,141,442</u>
Fair value of plan assets <sup>1</sup>	<u>(847,511,272)</u>	<u>(693,782,856)</u>
Net defined benefit liabilities	<u>235,446,526</u>	<u>258,358,586</u>

<sup>1</sup> The fair value of plan assets includes contributions to the National Pension Fund of ₩ 234 million as at December 31, 2017 (2016: ₩ 234 million).

Changes in the defined benefit obligation for the years ended December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	<b>2017</b>	<b>2016</b>
Beginning balance	952,141,442	794,039,541
Increase due to business combination	3,935,981	6,855,774
Current service cost	181,581,341	148,044,198
Past service cost	20,271,517	9,174,294
Interest expense	27,737,742	22,632,773
Remeasurements:		
Actuarial loss from change in demographic assumptions	18,457,015	875,882
Actuarial loss (gain) from change in financial assumptions	(37,717,169)	4,057,654
Actuarial loss from experience adjustments	26,913,864	20,971,330
Payments from plans:		
Benefit payments	(107,929,153)	(54,589,619)
Decrease due to disposal of subsidiaries	(73,980)	-
Effect of foreign currency translation	<u>(2,360,802)</u>	<u>79,615</u>
Ending balance	<u>1,082,957,798</u>	<u>952,141,442</u>

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

Movements in the fair value of plan assets for the years ended December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	<b>2017</b>	<b>2016</b>
Beginning balance	693,782,856	533,897,649
Increase due to business combination	161,813	3,881,086
Interest income	19,746,762	14,860,539
Remeasurements:		
Return on plan assets	(10,969,415)	(6,871,179)
Contributions:		
Employers	199,818,998	183,278,558
Payments from plans:		
Benefit payments	(54,966,515)	(35,263,797)
Decrease due to disposal of subsidiaries	(63,227)	-
Ending balance	<u>847,511,272</u>	<u>693,782,856</u>

Details of plan assets as at December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	<b>2017</b>		<b>2016</b>	
	<b>Amount</b>	<b>Composition(%)</b>	<b>Amount</b>	<b>Composition(%)</b>
Deposits	611,963,400	72.21	528,231,460	76.14
Beneficiary certificate	218,760,936	25.81	146,863,814	21.17
Others	<u>16,786,936</u>	<u>1.98</u>	<u>18,687,582</u>	<u>2.69</u>
	<u>847,511,272</u>	<u>100.00</u>	<u>693,782,856</u>	<u>100.00</u>

The significant actuarial assumptions as at December 31, 2017 and 2016, are as follows:

<i>(in percentage)</i>	<b>2017</b>	<b>2016</b>
Discount rate	3.53%	3.14%
Future salary growth rate	4.85%	5.13%

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

---

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

<i>(in percentage)</i>	<b>Impact on defined benefit obligation</b>		
	<b>Changes in assumption</b>	<b>Increase in assumption</b>	<b>Decrease in assumption</b>
Discount rate	1% increase/ decrease	4.82% decrease	5.69% increase
Salary growth rate	1% increase/ decrease	6.79% increase	6.01% decrease

The above sensitivity analysis are based on the assumption that all other variable are held constant. The sensitivity of the defined benefit obligation to changes in principal actuarial assumptions is calculated using the projected unit credit method, which is 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, 2017, is as follows:

<i>(In thousands of Korean won)</i>	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 5 and 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Pension benefits	147,104,578	114,041,334	359,883,867	757,809,331	1,378,839,110

The weighted average duration of the defined benefit obligations is 7.2 years.

### **21.2 Defined Contribution Plan**

Recognized expense related to the defined contribution plan for the year ended December 31, 2017, is ₩ 3,086 million (2016: ₩ 728 million).

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

---

**22. Income Tax and Deferred Tax**

Income tax expense for the years ended December 31, 2017 and 2016, consists of:

<i>(In thousands of Korean won)</i>	<b>2017</b>	<b>2016</b>
Current tax:		
Current tax on profits for the year	327,778,588	253,980,911
Adjustments in respect of prior years	166,441	6,951,840
	<u>327,945,029</u>	<u>260,932,751</u>
Deferred tax:		
Origination and reversal of temporary differences	109,507,883	(35,489,385)
Income tax expense	<u>437,452,912</u>	<u>225,443,366</u>

Reconciliation between profit before income tax and income tax expense for the years ended December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	<b>2017</b>	<b>2016</b>
Profit before income tax	<u>1,575,181,329</u>	<u>795,266,748</u>
Tax at domestic tax rates applicable to profits in the respective countries	321,945,464	213,094,691
Tax effects of:		
Profit (loss) of subsidiaries and associates	46,900,428	(22,484,361)
Adjustments in respect of prior years	166,441	6,951,840
Income not subject to tax	(8,454,618)	(4,542,576)
Tax credit	(28,695,967)	(26,970,631)
Unrecognized deferred income tax	96,350,855	47,808,915
Others	9,240,309	11,585,488
Income tax expense	<u>437,452,912</u>	<u>225,443,366</u>

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

The tax effect relating to components of other comprehensive income and equity for the years ended December 31, 2017 and 2016, is as follows:

<i>(In thousands of Korean won)</i>	2017			2016		
	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	(325,368,964)	91,236,891	(234,132,073)	(7,263,574)	(707,021)	(7,970,595)
Cumulative effect of foreign currency translation	(469,613,178)	22,711,046	(446,902,132)	(59,614,753)	(2,270,855)	(61,885,608)
Share of other comprehensive income of joint venture and associates	22,888,549	-	22,888,549	17,651,103	-	17,651,103
Gains (losses) on valuation of derivatives	284,469	(68,016)	216,453	2,096,178	(501,196)	1,594,982
Remeasurements of net defined benefit liabilities	(18,623,125)	3,382,274	(15,240,851)	(32,776,045)	7,951,489	(24,824,556)
	<u>(790,432,249)</u>	<u>117,262,195</u>	<u>(673,170,054)</u>	<u>(79,907,091)</u>	<u>4,472,417</u>	<u>(75,434,674)</u>
The income tax (charged) / credited directly to equity:						
Share of movement in other components of equity of associates	(19,689,354)	-	(19,689,354)	(108,171,736)	-	(108,171,736)
Other components of equity	388,168	(93,937)	294,231	(2,406,083)	582,272	(1,823,811)
	<u>(19,301,186)</u>	<u>(93,937)</u>	<u>(19,395,123)</u>	<u>(110,577,819)</u>	<u>582,272</u>	<u>(109,995,547)</u>
	<u>(809,733,435)</u>	<u>117,168,258</u>	<u>(692,565,177)</u>	<u>(190,484,910)</u>	<u>5,054,689</u>	<u>(185,430,221)</u>

The analysis of deferred tax assets and deferred tax liabilities as at December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	2017	2016
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	753,603,174	598,645,026
Deferred tax asset to be recovered within 12 months	97,000,962	87,059,134
	<u>850,604,136</u>	<u>685,704,160</u>
Deferred tax liabilities		
Deferred tax liability to be recovered after more than 12 months	(1,421,186,156)	(1,222,677,692)
Deferred tax liability to be recovered within 12 months	-	(752,100)
	<u>(1,421,186,156)</u>	<u>(1,223,429,792)</u>
Deferred tax liabilities, net	<u>(570,582,020)</u>	<u>(537,725,632)</u>

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

Changes in deferred tax assets and liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction, for the years ended December 31, 2017 and 2016, are as follows:

	2017						Ending balance
	Beginning balance	Statement of profit or loss	Other Comprehensive income	Acquisition of subsidiaries	Disposal of subsidiaries	Effect of foreign currency translation	
<i>(In thousands of Korean won)</i>							
Deferred tax assets							
Provision for impairment	47,509,571	4,828,607	-	-	-	(106,826)	52,231,352
Net defined benefit liabilities	54,047,564	14,727,823	-	-	-	(443,963)	68,331,424
Loss on valuation of inventories	4,068,009	1,329,086	-	-	-	(2,686)	5,394,409
Amortization	8,706,236	974,780	-	-	-	(19,407)	9,661,609
Impairment loss on investment property	17,078,458	25,579,444	-	-	-	(11,851)	42,646,051
Impairment loss on property, plant and equipment	5,535,029	2,787,329	-	-	-	(31,493)	8,290,865
Impairment loss on intangible assets	1,747,456	171,524	-	-	-	-	1,918,980
Accrued expenses	35,430,254	3,435,841	-	-	-	(123,214)	38,742,881
Currency translation	-	387,167	-	-	-	-	387,167
Government subsidy	3,802,853	(767,961)	-	-	-	-	3,034,892
Tax loss	330,101,808	78,278,172	-	-	-	(2,647,771)	405,732,209
Tax credit	14,305,950	(4,225,861)	-	-	-	-	10,080,089
Remeasurement	65,093,717	-	3,382,274	-	-	-	68,475,991
Gain(loss) on foreign currency translation	-	-	16,220,727	-	-	-	16,220,727
Others	51,298	18,955,884	-	-	-	(144,878)	18,862,304
	<u>587,478,203</u>	<u>146,461,835</u>	<u>19,603,001</u>	<u>-</u>	<u>-</u>	<u>(3,532,089)</u>	<u>750,010,950</u>
Deferred tax liabilities							
Legal reserve under Special Tax Treatment Control Law	(13,962,919)	9,710,278	-	-	-	-	(4,252,641)
Depreciation	(56,727,144)	(4,620,385)	-	-	-	7,889,059	(53,458,470)
Borrowing costs	(2,291,657)	111,302	-	-	-	(36)	(2,180,391)
Foreign currency translation	(41,176)	41,176	-	-	-	-	-
Gain on revaluation of property, plant and equipment	(309,405,906)	(7,447,451)	-	-	-	-	(316,853,357)
Changes in the fair value of available-for-sale financial assets	(110,223,063)	-	91,236,891	-	-	-	(18,986,172)
Translation of foreign currency financial statements	(6,490,319)	-	6,490,319	-	-	-	-
Gain of subsidiaries and associates	(232,190,167)	(161,492,317)	-	-	-	(25,402,600)	(419,085,084)
Appraisal by fair value	(107,612,073)	9,572,381	-	(29,065,511)	(2,626)	6,796,783	(120,311,046)
Inventories, property, plant and equipment, intangible	(21,964,321)	9,459,962	-	-	-	-	(12,504,359)

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

		<b>2017</b>						
		<b>Beginning</b>	<b>Statement of</b>	<b>Other</b>	<b>Acquisition</b>	<b>Disposal of</b>	<b>Effect of</b>	<b>Ending</b>
<i>(In thousands of Korean won)</i>		<b>balance</b>	<b>profit or loss</b>	<b>Comprehen- sive income</b>	<b>of subsidiaries</b>	<b>subsidiaries</b>	<b>foreign currency translation</b>	<b>balance</b>
assets and others								
Gain on valuation of hedging derivative		(206,040)	-	(68,016)	-	-	-	(274,056)
Others		(81,877,593)	(14,953,810)	-	24	-	742,253	(96,089,126)
		<u>(942,992,378)</u>	<u>(159,618,864)</u>	<u>97,659,194</u>	<u>(29,065,487)</u>	<u>(2,626)</u>	<u>(9,974,541)</u>	<u>(1,043,994,702)</u>
Tax deficit and others		(182,211,457)	(96,350,854)	-	-	-	1,964,043	(276,598,268)
		<u>(537,725,632)</u>	<u>(109,507,883)</u>	<u>117,262,195</u>	<u>(29,065,487)</u>	<u>(2,626)</u>	<u>(11,542,587)</u>	<u>(570,582,020)</u>
		<b>2016</b>						
		<b>Beginning</b>	<b>Statement</b>	<b>Other</b>	<b>Acquisition</b>	<b>Disposal of</b>	<b>Effect of</b>	<b>Ending</b>
<i>(In thousands of Korean won)</i>		<b>balance</b>	<b>of profit or loss</b>	<b>Comprehen- sive income</b>	<b>of subsidiaries</b>	<b>subsidiaries</b>	<b>foreign currency translation</b>	<b>balance</b>
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		(313,672,942)	4,267,036	-	-	-	-	(309,405,906)

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

<i>(In thousands of Korean won)</i>	<b>2016</b>						
	<b>Beginning balance</b>	<b>Statement of profit or loss</b>	<b>Other Comprehensive income</b>	<b>Acquisition of subsidiaries</b>	<b>Disposal of subsidiaries</b>	<b>Effect of foreign currency translation</b>	<b>Ending balance</b>
property, plant and equipment							
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)
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>
Tax deficit and others	(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>

**23. Provisions for Liabilities and Charges**

Changes in provisions for liabilities and charges for the years ended December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	<b>2017</b>					
	<b>Mileage</b>	<b>Sales returns</b>	<b>Restoration</b>	<b>Construction warranties</b>	<b>Other liabilities and charges</b>	<b>Total</b>
Beginning balance	9,604,946	5,539,914	279,000	3,545,969	8,577,750	27,547,579
Increase due to business combination	-	65,460	-	-	2,208,278	2,273,738
Additional provisions	57,207,887	7,932,854	3,878,575	1,720,547	6,111,511	76,851,374
Unused amounts reversed	(220,801)	(148,010)	(76,037)	-	(6,004,789)	(6,449,637)
Used during year	(58,711,581)	(6,296,123)	(202,963)	(567,157)	(3,548,702)	(69,326,526)
Effect of foreign currency translation	(3,973)	(1,133)	(173,976)	(1,345)	(380,642)	(561,069)
Ending balance	<u>7,876,478</u>	<u>7,092,962</u>	<u>3,704,599</u>	<u>4,698,014</u>	<u>6,963,406</u>	<u>30,335,459</u>
Current	13,688	7,041,806	150,000	-	1,343,031	8,548,525
Non-current	7,862,790	51,156	3,554,599	4,698,014	5,620,375	21,786,934

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

	2016					Total
	Mileage	Sales returns	Restoration	Construction warranties	Other liabilities and charges	
<i>(In thousands of Korean won)</i>						
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	9,604,946	5,539,914	279,000	3,545,969	8,577,750	27,547,579
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

**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, 2017, 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). If the shares are to be issued at a dividend rate of more than 9% of the par value, the preferred share dividend rate shall be decided by the Board of Directors.

The preferred share the Company has issued as at December 31, 2017, is as follows:

<b>Preferred share</b>	
<b>Numbers of shares</b>	2,260,223
<b>Voting rights</b>	No voting rights
<b>Maturity date</b>	No maturity
<b>Dividends</b>	Non-cumulative, and paying annually 1% more dividend than ordinary share
<b>Minimum dividend rate</b>	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 at their special meetings 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.

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

Changes in paid-in capital for the years ended December 31, 2017 and 2016, 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, 2016	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
Acquisition of treasury shares	(2)	-	(2)	-	-	-	-
December 31, 2017	26,205,426	2,259,103	28,464,529	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, distributing treasury shares and payment of valuation differences in shares or cash
- 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	
	2017	February 29, 2008 (7 <sup>th</sup> )
Options granted		230,000
Exercised quantity prior to 2016		137,250
Exercised quantity during 2017		28,550
Options outstanding as at December 31, 2017		64,200
Exercise price per share <sup>1</sup>		₩ 70,000

Options exercised in 2017 resulted in 28,550 shares being issued at a weighted average price of ₩ 70,000 each. The related weighted average share price at the time of exercise was ₩ 198,508 per share.

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

---

<i>(in number of shares)</i>	<u>Date of the grant</u>
<b>2016</b>	<b>February 29, 2008 (7<sup>th</sup>)</b>
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 <sup>1</sup>	₩ 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.

<sup>1</sup> 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:

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:

<i>(in number of shares)</i>	<u>Date of the grant</u>
<b>2017</b>	<b>February 29, 2008 (7<sup>th</sup>)</b>
Fair value of stock options	29,768
Weighted average share price at the grant date	78,115
Price volatility <sup>1</sup>	66.64%
Dividend yield	1.43%
Expected option life	5 years
Expected forfeiture rate	6.00%
Annual risk-free interest rate	5.09%

<sup>1</sup> The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the past five months.

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

---

**26. Other Components of Equity**

Other components of equity as at December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	<b>2017</b>	<b>2016</b>
Share-based payments	1,911,127	2,761,011
Treasury shares	(186,310,252)	(186,310,252)
Gains on valuation of available-for-sale financial assets	81,116,601	219,304,789
Share of other comprehensive income of joint ventures and associates	(46,551,055)	(47,870,490)
Losses on valuation of derivatives	421,698	346,120
Cumulative effect of foreign currency translation	(147,820,889)	(29,734,709)
Others	(39,241,886)	(73,083,752)
	<u>(336,474,656)</u>	<u>(114,587,283)</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, 2017, the Company will dispose of treasury shares, including 2,971,572 common shares and 1,120 preferred shares, depending on market conditions.

**27. Retained Earnings**

Retained earnings as at December 31, 2017 and 2016, consist of:

<i>(In thousands of Korean won)</i>	<b>2017</b>	<b>2016</b>
Legal reserves <sup>1</sup>	79,869,424	79,869,424
Discretionary reserves <sup>2</sup>	1,584,851,334	1,566,939,407
Unappropriated retained earnings	<u>1,450,609,168</u>	<u>1,052,674,423</u>
	<u>3,115,329,926</u>	<u>2,699,483,254</u>

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

<sup>2</sup> The Parent 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.

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

**28. Issuance of Hybrid Securities**

Details of hybrid securities and hybrid bond as at December 31, 2017 and 2016, are as follows:

(In thousands of Korean won)

Issuer and borrower	Types	Par Value		Annual interest rate	Maturity	Claim for early repayment
		December 31, 2017	December 31, 2016			
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 <sup>1</sup>	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	3.97%	2047-4-19	Hold
K Valley Co., Ltd.	Hybrid security	33,000	33,000	12.45%	2026-6-10	Hold
F&D infra Co., Ltd.	Hybrid security	50,000	50,000	4.20% - 4.46%	2046-12-27	Hold
Mars Cinema, Tourism And Sports Facilities Management Inc.	Hybrid security	80,000	80,000	4.70%	2046-10-27	Hold

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

<sup>2</sup> In 2017, PT CHEIL JEDANG INDONESIA, a subsidiary of the Group, redeemed the existing hybrid securities and issued hybrid bonds with a total face amount of ₩ 200,000 million.

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.

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

---

**29. Expenses by Nature**

Expenses by nature for the years ended December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	<b>2017</b>	<b>2016</b>
Raw materials, sub-materials, biological assets and cost of merchandise purchased	8,388,764,459	7,609,937,403
Changes in inventories and biological assets	84,798,484	(203,197,752)
Salaries	2,743,518,223	2,448,730,439
Post-employment benefits	210,633,838	165,718,726
Employee benefits	377,536,241	357,247,315
Transportation expenses	5,417,400,591	4,627,168,281
Travel expenses	119,758,370	106,212,970
Taxes and dues	145,607,388	116,366,023
Advertising expenses	386,371,436	344,161,986
Rental expenses	874,116,259	757,743,406
Service Fees	1,437,261,001	1,227,839,328
Sales commission	239,479,758	163,203,900
Sales promotional expenses	197,109,998	186,796,207
Screening premium	442,217,783	405,203,158
Utility expenses	246,982,831	224,402,738
Power expenses	164,355,363	179,792,843
Packing material charge	313,010,397	306,885,153
Program production cost	456,396,901	384,375,918
Program usage fee	188,959,473	169,846,008
Network expenses	210,014,711	217,523,815
Repairs and maintenance expenses	79,059,946	80,289,993
Depreciation	922,158,422	832,087,546
Amortization	586,743,602	629,852,632
Outsourcing expenses	507,373,136	318,696,266
Building management fee	94,211,179	78,842,455
Others	738,804,860	965,557,409
Total cost of sales and selling and administrative expenses	<u>25,572,644,650</u>	<u>22,701,284,166</u>

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

---

**30. Selling and Administrative Expenses**

Selling and administrative expenses for the years ended December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	<b>2017</b>	<b>2016</b>
Salaries	1,684,484,815	1,474,695,263
Post- employment benefits	150,095,410	114,137,024
Employee welfare benefits	258,867,454	250,773,509
Conference expenses	26,634,849	24,326,889
Entertainment expenses	46,254,313	52,497,404
Travel expenses	105,512,281	93,222,426
Communication expenses	40,717,267	38,512,071
Taxes and dues	95,666,894	89,829,308
Utility expenses	81,619,060	70,777,489
Research expenses	57,743,357	59,560,918
Repair expenses	28,520,993	23,448,180
Rental expenses	703,118,479	588,353,453
Foreign business expenses	30,178,571	29,135,935
Supplies expenses	56,264,483	47,352,965
Depreciation	204,290,912	187,356,155
Amortization	168,683,094	157,044,906
Insurance premium	31,316,357	27,827,624
Service fees	1,363,827,093	1,240,370,707
Sales commission	162,048,459	145,281,766
Training expenses	45,985,803	39,317,307
Freight expenses	637,105,329	551,263,729
Advertising expenses	520,515,907	463,558,773
Vehicles maintenance expenses	20,588,559	16,743,333
Sales promotional expenses	337,477,541	323,894,744
Impairment loss	27,043,668	28,264,027
Miscellaneous expenses	32,327,786	28,872,641
Others	47,170,235	32,907,868
	<u>6,964,058,969</u>	<u>6,199,326,414</u>

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

---

**31. Finance Income and Costs**

Finance income and costs for the years ended December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	<b>2017</b>	<b>2016</b>
<b>Finance income</b>		
Interest income	41,750,775	40,181,196
Gain on foreign currency transaction	248,791,914	160,108,352
Gain on derivative instruments	77,235,794	66,935,290
Gain on disposal of available-for-sale financial assets	355,501,524	6,985,682
Others	8,521,529	10,715,670
	<u>731,801,536</u>	<u>284,926,190</u>
<b>Finance costs</b>		
Interest expenses	317,622,467	291,006,464
Loss on foreign currency transaction	178,544,526	225,278,106
Loss on derivative instruments	179,452,812	59,814,889
Impairment loss on available-for-sale financial assets	20,696,409	9,690,433
Others	9,771,354	10,120,895
	<u>706,087,568</u>	<u>595,910,787</u>

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

Other non-operating income and expenses for the years ended December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	<b>2017</b>	<b>2016</b>
<b>Other operating income</b>		
Gain on disposal of investment in subsidiaries	2,076,525	28,333,901
Gain on disposal of investment in associates	505,917,889	2,471,646
Gain on derivative instruments	44,146,682	78,155,612
Miscellaneous gain	70,613,445	66,995,878
Others	9,385,177	12,101,999
	<u>632,139,718</u>	<u>188,059,036</u>

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

<i>(In thousands of Korean won)</i>	<b>2017</b>	<b>2016</b>
<b>Other operating expenses</b>		
Other impairment loss	33,387,498	12,304,447
Impairment loss on investment in joint ventures and associates	17,455,566	368
Loss on disposal of investments in joint ventures and associates	969,010	23,850,846
Loss on disposal of property, plant and equipment	44,317,197	30,468,643
Impairment loss on property, plant and equipment	10,954,874	4,174,640
Impairment loss on intangible assets	20,852,566	33,648,538
Loss on derivative instruments	70,441,963	50,394,230
Donations	118,945,429	113,430,470
Others	177,900,832	136,445,891
	<u>495,224,935</u>	<u>404,718,073</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 years ended December 31, 2017 and 2016, is as follows:

<i>(In thousands of Korean won, except number of shares and earnings per share)</i>	<b>2017</b>	<b>2016</b>
Profit for the year	463,698,379	223,028,021
Less: Dividends for preferred shares	<u>36,905,665</u>	<u>17,817,454</u>
Profit attributable to ordinary shares	426,792,714	205,210,567
Weighted average number of ordinary shares outstanding	<u>26,205,428</u>	<u>26,184,984</u>
Basic earnings per share (in Korean won)	<u>16,286</u>	<u>7,837</u>

Basic earnings per preferred share for the years ended December 31, 2017 and 2016, is as follows:

<i>(In thousands of Korean won, except number of shares and earnings per share)</i>	<b>2017</b>	<b>2016</b>
Profit attributable to preferred shares	36,905,665	17,817,454
Weighted average number of preferred shares outstanding	<u>2,259,103</u>	<u>2,259,104</u>
Basic earnings per preferred share (in Korean won)	<u>16,336</u>	<u>7,887</u>

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

Diluted earnings per ordinary share for the years ended December 31, 2017 and 2016, is as follows:

<i>(In thousands of Korean won, except number of shares and earnings per share)</i>	<b>2017</b>	<b>2016</b>
Profit attributable to ordinary shares	426,792,714	205,210,567
Changes in the amount of dividend per preferred share from diluting effect	<u>51,573</u>	<u>46,676</u>
Diluted earnings	426,844,287	205,257,243
Weighted average number of ordinary shares in issue including dilutive potential ordinary shares	<u>26,245,383</u>	<u>26,260,172</u>
Diluted earnings per ordinary share (in Korean won)	<u>16,264</u>	<u>7,816</u>

Diluted earnings per preferred share for the years ended December 31, 2017 and 2016, is as follows:

<i>(In thousands of Korean won, except number of shares and earnings per share)</i>	<b>2017</b>	<b>2016</b>
Profit attributable to preferred shares <sup>1</sup>	36,854,092	17,770,778
Weighted average number of preferred shares outstanding	<u>2,259,103</u>	<u>2,259,104</u>
Diluted earnings per preferred shares (in Korean won)	<u>16,314</u>	<u>7,866</u>

<sup>1</sup> Profit available for preferred shares is amended due to the dilution of ordinary shares.

**34. Dividends**

The dividends paid in 2017 and 2016 were ₩ 38,540 million (₩ 1,350 per ordinary share, ₩ 1,400 per preferred share) and ₩ 38,482 million (₩ 1,350 per ordinary share, ₩ 1,400 per preferred share), respectively.

A dividend in respect of the year ended December 31, 2017, of ₩ 1,450 per ordinary share and ₩ 1,500 per preferred share, amounting to a total dividend of ₩ 37,998 million and ₩ 3,389 million, respectively, is to be proposed to shareholders at the annual general meeting on March 27, 2018. These consolidated financial statements do not reflect this dividend payable.

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

---

**35. Cash Generated from Operations**

Cash generated from operations for the years ended December 31, 2017 and 2016, is as follows:

<i>(In thousands of Korean won)</i>	<b>2017</b>	<b>2016</b>
Profit before income tax	1,575,181,329	795,266,748
Adjustments for:		
Depreciation	922,158,422	832,087,546
Amortization	586,743,602	629,852,632
Impairment loss	27,043,668	28,264,027
Interest income	(41,750,775)	(40,181,196)
Dividend income	(6,099,623)	(9,398,486)
Gain on foreign currency transactions	(54,730,033)	(42,808,986)
Gain on foreign currency translation	(96,849,496)	(58,907,793)
Gain on derivative instruments	(121,382,477)	(145,090,902)
Interest expenses	317,622,467	291,006,464
Loss on foreign currency transactions	32,323,557	38,415,999
Loss on foreign currency translation	77,084,796	101,904,053
Loss on derivative instruments	249,894,774	110,209,119
Gain on disposal of investments in subsidiaries	(2,076,525)	(28,333,901)
Other impairment loss	33,387,498	12,304,447
Impairment loss on intangible assets	20,852,566	33,648,538
Loss on disposal of property, plant and equipment	44,317,197	30,468,643
Impairment loss on other investments	8,253,499	9,965,972
Share of profit of joint ventures and associates	(86,597,239)	(69,997,151)
Gain on disposal of investment in associates	(505,917,889)	(2,471,646)
Impairment loss on investment in associates	17,455,566	368
Impairment loss on property, plant and equipment	10,954,874	4,174,640
Gain on disposal of available-for-sale financial assets	(355,501,524)	(6,985,682)
Impairment loss on available-for-sale financial assets	20,696,409	9,690,433
Loss on disposal of intangible assets	8,647,366	1,332,335
Impairment loss on assets held-for-sale	12,168,592	6,032
Others	36,498,116	36,199,637
Changes in assets and liabilities from operating activities		
Increase in trade receivables	(467,291,045)	(307,992,894)
Decrease (increase) in other current financial assets	(57,512,608)	120,600,602
Decrease in advance payments	9,266,102	46,805,816
Decrease (increase) in inventories	71,667,895	(152,295,418)
Increase in biological assets	(10,404,825)	(15,623,967)
Decrease (increase) in other current assets	(169,254,631)	47,748,929
Decrease (increase) in other non-current financial assets	14,489,917	(5,913,100)
Increase in other non-current assets	(50,094,573)	(39,653,405)
Increase in trade payables	297,442,458	189,499,985
Increase (decrease) in non-trade payables	265,297,487	(33,080,654)
Increase (decrease) in other current financial liabilities	(55,990,653)	15,621,818
Decrease in other current liabilities	(110,209,659)	(10,734,561)

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

<i>(In thousands of Korean won)</i>	<b>2017</b>	<b>2016</b>
Increase(decrease) in deposits received	(3,081,477)	5,781,395
Increase(decrease) in other non-current financial liabilities	9,718,331	(12,548,221)
Decrease in net defined benefit liabilities	(18,006,656)	(41,558,409)
Decrease in provisions	(5,261,359)	(8,319,583)
Increase(decrease) in other non-current liabilities	<u>9,578,915</u>	<u>(29,742,333)</u>
Cash generated from operations	<u>2,460,732,336</u>	<u>2,326,912,527</u>

Significant transactions not affecting cash flows for the years ended December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	<b>2017</b>	<b>2016</b>
Reclassification of construction in-progress to property, plant and equipment	725,332,482	444,883,257
Non-trade payables related to acquisition of property, plant and equipment	(5,818,189)	69,134,436
Non-trade payables related to acquisition of intangible assets	37,866,011	(14,464,519)
Changes in other components of equity due to valuation, disposal and other activities of available-for-sale financial assets	(138,188,188)	(1,404,737)
Changes in other components of equity due to valuation, disposal and other activities of associates	1,319,435	(35,749,327)
Changes in accumulated other comprehensive income due to foreign currency translation	(118,086,180)	(1,244,523)

Changes in liabilities arising from financial activities for the year ended December 31, 2017, are as follows:

<i>(In thousands of Korean won)</i>	<b>Liabilities from financing activities</b>				<b>Total</b>
	<b>Short-term borrowings</b>	<b>Current portion of long-term borrowings and debenture</b>	<b>Long-term borrowings and debenture</b>	<b>Deposits received</b>	
At January 1, 2017	(2,882,199,670)	(1,350,853,978)	(5,563,210,522)	(308,884,083)	(10,105,148,253)
Cash flows	(123,045,999)	1,325,378,267	(2,142,898,195)	(12,084,302)	(952,650,229)
Changes in foreign currency translation	132,836,289	46,894,211	192,183,960	1,914,614	373,829,074
Increase from business combination	(55,888,473)	(170,000)	(117,199,826)	-	(173,258,299)
Other non-financial changes	<u>8,208,833</u>	<u>(1,424,158,140)</u>	<u>1,356,349,034</u>	<u>(553,336)</u>	<u>(60,153,609)</u>
Ending balance	<u>(2,920,089,020)</u>	<u>(1,402,909,640)</u>	<u>(6,274,775,549)</u>	<u>(319,607,107)</u>	<u>(10,917,381,316)</u>

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

**36. Commitments and Contingencies**

Payment guarantees provided by the Group as at December 31, 2017 and 2016, are as follows:

(In thousands of Korean won)

Guarantor	Guarantee	Financial institution	Loan amounts		Guarantee amounts		Guarantee period	Remark
			2017	2016	2017	2016		
CJ CheilJedang Corporation	Ebara CJ Fresh Foods Inc.	The Bank of Yokohama	1,898,220	2,073,620	1,898,220	2,073,620	2017/03/25~ 2018/03/25	Borrowings
CJ Korea Express Corporation	Silver Synthesis Logistics Co., Ltd.	Seoul Guarantee Insurance	-	-	-	400,000	-	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
	TSGI (GS Engineering & Construction Corp. EPC Consortium)	KEB Hana Bank	75,390	306,896	75,390	306,896	2016/01/15~ 2018/02/15	Borrowings
	Intergrated Logistics Company KCSC	KEB Hana Bank	-	3,295,760	-	3,295,760	-	Borrowings
	SINGAPORE AIRLINES	KEB Hana Bank	144,113	-	144,113	-	2016/11/11~ 2018/07/31	Borrowings
	FINNAIR CARGO	KEB Hana Bank	139,282	-	139,282	-	2017/03/30~ 2018/03/31	Borrowings
	HONG KONG POST	KEB Hana Bank	46,467	-	46,467	-	2017/04/12~ 2019/02/15	Borrowings
	DAEWOOENGINEERING&CONSTRUCTION CO., LTD.	KEB Hana Bank	602,202	-	602,202	-	2017/06/08~ 2019/12/31	Borrowings
	CJ SMART CARGO HONGKONG LTD.	Kookmin Bank	1,071,400	-	1,071,400	-	2017/06/28~ 2018/06/28	Borrowings
CJ JAPAN CORP.	Pan Japan Inc.	SBJ Bank	34,756,408	38,154,608	34,756,408	38,154,608	2017/12/16~ 2018/06/15	Borrowings

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

(In thousands of Korean won)

Guarantor	Guarantee	Financial institution	Loan amounts		Guarantee amounts		Guarantee period	Remark
			2017	2016	2017	2016		
CJ Foodville Corp.	PT CJ Foodville Indonesia	Woori Bank	-	898,000	-	898,000	-	Borrowings
Freshone Jungbu	Dongsuh Foods Corporation	Seoul Guarantee Insurance	-	-	-	15,000	-	Borrowings
Freshone Kangnam	HANA PRIME INC	Woori Bank	-	-	-	4,350,600	-	Borrowings
CJ O Shopping Co., Ltd.	SHOP CJ NETWORK PRIVATE LIMITED	Shinhan Bank and one other	7,273,200	-	7,273,200	-	2017/08/11~ 2018/03/28	Borrowings
CJ CGV Co., Ltd.	PT. LAYER PERSADA	KEB Hana Bank	32,142,000	36,255,000	32,142,000	36,255,000	2016/07/25~ 2018/07/25	Borrowings
CJ Engineering & Construction Corp	Real Property Buyers	Korea Development Bank and one other	-	180,240,260	-	221,618,088	-	Second payment loan guarantee
		Nonghyup Bank	5,045,602	32,669,098	69,676,430	69,676,430	2015/01/30~ 2018/01/30	Second payment loan guarantee
	Mugunghwa Trust Co., Ltd.	Seoul Guarantee Insurance	-	-	96,695	97,000	2014/11/21~ 2019/11/19	Joint surety
	Sehan metro co.,Ltd and others	KEB Hana Bank and others	174,000,000	243,200,000	174,000,000	243,200,000	2015/11/19~ 2018/08/24	Borrowings
			<u>257,194,284</u>	<u>537,093,242</u>	<u>322,435,807</u>	<u>620,855,002</u>		

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

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 ₩ 81,758 million (2016: ₩ 84,639 million) to 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 ₩ 72,834 million (2016: ₩ 65,138 million) in relation to the loans of employees and directors from financial institutions.

The payment guarantees provided to the Group are as follows:

*(in thousands of Korean won)*

	<b>Guaranteed by</b>	<b>Guarantee amounts</b>	<b>Remark</b>
CJ CheilJedang Corporation	Seoul Guarantee Insurance	2,198,047	Performance guarantees
	Korea Trade Insurance Corporation	125,082,047	Export insurance
CJ Freshway Corporation	Woori Bank	1,500,000	Payment guarantees
	Seoul Guarantee Insurance	26,209,092	Payment guarantees
CJ Foodville Corp.	Seoul Guarantee Insurance	8,580,000	Payment guarantees
	KEB Hana Bank	4,500,000	Payment guarantees
CJ Hello Co., Ltd. (formerly, CJ HelloVision Co., Ltd.)	Seoul Guarantee Insurance	37,523,027	Performance guarantees
	KEB Hana Bank	3,307,894	Performance guarantees
CJ Korea Express Corporation	Seoul Guarantee Insurance	241,004,500	Performance guarantees
	KEB Hana Bank	8,356,920	Payment guarantees
	Suhyup Bank	1,124,970	Payment guarantees
Korea Integrated Freight Terminal Co., Ltd.	Seoul Guarantee Insurance	19,507,624	Payment guarantees
	KEB Hana Bank	678,904	Payment guarantees
CJ Powercast Inc.	Seoul Guarantee Insurance	11,279,582	Performance guarantees
	Seoul Guarantee Insurance	13,560,000	Performance guarantees
CJ E&M Corporation	Seoul Guarantee Insurance	61,849,005	Performance guarantees
	Woori Bank	18,857,000	Payment guarantees
Mezzomedia Inc.	Woori Bank	13,885,500	Payment guarantees
	Seoul Guarantee Insurance	11,500,000	Payment guarantees
CJ OliveNetworks Co., Ltd.	Seoul Guarantee Insurance	76,601,000	Performance guarantees
CJ Engineering & Construction Corp.	Seoul Guarantee Insurance	95,046,446	Payment guarantees and others
	Construction Guarantee Cooperative	245,504,567	Construction performance and others
Other	Seoul Guarantee Insurance	23,442,882	Performance guarantees

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

---

and others

1,051,099,007

and others

As at December 31, 2016, the Group obtained a guarantee from Seoul Guarantee Insurance, KEB Hana Bank and others amounting to ₩ 682,781 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.

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

Details of collateral provided by the Group as at December 31, 2017 and 2016, are as follows:

	Secured assets	2017				
		Book amount	Secured amount	Related line item	Related amount	Provided by
CJ Korea Express Corporation	Property, plant and equipment and others	136,152	198,000	Borrowings	145,000	Korea Development Bank
	Financial assets	12,044	17,003	Borrowings	14,432	National Federation of Fisheries Cooperatives
Korea Integrated Freight Terminal Co., Ltd	Property, plant and equipment and others	179,435	253,200	Borrowings	182,476	Korea Development Bank
CJ Freshway Corporation	Property, plant and equipment and others	16,087	19,500	Borrowings	-	Kookmin Bank
	Financial assets	200	200	-	-	Agriculture Cooperative Livestock Marketing Inc.
CJ Engineering & Construction Corp.	Inventories	-	255,060	Non-trade payables	76	Daewoo Engineering and Construction Co., Ltd
	Financial assets	13,652	13,841	Borrowings	10,220	Construction Guarantee Cooperative and others
	Investment property	11,416	8,332	Borrowings	6,502	Construction Guarantee Cooperative
CJ Seafood Corporation	Property, plant and equipment and others	190,273	33,348	Borrowings	18,498	KEB Hana Bank and others
	Property, plant and equipment and others	40,445	4,355	Borrowings	4,000	National Federation of Fisheries Cooperatives
Youngwoo Frozen Foods Co., Ltd.	Property, plant and equipment and others	17,720	16,800	Borrowings	9,800	Kookmin Bank
CJ Korea Express Busan Newport Distripark Co., Ltd.	Property, plant and equipment and others	19,690	20,901	Borrowings	6,487	Woori Bank
CJ LOGISTICS ASIA PTE. LTD.(formerly, CJ Korea Express Asia Pte. Ltd.)	Property, plant and equipment and others	17,406	26,901	Borrowings	23,127	United Overseas Bank
Wonji Co., Ltd.	Property, plant and equipment and others	19,363	10,472	Borrowings	11,688	Kookmin Bank
CJ Japan Corp.	Investment property	46,835	69,796	Borrowings	54,986	KEB Hana Bank
	Property, plant and equipment and others	9,593	14,295	Borrowings	11,262	KEB Hana Bank
Korea Express SB Co., Ltd.	Property, plant and equipment and others	14,074	6,360	Borrowings	3,532	Woori Bank
CJ CGV(SHANGHAI) ENTERPRISE	Financial assets	18,329	18,329	Borrowings	13,707	KEB Hana Bank
CJ Telenix Co., Ltd.	Property, plant and equipment and others	6,500	19,500	Borrowings	6,500	Woori Bank
Others	Financial assets	13,363	13,266	Borrowings and others	13,951	Korea Development Bank and others
	Property, plant and equipment and others	12,800	9,102	Borrowings and others	6,342	National Federation of Fisheries Cooperatives and others
		<u>797,778</u>	<u>1,028,561</u>		<u>542,586</u>	

Korea Integrated Freight Terminal Co., Ltd., a consolidated subsidiary, is in the process of registering a facility relating to Gunpo site expansion construction which was completed in 2016..

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

After the registration, they will provide this related asset as collateral for the financial fund loans in accordance with the contract. 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 Daewoo Engineering and Construction Co., Ltd. for the construction fund.

(In millions of Korean won)

		<b>2016</b>				
	<b>Secured assets</b>	<b>Book amount</b>	<b>Secured amount</b>	<b>Related line item</b>	<b>Related amount</b>	<b>Provided by</b>
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	-	-	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 and others	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.	Property, plant and equipment and others	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
		<u>820,248</u>	<u>1,451,742</u>		<u>562,938</u>	

Korea Integrated Freight Terminal Co., Ltd., a consolidated subsidiary, is in the process of registering a facility relating to Gunpo site expansion construction which was completed in 2016.

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

---

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.

Loan agreements with financial institutions as at December 31, 2017 and 2016, are as follows:

<i>(In millions of Korean won)</i>	<b>Maximum loan limit</b>	
	<b>2017</b>	<b>2016</b>
Bank overdraft	443,786	478,932
Discount note agreement	397,000	727,040
General loans	6,904,886	5,406,581
Import letter of credit	1,478,607	1,825,544
Other loans for facilities	636,968	639,021
DA negotiation agreements	52,499	117,479

As at December 31, 2017, the Group has entered into corporate purchase card agreements of up to ₩ 670,854 million (2016: ₩ 834,625 million) with Woori Bank and nine other financial institutions.

As at December 31, 2017, in order to provide joint and several payment guarantee, CJ Korea Express Corporation, a consolidated subsidiary, pledged three blanked bills as collateral for the construction fund relating to Gun Jang new port construction amounting to ₩104,400 million to related banks.

As at December 31, 2017, the Group is involved in 272 legal claims as the plaintiff and 161 legal claims as the defendant, and proceedings amount to ₩ 154,263 million (2016: ₩ 164,520 million) and ₩ 95,963 million (2016: ₩ 73,048 million), respectively. The Group's management believes that, although the outcome of these cases is uncertain, the ultimate resolution of these cases will not have a material adverse effect on the operations or financial position of the Group.

CJ 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 Corporation and Subsidiaries**

### **Notes to the Consolidated Financial Statements**

#### **December 31, 2017 and 2016**

---

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.

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.

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.

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

**37. Construction Contracts**

Changes in balance of construction service contracts for the years ended December 31, 2017 and 2016, are as follows:

(In thousands of Korean won)

	<b>2017</b>			
	<b>Beginning balance</b>	<b>Changes <sup>1</sup></b>	<b>Recognized construction revenue</b>	<b>Ending balance</b>
System development services	10,273,128	14,375,400	18,628,393	6,020,135
Constructions	286,868,318	362,605,376	316,362,888	333,110,806
	<u>297,141,446</u>	<u>376,980,776</u>	<u>334,991,281</u>	<u>339,130,941</u>

<sup>1</sup> For the year ended December 31, 2017, the increase in the balance of contracts from new orders and other is ₩ 386,182 million and the decrease in the balance of contracts from changes in size of construction is ₩ 9,201 million.

(In thousands of Korean won)

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

<sup>1</sup> 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.

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

Details of recognized construction profit or loss for ongoing construction contracts as at December 31, 2017 and 2016, are as follows:

(In thousands of Korean won)

	2017				
	Accumulated earned revenue	Accumulated expense	Accumulated profit	Unearned advance receipts	Reserves
System development services	5,161,956	4,812,742	349,214	-	-
Constructions	733,311,324	700,648,632	32,662,692	4,759,300	-
	<u>738,473,280</u>	<u>705,461,374</u>	<u>33,011,906</u>	<u>4,759,300</u>	<u>-</u>

(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>

Gross amount due from customers recognized as assets and due to customers recognized as liabilities for contract work as at December 31, 2017 and 2016, are as follows:

(In thousands of Korean won)

	2017		2016	
	Assets <sup>1</sup>	Liabilities <sup>2</sup>	Assets <sup>1</sup>	Liabilities <sup>2</sup>
System development services	39,201	400,000	3,185,630	1,973
Constructions	59,818,501	3,192,143	118,713,898	4,400,064
	<u>59,857,702</u>	<u>3,592,143</u>	<u>121,899,528</u>	<u>4,402,037</u>

<sup>1</sup> Included in trade receivables, net, in the accompanying consolidated statements of financial position.

<sup>2</sup> Included in advances receipts in the accompanying consolidated statements of financial position.

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

**38. Business Combinations**

In 2017, CJ CheilJedang Corporation, a consolidated subsidiary, acquired CJ SELECTA S.A..

In 2017, CJ Korea Express Corporation, a consolidated subsidiary, acquired CJ DARCL LOGISTICS LIMITED and its subsidiaries and CJ LOGISTICS MIDDLE EAST FZE, a consolidated subsidiary, acquired CJ ICM FZCO and its subsidiaries.

The following table summarizes the consideration paid for business combinations, the fair value of assets acquired and liabilities assumed at the acquisition date:

*(in thousands of Korean won)*

	<b>CJ SELECTA S.A.</b>	<b>CJ ICM FZCO and its subsidiaries</b>	<b>CJ DARCL LOGISTICS LIMITED and its subsidiaries</b>
Purchase consideration	268,489,916	78,548,267	57,778,364
Cash	268,489,916	78,548,267	57,778,364
Recognized amounts of identifiable assets acquired and liabilities assumed			
Cash and cash equivalents	18,780,219	8,111,510	21,190,037
Trade and other receivables	31,027,591	50,106,015	63,050,200
Inventories	128,395,427	4,866,501	137,345
Property, plant and equipment	127,794,281	19,397,116	27,699,765
Intangible assets	54,306,899	10,581,102	14,648,841
Other current assets	26,436,355	1,109,707	15,054,162
Other non-current assets	25,177,817	182,920	8,684,815
Trade and other payables	38,262,374	47,712,038	9,875,890
Borrowings	166,153,504	5,959,730	59,531,545
Post employment benefit obligations	939,047	2,038,015	-
Deferred tax liabilities	20,921,705	1,321,639	6,174,927
Other current liabilities	94,035,556	1,266,377	8,737,918
Other non-current liabilities	1,333,751	-	815,343
Net identifiable assets acquired	90,272,652	36,057,072	65,329,542
Non-controlling interests <sup>1</sup>	141,025,564	15,986,350	31,796,202
Goodwill	319,242,827	58,477,545	24,245,024
	<u>550,541,043</u>	<u>110,520,967</u>	<u>121,370,768</u>

<sup>1</sup> In the business combination with CJ SELECTA S.A., non-controlling interests were measured at fair value and non-controlling interests in other business combination were measured by applying proportionate interest to the acquiree's identifiable net assets.

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

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 thousands of Korean won)</i>	<b>Sichuan Jixiangju Food Co., Ltd.</b>	<b>Cofeed Co., Ltd. and its subsidiaries</b>
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>

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.

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

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 thousands of Korean won)</i>	<b>CJ Rokin Logistic and Supply Chain Co., Ltd. and its subsidiaries</b>	<b>CJ Speedex Logistics Co., Ltd.</b>
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>

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.

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

---

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>	<b>Mars Entertainment Group Inc.</b>
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 <sup>1</sup>	(99,502,573)
Goodwill	665,561,088
	<u>703,114,627</u>

<sup>1</sup> 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.

# CJ Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2017 and 2016

#### 39. Related Party Transactions

Significant transactions with related parties for the years ended December 31, 2017 and 2016, and the related receivables and payables as at December 31, 2017 and 2016, are as follows:

(In thousands of Korean won)	2017		2016		2017		2016	
	Sales	Purchases <sup>1</sup>	Sales	Purchases <sup>1</sup>	Receivables	Payables	Receivables	Payables
<b>Joint ventures and associates</b>								
Bukil & FreshOne Co., Ltd.	3,152,511	498	2,023,060	35,686	3,493,180	-	3,350,763	-
CJ Worldis Co., Ltd.	2,926,253	217,490	2,482,625	218,089	100,710	2,785,684	42,093	2,846,902
Incheon North Port Bulk Terminal Co., Ltd.	6,664,898	5,996,405	7,275,607	5,888,902	36,220,291	2,010,880	29,689,300	1,852,471
Dong Seok Logistics Terminal Operating Co., Ltd. Of Gunsan Port-Pier 7	1,703,615	2,909,501	300	2,670,922	1,873,977	818,463	-	486,849
Ulsan Port Operating Co., Ltd.	1,996,770	4,494,592	2,866,827	3,771,747	1,228,036	403,286	1,460,333	588,014
Terminal Operating Co., Ltd. of Pohang Port-Pier 8	1,107,604	3,826,279	1,474,424	4,187,710	416,598	405,987	480,590	331,078
Terminal Operating Co., Ltd. of Pohang Yeongilman Port	-	4,550,319	-	4,706,466	1,146	389,885	526	247,169
Uiryeong Wind Power Co., Ltd.	451,976	3,221,454	542,361	1,642,816	3,044,872	501,235	3,506,191	69,191
CJ Korea Express Busan Container Terminal Co., Ltd. <sup>3</sup>	-	-	7,539,388	-	-	-	-	-
Kumho Industrial Co., Ltd	-	-	15,905,851	55,546,150	-	-	-	-
Busan Port Terminal Co., Ltd. <sup>3</sup>	726,180	51,192	465,542	17,520	11,749,896	3,300	10,938,978	4,549
Art Service Co., Ltd. D-cinema of Korea Corp	11,517,979	1,797,551	1,260,135	139,714	3,831,815	424,782	1,721,884	3,159,435
Cinema Service Co., Ltd.	1,875,736	2,850,383	563,506	3,113,876	1,150,145	-	715,774	-
Cable TV VOD Co., Ltd.	-	-	3,059	1,012,290	10,999	-	10,923	-
Jellyfish Entertainment Co., Ltd. <sup>2</sup>	-	-	865	300,623	4,048,378	-	4,172,124	-
Netmarble Games Corporation	1,016,841	26,691,229	1,314,899	22,195,637	338,869	3,107,074	355,465	2,507,625
Enprani Co., Ltd. PHIL-KOR Holdings Co., Inc.	258,061	1,578,615	47,621	5,674,697	-	-	1,866,914	267,441
PT. CJ PIA	3,667,049	1,981	4,776,966	31,097	9,778	228,963	41,955	3,440
Darby CJ Genetics Co., Ltd.	643,890	-	1,845,152	41,086	19,131	-	147,288	-
Ebara CJ Fresh Foods Inc.	-	3,278	-	-	2,291,344	-	2,161,941	-
Shanghai SMG-CJ Home Shopping Co., Ltd.	1,782,895	3,221,668	1,921,279	2,739,802	3,500,665	-	4,250,549	105,197
Tiantian CJ Home Shopping Co., Ltd.	1,471,859	3,631,803	2,075,619	4,737,615	193,671	395,354	152,845	257,970
ACJ O Shopping Corporation	7,892,258	-	8,201,005	-	1,397,762	-	1,657,903	-
CJ International Asia Pte. Ltd.	4,357,815	-	11,205,028	-	978,592	-	1,459,653	-
Televisa CJ Grand, S.A. DE C.V.	699,365	-	8,502,742	-	88,548	-	106,426	460,038
CJ Xingxing(TJ) International Cinema Co., Ltd.	10,444,119	53,256	11,796,166	-	2,476,583	10,458	2,245,388	-
Beijing CJ Xingxing International	102,189,986	824,351,631	90,189,447	882,853,820	2,396,754	13,271,674	6,463,192	11,104,878
	673,486	-	2,261,996	-	681,374	-	412,132	-
	142,445	133,437	162,688	146,920	59,849	2,735,809	190,751	2,119,928
	187,191	359,127	208,462	289,830	32,808	2,985,515	137,281	7,204,624

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

(In thousands of Korean won)	2017		2016		2017		2016	
	Sales	Purchases <sup>1</sup>	Sales	Purchases <sup>1</sup>	Receivables	Payables	Receivables	Payables
Cinema	13,253,726	9,766,674	8,483,689	6,192,668	7,135,047	4,791,248	5,753,407	1,738,432
Others	180,804,508	899,708,363	195,396,309	1,008,155,683	88,770,818	35,269,597	83,492,569	35,355,231
<b>Other related parties</b>								
JOY Rent a Car Co., Ltd.	83,490	8,926,169	54,858	8,340,611	3,609	706,143	2,192	834,051
JS communications <sup>5</sup>	-	-	6,002,953	1,722,862	-	-	-	-
SG Safety Corporation	2,024,204	20,790,218	1,671,243	12,282,397	197,361	2,422,020	301,044	1,921,703
Others	955,603	36	994,749	73	24,057	-	25,067	-
	3,063,297	29,716,423	8,723,803	22,345,943	225,027	3,128,163	328,303	2,755,754
	183,867,805	929,424,786	204,120,112	1,030,501,626	88,995,845	38,397,760	83,820,872	38,110,985

<sup>1</sup> Acquisition of property, plant and equipment, and intangible assets amounting to ₩ 927 million (2016: ₩ 2,402 million) are included under purchases.

<sup>2</sup> It was reclassified to a consolidated subsidiary due to the Group's acquisition of additional equity shares in 2017.

<sup>3</sup> In 2016, CJ Korea Express Busan Container Terminal Co., Ltd. was changed to Busan Port Terminal Co., Ltd. due to the merger.

<sup>4</sup> Although the entity is not a related party of the Group in accordance with Korean IFRS 1024, the Group as well as the entity belongs to the Large Enterprise Group in accordance with the Monopoly Regulation and Fair Trade Act.

<sup>5</sup> In 2016, it was transferred to the Group's subsidiary due to the merger with CJ Powercast Inc., a consolidated subsidiary.

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

Fund transactions with related parties for the years ended December 31, 2017 and 2016 are as follows:

(In thousands of Korean won)

	2017						
	Loan transactions		Borrowing transactions		Equity contributions in cash	Dividend income / capital reduction	Dividend payment
	Loans and others	Collection	Borrowings	Repayments			
<b>Joint ventures and associates</b>							
Shop CJ Network Private Limited <sup>1</sup>	-	-	-	-	6,081,277	-	-
TELEvisa CJ GRAND, S.A. DE C.V.	4,222,883	-	-	-	1,074,400	-	-
Incheon South Terminal Operation Company	-	-	-	-	-	1,520,000	-
TWI Agrifood Investment Association	-	-	-	-	1,600,000	-	-
PT CJ FOODVILLE INDONESIA	-	-	-	-	3,780,700	-	-
Jellyfish Entertainment Co., Ltd. <sup>2</sup>	-	1,800,000	-	-	1,929,395	-	-
ALS BAC NINH COMPANY LIMITED	-	-	-	-	-	1,132,060	-
Shanghai SMG-CJ Home Shopping Co., Ltd.	-	-	-	-	-	26,049,120	-
SHANGHAI-INCHON INTERNATIONAL FERRY CO., LTD.	-	-	-	-	-	2,362,946	-
MYANMAR CINEPLEX CO., LTD.	-	-	-	-	1,797,549	-	-
Others	-	-	-	-	634,799	6,027,007	-
<b>Other related parties</b>							
Executives and others	-	-	-	-	-	-	21,074,544

<sup>1</sup> In 2017, it was classified as assets held-for-sale.

<sup>2</sup> In 2017, it was transferred to a consolidated subsidiary.

(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			
<b>Joint ventures and associates</b>							
CJ Korea Express Busan Container Terminal Co., Ltd.	-	-	-	-	29,304,500	-	-
PT Graha Layar Prima TBK. <sup>1</sup>	-	-	-	-	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 Xinzhuan 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	-	243,121	618,954	85,319	584,680	8,099,651	-
<b>Other related parties</b>							

# CJ Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2017 and 2016

Executives and others - - - - - 21,088,307

<sup>1</sup> In 2016, it was transferred to a consolidated subsidiary.

Payment guarantees provided by the Group as at December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>		Financial institution	Loan amounts		Guarantee amounts		Guarantee period	Remark
Guarantor	Guarantee	2017	2017	2016	2017	2016		
CJ CheilJedang Corporation	Ebara CJ Fresh Foods Inc.	The Bank of Yokohama	1,898,220	2,073,620	1,898,220	2,073,620	2017/03/25~2018/03/25	Borrowings
CJ Foodville Corp.	PT CJ Foodville Indonesia	Woori Bank	-	898,000	-	898,000	-	Borrowings
CJ O Shopping Co., Ltd.	CJ MEDIASA SHOPPING & RETAIL CORPORATION	Shinhan Bank one other	7,273,200	-	7,273,200	-	2017/08/11~2018/02/11	Borrowings
			<u>9,171,420</u>	<u>2,971,620</u>	<u>9,171,420</u>	<u>2,971,620</u>		

Key management includes directors (executive and non-executive). The compensation paid or payable to key management for employee services for the years ended December 31, 2017 and 2016, consists of:

<i>(In thousands of Korean won)</i>	2017	2016
Short-term employee benefits	17,984,125	16,081,790
Long-term employee benefits <sup>1</sup>	295,080	5,650,694
Post-employment benefits	7,231,112	6,580,983
	<u>25,510,317</u>	<u>28,313,467</u>

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

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

**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 years ended December 31, 2017 and 2016, are as follows:

<i>(In millions of Korean won)</i>	<b>2017</b>				
	<b>Revenue</b>	<b>Inter-segment revenue</b>	<b>Revenue from external customers</b>	<b>Depreciation and amortization</b>	<b>Operating profit</b>
Food & food service	10,030,961	(1,836,512)	8,194,449	282,125	334,742
Bio & pharma	6,489,667	(1,743,473)	4,746,194	214,493	243,097
Homeshopping & logistics	10,651,895	(1,651,822)	9,000,073	225,049	461,864
Entertainment & media	5,125,039	(616,240)	4,508,799	748,612	251,282
Infrastructure	1,040,160	(591,075)	449,085	12,780	67,287
Consolidation adjustments	(6,439,122)	6,439,122	-	30,927	(32,317)
	<u>26,898,600</u>	<u>-</u>	<u>26,898,600</u>	<u>1,513,986</u>	<u>1,325,955</u>

<i>(In millions of Korean won)</i>	<b>2016</b>				
	<b>Revenue</b>	<b>Inter-segment revenue</b>	<b>Revenue from external customers</b>	<b>Depreciation and amortization</b>	<b>Operating profit</b>
Food & food service	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>

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

Regional segment information as at and for the years ended December 31, 2017 and 2016, are as follows:

<b>2017</b>				
<i>(In millions of Korean won)</i>	<b>Revenue</b>	<b>Inter-segment revenue</b>	<b>Revenue from external customers</b>	<b>Non-current assets</b>
Domestic	23,742,544	(4,005,523)	19,737,021	12,065,218
Asia	7,336,530	(1,952,819)	5,383,711	3,558,045
America	1,590,113	(420,345)	1,169,768	720,021
Others	668,535	(60,435)	608,100	242,342
Consolidation adjustments	(6,439,122)	6,439,122	-	1,703,546
	<u>26,898,600</u>	<u>-</u>	<u>26,898,600</u>	<u>18,289,172</u>
<b>2016</b>				
<i>(In millions of Korean won)</i>	<b>Revenue</b>	<b>Inter-segment revenue</b>	<b>Revenue from external customers</b>	<b>Non-current assets</b>
Domestic	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	(5,671,668)	5,671,668	-	2,044,578
	<u>23,954,197</u>	<u>-</u>	<u>23,954,197</u>	<u>16,798,485</u>

There is no customer who contributes at least 10% of the total sales of the Group for the years ended December 31, 2017 and 2016.

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

**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 years ended December 31, 2017 and 2016, are as follows:

<b>2017</b>							
<i>(In thousands of Korean won, except percentage of non-controlling interests)</i>	<b>Percentage of non-controlling interests (%)</b>	<b>Accumulated non-controlling interests at the beginning of the year</b>	<b>Profit or loss allocated to non-controlling interests</b>	<b>Dividends paid to non-controlling interests</b>	<b>Increase due to business combination</b>	<b>Others</b>	<b>Accumulated non-controlling interests at the end of the year</b>
CJ CheilJedang Corporation and CJ Korea Express Corporation	62.28	4,454,357,068	285,270,015	(40,869,133)	91,162,038	(205,786,819)	4,584,133,169
CJ Freshway Corporation	52.89	151,167,120	207,363	(3,659,009)	-	(704,397)	147,011,077
CJ O Shopping Co., Ltd.	58.76	910,387,341	84,704,854	(11,533,456)	1,780,921	(9,956,065)	975,383,595
CJ CGV Co., Ltd.	60.98	684,608,722	9,485,816	(9,440,184)	13,200,160	(113,397,391)	584,457,123
CJ E&M Corporation	60.48	1,002,024,931	264,418,559	(4,665,231)	7,562,635	166,831,941	1,436,172,835
<b>2016</b>							
<i>(In thousands of Korean won, except percentage of non-controlling interests)</i>	<b>Percentage of non-controlling interests (%)</b>	<b>Accumulated non-controlling interests at the beginning of the year</b>	<b>Profit or loss allocated to non-controlling interests</b>	<b>Dividends paid to non-controlling interests</b>	<b>Increase due to business combination</b>	<b>Others</b>	<b>Accumulated non-controlling interests at the end of the year</b>
CJ CheilJedang Corporation and CJ Korea Express Corporation	62.24	3,850,582,785	258,456,392	(45,444,279)	175,456,302	215,305,868	4,454,357,068
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

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

**41.2 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, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	<b>2017</b>				
	<b>Current assets</b>	<b>Non-current assets</b>	<b>Current liabilities</b>	<b>Non-current liabilities</b>	<b>Equity</b>
CJ CheilJedang Corporation	4,963,468,349	11,904,655,546	5,496,914,149	5,227,356,411	6,143,853,335
CJ Freshway Corporation	506,604,901	396,036,911	512,847,862	154,317,132	235,476,818
CJ O Shopping Co., Ltd.	663,963,697	2,137,854,757	731,532,024	586,182,330	1,484,104,100
CJ CGV Co., Ltd.	457,608,512	2,002,492,334	868,351,549	814,086,736	777,662,561
CJ E&M Corporation	1,279,699,295	2,479,220,690	823,683,931	686,535,285	2,248,700,769

<i>(In thousands of Korean won)</i>	<b>2016</b>				
	<b>Current assets</b>	<b>Non-current assets</b>	<b>Current liabilities</b>	<b>Non-current liabilities</b>	<b>Equity</b>
CJ CheilJedang Corporation	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

Summarized consolidated statements of comprehensive income for the years ended December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	<b>2017</b>			
	<b>Sales</b>	<b>Profit</b>	<b>Other comprehensive income</b>	<b>Total comprehensive income</b>
CJ CheilJedang Corporation	16,477,174,023	412,797,743	(465,141,292)	(52,343,549)
CJ Freshway Corporation	2,504,409,846	1,210,149	(1,107,107)	103,042
CJ O Shopping Co., Ltd.	2,260,006,796	143,441,966	(1,494,052)	141,947,914
CJ CGV Co., Ltd.	1,714,387,173	10,036,369	(154,231,623)	(144,195,254)
CJ E&M Corporation	1,750,120,615	421,948,666	2,345,004	424,293,670

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

<i>(In thousands of Korean won)</i>	<b>2016</b>			
	<b>Sales</b>	<b>Profit (loss)</b>	<b>Other comprehensive income</b>	<b>Total comprehensive income</b>
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)

Summarized consolidated statements of cash flows for the years ended December 31, 2017 and 2016, are as follows:

<i>(In thousands of Korean won)</i>	<b>2017</b>				
	<b>CJ CheilJedang Corporation</b>	<b>CJ Freshway Corporation</b>	<b>CJ O Shopping Co., Ltd.</b>	<b>CJ CGV Co., Ltd.</b>	<b>CJ E&amp;M Corporation</b>
Cash flows from operating activities	1,180,837,049	23,395,608	330,007,005	194,342,877	239,177,535
Cash flows from investing activities	(1,463,909,010)	(33,519,084)	(256,435,876)	(285,906,362)	(551,038,162)
Cash flows from financing activities	265,353,628	53,294,547	(61,847,644)	36,044,805	358,333,349
Net increase(decrease) in cash and cash equivalents	(17,718,333)	43,171,071	11,723,485	(55,518,680)	46,472,722
Cash and cash equivalents at the beginning of the year	644,362,506	12,415,609	103,226,351	199,522,589	81,265,028
Effects of exchange rate changes on cash and cash equivalents	(35,788,529)	(867,248)	(673,379)	(11,431,638)	(3,121,650)
Cash and cash equivalents at the end of the year	590,855,644	54,719,432	114,276,457	132,572,271	124,616,100

<i>(In thousands of Korean won)</i>	<b>2016</b>				
	<b>CJ CheilJedang Corporation</b>	<b>CJ Freshway Corporation</b>	<b>CJ O Shopping Co., Ltd.</b>	<b>CJ CGV Co., Ltd.</b>	<b>CJ E&amp;M Corporation</b>
Cash flows from operating activities	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

# **CJ Corporation and Subsidiaries**

## **Notes to the Consolidated Financial Statements**

### **December 31, 2017 and 2016**

---

#### **41.3 Transactions with Non-controlling Interests**

Although 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, 2017, they are still in control by the Parent Company. Accordingly, differences between considerations of acquisition and disposal and carrying amount of non-controlling interests amounting to ₩ 37,429 million (2016: ₩ 5,188 million decrease) are treated as a increase in equity attributable to owners of the Parent Company.

#### **42. Events After the Reporting Period**

Following the triangular merger of Youngwoo Frozen Foods Co., Ltd. and KX holdings Co., Ltd., the Board of Directors of CJ CheilJedang resolved on December 19, 2017 to acquire 1,872,138 shares of CJ CheilJedang's registered common stock on March 2, 2018.

Youngwoo Frozen Foods Co., Ltd. and KX holdings Co., Ltd., consolidated subsidiaries, each held their Board of Directors meeting on December 18, 2017 to approve merger agreement between the two companies. The date of the shareholders' meeting to approve the merger was January 2, 2018, and the date of merger was March 1, 2018.

CJ CheilJedang Corporation, a consolidated subsidiary resolved to absorb Youngwoo Frozen Food Co., Ltd. on April 27, 2018 at the Board of Directors meeting held on February 14.

The Company resolved at the Board of Directors meeting held on December 19, 2017, to dispose of shares of CJ Logistics Corporation on March 2, 2018 as soon as the shares are acquired in the course of merger between CJ Logistics Corporation and CJ Engineering & Construction Corp.

CJ Logistics Corporation and CJ Engineering & Construction Corp., consolidated subsidiaries, each held a Board of Directors meeting on December 19, 2017 to approve the merger agreement between the two companies. The date of the shareholders' meeting to approve the merger was January 31, 2018, and the date of the merger was March 1, 2018.

CJ CheilJedang Corporation, a consolidated subsidiary, has decided to dispose of shares in CJ Healthcare Corporation, a subsidiary that it owns, to improve its financial structure and secure investment resources for future growth. The date of the Board's resolution was February 20, 2018, and the scheduled disposal date is April 6, 2018.

CJ O Shopping Co., Ltd. and CJ E&M Corporation, consolidated subsidiaries, each held Board of Directors on January 17, 2018, to approve the merger agreement between the two companies. The general shareholders' meeting for merger approval will be held on June 29, 2018, and the

**CJ Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**

---

merger date will be August 1, 2018.