

CJ Corporation and Subsidiaries

Consolidated Financial Statements

December 31, 2010 and 2009

CJ Corporation and Subsidiaries

Index

December 31, 2010 and 2009

	Page(s)
Report of Independent Auditors	1 - 2
Consolidated Financial Statements	
Statements of Financial Position.....	3 - 4
Statements of Income	5 - 6
Statements of Changes in Shareholders' Equity.....	7
Statements of Cash Flows.....	8 - 9
Notes to Consolidated Financial Statements	10 - 87

Report of Independent Auditors

To the Shareholders and Board of Directors of
CJ Corporation

We have audited the accompanying consolidated statements of financial position of CJ Corporation and its subsidiaries (collectively the "Company") as of December 31, 2010 and 2009, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, expressed in Korean won. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of CJ HelloVision Co., Ltd. and certain other 57 subsidiaries (2009:50), whose financial statements represent 44% of the Company's consolidated total assets as of December 31, 2010 (2009: 45%), and 58% of the Company's consolidated total sales for the year then ended (2009: 56%). These statements were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for those companies, is based solely on the reports of the other auditors.

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

In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CJ Corporation and its subsidiaries as of December 31, 2010 and 2009, and the results of its operations, the changes in its shareholders' equity and its cash flows for the years then ended in conformity with accounting principles generally accepted in the Republic of Korea.

Samil PricewaterhouseCoopers

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Without qualifying our opinion, we draw your attention to the following matters.

As discussed in Note 1, as of and for the year ended December 31, 2010, the Company included 11 additional domestic companies, including ON Media Corporation, and three foreign companies, including Shenyang Jilong Corn Biotech Co., Ltd. in the consolidated financial statements, and excluded two domestic companies, including CJ HelloVision Dreamcity Broadcasting Co., Ltd., and four foreign companies, including CJIT2 Holdings Ltd., from the consolidated financial statements.

Accounting principles and auditing standards and their application in practice vary among countries. The accompanying consolidated financial statements are not intended to present the financial position, results of operations, changes in shareholders' equity and cash flows in conformity with accounting principles and practices generally accepted in countries and jurisdictions other than the Republic of Korea. In addition, the procedures and practices used in the Republic of Korea to audit such consolidated financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report and the accompanying consolidated financial statements are for use by those who are informed about Korean accounting principles or auditing standards and their application in practice.

Seoul, Korea
March 31, 2011

This report is effective as of March 31, 2011, 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, 2010 and 2009

(in thousands of Korean won)

	2010	2009
Assets		
Current assets		
Cash and cash equivalents	₩ 1,194,600,788	₩ 1,226,315,235
Short-term financial instruments (Note 3)	423,985,324	756,693,860
Short-term available-for-sale securities (Note 4)	40,963,990	32,774,410
Trade accounts and notes receivable, net	1,164,105,058	787,388,004
Short-term loans receivable, net (Note 5)	37,432,689	46,186,653
Other accounts and notes receivable, net	106,998,210	107,159,215
Advance payments, net	145,370,721	125,123,029
Prepaid taxes	53,255,655	65,193,344
Prepaid expenses	36,689,139	39,267,861
Short-term derivative assets	70,952,974	58,613,060
Short-term deferred income tax assets (Note 25)	33,127,066	46,051,651
Inventories, net (Note 6)	1,054,602,866	811,177,040
Others	37,428,768	22,092,787
Total current assets	4,399,513,248	4,124,036,149
Equity-method investments (Note 7)	333,990,293	271,226,169
Long-term available-for-sale securities (Note 8)	1,445,359,962	189,982,025
Long-term held-to-maturity securities (Note 9)	5,062,975	3,717,955
Long-term loans receivable, net (Note 5)	48,215,267	61,720,715
Property, plant and equipment, net (Note 10)	4,367,832,051	4,031,899,047
Intangible assets, net (Note 11)	1,553,677,209	1,312,711,967
Guarantee deposits	448,025,098	478,595,826
Long-term deferred income tax assets (Note 25)	70,763,894	41,584,636
Other non-current assets	198,421,361	173,563,329
Total assets	₩12,870,861,358	₩10,689,037,818
Liabilities and Shareholders' Equity		
Current liabilities		
Trade accounts and notes payable	₩ 588,264,746	₩ 434,876,123
Short-term borrowings (Note 12)	1,426,719,876	1,374,578,506
Other accounts and notes payable	487,437,131	502,472,119
Withholdings	240,627,714	253,390,564
Accrued expenses	292,455,349	270,498,655
Income taxes payable	225,043,154	46,589,006
Current portion of long-term debts (Note 13)	1,023,542,073	927,596,802
Guarantee deposits	7,876,694	33,387,233
Short-term derivative liabilities	30,442,329	24,870,475
Short-term deferred income tax liabilities (Note 25)	265,456	10,156,807
Others	224,362,989	146,137,037
Total current liabilities	4,547,037,511	4,024,553,327
Long-term borrowings, net (Note 13)	1,828,460,083	2,230,073,555
Accrued severance benefits, net (Note 14)	68,661,334	81,125,513
Deposits received for initiation fee	266,272,782	338,765,420
Long-term derivative liabilities	7,331,635	7,705,695
Long-term deferred income tax liabilities (Note 25)	401,232,072	55,579,301
Other long-term liabilities	58,692,467	47,020,212
Total liabilities	7,177,687,884	6,784,823,023

CJ Corporation and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2010 and 2009

<i>(in thousands of Korean won)</i>	2010	2009
Commitments and contingencies (Note 15)		
Shareholders' equity		
Capital stock (Note 17)		
Common stock	₩ 145,594,860	₩ 142,816,935
Preferred stock	11,301,115	13,966,980
Capital surplus	1,599,855,789	1,598,467,095
Capital adjustments		
Treasury stock (Note 19)	(206,826,657)	(206,826,657)
Stock option compensation (Note 20)	6,155,853	4,846,651
Others	(142,504,244)	(129,365,880)
Accumulated other comprehensive income and expense		
Gain on valuation of equity-method investments (Note 7)	5,857,640	10,382,331
Loss on valuation of equity-method investments (Note 7)	(3,678,356)	(4,951,571)
Gain on valuation of available-for-sale securities (Note 8)	730,565,761	7,759,169
Loss on valuation of available-for-sale securities (Note 8)	(13,824,446)	(4,475,483)
Gain on valuation of derivative instruments (Note 16)	-	134,231
Loss on valuation of derivative instruments (Note 16)	(14,617,526)	(15,849,774)
Translation of foreign currency financial statements	(4,271,824)	(21,631,606)
Retained earnings (Note 18)		
Legal reserve	79,869,424	79,869,424
Discretionary reserve	553,546,462	411,970,710
Unappropriated retained earnings	166,201,831	156,484,999
Minority interest	2,779,947,792	1,860,617,241
Total shareholders' equity	<u>5,693,173,474</u>	<u>3,904,214,795</u>
Total liabilities and shareholders' equity	<u>₩12,870,861,358</u>	<u>₩10,689,037,818</u>

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

CJ Corporation and Subsidiaries
Consolidated Statements of Income
Years ended December 31, 2010 and 2009

<i>(in thousands of Korean won)</i>	2010	2009
Sales	₩ 11,015,581,445	₩ 9,457,511,595
Cost of sales	<u>7,062,841,740</u>	<u>5,957,706,677</u>
Gross income	3,952,739,705	3,499,804,918
Selling and administrative expenses (Note 21)	<u>3,164,886,322</u>	<u>2,762,030,726</u>
Operating income	<u>787,853,383</u>	<u>737,774,192</u>
Non-operating income		
Interest and dividend income	87,712,513	70,085,134
Foreign exchange gain	98,251,360	169,072,464
Gain on foreign currency translation	95,261,944	151,901,615
Reversal of allowance for doubtful accounts	6,628,594	7,315,013
Gain on valuation of equity-method investments (Note 7)	28,466,001	25,393,625
Gain on disposal of equity-method investments (Note 7)	1,752,705	10,514,153
Gain on disposal of interest of subsidiaries	4,713,991	9,084,214
Gain on disposal of available-for-sale securities (Note 8)	543,967,166	82,503,983
Gain on disposal of investment assets	1,117,016	1,717,104
Gain on disposal of property, plant and equipment	3,303,836	8,844,047
Gains on retirement of bonds	3,652,135	-
Gain on derivative transactions	76,873,544	170,614,226
Gain on valuation of derivatives (Note 16)	33,434,647	15,623,746
Others	49,333,116	45,235,755
	<u>1,034,468,568</u>	<u>767,905,079</u>
Non-operating expenses		
Interest expenses	197,192,473	236,247,490
Loss on disposal of trade accounts receivable	10,714,117	18,412,768
Foreign exchange loss	70,222,116	154,823,607
Loss on foreign currency translation	74,523,892	12,785,555
Loss on valuation of equity-method investments (Note 7)	59,694,408	32,453,105
Loss on disposal of equity-method investments	-	2,365,987
Loss on impairment of equity-method investments (Note 7)	-	1,141,562
Loss on disposal of available-for-sale securities (Note 8)	833,579	1,465,528
Loss on impairment of available-for-sale securities (Note 8)	33,576,792	1,089,905
Loss on disposal of investment assets	7,484,032	2,459,198
Loss on disposal of property, plant and equipment	24,836,188	21,334,373
Loss on impairment of property, plant and equipment (Note 10)	17,343,990	6,724,617
Loss on disposal of intangible assets	5,001,167	11,913,536
Loss on impairment of intangible assets (Note 11)	13,746,614	9,642,439
Loss on derivative transactions	85,372,210	126,247,990
Loss on valuation of derivatives (Note 16)	32,907,887	74,970,922
Other bad debts expense	27,167,882	10,809,247
Donations	58,290,887	30,169,819
Others	30,241,698	35,017,457
	<u>749,149,932</u>	<u>790,075,105</u>

CJ Corporation and Subsidiaries
Consolidated Statements of Income
Years ended December 31, 2010 and 2009

<i>(in thousands of Korean won, except per share amounts)</i>	2010	2009
Income before income tax from continued operations	₩ 1,073,172,019	₩ 715,604,166
Income tax expenses from continuing operations (Note 25)	303,462,712	167,841,332
Net income of subsidiaries before the date of acquisition	1,000,042	7,554,545
Net income from continuing operations	768,709,265	540,208,289
Net income(loss) from discontinued operations (Note 31)	914,003	(10,909,687)
Net income	<u>₩ 769,623,268</u>	<u>₩ 529,298,602</u>
Parent interest in net income	₩ 173,726,035	₩ 189,208,951
Minority interest in net income	595,897,233	340,089,651
Basic earnings per share from continuing operations (Note 26)	<u>₩ 6,193</u>	<u>₩ 6,898</u>
Basic earnings per share (Note 26)	<u>₩ 6,222</u>	<u>₩ 6,778</u>
Diluted earnings per share from continuing operations (Note 26)	<u>₩ 6,189</u>	<u>₩ 6,897</u>
Diluted earnings per share (Note 26)	<u>₩ 6,218</u>	<u>₩ 6,777</u>

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

CJ Corporation and Subsidiaries
Consolidated Statements of Changes in Shareholders' Equity
Years ended December 31, 2010 and 2009

<i>(in thousands of Korean won)</i>	Capital stock	Capital surplus	Capital adjustments	Accumulated other Comprehensive income and expense	Retained earnings	Minority interest	Total
Shareholders' equity, January 1, 2009	₩156,777,615	₩ 1,601,875,087	₩ (323,002,196)	₩ (572,066)	₩ 510,630,444	₩ 1,326,910,080	₩3,272,618,964
Dividends	-	-	-	-	(42,659,913)	(26,141,975)	(68,801,888)
Retained earnings after appropriations					467,970,531	1,300,768,105	3,203,817,076
Exercise of stock options	6,300	67,478	(23,649)	-	-	-	50,129
Changes in interests, including new stock issuance by consolidated subsidiaries	-	(3,475,470)	(15,873,159)	-	-	143,243,827	123,895,198
Payment of share-based incentives	-	-	(3,011,736)	-	-	-	(3,011,736)
Stock compensation expense	-	-	1,710,505	-	-	-	1,710,505
Retirement of treasury stock	-	-	8,854,349	-	(8,854,349)	-	-
Changes in accumulated other comprehensive income and expense	-	-	-	(28,060,637)	-	(16,902,368)	(44,963,005)
Net income	-	-	-	-	189,208,951	340,089,651	529,298,602
Change in scope of consolidation	-	-	-	-	-	93,418,026	93,418,026
Shareholders' equity, December 31, 2009	<u>₩156,783,915</u>	<u>₩ 1,598,467,095</u>	<u>₩ (331,345,886)</u>	<u>₩ (28,632,703)</u>	<u>₩ 648,325,133</u>	<u>₩ 1,860,617,241</u>	<u>₩ 3,904,214,795</u>
Shareholders' equity, January 1, 2010	₩156,783,915	₩1,598,467,095	₩ (331,345,886)	₩ (28,632,703)	₩ 648,325,133	₩1,860,617,241	₩3,904,214,795
Dividends					(22,433,451)	(38,385,059)	(60,818,510)
Retained earnings after appropriations					625,891,682	1,822,232,182	3,843,396,285
Exercise of stock options	112,060	1,388,694	(401,302)	-	-	-	1,099,452
Changes in interests, including new stock issues by consolidated subsidiaries	-	-	(13,138,365)	-	-	39,088,925	25,950,560
Stock compensation expense	-	-	1,710,505	-	-	-	1,710,505
Changes in accumulated other comprehensive income and expense	-	-	-	728,663,952	-	174,614,094	903,278,046
Net income	-	-	-	-	173,726,035	595,897,233	769,623,268
Change in scope of consolidation	-	-	-	-	-	148,115,358	148,115,358
Shareholders' equity, December 31, 2010	<u>₩156,895,975</u>	<u>₩1,599,855,789</u>	<u>₩ (343,175,048)</u>	<u>₩ 700,031,249</u>	<u>₩ 799,617,717</u>	<u>₩ 2,779,947,792</u>	<u>₩5,693,173,474</u>

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

CJ Corporation and Subsidiaries
Consolidated Statements of Cash Flows
Years ended December 31, 2010 and 2009

(in thousands of Korean won)

	2010	2009
Cash flows from operating activities		
Net income	₩ 769,623,268	₩ 529,298,602
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	690,407,024	576,128,737
Provision for severance benefits	100,236,176	71,647,988
Bad debts expense	7,743,799	17,172,188
Loss on foreign currency translation, net	(19,566,556)	(139,121,472)
Loss on valuation of equity-method investments, net	31,228,407	7,059,480
Gain on disposal of equity-method investments, net	(1,752,705)	(8,148,166)
Gain on disposal of interest of subsidiary	(4,713,991)	(9,084,214)
Loss on impairment of equity-method investments	-	1,141,562
Gain on disposal of available-for-sale securities, net	(543,133,587)	(81,038,455)
Loss on impairment of available-for-sale securities	33,555,576	1,089,905
Loss on disposal of property, plant and equipment, net	21,532,352	12,490,326
Loss on impairment of property, plant and equipment	17,343,990	6,724,617
Loss on impairment of intangible assets	13,746,614	9,642,439
Gain on retirement of bonds	(3,652,135)	-
Loss(gain) on derivative transactions, net	8,498,666	(44,366,236)
Loss(gain) on valuation of derivative, net	(526,760)	62,572,893
Loss(gain) on valuation of inventories	10,174,771	(3,680,613)
Loss from inventory obsolescence	19,838,987	21,452,318
Deferred income taxes	10,197,808	75,437,976
Other bad debts expense	27,167,882	10,809,247
Others	21,724,243	31,780,295
	<u>440,050,561</u>	<u>619,710,815</u>
Changes in operating assets and liabilities		
Increase in trade accounts and notes receivable	(668,103,107)	(123,463,567)
Decrease(increase) in other accounts and notes receivable	(66,679,826)	43,793,302
Increase in advance payments	(19,479,525)	(21,892,600)
Decrease in prepaid taxes	11,144,394	442,299
Decrease in prepaid expenses	8,333,500	37,366,158
Decrease(increase) in inventories	(223,250,504)	228,182,023
Increase in long-term prepaid expenses	(43,436,450)	(10,315,591)
Decrease(increase) in guarantee deposits	(5,641,871)	5,006,016
Increase in trade accounts and notes payable	544,471,516	96,370,286
Decrease in other accounts and notes payable	(38,367,787)	(53,177,673)
Increase (decrease) in withholdings	(19,646,371)	75,671,349
Increase in accrued expenses	30,567,073	61,348,139
Increase (decrease) in income taxes payable	173,897,035	(126,723,588)
Increase(decrease) in guarantee deposits received	(29,249,160)	8,646,649
Payment of severance benefits	(120,033,427)	(63,859,243)
Others	(7,928,946)	23,853,614
	<u>(473,403,456)</u>	<u>181,247,573</u>
Net cash provided by operating activities	<u>736,270,373</u>	<u>1,330,256,990</u>

CJ Corporation and Subsidiaries
Consolidated Statements of Cash Flows
Years ended December 31, 2010 and 2009

<i>(in thousands of Korean won)</i>	2010	2009
Cash flows from investing activities		
Proceeds from short-term loans	4,073,901	67,973,969
Proceeds from short-term financial instruments	1,250,072,620	883,313,714
Proceeds from disposal of equity-method investments	15,558,696	14,037,595
Proceeds from disposal of interest of subsidiaries	1,513,617	4,045,400
Proceeds from disposal of long-term available-for-sale securities	565,460,052	150,066,889
Collection of long-term loans receivable	125,654,319	61,606,170
Proceeds from disposal of property, plant and equipment	23,032,383	48,091,580
Proceeds from disposal of intangible assets	2,008,121	4,746,334
Proceeds from guarantee deposits	86,152,145	29,045,495
Proceeds from derivative instruments	6,262,250	37,190,295
Short-term loans granted	(109,535,001)	(73,378,373)
Acquisition of short-term financial instruments	(841,594,732)	(1,110,491,659)
Acquisition of equity-method investments	(107,997,757)	(49,863,129)
Acquisition of long-term available-for-sale securities	(7,290,870)	(16,474,309)
Acquisition of long-term held-to-maturity securities	(10,000)	(13,899,758)
Long-term loans granted	(5,169,321)	(54,214,565)
Acquisition of property, plant and equipment	(726,311,976)	(575,915,748)
Acquisition of intangible assets	(207,988,555)	(125,465,712)
Acquisition of guarantee deposits	(60,038,845)	(87,294,330)
Others	(37,303,114)	(18,778,320)
Net cash used in investing activities	<u>(23,452,067)</u>	<u>(825,658,462)</u>
Cash flows from financing activities		
Issuance of short-term borrowings	639,160,908	680,082,168
Issuance of long-term borrowings	763,679,400	1,368,484,753
Increase in deposits received for initiation fee	155,229,090	74,335,000
Repayment of short-term borrowings	(737,493,532)	(1,060,860,348)
Repayment of current portion of long-term debts	(767,540,754)	(649,551,734)
Repayment of long-term borrowings	(109,092,701)	(248,959,160)
Payment of dividends	(22,433,451)	(42,659,913)
Decrease in minority interest	(582,985,349)	(36,664,228)
Decrease in deposits received for initiation fee	(142,959,090)	-
Others	(6,190,287)	232,991
Net cash provided by(used in) financing activities	<u>(810,625,766)</u>	<u>84,439,529</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(482,659)</u>	<u>(4,499,184)</u>
Increase in cash due to merger	<u>3,057,854</u>	<u>3,645,383</u>
Net increase in cash and cash equivalents due to change in scope of consolidation	<u>63,517,818</u>	<u>10,788,615</u>
Net increase(decrease) in cash and cash equivalents	(31,714,447)	598,972,871
Cash and cash equivalents		
Beginning of the year	<u>1,226,315,235</u>	<u>627,342,364</u>
End of the year	<u>₩ 1,194,600,788</u>	<u>₩ 1,226,315,235</u>

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

CJ Corporation and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2010 and 2009

1. The Controlling Company

CJ Corporation (the Controlling Company) was incorporated in 1953 under the Commercial Code of the Republic of Korea to manufacture and sell refined sugar. On September 1, 2007, the Controlling Company executed the split-off of its investments in subsidiaries and manufacturing divisions, becoming a holding company managing investments.

The Controlling Company's stock is publicly traded, and all issued and outstanding shares are listed on the Korean Stock Exchange.

As of December 31, 2010, its capital stock amounts to ₩156,896 million, and its majority shareholder is Mr. Lee Jae Hyun, who owns 38.22% of the outstanding shares.

Consolidated Subsidiaries

The consolidated financial statements include the accounts of CJ Corporation and its controlled subsidiaries (collectively "the Company"). Controlled subsidiaries include majority-owned entities and entities in which CJ Corporation owns more than 30% of the total outstanding voting stock and is the largest shareholder. Percentage of ownership is the sum of the percentage of direct and indirect ownership.

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

Subsidiaries included in the consolidated financial statements as of December 31, 2010, are as follows:

(in millions of Korean won, except number of shares and percentage of ownership)

Subsidiaries	Primary business	Total shareholders' equity	Number of Shares	Percentage of ownership (%)	Location	Division
CJ CheilJedang Corp.	Manufacturing and sale of refined sugar, wheat flour, medicines and processed meat	₩ 2,853,967	4,834,878	37.85	Korea	Food
CJ Freshway Corp.	Meal service business	90,453	5,592,220	51.89	Korea	Food
CJ Foodville Co., Ltd.	Food service industry	64,747	13,911,783	96.29	Korea	Food
Shindongbang CP Corp.	Manufacturing animal and vegetable grease	53,942	2,991,624	99.72	Korea	Food
Dondonfarm Co., Ltd.	Hog raising	10,299	3,719,959	100.00	Korea	Feed
CJ Seafood Corp. (formerly Samho F&G Corp.)	Processing and sale of agricultural, stockbreeding and marine products	30,310	16,714,090	46.51	Korea	Food
Hasunjung General Food Co., Ltd.	Manufacturing and sale of Kimchi and salted fish	23,918	90,000	100.00	Korea	Food
Superfeed Co., Ltd.	Manufacturing of feed, rental service, processing goods	22,172	3,748,630	99.99	Korea	Feed
SA Management Co., Ltd. (formerly CJ Media Inc.)	Production, distribution, sale of broadcast programs	9,521	7,138,842	50.36	Korea	Entertainment
CJ Entertainment Inc.	Production of images	127,775	3,000,000	100.00	Korea	Entertainment
CJ Internet Co., Ltd.	Production of software/Internet contents	242,028	7,200,210	31.58	Korea	Entertainment
Primus Cinema Co., Ltd.	Operation and management of movie theaters	23,315	863,701	80.01	Korea	Entertainment
CJIG. Co., Ltd.	Distribution and development of games and maintaining and repairing	3,226	6,420,000	100.00	Korea	Entertainment
Anypark Co., Ltd.	Development of on-line games	23,832	2,726,641	53.21	Korea	Entertainment
CJ CGV Co., Ltd.	Operation and management of movie theaters	259,704	8,257,000	40.05	Korea	Entertainment
M-net Media Corp.	Planning, production and sale of music records	38,003	29,462,133	49.44	Korea	Entertainment
Mediaweb Inc.	Development and production of application software	8,872	268,588	68.84	Korea	Entertainment
On Media Corp.	Provision of programs	452,425	65,148,910	55.17	Korea	Entertainment
Digital On Media, Corp.	Cable broadcasting business	23,366	2,063,291	99.93	Korea	Entertainment
Korea Badoo Television Inc.	Provision of programs	11,925	2,406,834	66.21	Korea	Entertainment
Orion Cinema Network, Inc.	Provision of programs	170,911	10,531,444	90.27	Korea	Entertainment
On Game Network Inc.	Provision of programs	19,006	2,967,808	86.73	Korea	Entertainment
CJ E&M Inc. (formerly O Media Holdings Inc.)	Non-financial holding company	299,692	2,310,733	46.61	Korea	Entertainment

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

(in millions of Korean won, except number of shares and percentage of ownership)

Subsidiaries	Primary business	Total shareholders' equity	Number of Shares	Percentage of ownership (%)	Location	Division
CJ Media Inc.	Provision of programs	₩ 87,532	2,316,354	50.36	Korea	Entertainment
CJ O Shopping Co., Ltd.	General cable broadcasting business and wholesale/retail trade	348,895	2,420,495	39.86	Korea	General cable broadcasting
CJ HelloVision Co., Ltd.	General cable broadcasting business	513,675	41,756,286	53.92	Korea	General cable broadcasting
CJ Hellovision Youngdong Broadcasting Co., Ltd. (formerly Korea CATV Young-dong Broadcasting Co., Ltd.)	Cable broadcasting business	33,968	2,523,360	74.59	Korea	General cable broadcasting
CJ Hellovision Daegu Suseong Broadcasting Co., Ltd. (formerly Susung Cable Broadcasting Co., Ltd.)	Cable broadcasting business	16,029	350,500	87.63	Korea	General cable broadcasting
CJ HelloVision Ara Broadcasting Co., Ltd. (formerly Korea CATV Jeonnam Eastern Broadcasting Co., Ltd.)	Cable broadcasting business	20,421	1,464,227	73.21	Korea	General cable broadcasting
CJ GLS Co., Ltd.	General truck freight business	193,975	2,385,617	41.44	Korea	Distribution
CJ Telenix Co., Ltd.	Education for telemarketing and service agency business	9,958	700,000	100.00	Korea	Others
CJ Olive Young Co., Ltd.	Operating and development beauty and health shops	68,610	14,673,778	100.00	Korea	Others
CJ Powercast Co., Ltd.	Broadcasting agency business	17,671	600,000	60.00	Korea	Others
CJ Venture Capital Co., Ltd.	Venture investment	11,043	1,800,010	90.00	Korea	Others
CJ Venture Investment No. 9 Cinema Fund	Investment fund in movies	8,086	58	58.00	Korea	Others
CJ Systems Co., Ltd.	Development of software/hardware	41,986	621,333	66.32	Korea	Others
CJ Engineering & Construction Corp.	Civil engineering and construction	109,246	8,915,707	99.92	Korea	Others
CJ MD1 Co., Ltd.	Sales management service	(707)	40,000	100.00	Korea	Others
CJ N City Co., Ltd.	Selling the right of view and operating restaurant	25,412	3,820,000	100.00	Korea	Others
Hwasung Bongdam PFV Corp.	Sales, leasing and investment of real estate	26,774	4,700,400	82.46	Korea	Others
CJ Beijing Beverage & Foods Co., Ltd. ¹	Manufacturing of beverage and food	9,863	-	100.00	China	Food
CJ Qingdao Foods Co., Ltd. ¹	Production and processing of meat	(3,799)	-	100.00	China	Food
CJ Nutracon Pty., Ltd.	Manufacturing of feed concentration	7,594	7,500,000	100.00	Australia	Food

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

(in millions of Korean won, except number of shares and percentage of ownership)

Subsidiaries	Primary business	Total shareholders' equity	Number of Shares	Percentage of ownership (%)	Location	Division
CJ Toyota Tsuho Philippines Inc.	Manufacturing of food	₩ 12,651	₩ 2,684,416	44.87	Philippines	Food
CJ Food Festa Co., Ltd.	Food service industry	790	12,760	99.55	Japan	Food
CJ Bakery Inc.	Bakery business	(763)	11,900,000	100.00	U.S.A.	Food
CJ Liaocheng Biotech Co., Ltd. ¹	Manufacturing and sale of lysine	185,778	-	100.00	China	Bioengineering
Shenyang Jilong Corn Biotech Co., Ltd. ¹	Manufacturing and sale of feeds	14,557	-	100.00	China	Bioengineering
PT. CheilJedang Indonesia	Manufacturing of nucleic acid	285,130	107,910	99.99	Indonesia	Bioengineering
CJ Do Brazil Ind. Com. Prod Alim. Ltda. ¹	Manufacturing of lysine	22,762	-	99.99	Brazil	Bioengineering
CJ Shenyang Feed Co., Ltd. ¹	Manufacturing of feeds	5,753	-	100.00	China	Feed
CJ Philippines Inc.	Manufacturing of feeds	22,171	764,400	70.00	Philippines	Feed
PT. CheilJedang Superfeed	Manufacturing of feeds	13,955	12,000	100.00	Indonesia	Feed
PT. CJ Feed Jombang	Manufacturing and sale of feeds	10,459	4,000	100.00	Indonesia	Feed
PT. Super Unggas Jaya	Raising livestock for breeding	(10,093)	509,995	100.00	Indonesia	Feed
CJ Vina Agri Co., Ltd. ¹	Manufacturing of feeds	20,247	-	100.00	Vietnam	Feed
CJ Global Holdings Ltd.	Holding company of feed-manufacturing companies	15,051	44,318,275	100.00	HongKong	Feed
Lee Entertainment L.L.C. ¹	Investment in films	51,713	-	99.36	U.S.A.	Entertainment
CJ Media Japan Co., Ltd.	Media business	12,658	32,000	45.71	Japan	Entertainment
CJ GLS Malaysia Sdn. Bhd.	Transportation	166	1,000,000	100.00	Malaysia	Distribution
PT. CJ GLS Indonesia	Transportation	4,330	475,000	95.00	Indonesia	Distribution
CJ GLS Philippines Inc.	Transportation	1,287	540,000	100.00	Malaysia	Distribution
CJ GLS (Thailand) Co., Ltd.	Transportation	7,468	68,595	100.00	Thailand	Distribution
CJ GLS Asia Pte. Ltd.	Transportation	44,663	54,000,000	100.00	Singapore	Distribution
CJ America Inc.	Intermediary trade	19,277	161	100.00	U.S.A.	Others
CJ Europe GmbH. ¹	Intermediary trade	6,555	-	100.00	Germany	Others
CJ Japan Corp.	Intermediary trade	4,261	4,000	100.00	Japan	Others
CJ China Ltd.	Intermediary trade	11,022	299	99.66	HongKong	Others
CMI Holdings Ltd.	Holding company	15,783	25,584,000	100.00	HongKong	Others
Liaocheng Lantian Cogenerations Plant Co., Ltd. ¹	Supply of generation of electric power	21,568	-	100.00	China	Others

¹ This subsidiary is not a corporation. Therefore, no shares have been issued.

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

Certain information of consolidated subsidiaries as of and for the year ended December 31, 2010, is as follows:

(in millions of Korean won)

Subsidiaries	Assets	Liabilities	Sales	Net income (loss)
CJ CheilJedang Corp. ¹	₩ 4,993,742	₩ 2,139,775	₩ 3,962,652	₩ 686,486
CJ Freshway Corp.	305,204	214,781	943,883	8,993
CJ Foodville Co., Ltd. ¹	311,934	247,187	738,176	5,248
Shindongbang CP Corp. ¹	137,295	83,353	139,269	12,771
Dondonfarm Co., Ltd. ¹	19,455	9,156	68,744	(2,703)
CJ Seafood Corp. (formerly Samho F&G Corp.) ¹	60,926	30,616	111,083	4,943
Hasunjung General Food Co., Ltd. ¹	34,751	10,833	34,672	350
Superfeed Co., Ltd. ¹	31,020	8,848	30,810	(2,427)
SA Management Co., Ltd. (formerly CJ Media Inc.)	9,682	161	140,567	(18,376)
CJ Entertainment Inc.	290,191	162,416	163,080	6,402
CJ Internet Co., Ltd.	286,732	44,704	227,481	4,670
Primus Cinema Co., Ltd.	38,872	15,557	48,018	(4,992)
CJIG. Co., Ltd.	9,014	5,788	12,865	(1,289)
Anypark Co., Ltd.	32,463	8,631	19,234	1,848
CJ CGV Co., Ltd.	631,458	371,754	503,167	33,347
M-net Media Corp.	140,428	102,395	146,926	(14,163)
Mediaweb Inc.	8,984	112	741	517
On Media Corp.	464,574	12,149	73,557	13,121
Digital On Media, Corp.	24,603	1,237	19,986	1,211
Korea Badoo Television Inc.	15,278	3,353	16,571	1,961
Orion Cinema Network Inc.	195,012	24,101	185,511	4,588
On Game Network Inc.	21,314	2,308	22,520	(899)
CJ E&M Inc. (formerly O Media Holdings Co., Ltd.)	473,527	173,835	2,112	(1,135)
CJ Media, Inc.	228,890	141,358	64,942	4,069
CJ O Shopping Co., Ltd. ¹ (formerly CJ Home Shopping Co., Ltd.)	904,245	555,350	711,050	92,799
CJ HelloVision Co., Ltd. ¹	946,264	432,589	434,225	43,439
CJ HelloVision Youngdong Broadcasting Co., Ltd. (formerly Korea CATV Young-dong Broadcasting Co., Ltd.)	38,514	4,546	29,606	3,484
CJ HelloVision Daegu Suseong Broadcasting Co., Ltd. (formerly Susung Cable Broadcasting Co., Ltd.)	18,106	2,077	11,994	1,070
CJ HelloVision Ara Broadcasting Co., Ltd. (formerly Korea CATV Jeonnam Eastern Broadcasting Co., Ltd.)	24,701	4,280	24,110	87
CJ GLS Co., Ltd.	360,674	166,699	921,523	16,215
CJ Telenix Co., Ltd. ¹	34,810	24,852	56,505	78
CJ Olive Young Co., Ltd.	133,015	64,405	136,358	2,005

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

(in millions of Korean won)

Subsidiaries	Assets	Liabilities	Sales	Net income (loss)
CJ Powercast Co., Ltd.	₩ 26,948	₩ 9,277	₩ 39,808	₩ 3,801
CJ Venture Capital Co., Ltd.	11,191	148	1,485	242
CJ Venture Investment No. 9 Cinema Fund	8,231	145	1,135	438
CJ Systems Co., Ltd.	136,371	94,385	168,367	9,848
CJ Engineering & Construction Corp. ¹	551,734	442,488	201,719	(36,970)
CJ MD1 Co., Ltd.	13,874	14,581	92,739	(61)
CJ N City Co., Ltd.	44,774	19,362	89,772	336
Hwasung Bongdam PFV Corp. ¹	78,004	51,230	2,256	(984)
CJ Beijing Beverage & Foods Co., Ltd.	19,611	9,748	12,109	(1,051)
CJ Qingdao Foods Co., Ltd.	30,052	33,851	56,264	(3,455)
CJ Nutracon Pty., Ltd.	25,718	18,124	15,479	2,734
CJ Toyota Tsuho Philippines Inc.	53,236	40,585	-	(1,083)
CJ Food Festa Co., Ltd.	9,047	8,257	19,890	(708)
CJ Bakery Inc.	9,962	10,725	6,593	(2,461)
CJ Liaocheng Biotech Co., Ltd. ¹	276,998	91,220	261,674	48,005
Shenyang Jilong Corn Biotech Co., Ltd. ¹	30,823	16,266	20,163	20,163
PT CheilJedang Indonesia	697,848	412,718	622,513	92,199
CJ Do Brazil Ind. Com. Prod Alim. Ltda. ¹	212,879	190,117	151,657	(9,187)
CJ Shenyang Feed Co., Ltd.	14,751	8,998	19,951	1,057
CJ Philippines Inc.	30,556	8,385	52,576	2,185
PT. CheilJedang Superfeed	125,856	111,901	139,856	4,681
PT CJ Feed Jombang	61,637	51,178	130,009	4,961
PT Super Unggas Jaya	29,826	39,919	75,566	4,753
CJ Vina Agri Co., Ltd.	39,776	19,529	116,295	4,422
CJ Global Holdings Ltd.	44,213	29,162	-	2,596
Lee Entertainment L.L.C.	51,796	83	-	(40)
CJ Media Japan Co., Ltd.	21,655	8,997	35,985	833
CJ GLS Malaysia Sdn Bhd.	22,867	22,701	73,733	(1,590)
PT CJ GLS Indonesia	9,159	4,829	33,947	(675)
CJ GLS Philippines Inc.	9,112	7,825	31,251	615
CJ GLS (Thailand) Co., Ltd.	26,970	19,052	113,641	1,508
CJ GLS Asia Pte. Ltd.	110,102	65,439	21,250	603
CJ America Inc.	56,226	36,949	151,319	1,759
CJ Europe Gmbh.	81,265	75,070	332,762	3,030
CJ Japan Corp.	97,515	93,254	91,872	1,170
CJ China Ltd.	255,959	244,937	584,346	3,744
CMI Holdings Ltd.	15,807	24	-	(583)
Liaocheng Lantian Cogenerations Plant Co., Ltd.	49,580	28,012	32,432	3,685

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

¹The accounting policies of 13 subsidiaries, including CJ CheilJedang Corp., were reconciled with the accounting policies of the Controlling Company in accordance with SKFAS No. 25, *Consolidated Financial Statements*. As a result, the net assets of the Controlling Company decreased by ₩508,567 million. Details of the adjustments for the year ended December 31, 2010, are as follows:

(in millions of Korean won)

Subsidiaries	Net asset before Adjustment	Adjustment	Net asset after Adjustment
CJ CheilJedang Corp.	₩ 2,853,967	₩ (418,227)	₩ 2,435,740
CJ Foodville Co., Ltd.	64,747	(8,183)	56,564
Shindongbang CP Corp.	53,942	(30,623)	23,319
Dondonfarm Co., Ltd.	10,299	(28)	10,271
CJ Seafood Corp. (formerly Samho F&G Corp.)	30,310	(9,366)	20,944
Hasunjung General Food Co., Ltd.	23,918	(5,836)	18,082
Superfeed Co., Ltd.	22,172	(4,565)	17,607
CJ O Shopping Co., Ltd.	348,895	(26,999)	321,896
CJ HelloVision Co., Ltd.	513,675	(3,335)	510,340
CJ Telenix Co., Ltd.	9,958	(2,370)	7,588
CJ Engineering & Construction Corp.	109,246	(1,775)	107,471
Hwasung Bongdam PFV Corp.	26,774	(4,245)	22,529
CJ Do Brazil Ind. Com. Prod Alim. Ltda.	22,762	6,985	29,747

Some consolidated subsidiaries do not apply the moving average method to value inventory. 6 consolidated subsidiaries, including CJ Internet Co., Ltd., apply the declining balance method for depreciation of property, plant and equipment. However, no reconciliations were made to the Company's accounting policies as it was not considered to be significant.

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

Subsidiaries excluded from the consolidated financial statements as of December 31, 2010, are as follows:

Subsidiaries	Primary business	Number of Investment in stocks	Percentage of ownership (%)	Remark
CJ NGC Korea Co., Ltd.	Distribution and production of broadcasting programs	1,554,400	67.00	Small sized
CJ Sports Co., Ltd.	Preparing sports and cultural event	372,400	100.00	Small sized
Good Concert Co., Ltd.	Advertisement and event agency business	410,740	51.00	Small sized
KMTV Co., Ltd.	Distribution and production of broadcasting programs	710,000	100.00	Small sized
Clipservice Inc.	Internet marketing service and planning performance	128,160	51.68	Small sized
Dong Young Food Co., Ltd.	Processing and sale of agricultural	275,000	100.00	Small sized
International Media Genius Co., Ltd.	Provision of programs	140,000	100.00	Small sized
CJ Entertainment Japan Inc.	Production of images	14,400	60.00	Small sized
Mbaro Inc.	Sale and distribution of online contents	816,000	51.00	Small sized
E&C Infra Co., Ltd.	Transportation	400,000	100.00	Small sized
Sinuido Solar Salt Corp.	Fishery	135,500	52.12	Small sized
Super Race Co., Ltd. (formerly KGTCR Co., Ltd.)	Other sports services	358,800	98.79	Small sized
Seed 9 Entertainment Corp.	Development and provision of on-line and mobile games software	422,509	53.01	Small sized
GH Hope Island Co., Ltd.	Publishing	2,258,064	53.03	Small sized
Mediaweb-I Co.,Ltd.	Development and provision of application software	327,726	100.00	Small sized
EPLAYon Inc.	Development and provision of on-line and mobile games software	4,000,000	100.00	Small sized
CJ HelloVision Daegu Donggu Broadcasting Co. Ltd. (formerly Donggu Cable Broadcasting Co., Ltd.)	Cable broadcasting business	448,000	89.60	Small sized
4D Plex Co., Ltd.	Development of theater systems	8,376,908	92.72	Small sized
CJ Qingdao GLS Inc. ¹	Transportation	-	100.00	Small sized
CJ Home Shopping(Beijing) Co., Ltd. ¹	Wholesale business and a product brokerage	-	100.00	Small sized
Beijing Hasunjung General Food Co., Ltd. ¹	Manufacturing and sale of Kimchi	-	100.00	Small sized
CJ Internet Japan Co., Ltd.	Internet service and manufacturing of software	28,600	55.00	Small sized
CJ Century Entertainment & Media Consulting Co., Ltd. (formerly CJ Century Co., Ltd.)	Distribution of films and performances	872,500	100.00	Small sized
CJ Beijing Bakery Co., Ltd. ¹	Bakery business	-	100.00	Small sized
CJ Chengdu Feed Co., Ltd. ¹	Manufacturing and sales of feeds	-	100.00	Small sized
CJ Nanjing Feed Co., Ltd. ¹	Manufacturing and sale of feeds	-	100.00	Small sized
CJ Harbin Feed Co., Ltd. ¹	Manufacturing and sale of feeds	-	100.00	Small sized
CJ Tianjin Feed Co., Ltd. ¹	Manufacturing and sale of feeds	-	100.00	Small sized
CJ Zhengzhou Feed Co., Ltd. ¹	Manufacturing and sale of feeds	-	100.00	Small sized

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

Subsidiaries	Primary business	Number of Investment in stocks	Percentage of ownership (%)	Remark
CJ Qingdao Feed Co., Ltd. ¹	Manufacturing and sales of feeds	-	100.00	Small sized
CJ Changsha Feed Co., Ltd. ¹	Manufacturing and sale of feeds	-	100.00	Small sized
CJ Food Service Co., Ltd. ¹	Food	-	94.24	Small sized
CJ Food Service (Shanghai) Co., Ltd. ¹	Food	-	100.00	Small sized
CJ CGV America Holdings, Inc.	Holding company	283	100.00	Small sized
PT. Agrobis Panca Ekatama	Manufacturing of feeds	9,200	89.00	Small sized
CJ Omni Inc.	Manufacturing and sale of frozen food	4,356	100.00	Small sized
CJ International Trading Co., Ltd. ¹	Intermediary trade business	-	100.00	Small sized
CJ Bakery Vietnam Co., Ltd. ¹	Bakery	-	100.00	Small sized
CJ Feed India Private Ltd. ¹	Manufacturing and sale of feeds	-	100.00	Small sized
CJ Pharma Research India Pvt., Ltd. ¹	Manufacturing of pharmaceutical products	-	100.00	Small sized
Tous Les Jours U.S.A. L.L.C. ¹	Bakery	-	51.00	Small sized
CJ Food Court L.L.C. ¹	Food	-	90.00	Small sized
CJ CGV Holdings Ltd.	Holding company	79,300	100.00	Small sized
CJ GLS (H.K.) Ltd.	Transportation	1,000,000	100.00	Small sized
CJ GLS (S) Air Freight Pte. Ltd.	Transportation	400,000	100.00	Small sized
CJ GLS America Inc.	Transportation	3,500,000	100.00	Small sized
CJ GLS China (Shanghai) Ltd.	Transportation	5,000,000	100.00	Small sized
CJ GLS Forwarding (M) Sdn. Bhd.	Transportation	200,000	100.00	Small sized
CJ GLS Netherlands B.V.	Transportation	18,000	100.00	Small sized
CJ GLS Philippines Inc.	Transportation	540,000	100.00	Small sized
CJ GLS (Shenzhen) Co., Ltd. ¹	Transportation	-	100.00	Small sized
CJ GLS Shipping (S) Pte. Ltd.	Transportation	200,000	100.00	Small sized
CJ Home Shopping Co., Ltd. (Shanghai) ¹	General cable broadcasting business and wholesale/retail trade	-	100.00	Small sized
EC Logistics (M) Sdn. Bhd.	Transportation	300,000	100.00	Small sized
EC Services Sdn. Bhd.	Transportation	500,000	100.00	Small sized
Kwik Enterprise Sdn. Bhd.	Transportation	100,000	100.00	Small sized
Quick Logistics (M) Sdn. Bhd.	Transportation	4	100.00	Small sized
Supply Chain Services Sdn. Bhd.	Transportation	100,000	100.00	Small sized
Tous Les Jours International ¹	Participating business	-	100.00	Small sized
CJ Foodville Asia Pte. Ltd.	Restaurants	1,150,000	100.00	Small sized
EC Distribution Sdn. Bhd.	Transportation	2,500,000	100.00	Small sized
Conpac Warehousing Pte. Ltd. ¹	Transportation	-	100.00	Small sized
CJ GLS (VN) Freight Co., Ltd.	Transportation	745,927	49.00	Small sized
CJ GLS Vietnam Co., Ltd. ¹	Transportation	-	30.00	Small sized

¹ This subsidiary is not a corporation. Therefore, no shares have been issued.

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

Changes in Consolidated Subsidiaries

Details of subsidiaries newly included in the consolidated financial statements for the year ended December 31, 2010, are as follows:

Location	Name of Subsidiaries	Remark
Korea	Mediaweb Inc.	Newly acquired
Korea	On Media Corp.	Newly acquired
Korea	Digital On Media, Corp.	Newly acquired
Korea	Korea Badoo Television Inc.	Newly acquired
Korea	Orion Cinema Network Inc.	Newly acquired
Korea	On Game Network Inc.	Newly acquired
Korea	CJ HelloVision Youngdong Broadcasting Co., Ltd. (formerly Korea CATV Young-dong Broadcasting Co., Ltd.)	Newly acquired
Korea	CJ HelloVision Daegu Suseong Broadcasting Co., Ltd.	Newly acquired
Korea	CJ HelloVision Ara Broadcasting Co., Ltd.	Newly acquired
Korea	CJ E&M Inc.	Split-off
Korea	CJ Media, Inc.	Split-off
China	Shenyang Jilong Corn Biotech Co., Ltd.	Newly acquired
Philippines	CJ Toyota Tsuho Philippines Inc.	Increase in assets
Philippines	CJ GLS Philippines Inc.	Increase in assets

The subsidiaries excluded from the consolidated financial statements for the year ended December 31, 2010, are as follows:

Location	Name of Subsidiaries	Remark
Korea	CJ HelloVision Dreamcity Broadcasting Co., Ltd.	Merged with CJ HelloVision Co., Ltd.
Korea	CJ HelloVision HaeundaeGijang Broadcasting Co., Ltd.	Merged with CJ HelloVision Co., Ltd.
China	CJIT2 Holdings Ltd.	Disposal of stock
Singapore	CJ International Asia Pte. Ltd.	Disposal of stock
Japan	CJ Internet Japan Co., Ltd.	Small sized
Malaysia	EC Distribution Sdn. Bhd.	Small sized

PT. Cheil Jedang Indonesia and CJ Internet Co., Ltd. sold their interest in CJ International Asia Pte. Ltd. and CJIT2 Holdings Ltd., respectively, in the current year, and recognized a total of ₩4,174 million as gain on disposal of interest in subsidiaries.

CJ Corporation and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2010 and 2009

2. Summary of Significant Accounting Policies

The significant accounting policies followed by the Company in the preparation of its consolidated financial statements are summarized below:

Basis of Financial Statement Presentation

The Company maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in conformity with accounting principles generally accepted in the Republic of Korea. Certain accounting principles applied by the Company that conform with financial accounting standards and accounting principles in the Republic of Korea may not conform with generally accepted accounting principles in other countries. Accordingly, these financial statements are intended for use by those who are informed about Korean accounting principles and practices. The accompanying consolidated financial statements have been condensed, restructured and translated into English from the Korean language consolidated financial statements.

The following is a summary of significant accounting policies followed by the Company in the preparation of its financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

Principles of Consolidation

The Company records differences between the investment account and corresponding capital account of subsidiaries as goodwill or negative goodwill, and such differences are amortized over the reasonable periods within 20 years, using the straight-line method. However, differences which occur from additional investments acquired in consolidated subsidiaries are reported in a separate component of shareholders' equity, and are not included in the determination of the results of operations. In accordance with accounting principles generally accepted in the Republic of Korea, minority interests in consolidated subsidiaries are presented within equity and identified separately from the shareholders' equity in the consolidated statements of financial position.

All significant intercompany transactions and balances have been eliminated during consolidation.

Unrealized profits included in inventories, property, plant and equipment and other assets, as a result of intercompany transactions, are eliminated.

Unrealized profits, arising from sales by the Controlling Company to consolidated subsidiaries, or equity-method investees, are fully eliminated and charged to the equity of the Controlling Company. Unrealized profits, arising from sales by the consolidated subsidiaries, or equity-method investees, to the controlling companies, or sales between consolidated subsidiaries, or equity-method investees, are fully eliminated, and charged to the equity of the controlling interests and minority interests, based on the percentage of ownership.

CJ Corporation and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2010 and 2009

Accounts of foreign subsidiaries are maintained in the currencies of the countries in which they operate. In translating the foreign currency financial statements of these subsidiaries into Korean won, income and expenses are translated at the average rate for the year and assets and liabilities are translated at the rate prevailing on the date of statements of financial position. Resulting translation gains or losses are recorded as other comprehensive income presented as part of equity.

The Controlling Company and its consolidated subsidiaries follow the same fiscal year end.

Revenue Recognition

Revenue is the gross inflow of economic benefits arising in the ordinary course of the Company's activities and is measured as the fair value of the consideration received or receivable for the sale of goods and services in the said ordinary course of the Company's activities. Revenue is shown as net of value-added tax, sales discounts and sales returns. The Company recognizes revenue when the amount of revenue can be reliably measured, and it is probable that future economic benefits will flow into the Company.

Revenues from the sale of goods are recognized when the significant risks and rewards of ownership of goods are transferred to the buyer. Revenue from the rendering of services is recognized under the percentage-of-completion method, under which revenue is generally recognized based on the costs incurred to date as a percentage of the total estimated costs to be incurred.

CJ Engineering & Construction Corp. and Hwasung Bongdam PFV Corp., the consolidated subsidiaries, recognize revenue from construction contracts using the percentage-of-completion method to determine the amounts to be recognized as revenue in a given period. The stage of completion is measured using the percentage of the total contract costs incurred up to the date of statements of financial position date over the total estimated costs for each contract. When the outcome of a construction contract cannot be estimated reliably, the contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable, and contract costs incurred for the period is recognized as an expense.

Costs incurred for prospective construction projects are accounted for as prepaid construction expense, provided that they are identifiable and can be measured reliably, and when it is probable that the contract for such project will be finalized. These prepaid construction expenses are reclassified to contract costs after construction starts.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and in banks, and financial instruments with maturity of three months or less at the time of purchase. These financial instruments are readily convertible into cash without significant transaction costs and bear low risks from changes in value due to interest rate fluctuations.

Allowance for Doubtful Accounts

The Company provides an allowance for doubtful accounts and notes receivable. Allowances are calculated based on the estimates made through a reasonable and objective method.

CJ Corporation and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2010 and 2009

Inventories

The quantities of inventories are determined using the perpetual method and periodic inventory count, while the costs of inventories are determined using the moving-weighted average method, except for materials-in-transit which are stated at actual cost as determined using the specific identification method. Inventories are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expense. Replacement cost is used for the estimate of net realizable value of raw materials. If, however, the circumstances which caused the valuation loss cease to exist, the valuation loss is reversed, but not exceeding the original carrying amount before valuation. The said reversal is deducted from cost of sales.

CJ Engineering & Construction Corp. and Hwasung Bongdam PFV Corp., the consolidated subsidiaries, determine the cost of building, and housing under construction using the specific identification method and the cost of temporary resources as its acquisition cost, net of its loss.

CJ Entertainment Inc., the consolidated subsidiary, determines the cost of the copyright of films using the specific identification method. Costs of making films are recorded as unfinished films when they are made and transferred to finished goods when the movies are released and recognized as expense when corresponding revenue is recorded.

Investments in Securities

Costs of securities are determined using the moving-weighted average method. Investments in equity securities or debt securities are classified into trading securities, available-for-sale securities and held-to-maturity securities, depending on the acquisition and holding purpose. Investments in equity securities of companies, over which the Company exercises a significant control or influence, are recorded using the equity method of accounting. Trading securities are classified as current assets while available-for-sale securities and held-to-maturity securities are classified as long-term investments, excluding those securities that mature or are certain to be disposed of within one year, which are then classified as current assets.

Held-to-maturity securities are measured at amortized cost while available-for-sale and trading securities are measured at fair value. However, non-marketable securities, classified as available-for-sale securities, are carried at cost when the fair values are not readily determinable.

Gains and losses related to trading securities are recognized in the income statement, while unrealized gains and losses of available-for-sale securities are recognized under other comprehensive income and expense. Realized gains and losses on available-for-sale securities are recognized in the income statement.

Equity-Method Investments

Company reflects any changes in the book value of its equity-method investments after the initial purchase date. Under the equity method, the Company records changes in its proportionate ownership in the book value of the investee in current operations, as capital adjustments or as adjustments to retained earnings, depending on the nature of the underlying change in the book value of the investee. All other changes in equity should be accounted for under other comprehensive income and expense.

CJ Corporation and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2010 and 2009

Property, Plant and Equipment

Property, plant and equipment are stated at cost, which includes acquisition cost, production cost and other costs required to prepare the asset for its intended use.

Property, plant and equipment are stated net of accumulated depreciation calculated using straight-line method based on the following estimated useful lives:

	Estimated Useful Lives
Building	3-60 years
Structure	4-50 years
Machinery and equipment	2-30 years
Vehicle	4-10 years
Tools, furniture and others	1-10 years
Garden	4-30 years

Expenditures incurred after the acquisition or completion of assets are capitalized if they enhance the value of the related assets over their recently appraised value or extend the useful life of the related assets. Routine maintenance and repairs are charged to expense as incurred.

Intangible Assets

Intangible assets are stated at cost, which includes acquisition cost, production cost and other costs required to prepare the asset for its intended use. Intangible assets are stated net of accumulated amortization calculated using straight-line method based on using the following estimated useful lives:

	Estimated Useful Lives
Goodwill	3-20 years
Intellectual property right	2-15 years
Capitalized development costs	3-6 years
Others	1-30 years

Lease

The Company accounts for lease transactions as either operating lease or finance lease, depending on the terms of the lease agreement.

A finance lease is a lease that transfers substantially all the risks and rewards incidental to the ownership of an asset. The lower of the present value of minimum lease payments and the fair value of the lease asset is recognized as the value of the capital lease asset or liability. Annual minimum lease payments, excluding residual value, are allocated to interest expense, or for the redemption of capital lease liability using the effective interest method.

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. The annual minimum lease payments, less guaranteed residual value, are charged to expense on a regular basis over the lease term.

CJ Corporation and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2010 and 2009

Impairment of Assets

When the book value of an asset is significantly greater than its recoverable value due to obsolescence, physical damage or an abrupt decline in the market value of the asset, the said decline in value is deducted from the book value to agree with recoverable amount and is recognized as an asset impairment loss for the period. When the recoverable value subsequently exceeds the book value, the impairment amount is recognized as gain for the period to the extent that the revised book value does not exceed the book value that would have been recorded without the impairment. Reversal of impairment of goodwill is not allowed.

Discounts on Debentures

Discounts on debentures are amortized over the term of the debentures using the effective interest rate method. Amortization of the discount is recorded as part of interest expense.

Income Tax and Deferred Income Tax

Income tax expense includes the current income tax under the relevant income tax law and the changes in deferred tax assets or liabilities. Deferred tax assets and liabilities represent temporary differences between financial reporting and the tax bases of assets and liabilities. Deferred tax assets are recognized for temporary differences which will decrease future taxable income or operating loss to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized. Deferred tax effects applicable to items in the shareholders' equity are directly reflected in the shareholders' equity.

Translation of Assets and Liabilities Denominated in Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Korean won at the rates of exchange in effect at the date of the statement of financial position, and the resulting translation gains and losses are recognized in current operations.

Accrued Severance Benefits

Employees and directors with at least one year of service are entitled to receive a lump-sum payment upon termination of their employment with the Controlling Company, its Korean subsidiaries and certain foreign subsidiaries, based on their length of service and rate of pay at the time of termination. Accrued severance benefits represent the amount which would be payable assuming all eligible employees and directors were to terminate their employment as of the date of statement of financial position.

The Company has partially funded the accrued severance benefits through severance insurance deposits with an insurance company. Deposits made by the Company are recorded as deductions from accrued severance benefits. The excess portion of deposits over accrued severance benefits is recorded as other investments.

The Company deposits a certain portion of severance benefits to National Pension Service according to National Pension Law. The deposit amount is recorded as a deduction from accrued severance benefits.

CJ Corporation and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2010 and 2009

Derivatives

All derivative instruments are accounted for at their fair value according to the rights and obligations associated with the derivative contracts. The resulting changes in fair value of derivative instruments are recognized either under the income statement or shareholders' equity, depending on whether the derivative instruments qualify as a cash flow hedge. Fair value hedge accounting is applied to a derivative instrument purchased with the purpose of hedging the exposure to changes in the fair value of an asset or a liability or a firm commitment that is attributable to a particular risk. The resulting changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized under the shareholders' equity under accumulated other comprehensive income and expense.

Share-based Payments

In case of equity-settled share-based payment, the fair value of the goods or employee services received in exchange for the grant of the options is recognized as an expense and a capital adjustment. If the fair value of goods or employee services cannot be estimated reliably, the fair value is estimated based on the fair value of the equity granted.

For cash-settled share-based payment, the fair value of the obligation the Company will assume is determined by the fair value of the goods or employee services received in exchange for the grant of the options. Until the liability is settled, the Company is required to measure the fair value at the date of the statement of financial position and at settlement date. The change in fair value is recognized as an expense.

Provisions and Contingent Liabilities

When there is a probability that an outflow of economic benefits will occur due to a present obligation resulting from a past event, and whose amount is reasonably estimable, a corresponding amount of provision is recognized in the financial statements. However, when such outflow is dependent upon a future event, is not certain to occur, or cannot be reliably estimated, a disclosure regarding the contingent liability is made in the notes to the financial statements.

Government Grants

Government grants received, which are to be repaid, are recorded as liability, and while grants without obligation to be repaid are offset against cost of assets purchased with such grants. Grants received for a specific purpose are offset against the specific expense for which it was granted, and other grants are recorded as a gain for the period.

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

3. Financial instruments Subject to Withdrawal Restrictions

Financial instruments subject to withdrawal restrictions as of December 31, 2010 and 2009, are as follows:

<i>(in thousands of Korean won)</i>	2010	2009
Short-term financial instruments		
Government-sponsored research and development projects	₩ 2,160,329	₩ 682,073
Contract performance guarantee	1,150,000	4,364,547
Collateral against borrowings	5,005,809	3,040,711
Related company collateral	-	3,680,000
Other activities	916,100	2,986,618
	<u>₩ 9,232,238</u>	<u>₩ 14,753,949</u>
Long-term financial instruments		
Deposits for opening checking accounts	<u>₩ 140,800</u>	<u>₩ 412,297</u>

4. Short-term Available-for-sale Securities

Short-term available-for-sale securities as of December 31, 2010 and 2009, are as follows:

<i>(in thousands of Korean won)</i>	2010	2009
Equity securities	₩ 37,679,772	₩ 30,607,919
Beneficiary certificates	1,278,385	1,166,491
Equity investments	2,005,833	1,000,000
	<u>₩ 40,963,990</u>	<u>₩ 32,774,410</u>

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

5. Long-Term and Short-Term Loans Receivable

Long-term and short-term loans receivable as of December 31, 2010 and 2009, are as follows:

<i>(in thousands of Korean won)</i>	Interest Rate (%) at 12/31/2010	2010	2009
Loans for employee housing	0 - 8.5	₩ 2,515,043	₩ 1,762,800
Loans to employee stock ownership association	-	23,303,749	25,399,089
Loans to project investment	-	5,166,646	8,511,455
Loans to subcontractor	0 - 5.65	19,091,698	35,678,099
Others	0 - 8.0	51,877,697	52,546,707
		<u>101,954,833</u>	<u>123,898,150</u>
Less: Current portion		(45,104,322)	(60,349,659)
Allowance for doubtful accounts		(7,671,633)	(14,163,006)
		<u>56,850,511</u>	<u>63,548,491</u>
Less: Allowance for doubtful accounts		(8,635,244)	(1,827,776)
		<u>₩ 48,215,267</u>	<u>₩ 61,720,715</u>

6. Inventories

Inventories as of December 31, 2010 and 2009, are as follows:

<i>(in thousands of Korean won)</i>	2010	2009
Merchandises	₩ 169,962,429	₩ 135,623,257
Finished goods	217,823,657	132,203,121
By-products	149,152	136,064
Work-in-process	109,707,073	89,946,143
Raw materials	205,056,367	188,650,522
Sub-materials	15,972,664	11,597,969
Supplies	32,293,201	26,137,255
Materials in transit	266,035,453	166,856,262
Lots	52,003,810	63,752,654
	<u>1,069,003,806</u>	<u>814,903,247</u>
Less : Valuation allowance	(14,400,940)	(3,726,207)
	<u>₩ 1,054,602,866</u>	<u>₩ 811,177,040</u>

Inventories are insured against fire and other casualty losses for up to ₩687,253 million to Samsung Fire and Marine insurance Co., Ltd. and other three insurance companies as of December 31, 2010.

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

7. Equity-Method Investments

Equity-method investments as of December 31, 2010, are as follows:

(In thousands of Korean won, except number of shares and percentage of ownership)

Investee	Number of Shares Owned	Percentage of Ownership (%)	Acquisition Cost	Net asset Value	Book Value
Cinema Service Co., Ltd.	383,869	36,78	₩17,885,804	₩ 3,669,973	₩1,700,844
MBC Plus Media Co., Ltd. (formerly MBC Dramanet Co., Ltd.)	225,749	22.88	5,249,936	27,796,122	29,015,955
Centurion Multi-Media Investment No. 2	20	20.00	2,020,259	1,014,150	1,014,150
CJ NGC Korea Co., Ltd.	1,554,400	67.00	1,554,400	1,416,606	1,416,606
Aramaru Co., Ltd. ¹	621,872	23.88	1,469,879	(785,893)	-
Champ Vision Inc.	500,000	50.00	2,500,000	3,906,169	3,906,169
KTB 2005 Cinema Investment Fund	10	20.00	1,000,000	201,159	201,159
CJ Sports Co., Ltd. ¹	372,400	100.00	358,994	(307,911)	-
Art Service Co., Ltd.	5,580,000	41.35	4,474,144	4,566,605	4,566,605
H2 Entertainment Co., Ltd. ³	3,333	25.00	500,000	-	-
Star Avenue Entertainment Co., Ltd. ³	25,000	20.00	500,000	-	-
Good Concert Co., Ltd.	410,740	51.00	2,357,442	359,127	422,766
CJ-KTF Music Contents Investment Fund ²	40	40.00	4,000,000	3,961,201	4,900,135
Gretech Corp.	1,570,000	24.54	30,216,000	4,518,032	13,040,339
Enprani Co., Ltd.	1,240,209	27.76	5,681,397	3,035,181	3,496,354
Wooridul Cinema Investment Fund	1,599	31.36	1,599,000	932,140	1,599,000
KMTV Co., Ltd. ¹	710,000	100.00	6,404,458	(533,999)	-
Clipservice Inc.	128,160	51.68	1,602,000	1,204,910	1,341,234
D-Cinema of Korea Co., Ltd. ¹	300,000	50.00	1,500,000	(1,412,303)	-
Company-K No.1 Cinema Fund.	45	30.00	4,500,000	4,681,068	4,681,068
Company-K Partner's Contents Investment Fund	30	30.00	3,000,000	2,931,886	2,927,498
International Media Genius Co., Ltd.	140,000	100.00	6,000,000	4,489,813	6,572,902
BMC Investment Cinema Fund	112	44.83	13,000,000	12,953,307	12,981,960
CJ Worldis Co., Ltd.	7,999,999	49.99	4,000,000	1,158,858	1,158,858
East Busan Theme Park Corp.	300,000	50.00	1,500,000	341,586	341,586
Michigan Global Contents Fund No. 2	350	28.00	3,500,000	3,418,064	3,418,064
Mbaro Inc.	81,600	42.06	408,000	264,441	264,439
E&C Infra Co., Ltd.	400,000	100.00	2,000,000	2,234,669	2,234,669
CJ Venture Investment No.11 Culture Contents Fund	13	13.00	1,300,000	1,144,781	1,144,781
CJ Venture Investment No.12 Global Contents Fund	30	10.91	7,000,000	6,695,273	6,759,453
Sinuido Solar Salt Corp.	135,500	52.12	677,500	206,901	210,757
Super Race Co., Ltd. (formerly KGTCR Co., Ltd.)	358,800	98.79	2,116,000	252,357	1,630,575
Capital One Diversity Film Investment Fund.	10	20.00	1,000,000	966,129	966,129
Seed 9 Entertainment Corp.	422,509	53.01	7,407,803	2,047,049	6,359,884
Maiusgames Corp.	20,619	42.41	1,000,022	304,379	723,806

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

(In thousands of Korean won, except number of shares and percentage of ownership)

Investee	Number of	Percentage of	Acquisition	Net	
	Shares	Ownership		asset Value	Book Value
	Owned	(%)	Cost		
Game Cooker Cop.	50,000	33.33	₩ 100,000	₩ 13,814	₩ 100,000
GH Hope Island Co., Ltd.	2,258,064	53.03	17,575,001	3,837,196	17,575,001
Home Choice Corp.	361,000	23.97	1,750,000	1,670,716	2,318,986
Mediaweb-I Co., Ltd.	322,726	100.00	1,613,630	3,265,618	3,265,618
EPLAYon Inc.	4,000,000	100.00	20,000,000	9,966,909	9,966,909
CJ HelloVision Daegu Donggu Broadcasting Co., Ltd.	448,000	89.60	11,645,892	6,014,652	6,014,652
MTV Networks Korea Co., Ltd. ¹	89,784	26.89	1,500,682	(2,226,796)	-
Korea Cable TV Seodaegu Broadcasting Co., Ltd.	177,600	49.33	3,577,220	-	-
Michigan Global Contents Fund	-	20.00	2,000,000	1,827,293	1,827,293
Daishin Contents Investment Partnership No.1	-	30.00	3,000,000	1,378,837	1,363,383
4D Plex Co., Ltd.	8,376,908	92.72	6,358,931	5,628,707	6,358,931
Fresh One Co., Ltd.	1,000	10.00	285,627	285,627	285,627
Fresh One Gwangju Co., Ltd.	12,000	20.00	1,216,223	1,216,223	1,216,223
Dong Young Foods Co., Ltd.	275,000	100.00	2,899,985	-	-
CJ Entertainment Japan Inc.	14,400	60.00	2,159,334	1,448,307	1,444,605
CJ Qingdao GLS Inc.	100	100.00	1,009,340	3,769,494	3,769,494
Shanghai SMG-CJ Home Shopping Co., Ltd.	-	26.84	4,696,861	34,385,190	34,385,190
CJ Home Shopping Beijing Co., Ltd. ¹	-	100.00	940,854	(10,180)	-
Beijing Hasunjung General Food Co., Ltd.	-	100.00	4,047,191	1,311,795	-
CJ Internet Japan Co., Ltd.	28,600	55.00	12,931,580	3,081,023	3,120,904
FICCJM Asia Ltd. ¹	196,000	49.00	228,955	(65,502)	228,955
CJ Century Entertainment & Media Consulting Co., Ltd.	872,500	100.00	2,141,183	480,062	1,054,674
CJ Beijing Bakery Co., Ltd. ¹	-	100.00	13,815,601	(391,229)	-
CJ Chengdu Feed Co., Ltd. ¹	-	100.00	1,139,510	(442,093)	-
CJ Nanjing Feed Co., Ltd.	-	100.00	1,004,821	963,963	963,963
CJ Harbin Feed Co., Ltd.	-	100.00	1,488,024	47,323	47,323
CJ Tianjin Feed Co., Ltd.	-	100.00	1,346,555	2,015,887	2,015,887
CJ Zhengzhou Feed Co., Ltd.	-	100.00	1,068,900	358,035	358,035
CJ Qingdao Feed Co., Ltd.	-	100.00	778,423	2,902,818	2,902,818
CJ Changsha Feed Co., Ltd. ¹	-	100.00	2,028,810	(1,083,488)	-
CJ Food Service Co., Ltd.	32,721	94.24	4,420,478	-	-
CJ Food Service (Shanghai) Co., Ltd. ¹	-	100.00	734,815	(847,572)	-
Lucky Union Foods Co., Ltd.	300,000	20.00	535,737	6,237,217	6,237,217
Shanghai Shangying CGV Cinema Co., Ltd.	-	50.00	1,191,990	2,334,694	2,334,694
CJ CGV America Holdings, Inc.	283	100.00	14,893,685	11,585,803	11,585,803
PT. Agrobis Panca Ekutama	9,200	100.00	401,589	2,392,400	2,392,400
Darby CJ Genetics Co., Ltd.	-	33.33	484,591	231,651	231,651
Phil-Kor Holdings Co., Inc.	440,000	40.00	8,184	12,409	12,409
Beijing Ershang CJ Food Co., Ltd.	-	49.00	5,076,782	6,677,381	6,677,381
CJ Omni Inc.	4,356	100.00	9,315,824	6,354,554	8,477,461
CJ International Trading Co., Ltd.	-	100.00	564,180	5,828,294	5,743,579

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

(In thousands of Korean won, except number of shares and percentage of ownership)

Investee	Number of Shares Owned	Percentage of Ownership (%)	Acquisition Cost	Net asset Value	Book Value
CJ Bakery Vietnam Co., Ltd.	-	100.00	325,707	1,070,824	1,070,824
CJ Feed India Private Ltd.	-	100.00	₩ 469,014	₩ 292,251	₩ 292,251
PT. CJ PIA	250	50.00	726,581	964,879	964,879
CJ Pharma Research India Pvt. Ltd.	-	100.00	1,573,390	960,595	960,595
Tous Les Jours U.S.A. L.L.C. ¹	-	51.00	956,964	(1,946,836)	-
CJ Food Court L.L.C. ¹	-	90.00	3,377,520	(2,310,017)	-
CJ&HAACL Foodtech Co., Ltd.	-	49.00	19,209,570	16,704,466	16,704,466
Shanghi Shangying CGV Xinzhuang Co., Ltd.	-	49.00	1,820,123	2,641,944	2,641,944
CJ CGV Holdings Ltd.	79,300	100.00	11,979,669	10,546,404	10,546,404
CJ GLS (H.K.) Ltd.	1,000,000	100.00	2,418,544	4,071,233	4,071,233
CJ GLS (S) Air Freight Pte. Ltd.	400,000	100.00	938,975	866,031	866,031
CJ GLS (VN) Freight Co., Ltd. ¹	745,927	100.00	-	(1,477,621)	-
CJ GLS America Inc.	3,500,000	100.00	3,605,827	193,618	193,618
CJ GLS China (Shanghai) Ltd. ¹	5,000,000	100.00	5,561,074	(413,343)	-
CJ GLS Forwarding (M) Sdn. Bhd.	200,000	100.00	35,467	346,845	346,845
CJ GLS Netherlands B.V. ¹	18,000	100.00	-	(101,869)	101,811
CJ GLS (Shenzhen) Co., Ltd. ¹	-	100.00	867,846	(113,259)	-
CJ Home Shopping Co., Ltd. (Shanghai)	-	100.00	12,132,120	11,755,802	11,755,802
EC Logistics (M) Sdn. Bhd.	300,000	100.00	274,400	185,909	185,909
EC Services Sdn. Bhd. ¹	500,000	100.00	137,201	(3,478,635)	-
Imaginasian Entertainment Inc. ¹	1,857,834	16.57	2,369,000	(48,408)	1,636,166
Kwik Enterprise Sdn. Bhd. ¹	100,000	100.00	91,469	(211,633)	117,114
Quick Logistics (M) Sdn. Bhd.	4	100.00	3	289,488	289,488
Star CJ Home Shopping Co., Ltd.	-	50.00	244,854	221,154	221,154
Star CJ Network India Private Ltd.	25,800,000	50.00	21,838,063	5,641,819	5,641,819
Supply Chain Services Sdn. Bhd.	100,000	100.00	91,465	66,102	66,102
Tianjin CJ Home Shopping Co., Ltd. (Tianjin, China)	30,115,448	44.00	5,568,420	3,358,770	3,358,770
Tous Les Jours International	-	100.00	994,896	791,508	791,508
Wuhan CJ Xingxing Tiandi Cinema Co.,Ltd.	-	49.00	1,601,699	1,466,099	1,466,099
CJ Foodville Asia Pte. Ltd.	1,150,000	100.00	1,000,430	766,748	766,748
EC Distribution Sdn Bhd.	2,500,000	100.00	4,795,742	2,442,859	4,769,617
Conpac Warehousing Pte. Ltd.	100,000	100.00	228,405	182,961	182,961
ALS BAC NNH Ltd., Co.	-	30.00	606,878	675,285	705,324
Total			<u>₩417,101,342</u>	<u>₩276,490,835</u>	<u>₩333,990,293</u>

¹ The Company has suspended the application of the equity method of accounting on 20 investees, including MTV Networks Korea Co., Ltd., due to their accumulated losses. Unrecognized accumulated loss of these investments amount to ₩23,055 million as of December 31, 2010.

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

² The gain(loss) on valuation of equity-method investments for CJ-KTF Music Contents Investment Fund is recognized based on the income sharing ratio as set forth by a contract and not by the percentage of ownership.

³ The net assets for three investees, including Star Avenue Entertainment Co. Ltd., could not be shown due to the liquidation of the said investees.

Equity-method investments as of December 31, 2009, were as follows :

(In thousands of Korean won, except number of shares and percentage of ownership)

Investee	Number of Shares Owned	Percentage of Ownership (%)	Acquisition Cost	Net asset Value	Book Value
Cinema Service Co., Ltd.	383,869	37.10	₩ 8,309,862	₩ 4,034,841	₩ 2,048,222
MBC Dramanet Co., Ltd.	225,749	22.88	5,249,936	25,598,856	27,009,989
Centurion Multi-Media Investment No. 2	20	20.00	2,020,259	1,240,630	1,240,630
CJ NGC Korea Co., Ltd.	1,554,400	67.00	1,554,400	1,446,044	1,446,044
CJ Venture Investment No. 7 Cinema Fund	70	5.00	71,448	103,321	103,321
Aramaru Co., Ltd.	565,338	23.88	1,469,879	(113,496)	-
Champ Vision Inc.	500,000	50.00	2,500,000	4,099,625	4,125,866
KTB 2005 Cinema Investment Fund	10	20.00	1,000,000	622,651	622,651
CJ Sports Co., Ltd.	372,400	100.00	1,862,000	(192,589)	-
Art Service Co., Ltd.	5,580,000	41.35	4,474,144	4,802,978	4,802,978
H2 Entertainment Co., Ltd.	3,333	25.00	500,000	(283,370)	-
Star Avenue Entertainment Co., Ltd.	25,000	20.00	500,000	-	-
Good Concert Co., Ltd.	410,740	51.00	2,357,442	226,436	862,701
CJ-KTF Music Contents Investment Fund	40	40.00	4,000,000	3,963,637	4,165,220
Gretech Corp.	1,570,000	25.00	30,216,000	4,371,480	13,434,886
Enprani Co., Ltd.	1,240,209	27.76	6,201,046	3,900,456	4,361,630
KMTV Co., Ltd.	710,000	100.00	6,404,458	(4,607,878)	-
Clipservice Inc.	128,160	51.68	1,602,000	1,082,419	1,355,067
Dong Young Foods Co., Ltd.	275,000	100.00	2,899,985	-	-
Shanghai SMG-CJ Home Shopping Co., Ltd.	-	30.00	4,696,861	18,752,213	18,752,213
Qing Dao Neptune Foods Co., Ltd.	48	48.00	-	-	-
CJ Home Shopping Beijing Co., Ltd.	-	100.00	940,854	49,898	49,898
Beijing Hasunjung General Food Co., Ltd.	-	100.00	3,930,612	1,535,160	-
D-Cinema of Korea Co., Ltd.	300,000	50.00	1,500,000	(147,367)	-
My One Card Corp. (formerly Sejung DMS Co., Ltd.)	380,075	51.80	3,710,000	901,071	3,853,461
Company-K No.1 Cinema Fund	45	30.00	4,500,000	4,403,092	4,403,092
Company-K Partner's Contents Investment Fund	30	30.00	3,000,000	2,919,870	2,914,020
International Media Genius Co., Ltd.	140,000	100.00	6,000,000	3,513,494	6,402,940
Korea Cable TV Modoo Broadcasting Co., Ltd.	900,000	100.00	30,564,617	1,726,387	28,916,387
Benex Investment Cinema Fund	43	44.83	13,000,000	12,769,638	12,807,841
CJ Worldis Co., Ltd.	7,999,999	49.99	4,000,000	1,431,273	1,431,273

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

(In thousands of Korean won, except number of shares and percentage of ownership)

Investee	Number of Shares Owned	Percentage of Ownership (%)	Acquisition Cost	Net asset Value	Book Value
Traumhousing Co., Ltd.	410,000	100.00	₩ 50,000	₩ 627,524	₩ 627,524
East Busan Theme Park Corp.	300,000	50.00	1,500,000	1,326,700	1,500,000
Michigan Global Contents Fund No.2	-	28.00	3,500,000	3,442,029	3,442,029
SC Logis Co., Ltd.	385,930	92.41	2,935,179	(372,718)	248,073
Mbaro Inc.	81,600	51.00	408,000	408,000	408,000
E&C Infra Co., Ltd.	400,000	100.00	2,000,000	2,032,021	2,032,021
CJ Qingdao GLS Inc.	100	100.00	1,009,340	3,064,567	3,064,567
CJ Venture Investment No.11 Culture Contents Fund	-	13.00	1,300,000	1,297,957	1,297,957
CJ Venture Investment No.12 Global Contents Fund	-	16.70	7,000,000	7,012,418	7,005,322
Freshone Co., Ltd.	1,000	10.00	285,627	285,627	285,627
Annie Chun's Inc.	2,390,383	100.00	11,164,151	(1,089,113)	505,827
CJ Century Entertainment & Media Consulting Co., Ltd.	2,000,000	100.00	2,574,345	663,504	2,038,075
CJ Internet Inc.	1,000	100.00	2,013,000	1,653,257	1,653,257
CJ Pacific Corp.	5	100.00	56,620	1,512,040	1,512,040
CJ Beijing Bakery Co., Ltd.	-	100.00	3,374,200	(10,805,983)	-
CJ Chengdu Feed Co., Ltd.	-	100.00	1,139,510	110,913	110,913
CJ Nanjing Feed Co., Ltd.	-	100.00	1,004,821	215,339	215,339
CJ Guiyang Feed Co., Ltd.	-	100.00	819,987	1,347,281	1,347,281
CJ Harbin Feed Co., Ltd.	-	100.00	1,488,024	446,399	446,399
CJ Tianjin Feed Co., Ltd.	-	100.00	1,346,555	1,044,128	1,044,128
CJ Zhengzhou Feed Co., Ltd.	-	100.00	1,068,900	48,101	48,101
CJ Qingdao Feed Co., Ltd.	-	100.00	778,423	1,767,716	1,767,716
CJ Changsha Feed Co., Ltd.	-	100.00	2,028,810	(457,475)	-
CJ Food Service Co., Ltd.	20,001	94.20	4,382,103	7,781	-
CJ Food Service (Shanghai) Co., Ltd.	-	100.00	734,815	(829,424)	-
Lucky Union Foods Co., Ltd.	300,000	20.00	535,737	5,800,026	5,800,026
Shanghai Shangying CGV Cinema Co., Ltd.	-	50.00	1,191,990	2,115,655	2,115,655
CJ CGV America Holdings, Inc.	140	100.00	7,084,220	7,373,659	7,373,659
PT. Agrobis Panca Ekatama	9,200	100.00	401,589	651,018	651,018
Darby CJ Genetics Co., Ltd.	-	33.33	484,591	170,824	170,824
Don Don Farm Co., Inc.	200,000	100.00	372,000	(472,143)	506,600
Phil-Kor Holdings Co., Inc.	440,000	40.00	8,184	2,251	11,145
Beijing Ershang CJ Food Co., Ltd.	-	49.00	5,076,782	6,969,338	6,969,338
CJ Omni Inc.	1,977	87.05	6,958,804	5,473,545	6,646,770
CJ International Trading Co., Ltd.	-	100.00	564,180	4,197,514	4,197,514
CJ Bakery Vietnam	-	100.00	325,707	947,692	947,692
CJ Feed India Private Ltd.	-	100.00	469,014	300,647	300,647
PT. CJ PIA	250	50.00	726,581	1,037,196	1,037,196
CJ Pharma Research India Pvt. Ltd.	-	100.00	1,573,390	1,216,168	1,216,168

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

(In thousands of Korean won, except number of shares and percentage of ownership)

Investee	Number of Shares Owned	Percentage of Ownership (%)	Acquisition Cost	Net asset Value	Book Value
Tous Les Jours U.S.A. L.L.C.	-	51.00	₩ 956,964	₩ (858,307)	₩ -
CJ Food Court L.L.C.	-	90.00	3,377,520	(548,426)	-
CJ&HACL Foodtech Co., Ltd.	-	47.39	7,532,516	12,863,348	12,863,348
Shanghi Shangying CGV Xinzhuang Co., Ltd.	-	49.00	1,820,123	2,159,637	2,159,637
CJ CGV Holdings Ltd.	2,650	100.00	422,206	152,234	152,234
CJ GLS (H.K.) Ltd.	1,000,000	100.00	2,418,544	3,157,193	3,157,193
CJ GLS (S) Air Freight Pte. Ltd.	400,000	100.00	938,975	785,599	785,599
CJ GLS (VN) Freight Co., Ltd.	745,927	49.00	-	(1,664,901)	-
CJ GLS America Inc.	3,500,000	100.00	3,605,827	1,680,225	1,680,225
CJ GLS China (Shanghai) Ltd.	5,000,000	100.00	5,561,074	6,281,725	6,281,725
CJ GLS Forwarding (M) Sdn. Bhd.	200,000	100.00	35,467	245,724	245,724
CJ GLS Netherlands B.V.	18,000	100.00	-	(197,518)	327,527
CJ GLS Philippines Inc.	540,000	100.00	625,263	620,254	620,254
CJ GLS (Shenzhen) Co., Ltd.	-	100.00	867,846	867,846	867,846
CJ GLS Shipping(S) Pte Ltd.	200,000	100.00	483,016	1,111,853	1,300,552
CJ Home Shopping Co., Ltd. (Shanghai)	-	100.00	6,327,750	6,156,463	6,156,463
CJ Toyota Tsusho Philippines Inc.	3,019,966	52.94	7,632,450	7,073,888	7,073,888
EC Logistics (M) Sdn. Bhd.	300,000	100.00	274,400	144,988	-
EC Services Sdn. Bhd.	500,000	100.00	137,201	(2,671,680)	-
Imaginasian Entertainment, Inc.	1,818,182	19.94	2,369,000	(90,593)	2,087,154
Kwik Enterprise Sdn. Bhd.	100,000	100.00	91,469	(207,022)	139,870
Quick Logistics (M) Sdn. Bhd.	4	100.00	3	19,525	-
Star CJ Home Shopping Co., Ltd.	-	50.00	244,854	218,196	218,196
Star CJ Network India Private Ltd.	870,000	50.00	10,659,863	5,770,160	5,770,160
Supply Chain Services Sdn. Bhd.	100,000	100.00	91,465	36,207	-
Tianjin CJ Home Shopping Co., Ltd. (Tianjin, China)	30,115,448	44.00	5,568,420	3,405,592	3,405,592
Tous Les Jours International	-	100.00	994,896	885,379	885,379
Wuhan CJ Xingxing Tiandi Cinema Co.,Ltd.	-	49.00	1,601,699	1,392,825	1,392,825
Total			<u>₩303,409,793</u>	<u>₩197,483,163</u>	<u>₩271,226,169</u>

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

Details of changes in the differences between the initial purchase price and the Company's initial proportionate ownership in the net book value of the investees for the year ended December 31, 2010, are as follows:

(In thousands of Korean won)

Investee	January 1, 2010	Increase (Decrease)	Amortization (Reversal)	December 31, 2010
Cinema Service Co., Ltd.	₩ 384,579	₩ -	₩ 219,989	₩ 164,590
MBC Plus Media Co., Ltd. (formerly MBC Dramanet Co., Ltd.)	1,411,133	-	191,300	1,219,833
Champ Vision Inc.	26,240	-	26,240	-
H2 Entertainment Co., Ltd.	145,004	(145,004)	-	-
Good Concert Co., Ltd.	636,265	-	572,626	63,639
Gretech Corp.	9,063,406	-	541,099	8,522,307
SC Logis Co., Ltd.	592,501	(592,501)	-	-
KMTV Co., Ltd.	1,470,304	(1,470,304)	-	-
Clipservice Inc.	272,648	-	136,324	136,324
MyOne Card Corp.	2,952,390	(2,952,390)	-	-
International Media Genius Co., Ltd.	2,889,446	-	806,357	2,083,089
Korea Cable TV Modoo Broadcasting Co., Ltd.	27,190,000	(25,878,202)	1,311,798	-
Benex Investment Cinema Fund	38,204	-	9,551	28,653
Super Race Co., Ltd. (formerly KGTCR Co., Ltd.)	-	1,450,756	72,538	1,378,218
Seed 9 Entertainment Corp.	-	5,391,044	1,078,209	4,312,835
Maiusgames Corp.	-	524,284	104,857	419,427
Game Cooker Corp.	-	86,186	-	86,186
GH Hope Island Co., Ltd.	-	13,737,805	-	13,737,805
Wooridul Cinema Investment Fund	-	666,860	-	666,860
4D Plex Co., Ltd.	-	730,224	-	730,224
CJ Entertainment Japan Inc.	-	(4,356)	(653)	(3,703)
CJ Internet Japan Co., Ltd.	-	119,642	79,761	39,881
Annie Chun's Inc.	1,594,940	(1,594,940)	-	-
CJ Century Entertainment & Media Consulting Co., Ltd.	-	1,313,316	738,704	574,612
CJ Omni Inc.	1,173,225	3,023,385	1,704,991	2,491,619
Imaginasian Entertainment Inc.	2,459,593	-	364,599	2,094,994
EC Logistics (M) Sdn. Bhd.	(194,308)	-	(194,308)	-
EC Services Sdn. Bhd.	1,627,644	-	-	1,627,644
Kwik Enterprise Sdn. Bhd.	346,892	-	18,145	328,747
Quick Logistics (M) Sdn. Bhd.	(289,704)	-	(289,704)	-
Supply Chain Services Sdn. Bhd.	(68,123)	-	(68,123)	-
CJ GLS Netherlands B.V.	217,121	-	13,441	203,680
CJ GLS Shipping (S) Pte. Ltd.	188,699	(62,900)	125,799	-
EC Distribution Sdn. Bhd.	-	2,583,518	256,760	2,326,758
ALS BAC NNH Ltd. Co.	-	31,555	1,516	30,039
Total	<u>₩54,128,099</u>	<u>₩ (3,042,022)</u>	<u>₩7,821,816</u>	<u>₩43,264,261</u>

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

Details of changes in the differences between the initial purchase price and the Company's initial proportionate ownership in the net book value of the investees for the year ended December 31, 2009, were as follows:

(In thousands of Korean won)

Investee	January 1, 2009	Increase (Decrease)	Amortization (Reversal)	December 31, 2009
Cinema Service Co., Ltd.	₩ 444,271	₩ -	₩ 59,692	₩ 384,579
MBC Dramanet Co., Ltd.	1,961,511	(337,645)	212,733	1,411,133
CJ GLS Co., Ltd.	5,207,264	(3,997,736)	1,209,528	-
Champ Vision Inc.	57,729	-	31,488	26,241
CJ Sports Co., Ltd.	120,203	(114,193)	6,010	-
Art Service Co., Ltd.	47,746	-	47,746	-
H2 Entertainment Co., Ltd.	181,255	-	36,251	145,004
Star Avenue Entertainment Co., Ltd.	91,336	-	91,336	-
Good Concert Co., Ltd.	636,140	509,112	508,987	636,265
Gretech Corp.	9,604,505	-	541,099	9,063,406
SC Logis Co., Ltd.	-	592,501	-	592,501
Enprani Co., Ltd.	(71,604)	71,604	-	-
KMTV Co., Ltd.	1,554,321	-	84,017	1,470,304
Clipservice Inc.	408,972	-	136,324	272,648
MyOne Card Corp. (formerly Sejung DMS Co., Ltd.)	3,111,979	-	159,589	2,952,390
International Media Genius Co., Ltd.	3,695,803	-	806,357	2,889,446
Korea Cable TV Modoo Broadcasting Co., Ltd.	28,621,052	-	1,431,052	27,190,000
Benex Investment Cinema Fund	-	47,754	9,551	38,203
Annie Chun's Inc.	2,384,810	-	789,870	1,594,940
CJ Omni Inc.	1,759,837	-	586,612	1,173,225
Imaginasian Entertainment Inc.	-	2,459,593	-	2,459,593
EC Logistics (M) Sdn. Bhd.	-	(203,941)	(9,633)	(194,308)
EC Services Sdn. Bhd.	-	1,680,449	52,805	1,627,644
Kwik Enterprise Sdn. Bhd.	-	364,090	17,198	346,892
Quick Logistics (M) Sdn. Bhd.	-	(304,067)	(14,363)	(289,704)
Supply Chain Services Sdn. Bhd.	-	(71,500)	(3,377)	(68,123)
CJ GLS Netherlands B.V.	-	230,998	13,877	217,121
CJ GLS Shipping (S) Pte. Ltd.	-	200,759	12,060	188,699
Total	<u>₩ 59,817,130</u>	<u>₩ 1,127,778</u>	<u>₩ 6,816,809</u>	<u>₩ 54,128,099</u>

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

Details of the elimination of unrealized gain or loss arising from intercompany transactions according to the equity method of accounting as of December 31, 2010, are as follows:

(in thousands of Korean won)

Investee	Inventories	Property, Plant and Equipment, and Intangible Assets	Total
Cinema Service Co., Ltd.	₩ -	₩ (2,133,719)	₩ (2,133,719)
Sinuido Solar Salt Corp.	3,856	-	3,856
Imaginasian Entertainment Inc.	-	(410,420)	(410,420)
CJ Omni Inc.	(368,712)	-	(368,712)
CJ International Trading Co., Ltd.	(84,715)	-	(84,715)
Enprani Co., Ltd.	-	461,174	461,174

Details of the elimination of unrealized gain or loss arising from intercompany transactions according to the equity method of accounting as of December 31, 2009, were as follows:

(in thousands of Korean won)

Investee	Inventories	Property, Plant and Equipment, and Intangible Assets	Total
Cinema Service Co., Ltd.	₩ -	₩ (2,371,198)	₩ (2,371,198)
Enprani Co., Ltd.	-	461,174	461,174
Imaginasian Entertainment Inc.	-	(281,846)	(281,846)
CJ GLS Netherlands B.V.	-	307,924	307,924

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

Changes in investments in subsidiaries and associates accounted for using the equity method for the year ended December 31, 2010, are as follows:

(in thousands of Korean won)

Investee	January 1, 2010	Valuation Gain/Loss	Other Increase (Decrease)	December 31, 2010
Cinema Service Co., Ltd.	₩ 2,048,222	₩ (347,378)	₩ -	₩ 1,700,844
MBC Plus Media Co., Ltd. (formerly MBC Dramanet Co., Ltd.)	27,009,989	2,483,139	(477,173)	29,015,955
Centurion Multi-Media Investment No. 2	1,240,630	(226,480)	-	1,014,150
CJ NGC Korea Co., Ltd.	1,446,044	(29,439)	-	1,416,606
CJ Venture Investment No. 7 Cinema Fund ²	103,321	7,242	(110,563)	-
Aramaru Co., Ltd.	-	(42,217)	42,217	-
Champ Vision Inc.	4,125,866	380,303	(600,000)	3,906,169
KTB 2005 Cinema Investment Fund	622,651	(27,476)	(394,016)	201,159
Art Service Co., Ltd.	4,802,978	(104,626)	(131,747)	4,566,605
Good Concert Co., Ltd.	862,701	(439,935)	-	422,766
CJ-KTF Music Contents Investment Fund	4,165,220	734,915	-	4,900,135
Gretech Corp.	13,434,886	(419,957)	25,410	13,040,339
Enprani Co., Ltd.	4,361,630	(865,276)	-	3,496,354
Wooridul Cinema Investment Fund	-	-	1,599,000	1,599,000
KMTV Co., Ltd.	-	(5,200,000)	5,200,000	-
Clipservice Inc.	1,355,067	(13,833)	-	1,341,234
Shanghai SMG-CJ Home Shopping Co., Ltd. ⁴	18,752,213	11,731,629	3,901,348	34,385,190
CJ Home Shopping Beijing Co., Ltd.	49,898	(49,733)	(165)	-
Beijing Hasunjung General Food Co., Ltd.	-	(116,579)	116,579	-
MyOne Card Corp. ⁴	3,853,461	7,854	(3,861,315)	-
Company-K No.1 Cinema Fund	4,403,092	277,976	-	4,681,068
Company-K Partner's Contents Investment Fund	2,914,020	13,478	-	2,927,498
International Media Genius Co., Ltd.	6,402,940	169,962	-	6,572,902
Korea Cable TV Modoo Broadcasting Co., Ltd. ³	28,916,387	(460,645)	(28,455,742)	-
Benex Investment Cinema Fund	12,807,841	174,118	-	12,981,960
CJ Worldis Co., Ltd.	1,431,273	(272,415)	-	1,158,858
CJ Entertainment Japan Inc.	-	(1,007,370)	2,451,975	1,444,605
Traumhousing Co., Ltd. ²	627,524	91,671	(719,195)	-
East Busan Thema Park Corp.	1,500,000	(1,158,414)	-	341,586
Michigna Global Contents Fund No.2	3,442,029	(23,965)	-	3,418,064
SC Logis Co., Ltd. ³	248,073	(906,319)	658,246	-
MBARO Inc. ⁴	408,000	(144,956)	1,395	264,439
E&C Infra Co., Ltd.	2,032,021	202,648	-	2,234,669
CJ Qingdao GLS Inc.	3,064,567	672,554	32,373	3,769,494
CJ Venture Investment No.11 Culture Contents Fund	1,297,957	(153,176)	-	1,144,781
CJ Venture Investment No.12 Global Contents Fund	7,005,322	(51,433)	(194,436)	6,759,453
Sinuido Solar Salt Co., Ltd.	-	(466,743)	677,500	210,757

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

(In thousands of Korean won)

Investee	January 1, 2010	Valuation Gain/Loss	Other Increase (Decrease)	December 31, 2010
Supper Race Co., Ltd. (formerly KGTCR Co., Ltd.)	-	₩ (485,425)	₩ 2,116,000	₩ 1,630,575
Capital One Diversity Film Investment Fund	-	(33,871)	1,000,000	966,129
Seed 9 Entertainment Corp.	-	(1,047,919)	7,407,803	6,359,884
Maiusgames Corp.	-	(276,215)	1,000,021	723,806
Game Cooker Corp.	-	-	100,000	100,000
GH Hope Island Co., Ltd.	-	-	17,575,001	17,575,001
Home Choice Corp.	-	391,507	1,927,479	2,318,986
Mediaweb-I Co., Ltd.	-	1,333,572	1,932,046	3,265,618
EPLAYon Inc.	-	(3,891,648)	13,858,557	9,966,909
CJ HelloVision Daegu Donggu Broadcasting Co., Ltd.	-	(1,529,820)	7,544,472	6,014,652
Michigan Global Contents Fund	-	(114,078)	1,941,371	1,827,293
Dashin Contents Investment Partnership No.1	-	21,275	1,342,108	1,363,383
4D Plex Co., Ltd.	-	-	6,358,931	6,358,931
Fresh One Co., Ltd.	285,627	-	-	285,627
Fresh One Gwangju Co., Ltd.	-	-	1,216,223	1,216,223
MyungSang Consulting & Development Co., Ltd.	-	(74,507)	74,507	-
CJ Internet Japan Co., Ltd.	-	(2,119)	3,123,023	3,120,904
FICCJM Asia Ltd.	-	-	228,955	228,955
Annie Chun's Inc. ⁴	505,827	-	(505,827)	-
CJ Century Entertainment & Media Consulting Co., Ltd.	2,038,075	(987,473)	4,072	1,054,674
CJ Internet Inc. ²	1,653,257	(7,699)	(1,645,558)	-
CJ Pacific Corp. ³	1,512,040	-	(1,512,040)	-
CJ Beijing Bakery Co., Ltd.	-	(5,330,345)	5,330,345	-
CJ Chengdu Feed Co., Ltd.	110,913	(109,639)	(1,274)	-
CJ Nanjing Feed Co., Ltd.	215,339	595,711	152,913	963,963
CJ Guiyang Feed Co., Ltd. ²	1,347,281	-	(1,347,282)	-
CJ Harbin Feed Co., Ltd.	446,399	(402,834)	3,758	47,323
CJ Tianjin Feed Co., Ltd.	1,044,128	962,969	8,790	2,015,887
CJ Zhengzhou Feed Co., Ltd.	48,101	233,291	76,643	358,035
CJ Qingdao Feed Co., Ltd.	1,767,716	1,120,222	14,880	2,902,818
CJ Food Service (Shanghai) Co., Ltd.	-	(50,050)	50,050	-
Lucky Union Foods Co., Ltd.	5,800,026	264,774	172,417	6,237,217
Shanghai Shangying CGV Cinema Co., Ltd.	2,115,655	536,751	(317,712)	2,334,694
CJ CGV America Holdings, Inc.	7,373,659	(3,460,023)	7,672,167	11,585,803
PT Agrobis Panca Ekatama	651,018	1,635,140	106,242	2,392,400
Darby CJ Genetics Co., Ltd.	170,824	(357,438)	418,265	231,651
Don Don Farm Co., Inc. ³	506,600	87,714	(594,314)	-
Phil-Kor Holdings Co., Inc.	11,145	943	321	12,409
Beijing Ershang CJ Food Co., Ltd.	6,969,338	(347,232)	55,274	6,677,381
CJ Omni Inc.	6,646,770	(953,150)	2,783,841	8,477,461

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

(In thousands of Korean won)

Investee	January 1, 2010	Valuation Gain/Loss	Other Increase (Decrease)	December 31, 2010
CJ International Trading Co., Ltd.	4,197,514	1,495,284	50,781	5,743,579
CJ Bakery Vietnam	947,692	329,075	(205,943)	1,070,824
CJ Feed India Private Ltd.	300,647	(34,617)	26,221	292,251
PT. CJ Pia	1,037,196	-	(72,317)	964,879
CJ Pharma Research India Pvt. Ltd.	1,216,168	(275,343)	19,770	960,595
Tous Les Jours U.S.A. L.L.C.	-	(3,118,726)	3,118,726	-
CJ&HACL Foodtech Co., Ltd.	12,863,348	(693,052)	4,534,170	16,704,466
Shanghai Shangying CGV Xinghuang Co., Ltd.	2,159,637	513,216	(30,909)	2,641,944
CJ CGV Holdings Ltd.	152,234	(984,597)	11,378,767	10,546,404
CJ GLS (H.K.) Ltd.	3,157,193	548,221	365,819	4,071,233
CJ GLS (S) Air Freight Pte. Ltd.	785,599	(875,791)	956,223	866,031
CJ GLS America Inc.	1,680,225	(1,512,809)	26,202	193,618
CJ GLS China (Shanghai) Ltd.	6,281,725	(6,416,311)	134,586	-
CJ GLS Forwarding (M) Sdn. Bhd.	245,724	101,121	-	346,845
CJ GLS Netherlands B.V.	327,527	(280,797)	55,081	101,811
CJ GLS Philippines Inc. ¹	620,254	-	(620,254)	-
CJ GLS (Shenzhen) Co., Ltd.	867,846	128,278	(996,124)	-
CJ GLS Shipping (S) Pte. Ltd. ³	1,300,552	347,513	(1,648,065)	-
CJ Home Shopping Co., Ltd.(Shanghai)	6,156,463	(205,032)	5,804,371	11,755,802
CJ Toyota Tsusho Philippines Inc. ¹	7,073,888	-	(7,073,888)	-
EC Logistics (M) Sdn. Bhd.	-	185,909	-	185,909
Imaginasian Entertainment, Inc. ⁴	2,087,154	(1,158,016)	707,028	1,636,166
Kwik Enterprise Sdn. Bhd.	139,870	(22,756)	-	117,114
Quick Logistics (M) Sdn. Bhd.	-	289,488	-	289,488
Star CJ Home Shopping Co., Ltd.	218,196	-	2,958	221,154
Star CJ Network India Private Ltd.	5,770,160	(11,301,891)	11,173,550	5,641,819
Supply Chain Services Sdn. Bhd.	-	66,102	-	66,102
Tianjin CJ Home Shopping Co., Ltd. (Tianjin)	3,405,592	(113,418)	66,596	3,358,770
Tous Les Jours International	885,379	(46,629)	(47,242)	791,508
Wuhan CJ Xingxing Tiandi Cinema Co.,Ltd.	1,392,825	60,953	12,321	1,466,099
CJ Foodville Asia Pte. Ltd.	-	(246,060)	1,012,808	766,748
EC Distribution Sdn. Bhd.	-	(30,105)	4,799,722	4,769,617
Conpac Warehousing Pte. Ltd.	-	159,599	23,362	182,961
ALS BAC NNH Ltd. Company	-	109,884	595,440	705,324
Beijing Digital on Studio ⁴	-	(388,608)	388,608	-
Total	₩271,226,169	₩ (31,228,407)	₩93,992,527	₩333,990,293

¹Two subsidiaries of CJ Corp, including CJ GLS Philippines Inc., are newly included in the consolidated financial statements of 2010 as consolidated subsidiaries.

² Four investees, including Traumhousing Co., Ltd., were liquidated during the current year.

³Five investees, including SC Logis Co, Ltd., were merged during the current year.

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

⁴Six investees, including Shanghai SMG-CJ Home Shopping Co., Ltd., recognized ₩1,752 million as gain on disposal of equity-method investments due to capital reduction and disposal.

Changes in investments in subsidiaries and associates accounted for using the equity method for the year ended December 31, 2009, were as follows:

(In thousands of Korean won)

Investee	January 1, 2009	Valuation Gain/Loss	Other Increase (Decrease)	December 31, 2009
Cinema Service Co., Ltd.	₩ 2,363,921	₩ (702,222)	₩ 386,523	₩ 2,048,222
MBC Dramanet Co., Ltd.	23,378,991	3,318,205	312,793	27,009,989
Centurion Multi-Media Investment No. 2	2,000,825	(760,195)	-	1,240,630
CJ NGC Korea Co., Ltd.	1,656,178	(210,134)	-	1,446,044
CJ Venture Investment No. 7 Cinema Fund	3,210,393	5,533	(3,112,605)	103,321
CJ GLS Co., Ltd.	60,801,944	1,167,794	(61,969,738)	-
Aramaru Co., Ltd.	-	(132,294)	-	-
Champ Vision Inc.	3,628,030	897,836	(400,000)	4,125,866
KTB 2005 Cinema Investment Fund	606,256	16,395	-	622,651
CJ Venture Investment No. 8 Bio Fund	998,713	13	(998,726)	-
CJ Sports Co., Ltd.	358,994	(244,801)	(114,193)	-
Art Service Co., Ltd.	3,115,421	(294,054)	1,981,611	4,802,978
Good Concert Co., Ltd.	870,704	(517,115)	509,112	862,701
CJ-KTF Music Contents Investment Fund	4,030,135	135,085	-	4,165,220
Gretech Corp.	15,053,000	(1,628,681)	10,567	13,434,886
Enprani Co., Ltd.	6,169,362	587,540	(2,395,272)	4,361,630
Dramax Co., Ltd.	1,600,000	-	(1,600,000)	-
CJ Venture Investment No. 5 Cinema Fund	93,624	38	(93,662)	-
Clip Service Inc.	1,422,221	(67,154)	-	1,355,067
Shanghai SMG-CJ Home Shopping Co., Ltd.	11,576,604	7,617,237	(441,628)	18,752,213
Qing Dao Neptune Foods Co., Ltd.	-	-	-	-
CJ Home Shopping Beijing Co., Ltd.	196,879	(145,729)	(1,252)	49,898
Beijing Hasunjung General Food Co., Ltd.	1,378,088	(242,632)	(1,135,456)	-
D-Cinema Korea Co., Ltd.	798,129	(798,129)	-	-
MyOne Card Corp.	3,653,455	200,006	-	3,853,461
Company-K No.1 Cinema Fund	4,401,314	1,778	-	4,403,092
Company-K Partner's Contents Investment Fund	2,014,625	(100,605)	1,000,000	2,914,020
International Media Genius Co., Ltd.	5,998,904	404,036	-	6,402,940
Korea Cable TV Modoo Broadcasting Co., Ltd.	30,564,617	(1,682,277)	34,047	28,916,387
Hwasung Bongdam PFV Corp.	11,292,576	-	(11,292,576)	-
CJ Venture Investment No. 6 Cinema Fund	218,317	-	(218,317)	-
Benex Investment Cinema Fund	7,645,859	(85,772)	5,247,754	12,807,841
CJ Worldis Co., Ltd.	-	(1,503,257)	2,934,530	1,431,273
CJ Joycude Co., Ltd.	-	(35,133)	35,133	-
Traumhousing Co., Ltd.	-	426,229	201,295	627,524
East Busan Thema Park Corp.	-	-	1,500,000	1,500,000
Michigan Global Contents Fund No. 2	-	(57,971)	3,500,000	3,442,029

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

(In thousands of Korean won)

Investee	January 1, 2009	Valuation Gain/Loss	Other Increase (Decrease)	December 31, 2009
SC Logis Co., Ltd.	₩ -	₩ (1,359,977)	₩ 1,608,050	₩ 248,073
MBARO Inc.	-	-	408,000	408,000
CJ M-Kitchen Co., Ltd.	-	(328,617)	328,617	-
E&C Infra Co., Ltd.	-	142,374	1,889,647	2,032,021
CJ Qingdao GLS Inc.	-	129,319	2,935,248	3,064,567
CJ Venture Investment No.11 Culture Contents Fund	-	(2,043)	1,300,000	1,297,957
CJ Venture Investment No.12 Global Contents Fund	-	5,322	7,000,000	7,005,322
Freshone Co., Ltd.	-	-	285,627	285,627
Annie Chun's Inc.	2,451,605	(5,447,258)	3,501,480	505,827
CJ Century Entertainment & Media Consulting Co., Ltd.	673,497	186,507	1,178,071	2,038,075
CJ Internet Inc.	1,775,792	4,830	(127,365)	1,653,257
CJ Pacific Corp.	1,574,316	55,287	(117,563)	1,512,040
CJ Chengdu Feed Co., Ltd.	420,300	(215,881)	(93,506)	110,913
CJ Nanjing Feed Co., Ltd.	-	235,505	(20,166)	215,339
CJ Guiyang Feed Co., Ltd.	164,561	1,194,368	(11,648)	1,347,281
CJ Harbin Feed Co., Ltd.	833,301	(327,921)	(58,981)	446,399
CJ Tianjin Feed Co., Ltd.	504,303	575,520	(35,695)	1,044,128
CJ Zhengzhou Feed Co., Ltd.	-	52,606	(4,505)	48,101
CJ Qingdao Feed Co., Ltd.	909,664	922,439	(64,387)	1,767,716
CJ Tur Yem Sanayi Ve Ti Caret A.S.	-	(502,246)	502,246	-
CJ Food Service Co., Ltd.	324,338	(1,708,114)	1,383,776	-
CJ Food Service (Shanghai) Co., Ltd.	-	(475,194)	475,194	-
Lucky Union Foods Co., Ltd.	6,376,360	243,180	(819,514)	5,800,026
Shanghai Shangying CGV Cinema Co., Ltd.	1,937,256	427,774	(249,375)	2,115,655
CJ CGV America Holdings, Inc.	8,660,429	(729,838)	(556,932)	7,373,659
PT Agrobis Panca Ekatama	-	711,986	(60,968)	651,018
Darby CJ Genetics Co., Ltd.	500,937	(304,784)	(25,329)	170,824
Don Don Farm Co., Inc.	530,600	-	(24,000)	506,600
Phil-Kor Holdings Co., Inc.	11,673	-	(528)	11,145
Beijing Ershang CJ Food Co., Ltd.	7,310,598	192,430	(533,690)	6,969,338
CJ Omni Inc.	6,405,650	681,333	(440,213)	6,646,770
CJ International Trading Co., Ltd.	2,519,741	2,027,664	(349,891)	4,197,514
CJ Bakery Vietnam	325,707	621,985	-	947,692
CJIT2 Holding Ltd.	2,275,211	-	(2,275,211)	-
CJ Feed India Private Ltd.	347,591	(39,251)	(7,693)	300,647
PT. CJ Pia	802,465	144,446	90,285	1,037,196
CJ Food Festa Co., Ltd.	1,377,173	-	(1,377,173)	-
CJ Ord River Sugar Pty. Ltd.	216,159	-	(216,159)	-
CJ Pharma Research India Pvt. Ltd.	1,472,393	(329,496)	73,271	1,216,168
Tous Les Jours U.S.A. L.L.C.	340,192	(345,306)	5,114	-
CJ Food Court L.L.C.	102,445	(103,985)	1,540	-

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

(In thousands of Korean won)

Investee	January 1, 2009	Valuation Gain/Loss	Other Increase (Decrease)	December 31, 2009
CMI Holdings Ltd.	₩ 10,701,875	₩ -	₩ (10,701,875)	₩ -
CJ&HACL Foodtech Co., Ltd.	3,757,936	(438,212)	9,543,624	12,863,348
Shanghai Shangying CGV Xinghuang Co., Ltd.	2,255,102	70,074	(165,539)	2,159,637
CJ CGV Holdings Ltd.	-	(269,859)	422,093	152,234
CJ GLS Asia Pte. Ltd.	-	(672,606)	672,606	-
CJ GLS (H.K.) Ltd.	-	256,436	2,900,757	3,157,193
CJ GLS (S) Air Freight Pte. Ltd.	-	145,524	640,075	785,599
CJ GLS America Inc.	-	(2,273,451)	3,953,676	1,680,225
CJ GLS China (Shanghai) Ltd.	-	339,699	5,942,026	6,281,725
CJ GLS Forwarding (M) Sdn. Bhd.	-	231,462	14,262	245,724
CJ GLS Netherlands B.V.	-	(120,134)	447,661	327,527
CJ GLS Philippines Inc.	-	435,889	184,365	620,254
CJ GLS (Shenzhen) Co., Ltd.	-	-	867,846	867,846
CJ GLS Shipping (S) Pte. Ltd.	-	(312,313)	1,612,865	1,300,552
CJ Home Shopping Co., Ltd.(Shanghai)	-	358,941	5,797,522	6,156,463
CJ Toyota Tsusho Philippines Inc.	-	(283,892)	7,357,780	7,073,888
EC Logistics (M) Sdn. Bhd.	-	114,987	(114,987)	-
EC Services Sdn. Bhd.	-	(52,805)	52,805	-
Imaginasian Entertainment Inc.	-	(281,846)	2,369,000	2,087,154
Kwik Enterprise Sdn. Bhd.	-	11,466	128,404	139,870
Quick Logistics (M) Sdn. Bhd.	-	96,547	(96,547)	-
Star CJ Home shopping Co., Ltd.	-	-	218,196	218,196
Star CJ Network India Private Ltd.	-	(4,819,933)	10,590,093	5,770,160
Supply Chain Services Sdn. Bhd.	-	(4,261)	4,261	-
Tianjin CJ Home Shopping Co., Ltd. (Tianjin)	-	(1,318,087)	4,723,679	3,405,592
Tous Les Jours International	-	(50,613)	935,992	885,379
Wuhan CJ Xingxing Tiandi Cinema Co.,Ltd.	-	(127,027)	1,519,852	1,392,825
Total	<u>₩ 278,957,249</u>	<u>₩ (7,059,480)</u>	<u>₩ (803,894)</u>	<u>₩ 271,226,169</u>

As of December 31, 2010, the Company recorded ₩2,179 million as accumulated other comprehensive income and loss due to an increase and decrease in capital surplus, capital adjustments, accumulated other comprehensive income and expense of equity-method investees.

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

8. Long-term Available-for-sale Securities

Long-term available-for-sale securities as of December 31, 2010 and 2009, are as follows:

<i>(in thousands of Korean won)</i>	Detail	2010			2009
		Acquisition Cost	Fair Value or Net asset Value	Book Value	Book Value
Marketable securities	(1)	₩ 29,106,192	₩ 1,155,965,003	₩1,155,965,003	₩ 26,866,150
Non-marketable investments	(2)	162,359,875	211,721,710	210,855,632	87,540,584
Other investments	(3)	95,045,660	79,879,433	78,539,327	75,575,291
		<u>₩ 286,511,727</u>	<u>₩ 1,447,566,146</u>	<u>₩1,445,359,962</u>	<u>₩ 189,982,025</u>

(1) Marketable securities

Marketable securities as of December 31, 2010 and 2009, are as follows:

<i>(in thousands of Korean won, except number of shares and percentage of ownership)</i>	Number of Shares Owned	Percentage of Ownership (%)	2010		2009	
			Acquisition Cost	Fair Value or Net asset Value	Book Value	Book Value
Sajohaepyo Corp.	903,000	12.61	₩ 10,926,300	₩ 12,551,700	₩ 12,551,700	₩ 11,739,000
KT Corp.	130,653	0.05	5,095,467	6,042,701	6,042,701	5,108,532
T-Broad Harvit Broadcasting Co., Ltd.	324,498	2.31	6,489,182	6,733,334	6,733,334	7,431,004
HCN Co., Ltd. ¹	82,500	0.08	972,067	288,750	288,750	-
Neuralsten Inc.	615,309	1.91	1,772,161	1,485,644	1,485,644	1,285,999
Samsung Life Insurance Co., Ltd. ¹	10,985,850	5.5	889,345	1,126,049,625	1,126,049,625	-
Etex Co., Ltd. (formerly Etex Co., Ltd.)	364,000	1.88	2,004,184	2,507,960	2,507,960	-
Others			957,486	305,289	305,289	1,301,615
Total			<u>₩ 29,106,192</u>	<u>₩ 1,155,965,003</u>	<u>₩ 1,155,965,003</u>	<u>₩ 26,866,150</u>

Investments in two companies, including Samsung Life Insurance Co., Ltd., were listed on Korea Stock Exchange during 2010.

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

(2) Non-marketable investments

Non-marketable investments as of December 31, 2010 and 2009, are as follows:

	2010				2009	
	Number of Shares Owned	Percentage of Ownership (%)	Acquisition Cost	Fair Value or Net asset Value	Book Value	Book Value
<i>(in thousands of Korean won, except number of shares and percentage of ownership)</i>						
T-Broad KCN Broadcasting Co., Ltd.	306,962	4.94	7,399,992	8,315,601	8,315,601	₩ 7,399,992
HCN Busan Co., Ltd.	263,970	1.89	693,502	1,425,173	1,425,173	1,321,962
HCN Seocho Co., Ltd.	89,278	4.02	4,910,290	3,985,370	3,985,370	4,254,722
CJ HelloVision Daegu Suseong Broadcasting Co., Ltd. (formerly Susung Cable Broadcasting Co., Ltd.)	-	-	-	-	-	1,048,191
On Game Network Inc.	-	-	-	-	-	1,320,180
Joongang Ilbo	572,519	26.20	26,524,805	17,614,987	14,836,155	14,690,029
CJ HelloVision Ara Broadcasting Co., Ltd. (formerly Korea CATV Jeonnam Eastern Broadcasting Co., Ltd.)	-	-	-	-	-	1,284,172
CJ HelloVision Youngdong Broadcasting Co., Ltd. (formerly Susung Broadcasting Co., Ltd.)	-	-	-	-	-	2,300,244
Samsung Life Insurance Co., Ltd.	-	-	-	-	-	1,294,113
Samsung Everland Co., Ltd.	58,823	2.35	5,180,472	126,218,099	126,218,099	5,180,472
CJ Lion Corp.	190,000	19.00	2,700,470	2,700,470	2,703,607	2,703,607
KT Skylife Co., Ltd.	360,000	1.09	4,950,000	5,668,464	5,455,715	181,235
Haitai Confectionery & Foods Co., Ltd.	426,000	0.12	5,987,475	10,773,540	10,773,540	5,987,475
Gap Entertainment Corp.	5,714	12.50	1,499,999	-	-	1,499,999
101 Entertainment Corp.	6,923	17.30	1,499,986	-	-	1,499,986
Dream Hub PFV Co., Ltd.	2,000,000	1.00	10,000,000	8,509,358	10,000,000	10,000,000
Barunson Holdings Co., Ltd.	140,777	14.93	2,801,462	2,801,462	2,801,462	2,801,462
Ninex Co., Ltd.	28,572	7.61	1,000,020	-	1	1,000,020
YG Entertainment Co., Ltd.	202,307	5.41	1,826,023	880,393	1,826,023	1,826,023
Newton Capital Partners I. L.P.	-	6.00	3,547,134	3,046,400	3,046,400	3,123,169
Maxmovie Co., Ltd.	70,000	12.69	2,800,000	449,400	449,400	2,800,000
Seoul Light Tower Ltd. (formerly Sangam Landmark PFV Co., Ltd.)	462,000	1.50	2,310,000	2,881,060	2,310,000	2,310,000
Join Co., Ltd.	86,000	3.26	4,150,000	2,928,406	2,928,406	2,150,000
Simuline Inc.	100,000	11.74	4,000,000	4,000,000	4,000,000	-
Others			68,578,245	9,523,527	9,780,680	9,563,531
Total			₩ 162,359,875	₩ 211,721,710	₩ 210,855,632	₩ 87,540,584

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

- (1) The available-for-sale securities of four companies, including CJ HelloVision Daegu Susung Broadcasting Co., Ltd.(formerly Susung Cable Broadcasting Co., Ltd.), were newly included in the consolidated financial statements as consolidated subsidiaries in the current year.
- (2) Due to the consolidation of two companies, including CJ HelloVision Donggu Broadcasting Co., Ltd. (formerly Donggu Cable Broadcasting Co., Ltd.), these securities were transferred to equity-method investments in 2010.
- (3) Two companies, including Samsung Life Insurance Co., Ltd, were listed on Korea Stock Exchange during 2010.

(3) Other investments

Other investments as of December 31, 2010 and 2009, are as follows:

<i>thousands of Korean won)</i>	2010		2009	
	Acquisition Cost	Net asset Value	Book Value	Book Value
Investments in partnerships	₩ 37,520,063	₩ 29,553,236	₩ 24,679,949	₩ 33,725,375
Investments in private equity funds	30,379,312	24,533,272	26,669,186	17,661,570
Beneficiary certificates	11,014,355	11,058,262	11,058,262	8,103,136
Woori Bank Subordinated Bond	6,000,000	6,000,000	6,000,000	6,000,000
ISU Cultural Contents Fund	4,000,000	2,689,905	4,000,000	4,000,000
Kieun-Benex Cultural Contents Fund	1,990,000	1,822,164	1,990,000	1,990,000
Benex Digital Cultural Fund	3,000,000	3,000,000	3,000,000	3,000,000
Others	1,141,930	1,222,594	1,141,930	1,095,210
Total	₩ 95,045,660	₩ 79,879,433	₩ 78,539,327	₩ 75,575,291

CJ Veritas Movie & Joy Private Equity Fund No.1 amounting to ₩1,005 million was transferred to short-term available-for-sale securities as it is expected to be sold during 2011.

As of December 31, 2010, the difference between acquisition cost and market value of long-term available-for-sale securities amounting to ₩716,741 million, excluding the income tax effect and minority interest amount, was recorded as gain on valuation of available-for-sale securities under accumulated other comprehensive income and expense.

The Company recognized gain on disposal of available-for-sale securities of ₩543,967 million from the sale of securities of Samsung Life Insurance Co., Ltd. and others, and recognized loss on disposal of available-for-sale securities of ₩834 million from the disposal of the securities of CJ HelloVision Ara Broadcasting Co., Ltd (formerly Korea CATV Jeonnam Eastern Broadcasting Co., Ltd.) and others.

The Company recorded an impairment loss amounting to ₩33,577 million for six investments, including Online Game Revolution Fund No.1 Limited Liability Investment Partnership in the current year. Furthermore, a reversal of impairment loss amounting to ₩21 million for Isu Entertainment Fund No. 3 was recognized in the current year.

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

The Company computed the fair values of 11 securities, including Samsung Everland Co., Ltd., based on the discounted cash flow method in accordance with Financial Supervisory Service's Accounting Implementation Guide [2006-5]. Other non-marketable securities are valued based on their acquisition costs due to the immeasurability of their fair values.

The Company's percentage of ownership in Joongang Ilbo exceeds 20%. However, the shares are classified as available-for-sale securities as the Company cannot exercise significant control due to voting restrictions.

9. Long-term Held-to-maturity Securities

Long-term held-to-maturity securities as of December 31, 2010 and 2009, are as follows:

<i>(in thousands of Korean won)</i>	Maturity	2010		2009	
			Book Value		Book Value
Government and public bonds	Within 1 year	₩	156,255	₩	18,930
	From 1 to 5 years		15,580		13,620
	From 5 to 10 years		247,395		404,335
Subordinated bonds	Within 1 year		100,000		-
	From 5 to 10 years		2,300,000		2,300,000
Convertible bonds	Within 1 year		1,000,000		-
	From 1 to 5 years		1,500,000		1,000,000
			5,319,230		3,736,885
Less: Current portion			(256,255)		(18,930)
		₩	<u>5,062,975</u>	₩	<u>3,717,955</u>

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

10. Property, Plant and Equipment

Property, plant and equipment as of December 31, 2010, and the changes in the accounts for the year then ended, are as follows:

<i>(in thousands of Korean won)</i>	2010								Total
	Land	Buildings	Structures	Machinery	Vehicles	Equipment	Others	Construction-in-progress	
Balance as of January 1, 2010	₩1,208,254,052	₩950,900,075	₩276,068,930	₩1,042,303,061	₩7,781,227	₩278,358,414	₩76,080,040	₩192,153,248	₩4,031,899,047
Acquisition	20,658,904	66,471,196	18,603,934	199,461,881	4,419,219	112,188,473	361,123	304,147,246	726,311,976
Reclassification	29,796,731	48,521,856	10,106,439	95,881,135	354,113	18,330,929	-	(224,371,217)	(21,380,014)
Change in scope of consolidation	14,007,044	16,220,682	4,082,954	55,895,103	1,792,226	7,554,897	-	9,567,962	109,120,868
Disposal	(5,472,917)	(17,355,848)	(6,552,273)	(6,305,722)	(1,053,006)	(7,392,703)	(24,101)	(408,165)	(44,564,735)
Depreciation	(639,947)	(54,375,508)	(24,522,036)	(207,054,383)	(4,111,842)	(106,461,662)	(137,638)	(142,942)	(397,445,958)
Impairment	(6,194,796)	(10,017,025)	(24,154)	(89,055)	-	(1,018,960)	-	-	(17,343,990)
Effect of foreign currency translation	3,910,339	(2,148,768)	(1,541,978)	(3,909,225)	(271,342)	(10,915,240)	-	(392,803)	(15,269,017)
Others	1,914,721	(1,916,764)	(2,024,701)	(4,712,157)	29,356	(8,628,426)	13,690,835	(1,848,990)	(3,496,126)
Balance as of December 31, 2010	<u>₩1,266,234,131</u>	<u>₩996,299,896</u>	<u>₩274,197,115</u>	<u>₩1,171,470,638</u>	<u>₩8,939,951</u>	<u>₩282,015,722</u>	<u>₩89,970,259</u>	<u>₩278,704,339</u>	<u>₩4,367,832,051</u>

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

Property, plant and equipment as of December 31, 2009, and the changes in the accounts for the year then ended, were as follows:

<i>(in thousands of Korean won)</i>	2009								Total
	Land	Buildings	Structures	Machinery	Vehicles	Equipment	Others	Construction-in-progress	
Balance as of January 1, 2010	₩1,129,285,936	₩741,755,071	₩213,441,637	₩1,087,074,594	₩6,962,780	₩276,375,479	₩45,661,550	₩274,294,722	₩3,774,851,769
Acquisition	10,720,335	75,649,097	14,226,603	126,750,772	2,077,854	76,793,747	65,232	276,484,847	582,768,487
Reclassification	48,048,353	128,174,533	73,589,660	54,137,585	108,695	36,390,426	30,591,569	(356,518,212)	14,522,609
Change due to split-off	-	-	-	-	-	(6,643,392)	-	-	(6,643,392)
Change in scope of consolidation	40,625,576	62,096,171	2,124,787	6,154,775	3,456,503	16,310,811	-	1,518,631	132,287,254
Disposal	(13,638,502)	(9,700,175)	(2,652,662)	(14,345,484)	(1,104,714)	(17,733,232)	(105,892)	(1,301,245)	(60,581,906)
Depreciation	-	(49,199,157)	(21,667,286)	(185,873,382)	(3,752,722)	(104,653,351)	(135,741)	-	(365,281,639)
Impairment	(260,501)	-	-	(3,971,373)	-	(2,492,743)	-	-	(6,724,617)
Effect of foreign currency translation	(6,527,145)	1,180,387	77,796	(3,826,529)	(33,520)	(68,473)	-	(2,185,209)	(11,382,693)
Others	-	944,148	(3,071,605)	(23,797,897)	66,351	4,079,142	3,322	(140,286)	(21,916,825)
Balance as of December 31, 2009	<u>₩1,208,254,052</u>	<u>₩950,900,075</u>	<u>₩276,068,930</u>	<u>₩1,042,303,061</u>	<u>₩7,781,227</u>	<u>₩278,358,414</u>	<u>₩76,080,040</u>	<u>₩192,153,248</u>	<u>₩4,031,899,047</u>

CJ Corporation and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2010 and 2009

As of December 31, 2010, depreciable assets are insured against fire and other casualty losses, and other business interruption losses for up to ₩2,642,335 million, and the Company entered into contingent business insurance agreement of ₩462,136 million, directors & officers' liability insurance agreement of ₩31,338 million, product liability insurance contract of ₩521,352 million, and others of ₩466,261 million.

As of December 31, 2010, certain portions of the Company's property, plant and equipment amounting to ₩337,546 million are pledged as collaterals for various loans from financial institutions (Notes 12 and 13).

As of December 31, 2010, construction-in-progress consists mainly of costs incurred in the construction of Osong medical factory in the Osong Bio-Health Technopolis and construction in the Eumseong factory.

Certain portions of machinery and equipment have been acquired under a finance lease (Note 15) .

As of December 31, 2010, the value of the Controlling Company and its Korean subsidiaries' land, as determined by the Government in Korea for property tax assessment purposes, was ₩1,337,701 million.

CJ Construction Co., Ltd., a consolidated subsidiary, recognized impairment loss on leased land and buildings totaling ₩6,159 million and ₩8,523 million, respectively. In addition, DonDon Farm Co., Ltd. recorded ₩1,420 million as loss on impairment on buildings, structures and machinery and equipment not in use. Loss on impairment of property, plant and equipment totaling ₩17,343 million, including the impairment loss mentioned above, was recorded in the current year.

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

11. Intangible Assets

The details of the changes in intangible assets for the years ended December 31, 2010 and 2009, are as follows:

<i>(in thousands of Korean won)</i>	2010				
	Goodwill	Intellectual Property Rights	Development Costs	Others	Total
Balance as of January 1, 2010	₩1,034,760,241	₩9,654,217	₩31,302,819	₩236,994,690	₩1,312,711,967
Acquisition	1,359,884	12,310,068	5,672,564	188,646,039	207,988,555
Change in scope of consolidation	108,177,373	63,983	5,530,180	223,062,154	336,833,690
Increase due to merger	16,021,377	(934)	25,588	(415,356)	15,630,675
Reclassification	-	(263,227)	4,154,630	(24,714,167)	(20,822,764)
Disposal	(382,736)	(1,634)	(81,253)	(6,416,571)	(6,882,194)
Amortization	(82,949,266)	(2,910,686)	(6,368,891)	(200,732,223)	(292,961,066)
Impairment	(1,150,764)	(43,580)	(3,369,788)	(9,182,482)	(13,746,614)
Others	14,717,063	-	-	(2,204,818)	12,512,245
Effect of foreign currency translation	1,378,420	451	(415,012)	1,448,856	2,412,715
Balance as of December 31, 2010	<u>₩1,091,931,592</u>	<u>₩18,808,658</u>	<u>₩36,450,837</u>	<u>₩406,486,122</u>	<u>₩1,553,677,209</u>

<i>(in thousands of Korean won)</i>	2009				
	Goodwill	Intellectual Property Rights	Development Costs	Others	Total
Balance as of January 1, 2009	₩935,228,204	₩7,918,417	₩32,559,431	₩260,443,626	₩1,236,149,678
Acquisition	949,307	3,536,361	7,096,421	113,883,623	125,465,712
Change in scope of consolidation	52,776,664	17,246	10,167	(1,508,838)	51,295,239
Increase due to merger	119,190,315	(3,134)	-	820,911	120,008,092
Reclassification	-	338,899	680,212	2,579,096	3,598,207
Disposal	(57,167)	(262,118)	-	(15,702,241)	(16,021,526)
Amortization	(70,655,127)	(1,939,402)	(6,810,367)	(131,442,202)	(210,847,098)
Impairment	(1,585,027)	-	(2,704,441)	(5,352,971)	(9,642,439)
Effect of foreign currency translation	-	48,026	473,980	1,383,101	1,905,107
Balance as of December 31, 2009	<u>(1,086,928)</u>	<u>(78)</u>	<u>(2,584)</u>	<u>11,890,585</u>	<u>10,800,995</u>
	<u>₩1,034,760,241</u>	<u>₩9,654,217</u>	<u>₩31,302,819</u>	<u>₩236,994,690</u>	<u>₩1,312,711,967</u>

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

The loss on impairment of intangible assets totaling ₩13,747 million above includes loss on impairment recognized by CJ Internet Co., Ltd. and CJIG Co., Ltd., for ₩5,873 million and ₩3,370 million, respectively.

Amortization of intangible assets is charged to the following accounts.

<i>(In thousands of Korean won)</i>	2010
Cost to manufacture	₩ 186,177,396
Selling and administrative expenses	106,783,670
	<u>₩ 292,961,066</u>

12. Short-term Borrowings

Short-term borrowings as of December 31, 2010 and 2009, are as follows:

<i>(in thousands of Korean won)</i>	Financial Institution	Interest Rates (%) as of 12/31/2009	Amount	
			2010	2009
Local currency loans				
Bank overdrafts	Woori Bank and others	-	₩ -	₩ 2,204,478
General loans	Kookmin Bank and others	1.70 – 6.5 CD + 1.70 MB + 0.45	236,148,127	220,074,887
Notes payable	Hana Bank and others	7.62 - 8.18	18,000,000	-
Commercial papers	Woori Bank and others	3.95 - 4.70	29,000,000	52,242,677
Working Fund	Kookmin Bank	4.80	6,500,000	1,700,000
Loans for facilities	Kookmin Bank and others	6.03 - 7.50	16,613,315	9,446,484
Others	Woori Bank and others	4.00 - 5.55	7,914,156	4,883,315
			<u>314,175,598</u>	<u>290,551,841</u>
Foreign currency loans, in Korean won equivalents				
General loans	Korea Exim Bank and others	2.10 - 15.50	231,975,098	406,711,003
Usance	Woori Bank and others	0.82 - 6.21	421,376,535	453,136,262
Others	Korea Exim Bank and others	1.56 - 15.50	459,192,645	224,179,400
			<u>1,112,544,278</u>	<u>1,084,026,665</u>
			<u>₩1,426,719,876</u>	<u>₩1,374,578,506</u>

Certain portions of property, plant and equipment, and long-term and short-term financial instruments are pledged as collaterals in relation to the company's short-term borrowings above (Notes 3 and 10).

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

13. Long-term Borrowings

Long-term borrowings as of December 31, 2010 and 2009, are as follows:

<i>(In thousands of Korean won)</i>	2010	2009
Loans ¹	₩ 1,148,597,083	₩ 1,419,766,760
Debentures ²	1,705,876,708	1,743,034,257
	<u>2,854,473,791</u>	<u>3,162,801,017</u>
Less: Current portion	(1,023,542,073)	(927,596,802)
Discount	(2,471,635)	(5,130,660)
	<u>₩ 1,828,460,083</u>	<u>₩ 2,230,073,555</u>

¹ Long-term loans as of December 31, 2010 and 2009, are as follows:

<i>(in thousands of Korean won)</i>	Type	Interest Rates (%) at 12/31/2010	2010	2009
Local currency loans				
Standard Chartered First Bank Korea Ltd.	General loans	0.87 - 7.04 3M CD + 2.0	₩ 151,267,000	₩ 108,622,743
Woori Bank	Loans for operating funds	4.8	47,500,000	68,440,000
Kookmin Bank	Loans for facilities	3.91 - 6.20	86,020,021	54,310,710
Shinhan Bank	Middle/Long-term CP	-	-	236,000,000
CJC the First Securitization Specialty L.L.C.	Long-term loans with defeasance option	-	-	16,700,000
CJ CATV the Second Securitization Specialty Co., Ltd.	ABS Loans	3.48 - 3.62	209,300,000	192,600,000
Others	Policy Fund	2.70 - 4.90	9,317,070	8,393,300
			<u>503,404,091</u>	<u>685,066,753</u>
Less: Current portion			(142,200,824)	(282,202,317)
			<u>361,203,267</u>	<u>402,864,436</u>
Foreign currency loans, in Korean won equivalents				
Woori Bank and others	GSM Fund	0.54-5.00	212,084,352	234,677,858
Korea Exchange Bank	Middle/Long-term CP	4.76	2,491,524	8,173,200
The Export-Import Bank of Korea and others	Loans for operating funds	LIBOR + 1.44 - 3.60	-	75,006,770
Kookmin Bank and others	General loans	2.94 - 5.11	417,985,536	411,435,573
			<u>632,561,412</u>	<u>729,293,401</u>
Less: Current portion			(398,581,093)	(178,314,866)
			<u>233,980,319</u>	<u>550,978,535</u>
Long-term accounts payable				
Accounts payable from financial lease	Broadcasting equipment	2.03	12,631,580	3,849,775
Local currency long-term accounts payable	Machinery	-	-	909,720
Foreign currency long-term accounts payable	Machinery	-	-	647,111
			<u>12,631,580</u>	<u>5,406,606</u>
Less: Current portion			(4,663,448)	(2,513,671)
			<u>7,968,132</u>	<u>2,892,935</u>
			<u>₩ 603,151,718</u>	<u>₩ 956,735,906</u>

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

A portion of short-term financial instruments and property, plant and equipment are pledged as collaterals in the relation to the long-term borrowings above (Notes 3 and 10). Further, certain long-term borrowings are guaranteed by financial institutions, while some borrowings incurred by foreign subsidiaries are guaranteed by the Company (Note 15).

Based on the security pledge agreement with CJ HelloVision Co., Ltd., CJC the First Securitization Specialty L.L.C. and CJ CATV the Second Securitization Specialty Co., Ltd., the following securities of CJ HelloVision Co., Ltd. are pledged as collateral:

Company Name	Number of shares
Treasury stock of CJ HelloVision Co., Ltd.	8,371,023

Further, CJ HelloVision Co., Ltd. provided a long-term loan of ₩1,600 million (interest rate: 0%) to CJ CATV the Second Securitization Specialty Co., Ltd. in relation with its ABS loans.

² Debentures outstanding as of December 31, 2010 and 2009, are as follows:

<i>(in thousands of Korean won)</i>	Interest Rate (%) as of 12/31/2010	2010	2009
Local currency debentures			
Public bonds	3.55 - 8.60	₩ 1,279,755,787	₩ 922,014,192
Private bonds	6.77 - 7.80	<u>18,000,000</u>	<u>130,869,200</u>
		1,297,755,787	1,052,883,392
Less : Discount		(2,903,384)	(2,929,647)
Current portion		<u>(307,755,787)</u>	<u>(371,957,647)</u>
		<u>987,096,616</u>	<u>677,996,098</u>
Foreign currency debentures, in Korean won equivalents			
Floating rate notes ¹	5.63	227,780,000	373,494,566
Public bonds ¹	4.4	170,340,921	285,909,190
Private bonds	-	<u>-</u>	<u>10,747,109</u>
		398,120,921	670,150,865
Less: Discounts		(317,679)	(1,976,892)
Current portion		<u>(170,340,921)</u>	<u>(92,608,301)</u>
		<u>227,462,321</u>	<u>575,565,672</u>
Convertible bonds			
Convertible bonds	0.50	10,000,000	20,000,000
Redemption premium		2,487,470	4,974,940
Less: Discounts		(14,397)	(43,065)
Conversion feature		<u>(1,723,645)</u>	<u>(5,155,996)</u>
		<u>10,749,428</u>	<u>19,775,879</u>
		<u>₩ 1,225,308,365</u>	<u>₩ 1,273,337,649</u>

¹ In order to reduce the impact of changes in exchange rates and interest rates on future cash flows, the Company entered into foreign currency and interest rate swap contracts. The Company recognized ₩5,740 million as loss on valuation of derivative instruments in the current year and has recognized ₩10,715 million as loss on valuation of derivative instruments under other accumulated comprehensive income as of December 31, 2010.

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

The above debentures are secured by property, plant and equipment (Note 10).

The floating rate note was issued with a face value of US\$ 200 million, and listed in the London Stock Exchange. In regard to the said note, the Company has an agreement requiring the debt-to-equity ratio to be below 300% based on the consolidated financial statements and EBITDA to be more than 2.5 times of interest expense.

Maturities of long-term debts outstanding as of December 31, 2010, excluding discounts and long-term accrued interests on debentures, are as follows:

(in thousands of Korean won)

Year	Debentures	Long-term Debts in Local Currency	Long-term Debts in Foreign Currency	Long-term Accounts payable	Total
2012	₩ 728,358,973	₩ 105,962,403	₩ 82,117,972	₩ 3,996,337	₩ 920,435,685
2013	499,421,027	182,528,767	21,548,122	2,431,322	705,929,238
Thereafter	-	72,712,097	130,314,225	1,540,473	204,566,795
	<u>₩ 1,227,780,000</u>	<u>₩ 361,203,267</u>	<u>₩ 233,980,319</u>	<u>₩ 7,968,132</u>	<u>₩ 1,830,931,718</u>

14. Accrued Severance Benefits

Changes in accrued severance benefits for the years ended December 31, 2010 and 2009, are as follows:

(in thousands of Korean won)

	2010	2009
Beginning balance	₩ 229,288,964	₩ 206,603,330
Increase	100,236,176	71,647,988
Transfer from related companies	7,973,758	4,263,566
Payment	(120,033,427)	(63,859,243)
Others ¹	3,192,141	10,633,323
	<u>₩ 220,657,612</u>	<u>₩ 229,288,964</u>
Less : Deposits to National Pension Service	(476,440)	(637,680)
Severance benefit insurance	(1,092,363)	(147,525,771)
Pension plan assets	(150,427,475)	-
Ending balance	<u>₩ 68,661,334</u>	<u>₩ 81,125,513</u>

¹ Others include amounts from the change in scope of consolidation.

The Controlling Company and 26 domestic subsidiaries, including CJ CheilJedang Corp., have both a defined benefit pension plan as well as a retirement benefit plan. As of December 31, 2010, the pension plan assets consist of time deposits and others. Further, five domestic subsidiaries including On Media Corp., have a defined contribution pension plan.

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

15. Commitments and Contingencies

The Company provided guarantees to consolidated subsidiaries and equity method investees, details of which as of December 31, 2010 and 2009, are as follows:

<i>(in thousands of Korean won)</i>		Financial institution	Loan amounts		Guarantee amounts	
Guarantor	Guarantee		2010	2009	2010	2009
CJ Corp.	CJ Shenyang Feed Co., Ltd.	Citibank	₩ -	₩ 10,417,554	₩ 10,505,250	₩ 10,417,554
	PT. Cheil Jedang Superfeed	Citibank	-	1,383,606	3,986,150	4,086,600
	PT. CJ Feed Jombang	Citibank	-	1,227,148	1,708,350	1,751,400
	CJ Global Holdings Ltd.	Export-Import Bank of Korea	28,472,500	29,190,000	28,472,500	29,190,000
	CJ Vina Agri Co., Ltd.	Citibank	501,116	4,553,640	4,441,710	4,553,640
	CJ Japan Corp.	Korea Exchange Bank and others	33,529,920	32,524,257	36,913,522	32,524,257
CJ CheilJedang Corp.	Annie Chun's Inc.	-	-	5,254,200	-	5,254,200
	CJ America Inc.	Bank of America and others	2,277,800	10,508,400	26,194,700	26,854,800
	CJ Beijing Beverage Co., Ltd.	Bank of America	4,224,180	2,544,240	4,224,180	2,544,240
	CJ China Ltd.	Bank of America and others	128,996,370	124,333,054	170,835,000	152,789,801
	CJ Do Brasil Ind. Com. Prod.	Export-Import Bank of Korea and others	131,380,087	128,355,436	169,685,850	130,690,636
	CJ Europe GmbH.	Korea Exchange Bank and others	11,034,802	12,866,952	15,135,981	16,742,800
	CJ International Asia Pte. Ltd.	Korea Development Bank and others	21,893,075	19,292,255	125,279,000	58,380,000
	CJ Liaocheng Biotech Co., Ltd.	Export-Import Bank of Korea and others	61,215,875	81,440,100	80,133,004	100,107,600
	CJ Nutracon Pty., Ltd.	Korea Exchange Bank and others	17,584,616	19,918,088	22,367,996	22,483,957
	CJ Omni Inc.	Bank of America	5,352,830	1,167,600	7,630,630	2,568,720
	CJ Qingdao Foods Co., Ltd.	Hana Bank and others	24,017,123	3,502,800	24,017,123	3,502,800
	Liaocheng Lantian Cogeneration Plant Co., Ltd.	Korea Development Bank	17,083,500	17,514,000	17,083,500	17,514,000
	PT. Cheil Jedang Indonesia	Citibank and others	180,515,650	192,070,200	199,876,950	204,913,800

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

(in thousands of Korean won)

Guarantor	Guarantee	Financial institution	Loan amounts		Guarantee amounts	
			2010	2009	2010	2009
CJ CheilJedang Corp.	PT. Cheil Jedang Superfeed	Export-Import Bank of Korea and others	₩ 60,603,147	₩ 28,022,400	₩ 66,183,757	₩ 28,022,400
		CJ Beijing Bakery Co., Ltd.	Korea Exchange Bank and others	1,852,990	8,935,598	8,974,532
	CJ Bakery Inc.	Bank of America	5,159,217	5,838,000	5,694,500	5,838,000
	CJ Toyota Tsuho Philippines Inc.	Export-Import Bank of Korea	26,142,311	-	26,142,311	-
CJ Foodville Co., Ltd.	CJ Beijing Bakery Co., Ltd.	Woori Bank	3,416,700	28,956,480	3,416,700	49,202,664
		CJ Bakery Inc.	Woori Bank and other	3,986,150	10,508,400	9,111,200
	CJ Bakery Vietnam	Kexim Vietnam Leasing Company	1,093,344	1,120,896	1,093,344	1,120,896
CJ Freshway Corp.	CJ Food Service Co., Ltd.	Woori Bank	-	2,802,240	-	2,802,240
	CJ Food Service (Shanghai) Co., Ltd.	Woori Bank	-	543,971	-	543,971
CJ Media Inc	CJ Media Japan Co., Ltd.	Mizuho Bank and others	4,191,240	2,525,600	4,191,240	2,525,600
CJ GLS Co., Ltd.	CJ GLS Asia Pte. Ltd.	Woori Bank and others	50,450,751	64,354,515	62,639,500	64,354,515
		CJ GLS America Inc.	Korea Exchange Bank	2,218,521	2,802,240	5,466,720
		Eon Bank Bhd. United Overseas Bank (Malaysia) Bhd.	1,925,100	1,772,869	1,925,100	1,971,865
CJ GLS Asia Pte. Ltd.	CJ GLS Malaysia Sdn. Bhd.	UOB Thailand	4,129,981	3,618,100	4,129,981	3,740,715
		CJ GLS (Thailand) Co., Ltd.	UOB Thailand	1,001,052	-	1,001,052
	CJ GLS (VN) Freight Co., Ltd.	Standard Chartered Vietnam	1,796,760	-	1,796,760	-
	CJ GLS China (Shanghai) Ltd.	UOB Shanghai	4,245,835	-	4,245,835	-
CJ CGV Co., Ltd.	Conpac Warehousing Pte. Ltd.	UOB Bank Singapore	500,000	-	500,000	-
		CJ CGV Holdings Ltd.	Woori Bank	2,277,800	-	2,277,800
		Korea Exchange Bank	4,280,738	-	4,280,738	-
CJ Japan Corp.	CJ Food Festa Co., Ltd.	Korea Exchange Bank	2,794,160	-	2,794,160	-
		Mitsui Sumitomo Finance & Lease	698,540	-	698,540	-
		Kangin Lease Co., Ltd.	188,275	-	188,275	-
		Mitsui Sumitomo Bank	2,987,739	-	2,987,739	-
CJ Vina Agri Co., Ltd.	CJ Vina Food Co., Ltd.	Vietcombank Long An	-	-	1,172,000	-
		Total	₩ 854,019,795	₩ 859,864,839	₩ 1,169,403,180	₩ 1,009,239,909

CJ Corporation and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2010 and 2009

The newly established companies of CJ Entertainment Inc., CJ Media Inc. and CJ E&M Inc.(formerly CJ O Media Holdings Inc.) are under joint liability for the debts incurred before the spin-off with the Controlling Company, S.A. Management Inc. (formerly CJ Media Inc.), CJ O Shopping Co., Ltd., respectively.

In addition to the above guarantees, CJ CheilJedang Corp. provided guarantees of fulfillment to PT. Cheil Jedang Indonesia, PT. CJ Feed Jombang and CJ Do Brazil Ind. Co. Prod. Alim. Ltda. amounting to ₩ 5,695 million, ₩ 1,708 million and ₩ 7,403 million, respectively.

CJ Foodville Co., Ltd., CJ HelloVision Co., Ltd., CJ GLS Co., Ltd., CJ Systems Co., Ltd., CJ CGV Co., Ltd., CJ Media Inc., CJ Telenix Co., Ltd. and CJ MD1 Co., Ltd. provided guarantees in relation to the loans of employees and directors to financial institutions amounting to ₩28,534 million. Further, CJ Systems Co., Ltd. provided guarantees to CJ Engineering & Construction Co., Ltd. in relation to the construction of CJ Songdo Datacenter amounting to ₩893 million.

CJ Internet Co., Ltd. obtained a foreign currency guarantee from Shinhan Bank for up to JPY 100,000,000.

The Company obtained a performance guarantee in relation to the development project in the Yongsan International Business Station District from Seoul Guarantee Insurance Co., Ltd. and obtained a guarantee of fulfillment from Woori Bank amounting to ₩500 million.

CJ CheilJedang Corp and 17 other subsidiaries obtained a guarantee from Seoul Guarantee Insurance Co., Ltd. amounting to ₩85,819 million in relation to its operations.

CJ Foodville Co., Ltd. obtained a guarantee from Nonghyup Bank regarding the purchase of machinery and equipment amounting to USD 753,123 and for up to USD 2,000,000.

As of December 31, 2010, CJ Engineering & Construction Corp. provided guarantees amounting to ₩3,069 million in relation to the vendee and obtained a guarantee from the Korea Construction Financial Cooperative amounting to ₩19,588 million.

CJ O Shopping Co., Ltd. obtained a guarantee from Hana Bank amounting to ₩1,000 million, relating to a performance guarantee.

CJ CGV Co., Ltd., obtained a guarantee from Kookmin Bank amounting to ₩377 million, relating to an agreement with the Korea Airports Corporation to restore the interior upon the termination of the lease contract.

M-net Media Corp., a consolidated subsidiary, was ordered to pay ₩1,596 million by Korea Technology Finance Corp. in relation to its guarantees for Stamp Entertainment Corp.'s borrowings from Woori Bank during the prior year. Regarding this indemnity, M-net Media Corp. paid ₩953 million excluding the expected cash flow from the auction of buildings taken as security and plans to collect the said amount from parties who are jointly liable.

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

Loan agreements with financial institutions as of December 31, 2010, are as follows:

(in million of Korean won)

Items	Maximum loan limit
Corporate purchase card	₩ 282,498
Bank overdraft	144,841
Discount note agreement	435,881
Loans secured against trade receivables	528,329
General loans	938,341
Import letter of credit	1,789,146
Others	203,269

As of December 31, 2010, the Company is a party to various legal claims and proceedings amounting to ₩97,596 million as the plaintiff and ₩50,253 million as the defendant, all of which are pending as of December 31, 2010. The Company'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 Company.

CJ O Shopping Co., Ltd. reached an agreement with AA Merchant Banking B.V. and four other investors as well as CJ HelloVision Co., Ltd. and its shareholders, relating to the third party allocation of the redeemable preferred stocks totaling ₩201,406 million is its capital increase. According to the agreement, should CJ HelloVision Co., Ltd. fail to fulfill the recourse obligation, the Company may either buy at the retirement price (computed at compounded interest of 1.5% per year for the issued price and dividends payable) or grant drag-along rights to the investors.

As of December 31, 2010, two subsidiaries including CJ CheilJedang Corp., have 28 technical assistance agreements regarding product manufacturing, and are required to pay license fees based on the sales amount of the product or the use of the patent right. Total license fees incurred for the year ended December 31, 2010, with respect to these agreements, amounted to approximately ₩10,402 million (2009: ₩6,709 million).

Four subsidiaries, including CJ CGV Co., Ltd., are under finance lease agreements for equipment with IMAX Co., Ltd. and six leasing companies. The finance lease was recognized both as an asset and a liability based on the acquisition cost of ₩24,944 million upon purchase. Depreciation expense for the finance lease assets amounted to ₩1,342 million for the year ended December 31, 2010.

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

Future lease payments in relation to the financial lease agreements as of December 31, 2010, are as follows:

(in thousands of Korean won)

Period		Amount
2011	₩	4,779,921
2012 – 2016		8,130,285
Thereafter		191,481
		<u>13,101,687</u>
Unearned Interest		(470,107)
Lease liability	₩	<u>12,631,580</u>

Nine subsidiaries, including CJ CGV Co., Ltd, are under operating lease agreements for machinery and equipment with D-Cinema Korea Co., Ltd. and nine leasing companies. Operating lease payments for the current year amounts to ₩2,187 million (2009: ₩907 million).

Future operating lease payments in the future are as follows:

(in thousands of Korean won)

Period		Amount
2011	₩	2,082,463
2012 – 2016		5,714,328
Thereafter		1,885,935
	₩	<u>9,682,726</u>

As of December 31, 2010, the Company provided five promissory notes with a face value of ₩18,000 million, five blank notes and two blank checks to the Seoul Guarantee Insurance Company, financial institutions and related parties for bank guarantees and contractual obligations.

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

CJ Engineering & Construction Corp.'s contract balances and the related revenues recognized thereon for the year ended December 31, 2010, are as follows:

(in thousands of Korean won)

Site	Beginning balance	New Contract	Increase (Decrease)	Construction revenue	Ending balance
Construction of the Gasan-dong global flatted factory	₩ 12,985,458	₩ -	₩ 350,000	₩ 12,473,727	₩ 861,731
Construction of the Korea University media center	15,962,530	-	-	10,100,815	5,861,715
Construction of the Korea University education center	2,075,620	-	487,273	2,562,893	-
Namyang City Ju Tye Gea Won apartment	290,403	-	-	-	290,403
Road and oil pipe construction in Namyang residential areas	70,979	-	(8,618)	62,361	-
Construction of the basement garage in the east side Square of No-Eun Station	1,933,960	-	-	1,191,545	742,415
Road widening construction from Bu-Yeo to Tan-Cheon	917,862	-	-	729,722	188,140
Road-widening construction from Bu-Yeo and Tan-Cheon and duck construction	1,638	-	-	1,638	-
Sang-am CJ E&M Center interior and mediaboard	1,597,554	-	3,214,000	4,811,554	-
Sang-am CJ E&M Center interior (Entertainment)	194,564	-	18,000	212,564	-
Sang-am CJ E&M Center interior(M-net)	396,739	-	233,000	629,739	-
Sang-am CJ E&M Center interior(Internet)	2,087,457	-	614,000	2,701,457	-
Sang-am CJ E&M Center interior(CheilJedang)	1,578,871	-	(109,000)	1,469,871	-
Sang-am CJ E&M Center interior>HelloVision)	2,102,560	-	411,000	2,513,560	-
Sang-am CJ E&M Center interior(CGTV)	3,651,652	-	1,614,000	5,265,652	-
Sang-am CJ E&M Center interior(Media)	480,919	-	(83,000)	397,919	-
Construction of the Sang-am CJ E&M Center and enhancement of the broadcasting environment	13,057,624	-	(7,644,000)	5,413,624	-
Song Do data center	20,823,422	-	-	17,484,313	3,339,109
Construction of the Si-Hwa multi techno valley zone No. 4	18,590,918	-	2,593,637	2,632,361	18,552,194
Construction of sports facility in Sin-il middle/high school	4,852	-	455	5,307	-
Eum Seong Bakery secondary extension work	83,895	-	-	83,895	-
Construction of the tower and machinery and equipment	3,623,574	-	130,068	3,753,642	-
Construction of the Pan Gyo venture building	27,516,507	-	-	13,053,519	14,462,988
Remodeling construction of the Pil-dong In Jae won annex	29,373	-	-	29,373	-
Hwa Sung Namyang city development area	56,102	-	65,569	121,671	-
Urban development of the Hwa Sung Namyang area	1,554,215	-	-	1,554,215	-
Extension work on the CJ CheilJedang Dae So factory in Oral Api dong	215,536	-	-	215,536	-

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

(in thousands of Korean won)

Site	Beginning balance	New Contract	Increase (Decrease)	Construction revenue	Ending balance
Construction of the exterior of the CJ CheilJedang Oh Song factory	₩ 2,092,499	₩ -	₩ (627,000)	₩ 1,465,499	₩ -
Construction of the CJ CheilJedang Oh Song factory(HVAC) and clean room	7,250,341	-	(819,000)	6,431,341	-
CJ Freshway I Cheon distribution center	4,528,328	-	798,000	5,326,328	-
Yeongok beach	38,800,000	-	-	-	38,800,000
Joo-lim-dong rental apartment	-	10,370,000	-	2,233,084	8,136,916
Centem City sales building	-	20,490,000	-	6,516,490	13,973,510
Construction of the Hil de Loci Country Club club house and interior	-	14,440,000	-	9,314,049	5,125,951
Hanla Healing Park furniture museum	-	3,187,000	-	3,187,000	-
Road construction from Yeon-la-ri to Yu-tong dangji	-	2,780,000	-	1,936,010	843,990
Construction of the Seong-chon Faculty of Law building	-	10,010,610	-	115,658	9,894,952
Restoration of the CJ GLS Gwang-ju distribution center	-	173,000	-	173,000	-
Demolition of the Seoul Cyber University IT building	-	32,000	-	32,000	-
Temporary fencing in the Sin-il learning institution	-	13,010	-	13,010	-
Construction of the business strategy laboratory	-	35,000,000	-	2,736,053	32,263,947
Construction of the Ock-chun, hub terminal	-	174,000	-	174,000	-
Construction of the CJ Fooville cake factory	-	15,100,000	-	11,177,600	3,922,400
Transferring of the water tank in the Seong-chon Faculty of Law building	-	581,818	-	446,751	135,067
CJ Freshway Gwang-ju distribution center	-	₩ 4,250,000	-	4,250,000	-
Construction of the Sinuido Solar Salt treatment facility	-	5,400,000	-	5,400,000	-
Construction of the Ok-chun, hub terminal	-	4,616,000	-	4,616,000	-
Restoration of the CJ O Shopping Co., Ltd. Building	-	2,142,000	-	2,142,000	-
Interior construction of the Ssang-lim-dong CJ integrated business facility	-	7,260,000	-	4,526,026	2,733,974
Construction of Gu-jae American Hill	-	12,000,000	-	-	12,000,000
Construction of the Ulsan, Sam-san-dong office	-	48,127,273	-	-	48,127,273
II San distribution center	-	-	30,000	30,000	-
Others	49,556	-	-	49,556	-
Total	₩ 184,605,508	₩ 196,146,711	₩ 1,268,384	₩ 161,763,928	₩ 220,256,675

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

Details of CJ Engineering & Construction Corp.'s cooperation contracts on the ongoing projects are as follows:

(In thousands of Korean won, except shares)

Cooperation Contracts	Total	Subcontract	Shares (%)	Representative Company
Namyang Ju Tye Gea Won Apartment	₩ 33,719,416	₩ 15,173,737	45%	Cin il Engineering Co., Ltd.
Road widening construction from Bu-Yeo to Tan-Cheon	61,175,760	30,745,868	50%	CJ Engineering & Construction Corp.
Construction of the Si-Hwa multi techno valley zone No. 4	<u>256,520,000</u>	<u>25,652,000</u>	10%	Samsung C&T Corp.
	<u>₩ 351,415,176</u>	<u>₩ 71,571,605</u>		

Details of CJ Engineering & Construction Corp.'s construction in lots on the ongoing projects are as follows:

(In thousands of Korean won, except for average percentage-of-completion)

Detail	Total number of households	Occupancy Date	Average percentage-of completion(%)	Accumulated revenue of Construction in lots	Accumulated cost of Construction in lots	Collected	Not Collected
Han Nam Dong high class villa	10	March 2010	100	₩ 28,984,413	₩ 27,009,359	₩21,871,535	₩ 7,112,878

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

16. Derivatives

Details of the changes in valuation gain or loss on derivatives as of December 31, 2010 and 2009, are as follows:

2010 (in thousands of Korean won)	Trading		Hedge		Other Comprehensive Income and expense ¹
	Valuation gain	Valuation loss	Valuation gain	Valuation loss	
Commodity futures	₩8,935,876	₩ (1,874,022)	₩ -	₩ -	₩ -
Commodity option	17,209,160	(9,607,652)	-	-	-
Currency forward	3,902,083	(6,845,851)	174,831	-	-
Currency option	111,265	(758,111)	-	-	-
Currency swap	-	(718,802)	1,342,600	(13,103,449)	8,422,481
Interest rate swap	93,938	-	1,664,894	-	(6,132,963)
	<u>₩30,252,322</u>	<u>₩(19,804,438)</u>	<u>₩ 3,182,325</u>	<u>₩(13,103,449)</u>	<u>₩ 2,289,518</u>

¹ As the above contracts are entered into for the purpose of reducing fluctuation risks of cash flow, the related gains or losses are included in accumulated other comprehensive income. The ₩14,618 million, net of tax and minority interest, has been charged to loss on valuation of derivative instruments as of December 31, 2010.

2009 (in thousands of Korean won)	Trading		Hedge		Other Comprehensive Income and expense
	Valuation gain	Valuation loss	Valuation gain	Valuation loss	
Commodity futures	₩ 9,187,598	₩ (4,325,781)	₩ 466,286	₩ -	₩ -
Commodity option	4,833,276	(1,530,588)	-	-	-
Currency forward	84,812	(2,684,158)	-	(136,871)	-
Currency option	64,687	(1,831,727)	-	-	-
Currency swap	-	(2,434,692)	35,802	(66,295,322)	18,352,459
Interest rate swap	1,015,632	-	978,153	-	15,575,763
	<u>₩ 15,186,005</u>	<u>₩(12,806,946)</u>	<u>₩ 1,480,241</u>	<u>₩(66,432,193)</u>	<u>₩ 33,928,222</u>

CJ Corporation and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2010 and 2009

17. Capital Stock

The Controlling Company is authorized to issue 100 million shares with a par value per share of ₩ 5,000 per share. As of December 31, 2010, the Controlling Company has issued 28,973,231 common shares and 2,260,223 preferred shares.

The preferred stock the Controlling Company has issued as of December 31, 2010, is as follows:

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

The Controlling Company may grant options to purchase shares of common stock to key employees or directors who have contributed or are expected to contribute to the management and technological innovation of the Controlling Company with the approval of shareholders. The grant limit of the option is 15% of outstanding shares. However, within 10% of outstanding shares, the options may be granted with the Board of Directors' approval.

As of January 1, 2010, 533,173 shares of third-preferred stock were converted into 533,173 shares of common stock. As a result, common stock equity increased by ₩2,666 million, while preferred stock equity decreased by the same amount.

The total par value of issued common stock is not equal to capital stock due to the retirement of 145,741 treasury shares through retained earnings during the prior year.

The Controlling Company issued 22,412 common shares due to the exercise of certain stock options in 2010. The Company recognized the additional paid-in capital of ₩1,389 million.

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

18. Retained Earnings

Legal reserve and discretionary reserve as of December 31, 2010 and 2009, are as follows:

<i>(in thousands of Korean won)</i>	2010	2009
Legal reserve ¹		
Earned surplus reserve	₩ 79,869,424	₩ 79,869,424
Discretionary reserve		
Reserve for improvement of financial structure	6,709,860	6,709,860
Reserve for business rationalization	54,804,727	54,804,727
Reserve for research and human resource development	461,219,161	319,643,409
Reserve for export losses	720,000	720,000
Reserve for overseas market development	1,100,000	1,100,000
Reserve for loss on disposal of treasury stock	28,992,714	28,992,714
	<u>553,546,462</u>	<u>411,970,710</u>
	<u>₩ 633,415,886</u>	<u>₩ 491,840,134</u>

¹ The Commercial Law of the Republic Korea requires the Controlling Company to appropriate as a legal reserve, an amount equal to a minimum of 10% of annual cash dividends paid, until such the reserve equals 50% of its issued capital stock. This reserve is not available for the payment of cash dividends, but may be transferred to capital stock or used to reduce accumulated deficit, if any.

Details of year-end dividends for the years ended December 31, 2010 and 2009, are as follows:

<i>(in thousands of Korean won, except number of shares and percentage of ownership)</i>		2010	2009
Number of shares eligible for dividends	Common stock	25,663,920	25,109,019
	Preferred stock	2,259,106	2,259,106
	Third series preferred stock	-	532,495
Dividend rate	Common stock	16.00%	16.00%
	Preferred stock	17.00%	17.00%
	Third series preferred stock	-	16.00%
Dividend per share	Common stock	₩ 800	₩ 800
	Preferred stock	850	850
	Third series preferred stock	-	800
Dividend payout ratio (Dividend amount / Net income)		<u>12.97%</u>	<u>11.86%</u>
Dividend yield ratio (Dividend per share / Market price ¹)	Common stock	1.00%	1.30%
	Preferred stock	2.90%	3.60%
	Third series preferred stock	-	1.30%

¹ Dividend yield ratio is calculated based on the arithmetic average market price.

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

19. Treasury Stock

As of December 31, 2010, the Controlling Company holds 3,309,311 shares of common stock with a book value of ₩206,778 million and 1,117 shares of preferred stock with a book value of ₩48 million as treasury stock. The treasury stock is recorded as a capital adjustment and will be sold depending on stock market conditions.

20. Share-Based Payments

The Controlling Company has a stock option plan that provides for the granting of stock purchase options to employees or directors who have contributed or are expected to contribute to the management and technological innovation of the Controlling Company.

Details of the terms of the share options granted follows:

	Date of the grant						
	August 14, 2001	April 27, 2002	March 11, 2003	April 8, 2004	March 8, 2005	March 13, 2006	February 29, 2008
Options granted	48,000	95,600	134,300	77,800	94,100	56,900	230,000
Exercised quantity, Prior to 2010	41,775	70,805	85,979	45,083	46,416	-	-
Forfeited quantity	1,000	-	1,300	4,600	10,200	4,500	-
Transfer-out quantity							
due to split-off	2,516	10,730	19,111	11,507	14,615	46,500	-
Exercised quantity during 2010	2,709	10,852	8,851	-	-	-	-
Options outstanding							
as of December 31, 2010	-	3,213	19,059	16,610	22,869	5,900	230,000
Exercise price per share ¹	₩ 40,000	₩ 58,000	₩ 41,000	₩ 69,000	₩ 71,000	₩ 120,000	₩ 70,000
Exercise period from the date of the grant	2~9 years	2~9 years	2~9 years	2~9 years	2~9 years	2~9 years	4~10 years

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

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

The compensation expenses recognized on or before 2010 and to be recognized thereafter are as follows:

(in thousands of Korean won)

	Date of the grant							Total
	August 14, 2001	April 27, 2002	March 11, 2003	April 8, 2004	March 8, 2005	March 13, 2006	February 29, 2008	
Prior to 2010	₩ 827,204	₩2,104,165	₩ 1,657,544	₩ 1,469,078	₩ 1,700,566	₩1,304,215	₩ 3,149,203	₩ 12,211,975
During 2010	-	-	-	-	-	-	1,710,505	1,710,505
Thereafter	-	-	-	-	-	-	1,986,997	1,986,997
	₩ 827,204	₩2,104,165	₩ 1,657,544	₩ 1,469,078	₩ 1,700,566	₩1,304,215	₩ 6,846,705	₩ 15,909,477

The Controlling Company calculated compensation cost of stock options granted using the fair value approach. The assumptions used for determination of compensation costs are as follows:

	Date of the grant						
	August 14, 2001	April 27, 2002	March 11, 2003	April 8, 2004	March 8, 2005	March 13, 2006	February 29, 2008
Risk-free interest rate	5.10%	6.37%	4.69%	4.56%	4.12%	4.93%	5.09%
Expected exercise period	3 years	3 years	3 years	3 years	3 years	3 years	3 years
Variance of expected share price	70.60%	66.18%	54.81%	38.48%	35.73%	36.34%	66.64%
Expected forfeiture rate	1.00%	1.00%	1.00%	6.00%	6.00%	6.00%	6.00%

As of December 31, 2010, the eight subsidiaries, including CJ CheilJedang Corp., have a share option plan that provides for the granting of share purchase options to its employees and directors, and recognized ₩4,901million as compensation expenses in the current year.

Additionally, the Controlling Company has granted share-based incentives based on a three-year performance of the management and officers of the Controlling Company. As of December 31, 2010, the Company has recognized ₩3,088 million as the expected incentive cost for the accumulated period under long-term accounts payable.

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

21. Selling and Administrative Expenses

Selling, general and administrative expenses for the years ended December 31, 2010 and 2009, are as follows:

<i>(in thousands of Korean won)</i>	2010	2009
Salaries	₩ 676,498,535	₩ 605,157,481
Provision for severance benefits	65,828,640	45,972,914
Employee fringe benefits	90,619,735	88,735,950
Travel expense	55,109,558	44,457,419
Depreciation	93,559,083	86,003,868
Amortization	106,783,670	107,992,769
Commission and service charge	822,322,317	685,521,979
Advertising expense	290,667,646	248,394,997
Sales promotion expense	162,529,116	141,203,301
Transportation expense	281,772,914	258,336,593
Research expense	38,674,598	32,105,279
Expenses for company events	37,885,716	34,334,288
Stock compensation expense	7,988,614	4,603,970
Taxes and dues	57,366,724	47,900,536
Rent	157,233,721	132,304,013
Bad debts expense	14,372,393	25,267,161
Others	205,673,342	173,738,208
	<u>₩ 3,164,886,322</u>	<u>₩ 2,762,030,726</u>

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

22. Mergers

CJ HelloVision Co., Ltd., CJ GLS Co., Ltd., CJ GLS Asia Pte., Ltd., CJ America Inc., and CJ Philippines Inc. merged with eight subsidiaries. Details of the mergers are as follows:

Details of merger

Merger Company	CJ HelloVision Co., Ltd.	CJ HelloVision Co., Ltd.	CJ HelloVision Co., Ltd.	CJ GLS Co., Ltd.	CJ GLS Asia Pte.	CJ GLS Asia Pte.	CJ America Inc.	CJ Philippines Inc.
Merged Company	CJ HelloVision Dreamcity Broadcasting Co., Ltd.	CJ HelloVision HaeundaeGijang Broadcasting Co., Ltd.	Korea Cable TV Modoo Broadcasting Co., Ltd.	SC Logis Co., Ltd.	CJ GLS Shipping (S) Pte Ltd.	CJ GLS Airfreight Pte Ltd.	CJ Pacific Corp.	Dondonfarm Co., Ltd.
Main business	General cable broadcasting	General cable broadcasting	General cable broadcasting	Transportation	Transportation	Transportation	Intermediary business for grain	Hog raising
The date of approval	July 15, 2010	August 9, 2010	August 9, 2010	June 22, 2010	August 18, 2010	August 18, 2010	September 15, 2010	October 7, 2010
The date of merger	August 31, 2010	November 30, 2010	November 30, 2010	June 25, 2010	September 1, 2010	September 1, 2010	October 1, 2010	November 30, 2010
Approved by	Shareholders	Board of directors ¹	Board of directors ¹	Board of directors ¹	Shareholders	Shareholders	Shareholders	Board of directors
Stock exchange ratio	1:5,5475	1:1,12890	1:0.0609	1:0.009750	1:1	1:1	1:1	1:1
Number of the shares issued	14,127,632	1,831,897	54,810	6,986	-	-	1	-

¹ As the mergers are classified as small mergers, the approval of the Board of Directors has the same effect as that of the shareholders.

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

23. Split-Off

CJ O Shopping Co., Ltd. executed the split-off of its media business segment which was approved by the Korea Broadcasting Commission on September 15, 2010, and established a new company, CJ E&M Inc.(formerly O Media Holdings Inc.). The shares of CJ E&M were re-listed on the KOSDAQ Securities Exchange on October 15, 2010, and changed its company name from O Media Holdings Co., Inc. to CJ E&M Inc. on December 30, 2010.

No sales and operating income were earned by the media business segment until the date of split-off.

Also, S.A. Management Co., Ltd. executed the split-off of its general cable broadcasting business, and production and retail business of programs and images, and established a new company, CJ Media Inc. on October 1, 2010.

Sales and operating income incurred by the split segment in the last fiscal year and the date up to the split-off are as follows :

<i>(in thousands of Korean won)</i>		2010.1.1 ~ 2010.9.30		2010.1.1 ~ 2010.12.31
Sales	₩	140,366,957	₩	152,323,285
Operating income		10,847,500		3,314,569

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

24. Intercompany Transactions

Significant transactions with related parties for the years ended December 31, 2010 and 2009, and their related balances as of December 31, 2010 and 2009, which occurred in normal course of business, are as follows:

<i>(in thousands of Korean won)</i>	Sales		Purchases		Receivables		Payables	
	2010	2009	2010	2009	2010	2009	2010	2009
Transaction between CJ Corp. and its consolidated subsidiaries	₩ 39,484,274	₩ 35,653,834	₩ 8,817,967	₩ 1,779,454	₩ 12,132,337	₩ 3,487,665	₩ 1,945,851	₩ 259,340
Transaction among subsidiaries	2,711,447,306	2,763,628,574	2,711,447,306	2,763,628,574	811,833,851	883,607,877	811,833,851	883,607,877
Transaction between the Company and equity-method investees	351,493,249	10,605,167	684,123,354	50,704,154	45,525,685	5,724,236	223,960,811	96,365
Transactions between the Company and other related parties	46,960,317	32,043,774	22,708,822	3,461,006	22,278,678	8,436,449	3,736,801	442,886
Total	<u>₩3,149,385,146</u>	<u>₩2,841,931,349</u>	<u>₩3,427,097,449</u>	<u>₩2,819,573,188</u>	<u>₩ 891,770,551</u>	<u>₩ 901,256,227</u>	<u>₩1,041,477,314</u>	<u>₩ 884,406,468</u>

25. Income Taxes

Income tax expense for the year ended December 31, 2010, consists of:

<i>(in thousands of Korean)</i>	2010
Current income taxes	₩ 296,954,584
Deferred income taxes due to temporary differences	308,231,050
Deferred income tax charged to equity	(305,050,534)
Others	3,327,612
Income tax expense	<u>₩ 303,462,712</u>

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

Changes in the temporary differences and related deferred tax assets and liabilities as of December 31, 2010, are as follows:

	Temporary differences			Deferred tax assets(liabilities)					
	Beginning	Increase (Decrease)	Ending	Beginning	¹ Increase (Decrease)	Impact of changes in exchange rates	Ending	Current	Non - current
<i>(In thousands of Korean won)</i>									
1) Deferred tax arising from temporary differences									
Special reserves appropriated for tax purposes	₩ (77,426,047)	₩ (60,540,620)	₩(137,966,667)	₩(17,682,570)	₩(12,673,763)	₩ -	₩(30,356,333)	₩ (40,333)	₩ (30,316,000)
Loss on valuation of investment securities	(149,128,701)	(234,440,324)	(383,569,025)	(13,046,251)	(18,472,266)	-	(31,518,517)	1,165,077	(32,683,594)
Allowance for doubtful accounts	196,974,116	269,800	197,243,916	47,139,034	(2,922,897)	-	44,216,137	27,012,208	17,203,929
Accrued severance benefits	12,192,570	(892,838)	11,299,732	2,619,320	(132,907)	-	2,486,413	-	2,486,413
Depreciation	29,235,704	7,185,148	36,420,852	6,527,704	1,492,019	-	8,019,723	-	8,019,723
Amortization	5,929,236	(840,164)	5,089,072	1,288,687	(169,090)	-	1,119,597	-	1,119,597
Impairment losses on property, plant and equipment	8,739,638	16,498,175	25,237,813	1,950,734	3,790,230	-	5,740,964	-	5,740,964
Gain on valuation of derivative instruments	(31,042,454)	(8,628,618)	(39,671,072)	(7,515,069)	(2,085,330)	-	(9,600,399)	(9,600,399)	-
Loss on valuation of inventory	4,655,163	460,049	5,115,212	1,091,824	146,057	-	1,237,881	1,237,881	-
Impairment losses on investments	9,950,351	7,791,637	17,741,988	2,219,234	1,684,004	-	3,903,238	-	3,903,238
Accrued income	(4,041,454)	1,011,727	(3,029,727)	(1,806,920)	1,127,213	-	(679,707)	(680,826)	1,119
Accrued expenses	20,724,391	4,617,887	25,342,278	4,803,637	1,329,194	-	6,132,831	6,132,831	-
Available for sale securities	50,139,076	85,799	50,224,875	11,800,598	(751,124)	-	11,049,474	-	11,049,474
Goodwill	6,665,264	(6,755,915)	(90,651)	1,665,458	(1,561,723)	-	103,735	1,360,450	(1,256,715)
Foreign exchange	(24,411,634)	31,151,695	6,740,061	(5,951,280)	7,573,328	-	1,622,048	1,622,048	-
Capitalized interest expense	(14,763,266)	2,516,871	(12,246,395)	(3,247,920)	553,714	-	(2,694,206)	-	(2,694,206)
Others	18,573,639	29,440,367	48,014,006	4,596,716	9,828,633	-	14,425,349	11,047,837	3,377,512
	₩ 62,965,592	₩(211,069,324)	₩(148,103,732)	36,452,936	(11,244,708)	-	25,208,228	39,256,774	(14,048,546)
2) Undisposed accumulated deficit	128,735,047	(41,798,921)	86,936,126	30,267,000	(10,421,625)	-	19,845,375	2,357,997	17,487,378
3) Tax credit carryforwards	6,943,620	(575,523)	6,368,097	6,795,133	2,084,453	-	8,879,586	2,773,536	6,106,050
4) Deferred income taxes charged directly to equity	(1,068,799,560)	(1,374,105,611)	(2,442,905,171)	(223,580,817)	(304,981,566)	-	(528,562,383)	1,193,630	(529,756,013)
5) Valuation Allowance				(54,046,718)	24,825,643	-	(29,221,075)	(14,586,580)	(14,634,495)
6) Deferred income tax liabilities from overseas subsidiaries				(36,718,754)	(3,277,492)	1,018,755	(38,977,491)	(6,617,079)	(32,360,412)
7) Changes from adjusting entries due to consolidation				262,731,398	(17,510,206)	-	245,221,192	8,483,332	236,737,860
Total				₩ 21,900,178	₩(320,525,501)	₩ 1,018,755	₩(297,606,568)	₩ 32,861,610	₩(330,468,178)

¹ Includes effects from changes in consolidated subsidiaries and from changes in exchange rates.

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

The Company periodically assesses its ability to recover deferred income tax assets. In the event of a significant uncertainty regarding the Company's ultimate ability to recover such assets, a valuation allowance is recorded to reduce the assets to its estimated net realizable value.

Fourteen subsidiaries, including Shindongbang CP Corp., recorded valuation allowances because their respective net loss carryforwards are not expected to be utilized in the future.

Deferred income taxes charged directly to the shareholders' equity, net of valuation allowance are as follows:

<i>(in thousands of Korean won)</i>	Temporary difference	Deferred Tax
Deferred income taxes		
Gain on valuation of available-for-sale securities	₩1,228,197,589	₩(297,699,666)
Loss on valuation of available-for-sale securities	6,977,226	(1,690,657)
Gain on valuation of derivative instruments	(179,672)	39,528
Loss on valuation of derivative instruments	(3,001,320)	85,342
Gain on equity-method investments	(10,769,291)	689,085
Loss on equity-method investments	2,342,887	(880,958)
Translation of foreign currency financial statements	(22,256,131)	1,424,084
	<u>₩1,201,311,288</u>	<u>₩(298,033,242)</u>

26. Earnings Per Share

Basic earnings per share is computed by dividing net income allocated to common stock by the weighted average number of common shares outstanding during the year. Net income allocated to common stock is computed by subtracting dividends to preferred stock.

Diluted earnings per share is computed by dividing diluted net income as adjusted by adding back the after-tax amount of interest expense on any convertible debt and dividends on any convertible preferred stock, by the weighted average number of common shares and diluted securities outstanding during the year.

Earnings per share and diluted earnings per share for the years ended December 31, 2010 and 2009, are calculated as follows:

Basic earnings per share from continuing operations

(thousands of Korean won,

except number of shares and earnings per share)

	2010	2009
Net income from continued operations	₩ 172,900,116	₩ 192,569,681
Adjustments:		
Dividends for preferred stock	(1,920,240)	(2,346,236)

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

Undeclared participating preferred stock dividends	<u>(12,172,019)</u>	<u>(17,023,008)</u>
Net income from continuing operations available for common stock	158,807,857	173,200,437
Weighted average number of shares of common stock ¹	<u>25,645,099</u>	<u>25,107,869</u>
Basic earnings per share from continuing operations (in Korean won)	<u>₩ 6,193</u>	<u>₩ 6,898</u>

¹ The calculation of weighted average number of shares of common stock is as follows:

	Number of shares	Number of days	Weighted number of shares
Beginning balance	25,109,016	365	9,164,790,840
Transfer second-preferred stock to common stock	532,495	365	194,360,675
Exercised stock options	3,528	200	705,600
Exercised stock options	18,884	32	604,288
Acquisition of treasury stock	(3)	1	<u>(3)</u>
			<u>9,360,461,400</u>

Weighted average number of shares of common stock for 2010:

9,360,461,400/365 days = 25,645,099 shares

(2009: 9,164,372,355/365 days = 25,107,869 shares)

Basic earnings per share

(in thousands of Korean won,

except number of shares and earnings per share)

	2010	2009
Net income	₩ 173,726,035	₩ 189,208,949
Adjustments:		
Dividends for preferred stock	(1,920,240)	(2,346,236)
Undeclared participating preferred stock dividends	(12,238,840)	(16,686,749)
Net income available for common stock	159,566,955	170,175,964
Weighted average number of shares of common stock	<u>25,645,099</u>	<u>25,107,869</u>
Basic earnings per share (in Korean won)	<u>₩ 6,222</u>	<u>₩ 6,778</u>

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

Diluted earnings per share from continuing operations

*(in thousands of Korean won,
except number of shares and earnings per share)*

	2010	2009
Net income from continuing operations available for common stock	₩ 158,807,857	₩ 173,200,437
Adjustment:		
Convertible preferred stock dividend	-	-
Net income available for common stock and common equivalent stock	158,807,856	173,200,437
Weighted average number of shares of common stock and common stock equivalents ¹	<u>25,661,402</u>	<u>25,111,473</u>
Diluted earnings per share (in Korean won)	<u>₩ 6,189</u>	<u>₩ 6,897</u>

¹ The calculation of weighted average number of shares of common stock equivalents is as follows:

	Number of shares	Number of days	Weighted number of shares
Exercised share options	1,577	165	260,205
Unexercised stock options	5,707	333	1,900,431
Unexercised stock options	10,382	365	<u>3,789,430</u>
			<u>5,950,066</u>

Weighted average number of shares of common stock equivalents for 2010:

5,950,066/365 days = 16,302 shares

(2009: 1,315,296/365 = 3,603 shares)

Diluted earnings per share

*(in thousands of Korean won,
except number of shares and earnings per share)*

	2010	2009
Net income available for common stock	₩ 159,566,955	₩ 170,175,964
Adjustment:		
Convertible preferred stock dividends	-	-
Net income available for common stock and common equivalent stock	159,566,955	170,175,964
Weighted average number of shares of common stock and common stock equivalents	<u>25,661,402</u>	<u>25,111,473</u>
Diluted earnings per share (in Korean won)	<u>₩ 6,218</u>	<u>₩ 6,777</u>

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

Basic earnings and Diluted earnings per share from discontinued operations for the years ended December 31, 2010 and 2009, are as follows:

	2010		2009	
Basic earnings per share from discontinued operations	₩	33	₩	(391)
Diluted earnings per share from discontinued operations		32		(391)

Non-dilutive potential common stocks as of December 31, 2010, are as follows:

	Shares to be issued	Conditions
Stock options granted on March 13, 2006	5,900	Exercise price of ₩120,000 per share
Stock options granted on February 29, 2008	230,000	Exercise price of ₩70,000 per share

27. Assets and Liabilities Denominated in Foreign Currencies

As of December 31, 2010, assets and liabilities denominated in foreign currencies and related gains and losses on foreign currency translation, are as follows:

Account	Foreign Currency	Local Company		Foreign Company	
		Foreign Currency Amount	Korean won Equivalent (in thousands)	Foreign Currency Amount	Korean won Equivalent (in thousands)
Assets					
Cash and cash equivalents	CNY	-	₩ -	529,835,625	₩ 91,396,645
	HKD	-	-	89,349,992	13,076,371
	USD	1,293,772	1,495,883	72,814,067	82,927,941
	Others		487,188		39,355,876
			<u>1,983,071</u>		<u>226,756,833</u>
Trade accounts and notes receivable	EUR	178,151	269,649	30,845,473	46,687,708
	IDR	-	-	250,641,904,929	31,731,265
	USD	33,447,638	38,088,882	50,408,524	57,410,268
	Others		8,115,033		95,536,201
			<u>46,473,564</u>		<u>231,365,442</u>
Short-term financial instruments	AUD	13,550,000	15,689,816	54,712	63,352
	USD	65,000,000	74,028,500	97,605,567	111,162,981
	Others		-		2,215,645
			<u>89,718,316</u>		<u>113,441,978</u>

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

Account	Foreign Currency	Local Company		Foreign Company	
		Foreign Currency Amount	Korean won Equivalent (in thousands)	Foreign Currency Amount	Korean won Equivalent (in thousands)
Assets					
Short-term loans receivable	CNY	155,449	₩ 26,815	50,285,877	₩ 8,674,314
	IDR	-	-	39,018,148,578	4,939,698
	Others		116,754		3,360,319
			<u>143,569</u>		<u>16,974,331</u>
Other accounts and notes receivables	CNY	299,581	51,678	42,616,939	7,351,422
	USD	44,092,064	50,216,842	5,743,340	6,541,090
	Others		635,021		19,192,094
			<u>50,903,541</u>		<u>33,084,606</u>
Other current assets	AUD	-	-	2,022,910	2,342,367
	USD	-	-	413,480	470,913
	PHP			19,476,914	506,984
	THB			112,911,568	4,265,799
	Others				384,677
			<u>-</u>		<u>7,970,740</u>
Long-term Loans receivable	JPY	-	-	6,459,409	90,243
	USD	1,500,000	1,708,350	642,635	731,897
	Others				127,970
			<u>1,708,350</u>		<u>950,110</u>
Guarantee deposits	JPY	-	-	150,372,550	2,100,825
	USD	-	-	1,800,339	2,050,406
	Others				708,129
			<u>-</u>		<u>4,859,360</u>
Other non-current assets	PHP			34,878,447	907,886
	IDR			6,826,463,160	864,230
					1,772,116
			<u>₩ 190,930,411</u>		<u>₩ 637,175,516</u>
Liabilities					
Trade accounts and notes payable	IDR	-	₩ -	415,558,330,853	₩ 52,609,685
	USD	27,756,919	31,703,002	131,931,737	150,257,055
	Others		5,106,486		61,929,228
			<u>36,809,488</u>		<u>264,795,968</u>
Short-term borrowings	HKD	-	-	1,169,301,488	171,127,273
	USD	352,730,964	411,362,333	103,000,000	117,306,700
	Others		10,014,202		402,733,770
			<u>421,376,535</u>		<u>691,167,743</u>

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

Account	Foreign Currency	Local Company		Foreign Company	
		Foreign Currency Amount	Korean won Equivalent (in thousands)	Foreign Currency Amount	Korean won Equivalent (in thousands)
Liabilities					
Other accounts and notes payable	CNY	-	₩ -	34,610,600	₩ 5,970,329
	USD	11,826,940	13,465,314	2,726,167	3,104,832
	Others		381,799		20,734,722
			<u>13,847,113</u>		<u>29,809,883</u>
Accrued expenses	BRL	-	-	9,954,158	6,831,240
	USD	33,257	37,877	6,429,762	7,322,856
	Others		87,331		15,186,495
			<u>125,208</u>		<u>29,340,591</u>
Withholdings	USD	-	-	2,524,443	2,875,088
	Others	-	-	1,081,825	1,232,091
			<u>-</u>		<u>4,107,179</u>
Deposits received for initiation fee	JPY	-	-	359,484,832	5,022,291
					<u>5,022,291</u>
Current portion of long-term debts	SGD	-	-	4,488,039	3,967,426
	USD	423,806,754	482,673,133	70,000,000	79,723,000
	Others		-		3,153,111
			<u>482,673,133</u>		<u>86,843,537</u>
Long-term borrowings	CNY	-	-	404,177,085	69,720,547
	USD	259,673,163	295,742,043	34,600,000	39,405,940
	THB	-	-	3,373,892	127,466
	Others		13,970,800		43,833,232
			<u>309,712,843</u>		<u>153,087,185</u>
			<u>₩1,264,544,320</u>		<u>₩ 1,264,174,377</u>

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

28. Value Added Information

The accounts and amounts included in cost of sales and selling, general and administrative expenses, and in others, needed for the computation of value added for the years ended December 31, 2010 and 2009, are as follows:

<i>(in thousands of Korean won)</i>	Cost of Sales		Selling and administrative expenses		Others		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Wage and Salaries	₩362,465,697	₩ 290,465,857	₩676,498,535	₩ 605,157,481	₩1,456,942	₩ 3,163,065	₩1,040,421,174	₩ 898,786,403
Provision for severance benefits	34,377,716	25,467,116	65,828,640	45,972,914	29,820	207,958	100,236,176	71,647,988
Employee fringe benefits	53,091,064	43,051,880	90,619,735	88,735,950	1,049,575	614,525	144,760,374	132,402,355
Rent	43,685,918	32,620,945	157,233,721	132,304,013	345,584	402,477	201,265,223	165,327,435
Depreciation and amortization	490,064,271	380,003,081	200,342,753	193,996,637	-	2,129,019	690,407,024	576,128,737
Taxes and dues	15,125,029	14,397,540	57,366,724	47,900,536	5,325,759	206,960	77,817,512	62,505,036
	<u>₩998,809,695</u>	<u>₩ 786,006,419</u>	<u>₩1,247,890,108</u>	<u>₩1,114,067,531</u>	<u>₩8,207,680</u>	<u>₩ 6,724,004</u>	<u>₩2,254,907,483</u>	<u>₩ 1,906,797,954</u>

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

Operating data classified according to geographic area as of December 31, 2010 and 2009, and for the years then ended, are as follows:

(In millions of Korean won)

	2010					
	Korea	Asia	Americas	Others	Adjustment	Consolidated
Gross sales	₩ 10,651,429	₩2,556,721	₩ 405,020	₩ 451,039	₩(3,048,628)	₩11,015,581
Intersegment sales	(1,800,184)	(1,151,597)	(76,539)	(20,308)	3,048,628	-
Net sales	₩ 8,851,245	₩1,405,124	₩ 328,481	₩ 430,731	₩ -	₩ 11,015,581
Operating profit	₩ 614,725	₩ 217,884	₩ (8,531)	₩ 29,496	₩ (65,721)	₩ 787,853
Total assets	₩15,252,617	₩2,011,355	₩ 327,792	₩ 105,158	₩(4,826,061)	₩12,870,861

(In millions of Korean won)

	2009					
	Korea	Asia	Americas	Others	Adjustment	Consolidated
Gross sales	₩ 9,248,341	₩2,182,687	₩ 147,689	₩ 280,755	₩(2,401,960)	₩ 9,457,512
Intersegment sales	(1,535,694)	(849,424)	(4,930)	(11,912)	2,401,960	-
Net sales	₩ 7,712,647	₩1,333,263	₩ 142,759	₩ 268,843	₩-	₩ 9,457,512
Operating profit	₩ 648,369	₩ 128,099	₩ 1,712	₩ 1,686	₩ (42,091)	₩ 737,775
Total assets	₩12,046,199	₩1,885,480	₩ 111,710	₩ 109,815	₩(3,464,166)	₩ 10,689,038

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

30. Supplemental Cash Flow Information

Significant transactions not affecting cash flows for the years ended December 31, 2010 and 2009, are as follows:

<i>(in thousands of Korean won)</i>	2010	2009
Reclassification of current portion of long-term loans receivable	₩17,898,269	₩23,376,129
Reclassification of construction in-progress to property, plant and equipment	224,371,217	356,518,212
Reclassification of current portion of long-term debts	826,658,269	688,923,975
Write-off of assets	16,078,073	21,198,228
Transfer of preferred stock to common stock	2,665,865	5,095,205
Changes in capital surplus from the valuation of goodwill	-	3,364,163
Retirement of treasury stock	-	8,854,349
Changes in capital adjustments from the valuation of goodwill	13,138,365	15,873,159
Changes in accumulated other comprehensive income and expense due to valuation and disposal of equity-method investments	3,251,476	2,589,170
Changes in accumulated other comprehensive income and expense due to valuation and disposal of available-for-sale securities	713,457,629	37,164,925
Changes in accumulated other comprehensive income and expense due to valuation of derivative instruments	1,098,017	11,999,046
Changes in accumulated other comprehensive income and expense due to translation of foreign currency financial statements	17,359,782	305,588
Reclassification of severance insurance deposits to pension plan assets	8,975,218	-
Conversion on the convertible bonds of subsidiaries	10,000,000	-
Payment of bond with warrants	10,000,000	-

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

31. Discontinued operations

In 2010, CJIT2 Holdings Ltd. was excluded from the consolidated financial statements since CJ Internet Co., Ltd. disposed of all its shares in CJIT2 Holdings Ltd. Also, CJ International Asia Pte. Ltd. was excluded from the consolidated financial statements since PT. CJ Indonesia Ltd. disposed of all its shares in CJ International Asia Pte. Ltd.. In 2009, Sun TV Co., Ltd. was excluded from the consolidated financial statements since CJ Media Inc. disposed of all its shares in Sun TV Co., Ltd. Also, CJ Properties Co., Ltd. and Broadband Solutions Inc. were excluded from the consolidated financial statements due to liquidation.

Income statements of discontinued operations are as follows:

<i>(in thousands of Korean won)</i>	2010	2009
Sales	₩ 429,546,538	₩ 224,595,375
Cost of sales	293,798,293	181,183,849
Gross profit	135,748,245	43,411,526
Selling administrative expenses	132,706,054	49,038,043
Operating income(loss)	3,042,191	(5,626,517)
Non-operating income	25,295	2,497,741
Non-operating expenses	986,375	7,518,903
Income(loss) before income tax	2,081,111	(10,647,679)
Income tax expense	1,167,108	262,008
Net income(loss)	₩ 914,003	₩ (10,909,687)

32. Comprehensive Income

Comprehensive income for the years ended December 31, 2010 and 2009, consists of:

<i>(in thousands of Korean won)</i>	2010	2009
Parent interest in net income	₩173,726,035	₩ 189,208,951
Accumulated other comprehensive income and expense	728,663,952	(28,060,637)
Gain on valuation of derivative instruments	(134,231)	113,843
Loss on valuation of derivative instruments	1,232,248	11,885,203
Gain on valuation of available-for-sale securities	722,806,592	(45,011,909)
Loss on valuation of available-for-sale securities	(9,348,963)	7,846,984
Gain on valuation of equity method investments	(4,524,691)	807,651
Loss on valuation of equity-method investments	1,273,215	(3,396,821)
Translation of foreign currency financial statements	17,359,782	(305,588)
Parent interest in comprehensive income	₩902,389,987	₩ 161,148,314

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

33. Reclassification of prior year financial statements

Certain of accounts in the December 31, 2009 financial statements was reclassified to conform to the December 31, 2010 financial statement presentation. These reclassifications have no effect on previously reported net income or shareholders' equity.

34. Preparation for IFRS Adoption

1) Preparation for IFRS adoption and current status

Under the IFRS roadmap released in March 2007, financial reporting using the K-IFRS is to become mandatory for the Company beginning 2011. In 2008, the Company set up a team and appointed a consultant for the conversion of the Company's financial statements from KGAAP to K-IFRS. During the first phase of the conversion, the Company completed employee training and the analyses of major accounts. During the second phase, the Company identified possible solutions and determined the accounting policies where significant differences have been identified. On the third phase, the Company expects to prepare its financial statements under the K-IFRS after the conversion date.

2) Significant Differences in Accounting Policies

Significant differences between the accounting policies adopted by the Company under K-IFRS and those under the current Korean generally accepted accounting principles (K-GAAP) are enumerated below. The following may not include all the differences and the effects of the adoption may change after subsequent analysis of any amendment of the standards in the future:

Classification		K-GAAP	K-IFRS
The first adoption of K-IFRS	Business combinations	N/A	The exemptions for business combination apply to all business combinations that occurred before the date of transition(2010.1.1).
	Deemed cost	N/A	Certain land is measured at the date of transition at its fair value.
	Cumulative translation differences	N/A	The cumulative translation differences for all foreign operations are deemed to be nil at the date of transition.
	Employee benefits	N/A	The cumulative actuarial gains are recognized at the date of transition.
	Capitalization of borrowing cost	N/A	Capitalize borrowing cost on qualifying assets acquired after the date of transition.
Investment in subsidiaries, joint ventures and associates under separate financial statements		Apply equity method in the investment in subsidiaries, joint ventures and associates.	Apply cost-value method in the investment in subsidiaries, joint ventures and associates.
Changes in consolidated companies		Under current accounting standards, a subsidiary whose total assets are less	Regardless of the size of the subsidiary, a subsidiary over

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

	than ₩10 billion is excluded from consolidation.	which a parent company has control is included in consolidation.
Capitalization of borrowing cost	Borrowing costs shall be expensed.	Borrowing costs that are directly attributable to acquisition, construction or production of qualifying assets shall be capitalized as part of the cost of that asset.
Transfer of financial assets	Derecognized when its right and obligation are transferred.	Derecognized when the Company has substantially transferred all risks and rewards.
Financial assets and liabilities	Financial assets and liabilities with long-term maturities are recognized at the present value when the difference between the nominal amount and present value is considered to be significant.	Financial assets classified as loans and receivables shall be measured at fair value. The difference between the nominal amount and fair value shall be amortized using the effective interest rate method. Other financial liabilities shall be measured by using the effective interest-rate method.
Employment benefits	Accrued severance benefits represent then amount which would be payable assuming all eligible directors and employees were to terminate their employment at each closing date.	Defined benefit obligation is estimated using actuarial valuation.
Goodwill	Goodwill is amortized using the straight-line method. Negative goodwill is reversed during the weighted average useful life of non-monetary assets.	Goodwill shall not be amortized, but be subject to regular impairment testing. The gain from a bargain purchase is recognized in profit on the acquisition date.
Reclassification of investment property	Investment properties shall be classified as fixed asset.	Property held to earn rentals or for capital appreciation or both shall be classified as an investment property.
Intangible assets with indefinite useful life	Amortize over reasonable period less than 20 years unless it is defined otherwise by law or contract.	An intangible asset with an indefinite useful life shall not be amortized but be subject to regular impairment testing.
Memberships	Memberships shall be classified as long-term deposit under non-current asset.	Memberships shall be classified as intangible assets with indefinite useful life.
Hedge accounting	Hedge accounting shall be applied by using the short-cut method.	As the use of the short-cut method is not allowed, hedge accounting shall not be applicable.
Convertible bonds	Convertible bonds shall be accounted for as general bonds.	Convertible rights shall be classified as embedded derivatives and hedge accounting shall be applied.
Convertible redeemable preferred stocks	Convertible redeemable preferred stocks shall be classified as equity.	Convertible redeemable preferred stocks are recognized as financial liability at the initial point of recognition with the remaining interest to be classified as equity.

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

Deferred taxes on investments	<p>Deferred tax asset or liability is determined and recognized by the net amount of temporary differences from each investment.</p> <p>Deferred tax assets and liabilities are either classified as current or non-current based on the classification of their underlying assets and liabilities. If there are no corresponding assets or liabilities, deferred tax assets and liabilities are classified based on the periods the temporary differences are expected to reverse.</p> <p>Deferred income tax assets and liabilities for provision for advanced depreciation on re-valued land shall not be recognized.</p>	<p>Deferred tax asset and liability are recognized by reflecting the tax consequences of each temporary difference.</p> <p>Deferred tax assets and liabilities are classified as non-current on the statement of financial position.</p> <p>Deferred income tax assets and liabilities for provision for advanced depreciation on re-valued land shall be recognized.</p>
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3) Changes in the Scope of Consolidation

As of the end of the reporting period, the following are the changes in the scope of consolidation as a result of the adoption of K-IFRS:

Under K-GAAP	Under K-IFRS	Difference
-	<p>Sinuido Solar Salt Corp., Super Race Co., Ltd.(formerly KGTCR Co., Ltd.), 4D Plex Co., Ltd., E&C Infra Co., Ltd. Good Concert, Co., Ltd., Clip Service Co., Ltd., International Media Genius Co., Ltd., KMTV Co., Ltd., Mbaro Inc., CJ HelloVision Daegu Donggu Broadcasting Co. Ltd.(formerly Donggu Cable Broadcasting Co., Ltd.), CJ CNGCK Korea Co., Ltd., CJ Foodville Asia Pte. Ltd., CJ Changsha Feed Co., Ltd., CJ Food Service(Shanghai) Co., Ltd., CJ Tianjin Feed Co., Ltd., CJ Harbin Feed Co., Ltd., CJ Qingdao Foods Co., Ltd., Beijing Hasunjung General Food Co., Ltd., CJ Zhengzhou Feed Co., Ltd., CJ Nanjing Feed Co., Ltd., CJ Chengdu Feed Co., Ltd., PT. Agrobis Panca Ekatama, CJ Omni Inc., Tous Les Jours U.S.A. L.L.C., Tous Les Jours International Corp., CJ Feed India Private Ltd., CJ Vina Food Co., Ltd., CJ GLS Philippines Inc., EC Distribution Sdn. Bhd., CJ GLS</p>	<p>Under the current accounting standard, subsidiaries of which assets as of prior period are below ₩10 billion were excluded from consolidation coverage. Whereas under K-IFRS all subsidiaries are included in the consolidation coverage.</p>

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

	China(Shanghai) Co., Ltd., CJ GLS Central America, S.A. DE. CV., EC Logistics (M) Sdn. Bhd., Kwik Enterprise Sdn. Bhd., Conpac Warehousing Pte. Ltd., Quick Logistics (M) Sdn. Bhd., CJ GLS Netherlands B.V., CJ GLS(Shenzhen) Co., Ltd., CJ GLS Inc.(Qingdao), Imaginasian Entertainment Inc., CJ CGV America LA, L.L.C., CJ CGV America LA L.L.C., CJ CGV Holdings Ltd., CJ CGV America Holdings Inc., CJ Century Entertainment & Media Consulting Co., Ltd., CJ Food Court L.L.C., CJ Food Service Co., Ltd., CJ Beijing Bakery Co., Ltd., CJ Bakery Vietnam Co., Ltd., CJ International Trading Co., Ltd., CJ GLS Vietnam Co., Ltd., CJ Entertainment Japan Inc., Shanghai CGV Media Consulting Co., Ltd., CJ GLS (VN) Freight Co., Ltd.	
-	CJC the First Securitization Specialty L.L.C., CJ CATV the Second Securitization Specialty Co., Ltd.	Under the current accounting standard, special purpose companies were excluded from consolidation coverage. Whereas under K-IFRS all special purpose companies are included in consolidation coverage.
-	EPLAYon Inc.	Under the current accounting standard, corporations held for liquidation were excluded from consolidation coverage. Whereas under K-IFRS, all special purpose companies are included in consolidation coverage.

35. Subsequent Event

CJ E&M Inc. entered into an agreement to merge with CJ On Media Co., Ltd., CJ Internet Co., Ltd., M-net Media Co., Ltd., CJ Media Corp. and CJ Entertainment as approved by its the Board of Directors on December 30, 2010, and the merger was completed on March 3, 2011.