

CJ Corporation and Subsidiaries

Consolidated Financial Statements

December 31, 2011 and 2010, and January 1, 2010

CJ Corporation and Subsidiaries

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December 31, 2011 and 2010, and January 1, 2010

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Report of Independent Auditors

To the Board of Directors and Shareholders of
CJ Corporation

We have audited the accompanying consolidated statements of financial position of CJ Corporation (“the Company”) and its subsidiaries (collectively referred to as “the Group”) as of December 31, 2011 and 2010, and January 1, 2010, and the related statements of income, comprehensive income, changes in equity and cash flows for the years ended December 31, 2011 and 2010, expressed in Korean won. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of CJ O Shopping Co., Ltd. and certain other 64 subsidiaries (December 31, 2010: 27; January 1, 2010: 19), whose financial statements represent 54% of the Group’s consolidated total assets as of December 31, 2011 (December 31, 2010: 35%; January 1, 2010: 32%), and 48% of the Group’s consolidated total sales for the year then ended (2010: 42%). These statements were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for those companies, is based solely on the reports of the other auditors.

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

*Samil PricewaterhouseCoopers, LS Yongsan Tower, 191, Hangangno 2-ga, Yongsan-gu,
Seoul 140-702, Korea (Yongsan P.O Box 266, 140-600), www.samil.com*

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements, referred to above, present fairly, in all material respects, the financial position of CJ Corporation and its subsidiaries as of December 31, 2011 and 2010, and January 1, 2010, and their financial performance and cash flows for the years ended December 31, 2011 and 2010, in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("Korean-IFRS").

Auditing standards and their application in practice vary among countries. The procedures and practices used in the Republic of Korea to audit such financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report is for use by those who are informed about Korean auditing standards and their application in practice.

Samil PricewaterhouseCoopers

Seoul, Korea
March 22, 2012

This report is effective as of March 22, 2012, 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
Consolidated Statements of Financial Position
December 31, 2011 and 2010, and January 1, 2010

<i>(in thousands of Korean won)</i>	Notes	December 31, 2011	December 31, 2010	January 1, 2010
Assets				
Current assets				
Cash and cash equivalents	6	₩ 1,446,607,500	₩ 1,207,683,096	₩ 1,214,674,234
Short-term financial instruments	6,7	227,141,182	474,748,905	811,714,237
Short-term loans receivable	6	69,457,854	46,976,649	49,471,383
Trade receivables	6,8	1,917,411,377	1,171,933,385	1,078,228,752
Other current financial assets	6,8,9	415,052,739	286,212,761	223,035,182
Advance payments		229,913,409	134,883,929	130,243,348
Inventories	10	1,338,204,012	993,188,483	767,402,654
Biological assets	11	10,642,741	10,044,238	10,610,647
Other current assets	12	150,882,867	111,588,547	105,597,269
		<u>5,805,313,681</u>	<u>4,437,259,993</u>	<u>4,390,977,706</u>
Non-current assets held for sale and discontinued operations	13	<u>117,686,414</u>	<u>15,519,406</u>	<u>18,003,175</u>
Non-current assets				
Non-current available-for-sale financial assets	6,14	993,170,255	1,450,845,133	203,031,629
Investment in associates and jointly controlled entities	15	391,949,246	209,162,718	164,067,742
Property, plant and equipment	16,18	7,359,253,700	4,952,179,050	4,599,214,823
Intangible assets	17,18	3,628,098,402	1,890,203,007	1,443,026,478
Investment property	19	395,918,118	219,203,015	233,192,879
Other non-current financial assets	6,8,9	451,035,227	353,935,429	413,504,678
Deferred income tax assets	23	171,407,227	76,930,873	64,857,435
Other non-current assets	12	342,242,823	195,372,907	179,185,438
		<u>13,733,074,998</u>	<u>9,347,832,132</u>	<u>7,300,081,102</u>
Total assets		<u>₩19,656,075,093</u>	<u>₩13,800,611,531</u>	<u>₩11,709,061,983</u>

CJ Corporation
Consolidated Statements of Financial Position
December 31, 2011 and 2010, and January 1, 2010

Liabilities	Notes	December 31, 2011	December 31, 2010	January 1, 2010
Current liabilities				
Trade payables	6	₩ 857,107,193	₩ 584,595,313	₩ 508,220,756
Short-term borrowings	6,20	2,763,622,287	1,736,360,797	1,720,484,430
Current portion of debentures and non-current borrowings	6,20,21	1,192,993,056	998,497,684	840,070,475
Non-trade payables	6	661,055,135	510,855,318	411,071,218
Other current financial liabilities	6,9	600,995,570	443,783,687	358,268,698
Income taxes payable		264,345,340	230,481,820	48,739,433
Current provisions for liabilities and charges	24	10,182,161	5,557,786	5,083,428
Other current liabilities	12	532,378,741	418,749,132	459,120,743
		<u>6,882,679,483</u>	<u>4,928,881,537</u>	<u>4,351,059,181</u>
Non-current liabilities held for sale and discontinued operations	13	64,572,766	-	-
Non-current liabilities				
Non-current borrowings	6,20	1,991,558,085	547,903,147	971,211,777
Debentures	6,21	1,842,001,815	1,225,308,533	1,510,504,253
Deposits received	6	90,118,496	108,003,561	157,400,107
Other non-current financial liabilities	6,9	31,753,084	17,509,247	18,198,463
Retirement benefit liabilities	22	178,446,572	78,907,537	78,432,008
Deferred income tax liabilities	23	789,853,066	688,057,998	365,280,275
Non-current provisions for liabilities and charges	24	7,322,652	5,542,018	5,271,360
Other non-current liabilities	12	213,735,515	189,191,774	175,259,267
		<u>5,144,789,285</u>	<u>2,860,423,815</u>	<u>3,281,557,510</u>
Total liabilities		<u>12,092,041,534</u>	<u>7,789,305,352</u>	<u>7,632,616,691</u>
Equity				
Equity attributable to owners of the Company				
Capital stock	25	156,990,135	156,895,975	156,783,915
Paid-in capital in excess of par value	25	975,800,865	974,696,756	973,308,062
Other components of equity	27	33,080,237	432,424,081	(309,737,350)
Retained earnings	28	1,895,258,230	1,564,147,493	1,371,548,152
Non-controlling interest		<u>4,502,904,092</u>	<u>2,883,141,874</u>	<u>1,884,542,513</u>
Total equity		<u>7,564,033,559</u>	<u>6,011,306,179</u>	<u>4,076,445,292</u>
Total liabilities and equity		<u>₩19,656,075,093</u>	<u>₩13,800,611,531</u>	<u>₩11,709,061,983</u>

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

CJ Corporation
Consolidated Statements of Income
Years Ended December 31, 2011 and 2010

<i>(in thousands of Korean won)</i>	Notes	2011	2010
Sales	5	₩ 13,271,073,391	₩ 11,615,503,495
Cost of sales	29	<u>8,689,223,324</u>	<u>7,481,766,481</u>
Gross income		4,581,850,067	4,133,737,014
Selling and administrative expenses	29,30	(3,688,701,392)	(3,242,651,599)
Other operating income	31	166,140,915	146,362,032
Other operating expenses	31	(151,718,708)	(203,996,861)
Operating income	5,32	<u>907,570,882</u>	<u>833,450,586</u>
Financial income	33	614,286,988	873,292,465
Financial expenses	33	(445,882,404)	(481,700,576)
Share of profit of associates and jointly controlled entities	15	410,574	2,037,589
Other non-operating gains(losses), net		(43,420,032)	(69,349,356)
Profit before income tax		<u>1,032,966,008</u>	<u>1,157,730,708</u>
Income tax expense	34	296,817,363	361,205,845
Profit for the year		<u>736,148,645</u>	<u>796,524,863</u>
Owners of the Company in profit for the year		369,046,965	231,527,677
Non-controlling interests in profit for the year		367,101,680	564,997,186
Earnings per share attributable to the equity holders of the Company during the year	35		
Basic earnings per common share		13,147	8,293
Diluted earnings per common share		13,142	8,288
Basic earnings per preferred share		13,197	8,343
Diluted earnings per preferred share		13,192	8,338

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

CJ Corporation
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2011 and 2010

	Notes	2011	2010
Profit for the year		₩ 736,148,645	₩ 796,524,863
Other comprehensive income			
Change in value of available-for-sale financial assets		(471,267,321)	979,013,320
Share of other comprehensive loss of associates and jointly controlled entities		(5,918,888)	(2,573,645)
Translation of foreign currency financial statements		34,125,032	(6,341,444)
Gain(loss) on valuation of derivative instruments	9	1,230,778	(2,007,287)
Actuarial loss on post employment benefit obligations	22	(26,965,007)	(29,563,016)
Other comprehensive loss for the year, net of tax		<u>(468,795,406)</u>	<u>938,527,928</u>
Comprehensive income for the year		<u>₩ 267,353,239</u>	<u>₩ 1,735,052,791</u>
Attributable to :			
Equity holders of the Company		19,734,639	933,513,102
Non-controlling interests		247,618,600	801,539,689

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

CJ Corporation
Consolidated Statements of Changes in Equity
Years Ended December 31, 2011 and 2010

	Notes	Attributable to equity holders of the Company				Non-controlling	Total Equity	
		Capital stock	Capital surplus	Other components of equity	Retained earnings	total		interest
<i>(in thousands of Korean won)</i>								
Balances as of January 1, 2010		₩ 156,783,915	₩ 973,308,062	₩ (309,737,350)	₩1,371,548,152	₩ 2,191,902,779	₩ 1,884,542,513	₩ 4,076,445,292
Comprehensive income								
Profit for the year		-	-	-	231,527,677	231,527,677	564,997,186	796,524,863
Gain in valuation of available-for-sale financial assets		-	-	724,220,035	-	724,220,035	254,793,285	979,013,320
Share of other comprehensive loss of associates and jointly controlled entities		-	-	(2,506,908)	-	(2,506,908)	(66,737)	(2,573,645)
Translation of foreign currency financial statements		-	-	(2,518,487)	-	(2,518,487)	(3,822,957)	(6,341,444)
Loss on valuation of derivative instruments	9	-	-	(714,330)	-	(714,330)	(1,292,957)	(2,007,287)
Actuarial loss on post employment benefit obligations	22	-	-	-	(16,494,885)	(16,494,885)	(13,068,131)	(29,563,016)
Total comprehensive income for the year		-	-	718,480,310	215,032,792	933,513,102	801,539,689	1,735,052,791
Transactions with equity holders of the Group								
Issuance of common share due to exercise of share options		112,060	1,388,694	(401,302)	-	1,099,452	-	1,099,452
Share-based payments		-	-	1,710,505	-	1,710,505	-	1,710,505
Cash dividends	36	-	-	-	(22,433,451)	(22,433,451)	(38,055,147)	(60,488,598)
Others		-	-	1,433,535	-	1,433,535	3,174,428	4,607,963
Non-controlling interest arising on business combination		-	-	-	-	-	122,657,633	122,657,633
Changes in ownership interests in subsidiaries without change of control	40	-	-	20,938,383	-	20,938,383	109,282,758	130,221,141
Total transaction with equity holders of the Group, recognized in Equity		112,060	1,388,694	23,681,121	(22,433,451)	2,748,424	197,059,672	199,808,096
Balances as of December 31, 2010		₩ 156,895,975	₩ 974,696,756	₩ 432,424,081	₩1,564,147,493	₩ 3,128,164,305	₩ 2,883,141,874	₩ 6,011,306,179

CJ Corporation
Consolidated Statements of Changes in Equity
Years Ended December 31, 2011 and 2010

	Notes	Attributable to equity holders of the Company				total	Non-controlling interest	Total Equity
		Capital stock	Capital surplus	Other components of equity	Retained earnings			
<i>(in thousands of Korean won)</i>								
Balances as of January 1, 2011		₩ 156,895,975	₩ 974,696,756	₩ 432,424,081	₩1,564,147,493	₩ 3,128,164,305	₩ 2,883,141,874	₩6,011,306,179
Comprehensive income								
Profit for the year		-	-	-	369,046,965	369,046,965	367,101,680	736,148,645
Loss on valuation available-for-sale financial assets		-	-	(346,095,570)	-	(346,095,570)	(125,171,751)	(471,267,321)
Share of other comprehensive loss of associates and jointly controlled entities		-	-	(2,046)	-	(2,046)	(5,916,842)	(5,918,888)
Translation of foreign currency financial statements		-	-	11,475,294	-	11,475,294	22,649,738	34,125,032
Gain on valuation of derivative instruments	9	-	-	794,847	-	794,847	435,931	1,230,778
Actuarial loss on post employment benefit obligations	22	-	-	-	(15,484,852)	(15,484,852)	(11,480,155)	(26,965,007)
Total comprehensive income for the year		-	-	(333,827,475)	353,562,113	19,734,638	247,618,601	267,353,239
Transactions with equity holders of the Group								
Issuance of common share due to exercise of share options		94,160	1,104,109	(289,481)	-	908,788	-	908,788
Share-based payments		-	-	1,710,505	-	1,710,505	-	1,710,505
Disposal of treasury stock		-	-	24,264,200	-	24,264,200	-	24,264,200
Cash dividends	36	-	-	-	(22,451,376)	(22,451,376)	(44,158,187)	(66,609,563)
Others		-	-	690,293	-	690,293	(751,212)	(60,919)
Non-controlling interest arising on business combination		-	-	-	-	-	1,713,909,563	1,713,909,563
Changes in ownership interests in subsidiaries without change of control	40	-	-	(91,891,886)	-	(91,891,886)	(296,856,547)	(388,748,433)
Total transaction with equity holders of the Group, recognized in Equity		94,160	1,104,109	(65,516,369)	(22,451,376)	(86,769,476)	1,372,143,617	1,285,374,141
Balances as of December 31, 2011		₩ 156,990,135	₩ 975,800,865	₩ 33,080,237	₩1,895,258,230	₩ 3,061,129,467	₩ 4,502,904,092	₩7,564,033,559

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

CJ Corporation
Consolidated Statements of Cash Flows
Years Ended December 31, 2011 and 2010

<i>(in thousands of Korean won)</i>	Notes	2011	2010
Cash flows from operating activities			
Cash generated from operations	37	₩ 904,275,691	₩ 1,129,055,911
Income tax paid		(334,586,738)	(130,326,955)
Net cash generated from operating activities		<u>569,688,953</u>	<u>998,728,956</u>
Cash flows from investing activities			
Interest received		51,286,634	61,549,153
Dividends received		27,520,716	26,545,282
Decrease in financial instruments, net		303,607,191	420,867,012
Decrease in loans receivable		114,761,663	133,975,969
Increase in loans receivable		(91,467,921)	(117,026,327)
Proceeds from disposal of available-for-sale financial assets	14	372,913,790	549,320,656
Purchase of available-for-sale financial assets	14	(14,833,925)	(13,309,072)
Proceeds from disposal of associates and jointly controlled entities	15	2,978,335	850,437
Purchase of associates and jointly controlled entities	15	(100,137,726)	(29,697,386)
Proceeds from disposal of property, plant and equipment	16	37,777,717	65,610,344
Purchase of property, plant and equipment	16	(1,188,701,685)	(712,221,929)
Proceeds from disposal of intangible assets	17	16,970,471	8,608,240
Purchase of intangible assets	17	(529,267,758)	(199,305,966)
Proceeds from disposal of investment property	19	10,134,437	35,162,757
Purchase of investment property	19	(41,075,094)	(15,044,340)
Decrease in derivative instruments		56,125,846	14,048,729
Increase in derivative instruments		(35,757,700)	(2,794,564)
Proceeds from disposal of other financial assets		116,015,142	44,281,646
Purchase of other financial assets		(70,325,061)	(63,954,993)
Proceeds from disposal of other assets		530,202	10,122,523
Purchase of other assets		(24,473,464)	(29,511,930)
Proceeds from disposal of subsidiaries		1,330,276	(12,065,874)
Acquisition of subsidiaries, net of cash acquired		(1,636,707,511)	(410,256,938)
Net cash used in investing activities		<u>(2,620,795,425)</u>	<u>(234,246,571)</u>
Cash flows from financing activities			
Interest paid		(161,923,040)	(203,650,925)
Dividends paid	36	(22,451,376)	(22,433,451)
Proceeds from issuance of short-term borrowings		8,362,218,210	891,393,171
Repayment of short-term borrowings		(8,113,289,810)	(1,516,363,673)
Proceeds from issuance of non-current borrowings		1,562,210,869	211,524,115

CJ Corporation
Consolidated Statements of Cash Flows
Years Ended December 31, 2011 and 2010

<i>(in thousands of Korean won)</i>	Notes	2011	2010
Repayment of non-current borrowings	₩	(146,856,996)	₩ (27,701,085)
Proceeds from issuance of debentures		1,285,273,067	219,807,950
Repayment of debentures		(312,180,600)	(241,385,713)
Increase in deposits received for initiation fee		4,620,000	18,670,000
Decrease in deposits received for initiation fee		(16,000,570)	(6,400,000)
Decrease in derivative instruments		(475,400)	-
Proceeds from exercise of share options		908,788	1,099,452
Debenture issuance costs		-	(612,963)
Change from other financing activities		(983,986)	188,035
Increase in non-controlling interests		72,970,005	9,545,056
Decrease in non-controlling interests		(188,040,988)	(68,449,689)
Dividends paid to non-controlling interests		(44,158,187)	(38,055,147)
Net cash provided by(used in) financing activities		<u>2,281,839,986</u>	<u>(772,824,867)</u>
Net increase(decrease) in cash and cash equivalents		<u>230,733,514</u>	<u>(8,342,482)</u>
Cash and cash equivalents at the beginning of year		1,207,683,096	1,214,674,234
Exchange losses on cash and cash equivalents		8,562,001	1,351,344
Cash and cash equivalents at the end of year		<u>1,446,978,611</u>	<u>1,207,683,096</u>
Cash and cash equivalents classified as disposal groups as held for sale		<u>(371,111)</u>	<u>-</u>
Cash and cash equivalents on the consolidated statement of Financial Position at the end of year	₩	<u>1,446,607,500</u>	₩ <u>1,207,683,096</u>

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

CJ Corporation and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2011 and 2010, and January 1, 2010

1. General Information

CJ Corporation (the "Company") and 69 domestic entities, including CJ CheilJedang Corp., and 104 foreign entities, including PT Cheiljedang Indonesia (PT CJI), (the "Subsidiaries")(collectively referred to as the "Group") with its equity method investments in MBC Plus media Co., Ltd. and other 84 entities, prepare its consolidated financial statements in accordance with Korean-IFRS1027, *Consolidated and Separate Financial Statement*.

CJ Corporation (the "Company") was incorporated in 1953 with capital of ₩2 million. The Company was listed in the Korean Stock Exchange in 1973 and on September 1, 2007, the Company executed the split-off of its investments in subsidiaries and manufacturing divisions. Consequently, the Company became to a holding company managing investments.

As of December 31, 2011, capital stock amounts to ₩156,990 million, and its majority shareholder is Mr. Lee Jae Hyun, who owns 42.34% of the outstanding shares.

Subsidiaries included in the consolidated financial statements as of December 31, 2011, are as follows:

Subsidiaries	Percentage of ownership (%)	Location	Division
CJ Cheil Jedang Corp. ¹	38.77	Korea	Food and food service, biotechnology
CJ Freshway Co., Ltd.	55.86	Korea	Food and food service
CJ Foodville Co., Ltd.	96.29	Korea	Food and food service
Sinuido Solar Salt Corporation	88.03	Korea	Food and food service
Superfeed Co., Ltd.	99.99	Korea	Food and food service
Dondonfarm Co., Ltd.	100.00	Korea	Food and food service
CJ Seafood Corp. ¹	46.52	Korea	Food and food service
CJ MD1 Co., Ltd.	100.00	Korea	Food and food service
CJ N City Co., Ltd.	100.00	Korea	Food and food service
Wooseong Co., Ltd. ³	100.00	Korea	Food and food service
Youngwoo Frozen Foods Co., Ltd. ³	97.75	Korea	Food and food service
CJ Hellovision Co., Ltd.	69.19	Korea	Entertainment and media
Superace Co., Ltd.	98.79	Korea	Entertainment and media
SA Management Co., Ltd.	66.94	Korea	Entertainment and media
CJ Powercast Inc.	60.00	Korea	Entertainment and media
Primuscinema Co., Ltd.	100.00	Korea	Entertainment and media
CJIG. Co., Ltd.	100.00	Korea	Entertainment and media
Anipark Co., Ltd.	52.54	Korea	Entertainment and media
CJ CGV Co., Ltd. ¹	40.06	Korea	Entertainment and media
4DPLEX Co., Ltd.	92.72	Korea	Entertainment and media
Goodconcert Co., Ltd.	100.00	Korea	Entertainment and media
Clipservice Inc.	51.68	Korea	Entertainment and media
International Media Genius Co., Ltd.	100.00	Korea	Entertainment and media
CJ Sports Co., Ltd.	100.00	Korea	Entertainment and media

CJ Corporation and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2011 and 2010, and January 1, 2010

Subsidiaries	Percentage of ownership (%)	Location	Division
KM TV Co., Ltd.	100.00	Korea	Entertainment and media
MBARO Inc. ¹	42.06	Korea	Entertainment and media
Seed9 Entertainment Corp.	53.01	Korea	Entertainment and media
Mediaweb Corp.	68.84	Korea	Entertainment and media
Korea BadooK Television. Inc.	66.21	Korea	Entertainment and media
Orion Cinema Network, Co., Ltd.	90.27	Korea	Entertainment and media
On Game Network Inc.	86.73	Korea	Entertainment and media
CJ Hellovision Youngdong Broadcasting Co., Ltd.	100.00	Korea	Entertainment and media
CJ Hellovision Daegu Suseong Broadcasting Co., Ltd.	100.00	Korea	Entertainment and media
CJ Hellovision Daegu Donggu Broadcasting Co., Ltd.	100.00	Korea	Entertainment and media
CJ Hellovision Ara Broadcasting Co., Ltd.	100.00	Korea	Entertainment and media
CJ E&M Corporation	40.59	Korea	Entertainment and media
CJ Game Lab Corp. (formerly GHHI Co., Ltd.)	53.03	Korea	Entertainment and media
CJ NGC Korea Co., Ltd.	67.00	Korea	Entertainment and media
N2play Co., Ltd. ³	51.00	Korea	Entertainment and media
CJ Games Corporation ³	100.00	Korea	Entertainment and media
CJC 1st Asset Securitization Specialty Co., Ltd.	1.00	Korea	Entertainment and media
CJ CATV 2nd Co., Ltd. ²	-	Korea	Entertainment and media
Gyeongpo Engineering Co., Ltd. ^{3 4}	66.70	Korea	Entertainment and media
Dongyang Cable Telecommunication Co., Ltd.	100.00	Korea	Entertainment and media
Myungsung Enterprise Co., Ltd	100.00	Korea	Entertainment and media
Korea Pohang Cable TV Co., Ltd. ^{3 4}	100.00	Korea	Entertainment and media
Okmyung Development Co., Ltd.	100.00	Korea	Entertainment and media
Pohang Total Cable Broadcasting Co., Ltd. ^{3 4}	97.46	Korea	Entertainment and media
CJ Hellovision Silla Broadcasting Co., Ltd.	100.00	Korea	Entertainment and media
Jamstudio Co., Ltd.	51.02	Korea	Entertainment and media
AZworks Inc.	98.33	Korea	Entertainment and media
Nurien soft Co., Ltd. ³	52.00	Korea	Entertainment and media
CJ O Shopping Co., Ltd. ¹	41.03	Korea	New distribution
CJ Telenix Co., Ltd.	100.00	Korea	New distribution
CJ GLS Inc.	93.15	Korea	New distribution
CJ Olive Young Co., Ltd.	100.00	Korea	New distribution
E&C Infra Co., Ltd.	100.00	Korea	New distribution
Korea Express Co., Ltd.	52.70	Korea	New distribution
Korea Express Busan Container Terminal Co., Ltd. ³	66.04	Korea	New distribution
Korea Express Busan Newport District Park Co., Ltd.	84.36	Korea	New distribution
Korea Express Incheon Container Terminal Co., Ltd. ³	100.00	Korea	New distribution
Korea Integrated Freight Terminal Co., Ltd. ³	88.89	Korea	New distribution
Jung-bu Integrated Freight Terminal Co., Ltd. ³	53.55	Korea	New distribution

CJ Corporation and Subsidiaries
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Subsidiaries	Percentage of ownership (%)	Location	Division
PECT New Container Terminal Co., Ltd.	90.00	Korea	New distribution
CJ Educations Corporation ³	70.00	Korea	New distribution
CJ Systems Co., Ltd.	66.32	Korea	Synergy and infrastructure
CJ Development Co., Ltd.	99.94	Korea	Synergy and infrastructure
WhasungBongdam PFV Co., Ltd.	82.46	Korea	Synergy and infrastructure
CJ Venture Investment No.13 - New Industry ³	95.00	Korea	Synergy and infrastructure
CJ America Inc.	100.00	USA	Food and food service, biotechnology
CJ Changsha Feed Co., Ltd.	100.00	China	Food and food service
CJ Food Service(Shanghai) Co., Ltd.	100.00	China	Food and food service
CJ Shenyang Feed Co., Ltd.	100.00	China	Food and food service
CJ Tianjin Feed Co., Ltd.	100.00	China	Food and food service
CJ Harbin Feed Co., Ltd.	100.00	China	Food and food service
CJ Qingdao Feed Co., Ltd.	100.00	China	Food and food service
Beijing Hasunjung CJ Food Co., Ltd.	100.00	China	Food and food service
CJ Beijing Beverage & Foods Co., Ltd.	100.00	China	Food and food service
CJ Qingdao Foods Co., Ltd.	100.00	China	Food and food service
CJ Zhengzhou Feed Co., Ltd.	100.00	China	Food and food service
CJ Nanjing Feed Co., Ltd.	100.00	China	Food and food service
CJ Chengdu Feed Co., Ltd.	100.00	China	Food and food service
CJ Nutracon Pty.	100.00	Australia	Food and food service
CJ Philippines, Inc.	70.00	Philippines	Food and food service
PT. CheilJedang. Superfeed	100.00	Indonesia	Food and food service
PT. CJ Feed Jonmbang	100.00	Indonesia	Food and food service
PT Agrobis Panca Ekatama	100.00	Indonesia	Food and food service
PT. Super Unggas Jaya	100.00	Indonesia	Food and food service
CJ Vina Agri Co., Ltd.	100.00	Vietnam	Food and food service
CJ Omni, Inc.	100.00	USA	Food and food service
Tous Les Jours International Corp.	100.00	USA	Food and food service
CJ Feed India. Private Ltd.	100.00	India	Food and food service
CJ Pharma Research India Ltd.	100.00	India	Food and food service
CJ Food Festa Co., Ltd.	99.55	Japan	Food and food service
CJ Vina Food Co., Ltd.	100.00	Vietnam	Food and food service
CJ Foodville Asia Pte. Ltd.	100.00	Singapore	Food and food service
CJ Japan Corp.	100.00	Japan	Food and food service
CJ Global Holdings Ltd.	100.00	Hongkong	Food and food service
CJ Bakery, Inc.	100.00	USA	Food and food service
CJ Beijing Bakery Co., Ltd.	100.00	China	Food and food service
CJ Bakery Vietnam Co., Ltd.	100.00	Vietnam	Food and food service
CJ Se Asia Pte. Ltd. ³	100.00	Singapore	Food and food service
CJ DCH Guangdong Frozen Food Co., Ltd. ³	60.00	China	Food and food service
CJ(Changchun)Feed Co., Ltd. ³	100.00	China	Food and food service
CJ Food Europe Ltd. ³	100.00	UK	Food and food service
Fides Food System Co., Ltd. ³	100.00	Vietnam	Food and food service
CJ (Liaocheng) Feed Co., Ltd. ³	100.00	China	Food and food service

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CJ Liaocheng Biotech Co., Ltd.	100.00	China	Biotechnology
Shenyang Jilong Corn Biotech Co., Ltd.	100.00	China	Biotechnology
PT Cheil Jedang Indonesia	100.00	Indonesia	Biotechnology
CJ Europe GmbH	100.00	Germany	Biotechnology
CJ China, Ltd.	100.00	China	Biotechnology
CJ DO Brazil IND. COM. PROD. ALIM. Ltda.	100.00	Brazil	Biotechnology
Liaocheng Lantian Congeneration Plant Co., Ltd.	100.00	China	Biotechnology
CJ International Trading Co., Ltd.	100.00	Taiwan	Biotechnology
CJ Bio Malaysia Sdn. Bhd. ³	100.00	Malaysia	Biotechnology
CJ E&M Broadcasting Inc.	60.00	Japan	Entertainment and media
Shanghai CJ CGV Media Consulting Co., Ltd.	100.00	China	Entertainment and media
Imagin Asian Entertainment, Inc.	70.52	USA	Entertainment and media
Lee Entertainment LLC.	99.36	USA	Entertainment and media
CJ CGV America LA .LLC.	100.00	USA	Entertainment and media
CJ CGV Holdings Ltd.	100.00	Hongkong	Entertainment and media
CJ CGV America Holdings, Inc.	100.00	USA	Entertainment and media
CJ Century Entertainment & Media Consulting Co., Ltd.	100.00	China	Entertainment and media
CJ Internet Japan Co., Ltd.	55.00	Japan	Entertainment and media
CJ Entertainment America LLC.	100.00	USA	Entertainment and media
CJ Media Japan Co., Ltd. ¹	45.71	Japan	Entertainment and media
UVD Enterprise Ltd. ³	100.00	Hongkong	Entertainment and media
Envoy Media Partners Ltd. ³	92.00	Virgin Islands	Entertainment and media
Megastar Media Co., Ltd. ³	80.00	Vietnam	Entertainment and media
CGV (Shen Yang) Film Investment Management Co.,Ltd. ³	100.00	China	Entertainment and media
CJ E&M Broadcasting Inc.	100.00	Japan	Entertainment and media
Panjin CJ CGV Film Investment Management Co., Ltd. ³	100.00	China	Entertainment and media
CJ CGV (Harbin) International Cinema Co., Ltd. ³	100.00	China	Entertainment and media
CJ Theater LA Holdings, Inc. ³	100.00	USA	Entertainment and media
CGV (Shang Hai) Film Culture Consulting Co., Ltd. ³	100.00	China	Entertainment and media
CJ GLS Malaysia Sdn. Bhd.	100.00	Malaysia	New distribution
PT. CJ GLS Indonesia	95.00	Indonesia	New distribution
EC Distribution Sdn. Bhd.	100.00	Malaysia	New distribution
CJ GLS Philippines Inc.	100.00	Philippines	New distribution
CJ Home Shopping Co., Ltd. (Shanghai, China)	100.00	China	New distribution
CJ GLS (Hong Kong) Ltd.	100.00	Hongkong	New distribution
EC Service Enterprise Sdn. Bhd.	100.00	Malaysia	New distribution
CJ GLS China (Shanghai) Ltd.	100.00	China	New distribution
CJ GLS Central America, S.A. DE. CV.	99.90	Mexico	New distribution
EC Logistics(M) Sdn. Bhd.	100.00	Malaysia	New distribution
Kwik Enterprise Sdn. Bhd.	100.00	Malaysia	New distribution

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Subsidiaries	Percentage of ownership (%)	Location	Division
Conpac Warehousing Pte. Ltd.	100.00	Singapore	New distribution
Quick Logistics(M) Sdn. Bhd.	100.00	Malaysia	New distribution
CJ GLS Netherland B.V.	100.00	Netherlands	New distribution
Supply Chain Services Sdn. Bhd.	100.00	Malaysia	New distribution
CJ GLS America, Inc.	100.00	USA	New distribution
CJ GLS(Thailand) Co., Ltd.	100.00	Taiwan	New distribution
CJ GLS Forwarding Malaysia Sdn., Bhd.	100.00	Malaysia	New distribution
CJ GLS (Shenzhen) Co., Ltd.	100.00	China	New distribution
CJ GLS Inc. (Qingdao,China)	100.00	China	New distribution
CJ GLS Vietnam Co., Ltd.	100.00	Vietnam	New distribution
CJ GLS (VN) Freight Co., Ltd.	100.00	Vietnam	New distribution
CMI Holdings Ltd.	100.00	Hongkong	New distribution
CJ GLS Asia Pte. Ltd.	100.00	Singapore	New distribution
CJ Prime Shopping Inc. ³	62.62	Japan	New distribution
CJ GLS Philippines VMI Warehouse Inc. ³	100.00	Philippines	New distribution
Shanghai CJ Freight Forwarding Co., Ltd. ³	100.00	China	New distribution
CJ GLS Logistics India Private Limited. ³	100.00	India	New distribution
Korea Express U.S.A. Inc. ³	100.00	USA	New distribution
Korea Express Japan Co., Ltd. ³	100.00	Japan	New distribution
Korea Express Tianjin Co., Ltd. ³	100.00	China	New distribution
Korea Express Hong Kong Co., Ltd. ³	100.00	Hongkong	New distribution
Kumho Logistics Shanghai Co., Ltd. ³	100.00	China	New distribution
Korea Express Shanghai Co., Ltd. ³	100.00	China	New distribution
Water Pipeline Works Limited. ³	100.00	USA	New distribution
Korea Express Europe GmbH	100.00	Germany	New distribution
CJ IMC Vietnam Co., Ltd	100.00	Vietnam	New distribution

¹ While the Group owns less than half of the voting power of an entity, the percentage of shareholdings by the Group is significantly higher than those owned by any other shareholders and remainder shareholders are widely spread minority shareholders. It is clearly demonstrated that the Group has control as it exercised the majority voting rights in its decision-making processes.

² The Group assessed as having a control over special purpose company even though it does not own more than 50% of the voting power. This is because the special purpose company operates in accordance with needs of the Group and the Group obtains more than 50% of the net income of the special purpose company.

³ Subsidiaries such as Korea Express Co., Ltd. were newly included in consolidation for the year ended December 31, 2011.

⁴ In 2011, in accordance with the approval of Board of directors and shareholders, during the year, subsidiaries are classified as assets and liabilities held for sale. The transactions are expected to be completed within 2012.

Financial information of major consolidated subsidiaries as of and for the years ended December

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31, 2011 and 2010, and January 1, 2010, are as follows:

(in millions of Korean won)

Subsidiaries	December 31, 2011				
	Assets	Liabilities	Equity	Sales	Net income (loss)
CJ Cheil Jedang Corp.	6,084,056	3,634,720	2,449,336	4,531,538	172,219
Korea Express Co., Ltd. ¹	2,930,160	706,523	2,223,637	-	-
CJ E&M Corporation	1,822,676	688,696	1,133,980	818,438	15,992
CJ GLS Inc.	1,341,748	679,588	662,160	1,046,151	19,616
CJ Hellovision Co., Ltd.	1,086,640	557,302	529,338	581,944	76,357
CJ CGV Co., Ltd.	904,985	581,578	323,407	547,801	38,611
CJ O Shopping Co., Ltd.	904,844	557,153	347,691	894,724	88,413
PT Cheil Jedang Indonesia	766,609	407,984	358,625	722,377	87,766
CJ Development Co., Ltd.	564,067	429,862	134,205	217,405	(746)
Korea Integrated Freight Terminal Co., Ltd. ¹	528,177	374,860	153,317	-	-
CJ China, Ltd.	421,424	409,115	12,309	370,885	1,088
CJ Liaocheng Biotech Co., Ltd.	416,646	136,032	280,614	338,661	80,095
CJ Freshway Co., Ltd	401,291	299,737	101,554	1,511,599	15,068
Shenyang Jilong Corn Biotech Co., Ltd.	367,847	252,163	115,684	148	(2,228)
CJ Foodville Co., Ltd.	307,194	264,122	43,072	790,020	(15,559)
CJ Global Holdings Ltd.	260,161	228,555	31,606	-	(1,223)
(Orion Cinema Network Co., Ltd.	232,092	37,566	194,526	222,297	22,590
CJ DO Brazil IND. COM. PROD. ALIM. Ltda.	227,808	233,778	(5,970)	188,331	(29,961)
CJ Systems Co., Ltd.	156,839	110,445	46,394	188,901	6,255
CJ Olive Young Co., Ltd.	146,673	80,349	66,324	211,916	6,028
Jung-bu Integrated Freight Terminal Co., Ltd. ¹	128,254	101,610	26,644	-	-
PT. Cheil Jedang Superfeed	126,541	108,985	17,556	169,775	3,527
CJ Japan Corp.	110,609	104,785	5,824	115,551	1,140
Korea Express Busan Container Terminal Co., Ltd. ¹	108,575	46,919	61,656	-	-
CJ Second Catv Co., Ltd.	101,625	102,564	(939)	4,062	4
CJ GLS Asia Pte. Ltd.	101,151	61,410	39,741	44,864	865
CJ Europe GmbH	95,932	86,208	9,724	370,168	3,356
PECT New Container Terminal ¹	93,645	92,534	1,111	-	-
CJC 1 st Asset Securitization Specialty Co., Ltd.	91,731	93,699	(1,968)	4,133	370
CJ America Inc.	79,496	60,273	19,223	274,086	184
CJ Seafood Corp.	71,487	38,510	32,977	125,366	3,767
WhasungBongdam PFV Corp.	71,465	52,651	18,814	564	(506)
PT. CJ Feed Jombang	66,561	51,006	15,555	161,886	5,027
Korea Pohang Cable TV Co., Ltd. ¹	59,529	58,395	1,134	-	-
Liaocheng Lantian Congeneration Plant Co., Ltd.	57,460	32,529	24,931	40,766	1,984
CJ Vina Agri Co., Ltd.	51,934	26,186	25,748	162,995	6,585
CJ N City Co., Ltd.	51,211	24,986	26,225	104,794	1,917
LEE Entertainment L	49,576	101	49,475	-	(2,778)
Envoy Media Partners Ltd. ¹	47,893	488	47,405	464	(293)
CJ Hellovision Youngdong Broadcasting Co., Ltd.	47,798	8,792	39,006	32,333	5,295

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Subsidiaries	December 31, 2011				
	Assets	Liabilities	Equity	Sales	Net income (loss)
CJ Powercast Inc.	47,357	17,890	29,467	64,381	7,244
CJ Hellovision Silla Broadcasting Co., Ltd.	47,348	34,337	13,011	25,598	5,834
CJ CGV Holdings Ltd.	44,777	5,876	38,901	269	(8,711)
Megastar Media Co., Ltd. ¹	39,260	46,516	(7,256)	17,897	(122)
Anipark Co., Ltd.	38,682	12,752	25,930	20,761	3,615
CJ Hellovision Ara Broadcasting Co., Ltd.	38,088	11,975	26,113	25,063	3,325
Primuscinema Co., Ltd.	36,096	16,737	19,359	47,628	(81)
CJ Telenix Co., Ltd.	35,587	24,972	10,615	68,208	1,072
Superfeed Co., Ltd.	34,961	5,084	29,877	14,852	(615)
CJ Philippines, Inc.	32,638	7,796	24,842	54,874	2,917
PT. Super Unggas Jaya	31,543	45,891	(14,348)	90,739	(4,192)
CJ GLS(Thailand) Co., Ltd.	30,140	19,318	10,822	114,981	2,773
CJ Qingdao Foods Co., Ltd.	29,719	40,995	(11,276)	63,839	(6,819)
4Dplex Co., Ltd.	28,117	7,792	20,325	12,743	(6,640)
Youngwoo Frozen Foods Co., Ltd. ¹	28,010	16,706	11,304	14,435	422
Pohang Total Cable Broadcasting Co., Ltd. ¹	26,419	2,853	23,566	-	-
Korea Express Busan Newport Distripark ¹	26,143	15,991	10,152	-	-
CJ Media Japan Co., Ltd.	25,144	11,404	13,740	45,910	846
CJ Hellovision Daegu Suseong Broadcasting Co., Ltd.	24,403	4,710	19,693	15,848	3,422
CJ Games Corporation ¹	23,277	1	23,276	-	4
On Game Network Inc.	23,243	4,731	18,512	22,786	(772)
CJ Beijing Beverage & Foods Co., Ltd.	23,151	13,509	9,642	16,244	(746)
CJ Nutracon Pty.	23,121	12,670	10,451	17,087	2,720
Korea Express U.S.A. Inc. ¹	22,933	18,470	4,463	-	-
CMI Holdings Ltd.	21,965	22	21,943	-	(250)
CJ Shenyang Feed Co., Ltd.	21,644	14,089	7,555	29,998	1,379
Dondonfarm Co., Ltd.	21,201	5,673	15,528	92,278	5,862
CJ GLS Malaysia Sdn. Bhd.	20,738	17,326	3,412	67,195	(2,185)
CJ Omni, Inc.	19,904	11,115	8,789	41,982	1,617
CJ Prime Shopping Inc. ¹	18,541	22,566	(4,025)	77,575	(12,396)
CJ Home Shopping Co., Ltd. (SHANGHAI, CHINA)	17,588	7,053	10,535	47,698	(1,913)
CJ GLS (VN) Freight Co., Ltd.	16,760	16,773	(13)	61,401	1,342
CJ MD1 Co., Ltd.	16,578	17,755	(1,177)	95,211	1,347
Mediaweb Inc.	16,443	5,720	10,723	20,599	1,859
Korea Badoo Television, Inc.	15,701	2,037	13,664	17,557	1,713
Korea Express Japan Co., Ltd. ¹	15,344	3,135	12,209	-	-
UVD Enterprise Ltd. ¹	13,561	374	13,187	82	(480)
Wooseong Co., Ltd. ¹	13,529	9,299	4,230	12,072	458
CJ Internet Japan Co., Ltd.	12,968	4,145	8,823	28,854	2,780
PT. CJ GLS Indonesia	12,356	7,130	5,226	49,754	856
Korea Express Incheon Container Terminal Co., Ltd. ¹	11,840	33	11,807	-	-
Sinuido Solar Salt Corporation	11,499	7,929	3,570	2,975	(699)
CJ GLS America, Inc.	10,969	12,521	(1,552)	58,351	(488)

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Subsidiaries	December 31, 2011				
	Assets	Liabilities	Equity	Sales	Net income (loss)
Korea Express Shanghai Co., Ltd. ¹	10,629	1,542	9,087	-	-
Korea Express Hong Kong Co., Ltd. ¹	10,401	8,351	2,050	-	-
CJ Hellovision Daegu Donggu Broadcasting Co., Ltd.	10,168	2,305	7,863	9,040	1,570
CJ Beijing Bakery Co., Ltd.	10,150	13,134	(2,984)	10,735	(2,056)

¹ An associate or jointly controlled entity which newly included in consolidated financial statements in 2011 and whose sales and net income(loss) incurred subsequent to the acquisition date are presented.

(in millions of Korean won)

Subsidiaries	December 31, 2010				
	Assets	Liabilities	Equity	Sales	Net income (loss)
CJ Cheil Jedang Corp.	4,687,314	2,141,103	2,546,211	3,962,652	569,417
CJ Hellovision Co., Ltd.	964,376	648,851	315,525	434,225	53,850
CJ O Shopping Co., Ltd.	879,693	539,876	339,817	711,216	75,824
CJ CGV Co., Ltd.	690,806	393,949	296,857	499,966	40,515
PT Cheil Jedang Indonesia	677,897	412,718	265,179	622,513	92,094
CJ Development Co., Ltd.	583,672	448,691	134,981	213,388	(35,236)
CJ E&M Corporation ¹	467,274	170,680	296,594	-	(3,603)
On Media Corp. ¹	383,092	11,946	371,146	66,393	6,705
CJ GLS Inc.	365,755	168,014	197,741	921,523	22,809
CJ Foodville Co., Ltd.	312,650	249,824	62,826	736,495	(11,849)
CJ Freshway Co., Ltd.	304,356	215,373	88,983	943,883	9,100
CJ Entertainment Inc.	296,340	162,416	133,924	163,080	7,970
CJ Internet Co., Ltd.	291,010	49,161	241,849	228,320	7,073
CJ Liaocheng Biotech Co., Ltd.	276,998	91,220	185,778	261,538	43,510
CJ China Ltd.	255,959	244,937	11,022	584,346	3,744
CJ Media Inc. ¹	227,117	141,513	85,604	64,942	6,031
CJ DO Brazil IND. COM. PROD. ALIM. Ltda.	211,524	187,141	24,383	151,657	(8,793)
Orion Cinema Network, Co., Ltd. ¹	195,923	24,267	171,656	98,958	7,320
M-net Media Corp.	142,413	108,282	34,131	146,882	(21,163)
Shindongbang CP Corp.	137,407	83,856	53,551	139,269	12,732
CJ Systems Co., Ltd.	135,401	94,383	41,018	168,367	7,972
CJ Olive Young Co., Ltd.	131,658	63,161	68,497	134,830	2,103
PT. Cheil Jedang Superfeed	125,856	111,901	13,955	139,856	4,778
CJC 1st Asset Securitization Specialty Co., Ltd.	107,663	110,001	(2,338)	4,097	54
CJ GLS Asia Pte. Ltd.	104,203	65,439	38,764	29,955	3,887
CJ 2nd CATV Co., Ltd.	101,456	102,399	(943)	3,540	(2)
CJ Japan Corp.	97,588	93,254	4,334	91,872	1,180
CJ Europe GmbH	93,567	87,012	6,555	333,031	3,146
WhasungBongdam PFV Corp.	72,050	51,230	20,820	2,256	(984)

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Subsidiaries	December 31, 2010				
	Assets	Liabilities	Equity	Sales	Net income (loss)
PT. CJ Feed Jonmbang	61,637	51,178	10,459	130,009	4,961
CJ Seafood Corp.	60,767	30,562	30,205	111,083	5,229
CJ America Inc.	56,226	36,949	19,277	246,770	1,759
Lee Entertainment LLC.	51,796	83	51,713	-	23
CJ Global Holdings Ltd.	49,607	29,162	20,445	-	(1,458)
Liaocheng Lantian Cogeneration Plant Co., Ltd.	49,580	28,012	21,568	32,399	3,685
CJ N City Co., Ltd.	44,762	19,021	25,741	89,772	336
CJ Vina Agri Co., Ltd.	39,826	19,529	20,297	125,082	2,946
CJ Hellovision Youngdong Broadcasting Co., Ltd. ¹	39,649	4,546	35,103	14,850	1,905
Superfeed Co., Ltd.	39,321	8,829	30,492	30,810	282
Primuscinema Co., Ltd.	38,890	16,762	22,128	48,113	(5,041)
Hasunjung General Food Co., Ltd.	34,872	11,105	23,767	34,672	405
CJ Telenix Co., Ltd.	34,810	25,267	9,543	56,505	(336)
Anipark Co., Ltd.	32,777	12,230	20,547	18,884	1,403
Shenyang Jilong Corn Biotech Co., Ltd.	30,708	14,639	16,069	-	-
CJ Philippines, Inc.	30,555	8,385	22,170	52,576	3,592
CJ Qingdao Foods Co., Ltd.	30,052	33,851	(3,799)	56,264	(3,455)
PT. Super Unggas Jaya	29,826	39,919	(10,093)	75,566	4,753
CJ Powercast Inc.	28,156	9,369	18,787	39,808	5,041
CJ Hellovision Ara Broadcasting Co., Ltd. ¹	27,914	4,280	23,634	12,934	1,128
CJ GLS(Thailand) Co., Ltd.	27,651	19,502	8,149	113,657	2,166
Digital On Media Corp. ¹	25,830	1,346	24,484	10,027	1,763
CJ Nutracon Pty.	25,718	18,124	7,594	15,479	2,734
CJ GLS Malaysia Sdn. Bhd.	22,861	22,701	160	73,733	(1,524)
On Game Network Inc.	21,675	2,390	19,285	12,473	360
CJ Media Japan Co., Ltd.	21,653	9,577	12,076	35,964	882
CJ Game Lab Corp. (formerly GHHL) ¹	19,742	12,490	7,252	-	(8,780)
CJ Beijing Beverage & Foods Co., Ltd.	19,611	9,748	9,863	12,109	(1,051)
Dondonfarm Co., Ltd.	18,832	9,158	9,674	68,744	(2,447)
CJ Hellovision Daegu Suseong Broadcasting Co., Ltd. ¹	18,747	2,077	16,670	6,098	615
CJ Omni, Inc.	17,317	10,962	6,355	41,262	1,303
CMI Holdings Ltd.	17,130	24	17,106	-	(264)
CJ Home Shopping Co., Ltd. (Shanghai, China)	16,432	4,551	11,881	28,434	(119)
CJ CGV America Holdings, Inc.	15,998	1,610	14,388	18	(865)
Korea Badoo Television, Inc. ¹	15,361	3,409	11,952	8,244	998
CJ CGV Holdings Ltd.	15,254	4,363	10,891	20	(482)
CJ Bakery, Inc.	15,224	10,725	4,499	6,593	(2,461)
CJ Shenyang Feed Co., Ltd.	14,751	8,998	5,753	19,951	1,057
CJ MD1 Co., Ltd.	13,974	15,108	(1,134)	92,739	942
CJ GLS (VN) Freight Co., Ltd. ¹	12,150	13,627	(1,477)	55,546	68
CJ Venture Capital Co., Ltd.	11,778	148	11,630	2,290	629

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Subsidiaries	December 31, 2010				
	Assets	Liabilities	Equity	Sales	Net income (loss)
CJ GLS Philippines Inc.	11,775	10,488	1,287	31,251	615
Sinuido Solar Salt Corporation ¹	10,318	9,921	397	562	(903)
CJ Internet Japan Co., Ltd.	10,184	4,675	5,509	24,555	41
ePLAYon, Inc. ¹	10,045	108	9,937	-	(2,622)

(in millions of Korean won)

Subsidiaries	January 1, 2010		
	Assets	Liabilities	Equity
CJ Cheil Jedang Corp.	4,029,847	2,442,430	1,587,417
CJ O Shopping Co., Ltd.	1,149,723	591,860	557,863
CJ Hellovision Co., Ltd.	802,054	614,467	187,587
CJ Development Co., Ltd.	693,974	516,059	177,915
CJ CGV Co., Ltd.	626,876	365,193	261,683
PT Cheil Jedang Indonesia	500,105	337,120	162,985
CJ GLS Inc.	352,904	175,926	176,978
CJ Internet Co., Ltd.	297,442	64,763	232,679
CJ Entertainment Inc.	282,983	157,114	125,869
CJ Foodville Co., Ltd.	274,800	211,781	63,019
CJ Entertainment Inc.	263,915	159,039	104,876
CJ Liaocheng Biotech Co., Ltd.	250,670	109,370	141,300
CJ the 4th Special purpose Co., Ltd	242,513	242,504	9
CJ Freshway Co., Ltd.	238,989	158,435	80,554
CJ DO Brazil IND. COM. PROD. ALIM. Ltda.	214,873	168,019	46,854
CJ Dreamcity Broadcasting Co., Ltd.	178,350	18,621	159,729
CJ China, Ltd.	176,249	168,697	7,552
M-net Media Corp.	152,500	133,220	19,280
CJ International Asia Pte. Ltd.	145,681	143,153	2,528
CJ Systems Co., Ltd.	119,639	83,587	36,052
Shindongbang CP Corp.	114,500	73,527	40,973
CJC 1st Asset Securitization Specialty Co., Ltd.	107,610	110,002	(2,392)
CJ 2nd CATV Co., Ltd	101,534	102,475	(941)
PT. Cheil Jedang Superfeed	98,801	89,797	9,004
CJ GLS Asia Pte. Ltd.	92,097	59,861	32,236
CJ Japan Corp.	91,754	89,017	2,737
CJ Europe GmbH	87,648	83,706	3,942
CJ Seafood Corp.	71,865	46,785	25,080
WhasungBongdam PFV Co., Ltd.	69,541	47,736	21,805
CJ America Inc.	58,613	42,139	16,474
CJ Olive Young Co., Ltd.	57,085	32,991	24,094
PT. CJ Feed Jonmbang	53,595	48,188	5,407
LEE Entertainment LLC.	53,097	41	53,056

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Subsidiaries	January 1, 2010		
	Assets	Liabilities	Equity
CJ Global Holdings Ltd.	52,616	30,108	22,508
Primuscinema Co., Ltd.	52,108	24,940	27,168
CJ Hellovision HaeundaeGijang Broadcasting Co., Ltd.	46,342	31,483	14,859
Liaocheng Lantian Congeneration Plant Co., Ltd.	40,387	28,612	11,775
CJ N City Co., Ltd.	40,118	14,665	25,453
CJ Vina Agri Co., Ltd.	37,421	18,603	18,818
Superfeed Co., Ltd.	37,263	13,604	23,659
Hasunjung General Food Co., Ltd.	33,561	10,222	23,339
CJ Telenix Co., Ltd.	30,922	21,267	9,655
CJ Venture Capital Co., Ltd.	30,226	10,703	19,523
PT. Super Unggas Jaya	27,451	41,939	(14,488)
CJ Qingdao Foods Co., Ltd.	26,642	26,950	(308)
CJ Philippines, Inc.	26,230	6,083	20,147
CJ Nutracon Pty.	24,481	20,313	4,168
CJ GLS(Thailand) Co., Ltd.	24,368	18,892	5,476
Dondonfarm Co., Ltd.	23,148	17,581	5,567
CJ Internet Co., Ltd.	21,250	7,380	13,870
CJ Media Japan Co., Ltd.	20,041	9,968	10,073
CJ GLS Malaysia Sdn. Bhd.	19,709	18,117	1,592
CJ Beijing Beverage & Foods Co., Ltd.	17,155	6,321	10,834
CJ MD1 Co., Ltd.	16,140	16,364	(224)
M-net Media Corp.	15,387	10,892	4,495
CJ Bakery, Inc.	14,825	17,885	(3,060)
CJ Shenyang Feed Co., Ltd.	14,253	9,607	4,646
CJIT2Holdings Ltd.	14,084	11,449	2,635
CMI Holdings Ltd.	12,127	134	11,993
CJ Venture Investment Co., Ltd.	11,286	234	11,052

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Subsidiaries newly included in the consolidated financial statements for the year ended December 31, 2011, is as follows:

Location	Name of Subsidiaries	Remark
Korea	Gyeongpo Engineering Co., Ltd.	Acquisition
Korea	Dongyang Cable Telecommunication Co., Ltd.	Acquisition
Korea	Myungsung Enterprise Ltd.	Acquisition
Korea	Korea Pohang Cable TV Co., Ltd.	Acquisition
Korea	Okmyung Development Co., Ltd.	Acquisition
Korea	Pohang Total Cable Broadcasting Co., Ltd.	Acquisition
Korea	CJ Hellovision Silla Broadcasting Co., Ltd. Broadcasting Co., Ltd.	Acquisition
Korea	Wooseong Co., Ltd	Acquisition
Korea	Jamstudio Co., Ltd.	Acquisition
Korea	AZworks Inc.	Acquisition
Korea	Youngwoo Frozen Foods Co., Ltd.	Acquisition
Korea	Nurien soft Co., Ltd	Acquisition
Korea	Korea Express Co., Ltd	Acquisition
Korea	Korea Express Busan Container Terminal Co., Ltd	Acquisition
Korea	Korea Express Busan Newport Distripark	Acquisition
Korea	Korea Express Incheon Container Terminal Co., Ltd	Acquisition
Korea	Korea Integrated Freight Terminal Co., Ltd.	Acquisition
Korea	Jung-bu Integrated Freight Terminal Co., Ltd.	Acquisition
Korea	PECT New Container Terminal	Acquisition
Korea	CJ Educations Corporation	Acquisition
Korea	N2play Co., Ltd.	Acquisition
Korea	CJ Games Corporation	Newly established
Korea	CJ Venture Investment No.13 - New Industry	Newly established
Japan	CJ Prime Shopping Inc.	Acquisition
Hong Kong	UVD Enterprise Ltd.	Acquisition
Singapore	CJ SE Asia Pte. Ltd.	Newly established
Philippines	CJ GLS Philippines Vmi Warehouse Inc.	Newly established
China	Shanghai CJ Freight Forwarding Co., Ltd.	Newly established
India	CJ GLS Logistics India Private Limited.	Newly established
Virgin Islands	Envoy Media Partners Ltd.	Acquisition
Vietnam	Megastar Media Co., Ltd.	Acquisition
China	CJ DCH Guangdong Frozen Food Co., Ltd.	Newly established
China	CGV (Shen Yang) Film Investment Management Co., Ltd.	Newly established
China	CJ (Changchun)Feed Co., Ltd.	Newly established
UK	CJ Food Europe Ltd.	Newly established
Vietnam	Fides Food System Co., Ltd.	Acquisition
Japan	CJ E&M Broadcasting Inc.	Newly established
USA	Korea Express U.S.A. Inc.	Acquisition
Japan	Korea Express Japan Co., Ltd.	Acquisition
China	Korea Express Tianjin Co., Ltd.	Acquisition
Hong Kong	Korea Express Hong Kong Co., Ltd.	Acquisition

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China	Kumho Logistics Shanghai Co., Ltd.	Acquisition
China	Korea Express Shanghai Co., Ltd.	Acquisition
USA	Water Pipeline Works Limited.	Acquisition
Germany	Korea Express Europe GmbH.	Acquisition
China	Panjin CJ CGV Film Investment Management Co., Ltd.	Newly established
China	CJ CGV (Harbin) International Cinema Co., Ltd.	Newly established
USA	CJ Theater LA Holdings, Inc.	Newly established
China	CGV (Shang Hai) Film Culture Consulting Co., Ltd.	Newly established
China	CJ (Liaocheng) Feed Co., Ltd.	Newly established
Vietnam	CJ IMC Vietnam	Newly established
Malaysia	CJ Bio Malaysia Sdn. Bhd.	Newly established

Subsidiaries excluded from the consolidated financial statements for the year ended December 31, 2011, is as follows:

Location	Name of Subsidiaries	Remark
Korea	Shindongbang CP Corp.	Merged
Korea	Hasunjung General Food Co., Ltd.	Merged
Korea	CJ Entertainment Inc.	Merged
Korea	CJ Internet Co., Ltd.	Merged
Korea	M-net Media Corp.	Merged
Korea	Mediaweb-I Co., Ltd.	Merged
Korea	On Media Corp.	Merged
Korea	Digital On Media Corp.	Merged
Korea	ePLAYon, INC.	Liquidated
Korea	CJ Media Inc.	Merged
Korea	CJ Venture Capital Co., Ltd.	Disposed
Korea	CJ Venture Investment No. 9 - cinema	Decrease in equity
America	Tous Les Jours USA, LLC.	Merged
China	CJ Home Shopping (Beijing) Co., Ltd.	Liquidation
Malaysia	EC Freight Forwarding Sdn., Bhd.	Disposed
China	Beijing Digital On Studio	Disposed
America	CJ Food Court .L.L.C	Merged
Hong Kong	CJ Food Service	Liquidated

The Company disposed of its shares including shares of CJ Venture Investment Co., Ltd. and lost control. Therefore, the Group recognized gain on disposal of investment in subsidiaries of ₩1,908 million (2010: ₩13,642 million of loss on disposal of investment in subsidiaries) as other non-operating gain(loss), net.

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2. Significant Accounting Policies

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

2.1 Basis of Preparation

The Group maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with the International Financial Reporting Standards as adopted by the Republic of Korea ("Korean-IFRS"). The accompanying consolidated financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Group's financial position, financial performance or cash flows, is not presented in the accompanying consolidated financial statements.

The Group's financial statements for the annual period beginning on January 1, 2011, have been prepared in accordance with Korean-IFRS. These are the standards, subsequent amendments and related interpretations issued by the International Accounting Standards Board ("IASB") that have been adopted by the Republic of Korea.

The consolidated financial statements of the Group were prepared in accordance with Korean-IFRS and are subject to Korean-IFRS1101, 'First-time Adoption of Korean-IFRS'. The transition date, according to Korean-IFRS1101, from the previous accounting principles generally accepted in the Republic of Korea ("Previous K-GAAP") to Korean-IFRS is January 1, 2010. Reconciliations and descriptions of the effect of the transition from previous K-GAAP to Korean-IFRS on the Group's equity, comprehensive income and cash flows are described in Note 42.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

New standards, amendments and interpretations issued but not effective for the financial year beginning January 1, 2011, and not early adopted by the Group are as follows:

- Amendments to Korean-IFRS1101, *Hyperinflation and Removal of Fixed Dates for first-time adopters*

As an exception to retrospective application requirements, this amendment to Korean-IFRS1101 allows a prospective application of derecognition of financial assets for transactions occurring on or after the date of transition to Korean-IFRS, instead of fixed date (January 1, 2004). Accordingly, the Group is not required to restate and recognize those assets or liabilities that were derecognized as a result of a transaction that occurred before the dated of transition to Korean-IFRS. This amendment will be effective for the Group as of January 1, 2012. The Group expects

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that the application of this amendment would not have material impact on its consolidated financial statements.

- Amendments to Korean-IFRS1012, *Income Taxes*

According to the amendments to Korean-IFRS1012, Income Taxes, for the investment property that is measured using the fair value model, the measurement of deferred tax liability and deferred tax asset should reflect the tax consequences of recovering the carrying amount of the investment property entirely through sale, unless evidences support otherwise. This amendment is effective for the Group as of January 1, 2012.

- Amendments to Korean-IFRS1019, *Employee Benefits*

According to the amendments to Korean-IFRS1019, Employee Benefits, use of a 'corridor' approach is no longer permitted, and therefore all actuarial gains and losses incurred are immediately recognized in other comprehensive income. All past service costs incurred from changes in pension plan are immediately recognized, and expected returns on interest costs and plan assets that used to be separately calculated are now changed to calculating net interest expense(income) by applying discount rate used in measuring defined benefit obligation in net defined benefit liabilities(assets). This amendment will be effective for the Group as of January 1, 2013, The Group expects that the application of this amendment would not have material impact on its consolidated financial statements.

- Amendments to Korean-IFRS1107, *Financial Instruments: Disclosures*

According to the amendment, an entity should provide the required disclosures of nature, carrying amount, risk and rewards associated with all transferred financial instruments that are not derecognized from an entity's financial statements. In addition, an entity is required to disclose additional information related to transferred and derecognized financial instruments for any continuing involvement in transferred assets. This amendment will be effective for the Group as of January 1, 2012. The Group is assessing the impact of application of the amended Korean-IFRS1107 on its consolidated financial statements as of the report date.

- Enactment of Korean-IFRS1113, *Fair value measurement*

Korean-IFRS1113, *Fair value measurement*, aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Korean-IFRSs. Korean-IFRS1101 does not extend the use of fair value accounting but provides guidance on how it should be applied where its use is already required or permitted by other standards within Korean-IFRSs. This amendment is effective for the Group as of January 1, 2013, and the Group expects that it would not have a material impact on the Group.

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2.2 Consolidation

The Group has prepared the consolidated financial statements in accordance with Korean-IFRS1027, *Consolidated and Separate Financial Statements*.

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies and others.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is measured as the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition- by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and the resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with Korean-IFRS1039, either in profit or loss or as a change to other comprehensive income.

Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

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Intercompany transactions, balances, income and expenses on transactions between Group companies are eliminated. Unrealized losses are also eliminated after recognizing impairment of transferred assets. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions; that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognized in the income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

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The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount as 'Other non-operating gain(losses), net' in the income statement.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognized in the income statement.

(e) Jointly controlled entities

A jointly controlled entity is a contractual arrangement whereby two or more parties (venturers) exercise joint control. As with associates, investments in jointly controlled entities are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in jointly controlled entities includes goodwill identified on acquisition, net of accumulated impairment loss. The Group does not recognize its share of profits or losses from the jointly controlled entity that result from the Group's purchase of assets from the jointly controlled entity until it re-sells the assets to an independent party. However, a loss on the transaction is recognized immediately if the loss provides evidence of a reduction in the net realizable value of current assets, or an impairment loss.

2.3 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker who is Chief Executive Officer (Note 5).

2.4 Foreign Currency Translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

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Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or expenses'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in profit or loss, and other changes in carrying amount are recognized in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in other comprehensive income.

(c) Translation to presentation currency

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

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

Exchange differences arising from the translation of borrowings designated for hedging the investment and other currency instruments are recognized in other comprehensive income. When foreign operations are wholly or partially sold, exchange differences recognized in equity are transferred to profit or loss in the income statement. When the Group ceases to control the subsidiary, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.5 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

2.6 Financial Assets

2.6.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale, and held-to-maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the

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classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives or embedded derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'cash and cash equivalents', 'short-term financial instruments', 'short-term loans receivables', 'trade receivables', and 'other financial assets' in the statement of financial position.

(c) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group intends and is able to hold to maturity and are classified as 'other financial assets' in the statements of financial position. If the Group were to sell other than an insignificant amounts of held-to-maturity investments, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity investments are included in non-current assets, except for those with maturities of less than 12 months after the end of the reporting period, which are classified as current assets.

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months after the end of the reporting period.

2.6.2 Recognition and Measurement

Regular purchases and sales of financial assets are recognized on the trade date. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest rate method.

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Gains or losses arising from changes in the fair value of the financial assets carried at fair value through profit or loss are presented in the income statement within 'other operating income (expenses)' and 'finance income(expenses)' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the income statement as part of 'other income' when the Group's right to receive dividend payments is established.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the income statement as 'finance income and expenses'.

Interest on available-for-sale and held-to-maturity securities calculated using the effective interest method is recognized in the income statement as part of 'finance income'. Dividends on available-for-sale equity instruments are recognized in the income statement as part of 'finance income' when the Group's right to receive dividend payments is established.

2.6.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.6.4 Derecognition

Financial assets are derecognized when the contractual rights to receive cash flows from the investments have expired or have been transferred and the Group has substantially transferred all risks and rewards of ownership. If the risk and rewards of ownership of transferred assets have not been substantially transferred, the Group reviews the level of control retained over that asset and the extent of its continuing involvement to determine if transfers do not qualify for derecognition.

2.7 Impairment of Financial Assets

(a) Assets carried at amortized cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a Group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or a Group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

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- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- For economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data suggesting that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, even though the decrease cannot be identified with respect to individual financial assets in the portfolio, such as:
 - (i) adverse changes in the payment status of borrowers in the portfolio;
 - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

Impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted using the initial effective interest rate. The carrying amount of the asset is reduced by the impairment loss amount and the amount of the loss is recognized in the income statement. In practice, the Group may measure impairment loss based on the fair value of financial asset using an observable market price.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (for example, an improvement in debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the income statement.

(b) Asset classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the group uses the criteria refer to in (a) above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the asset is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in the income statement. Impairment losses recognized in the consolidated income statement on equity instruments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the income statement.

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2.8 Derivative Financial Instruments and Hedging Activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The resulting gain or loss is recognized in 'other operating income (expenses)' or 'finance income (expenses)' according to the nature of transactions.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the income statement within 'finance income (expenses)'.

Amounts accumulated in other comprehensive income are reclassified to profit or loss in the periods when the hedged item affects profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the income statement within 'other operating income (expenses)' or finance income (expenses)'.

2.9 Trade Receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for doubtful accounts.

2.10 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average cost method, except for materials-in-transit which are stated at actual cost as determined using the specific identification method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

CJ Engineering & Construction Corp. and Hwasung Bongdam PFV Corp., the consolidated subsidiaries, determine the acquisition cost of housing, and building and site under construction using the specific identification method.

2.11 Biological Assets

Biological assets such as porker, poultry farming and others are evaluated at net fair value. The fair value of biological assets is based on the price of porker and poultry farming that have similar age and breed.

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2.12 Non-current Assets Held for Sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2.13 Property, Plant and Equipment

All property, plant and equipment are stated at historical cost less depreciation and accumulated impairment loss. Historical cost includes expenditures directly attribute to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate the difference between their cost and their residual values over their estimated useful lives, as follows:

Buildings	30 - 40 years
Structures	10 - 20 years
Machinery	5 - 10 years
Tools, furniture and others	4 - 6 years
Vehicle	4 - 5 years
Ships	13 - 20 years
Heavy equipment	5 – 15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'other operating income (expenses)' in the income statement.

2.14 Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

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2.15 Intangible Assets

(a) Goodwill

Goodwill is measured as explained in Note 2.2 and goodwill arises on the acquisition of subsidiaries and businesses are included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or Group of CGUs, that is expected to benefit from the synergies of the combination. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

(b) Industrial rights

Separately acquired industrial rights are shown at historical cost. Industrial rights have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of industrial rights over their estimated useful lives.

(c) Development costs

Costs associated with research activities are recognized as an expense when incurred. Costs that are individually identifiable, controllable and directly attributable to development projects are recognized as intangible assets when all the following criteria are met:

- It is technically feasible to complete the development project so that it will be available for use;
- Management intends to complete the development project and has ability to use or sell it;
- There is an ability to use or sell the software product
- It can be demonstrated how the development project will generate probable future economic benefits;
- Adequate technical financial and other resources and to use or sell the development project are available
- The expenditure attributable to the individual project during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the development costs include software development employee costs and an appropriate portion of relevant overheads.

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Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Capitalized costs are amortized by straight-line method over their useful lives.

(d) Membership rights and Trademarks

Membership rights and trademarks are regarded as intangible assets with indefinite useful life and not amortized because there is no foreseeable limit to the period over which the asset is expected to be utilized.

(e) Publication rights and copyrights to music content

The Group has exclusive right receive profits from publishing games, music contents, movies and others, contracting with copyright holder, and use, copy, sales and telecast of contents. The exclusive right is recognized as publication rights and depreciated using straight-line method over their estimated useful lives since the date when such were available for use.

(f) Service concession arrangement

On the real estate owned by the Korea Rail Network Authority and the Ministry of Land, Transport and Maritime Affairs, the Group built a cargo terminal with its own fund. The Group owns and operates the cargo terminal that contributes profits to the government and recognizes service concession arrangement as intangible assets. Transfer period of ownership is under discussion with the Ministry of Land, Transport and Maritime Affairs.

(g) Other Intangible assets

Other intangible assets such as software licenses for internal use are capitalized and amortized using straight-line method over their useful lives.

Industrial rights	5 – 10 years or indefinite useful life
Development costs	5 years
Membership rights	Indefinite useful life
Publication rights and copyrights to music content	1 – 5 years
Other intangible assets	3 – 20 years

2.16 Investment Property

Investment property is held to earn rentals or for capital appreciation or both. Investment property also includes property that is being constructed or developed for future use as investment property. Investment property is measured initially at its cost including transaction costs incurred in acquiring the asset. After recognition as an asset, investment property is carried at cost less accumulated depreciation and impairment losses.

Subsequent costs are include in the asset's carrying amount or recognized as a separate asset,

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only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land held for investment is not depreciated. Investment property, except for land, is depreciated using straight-line method over their useful lives.

The depreciation method, the residual value and the useful life of an asset are reviewed at the end of each financial year and, if management judges that previous estimates should be adjusted, the change is accounted for as a change in an accounting estimate.

Buildings	10 – 40 years
Structures	15 – 40 years

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'other operating income (expenses)' in the income statements.

The fair value of investment property disclosed in Note 19 reflects market conditions at the end of the reporting period, with adjustment that reflects specific asset's characteristics, condition and location. The book value for financial reporting purpose is determined based on the evaluation of the investment property by an independent valuer, who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

2.17 Impairment of Non-financial Assets

Goodwill or intangible assets with indefinite useful lives are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets, other than goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.18 Financial Liabilities

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are financial instruments held for trading. Financial liabilities are classified as financial liabilities at fair value through profit or loss when incurred principally for the purpose of repurchasing it in the near term. Derivatives or embedded derivatives are also categorized as this category unless they are designated as hedges.

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(b) Financial liabilities carried at amortized cost

The Group classifies non-derivative financial liabilities, except for financial liabilities at fair value through profit or loss and financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, as financial liabilities carried at amortized cost and as 'trade payables', 'borrowings', 'debentures', 'non-trade payables', 'deposits received' and 'other financial liabilities' in the statement of financial position. In case when a transfer of a financial asset does not qualify for derecognition, the transferred asset is continuously recognized as asset and the consideration received is recognized as financial liabilities. Financial liabilities carried at amortized cost are included in non-current liabilities, except for liabilities with maturities less than 12 months after the end of the reporting period, which are classified as current liabilities.

2.19 Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.20 Financial Guarantee Contract

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantees are initially recognized in the financial statements at fair value on the date the guarantee was given. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the amounts below. Any increase in the liability relating to guarantees is reported as other financial liabilities.

- amount calculated in accordance with Korean-IFRS 1037, *Provisions, Contingent Liabilities and Contingent Assets*; or
- the initial amount, less accumulated amortization recognized in accordance with Korean-IFRS1018, *Revenue*.

2.21 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method. The Group recognizes borrowings as current assets unless it has an unconditional right to delay the settlement of the borrowing. Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognized in the income statement as 'finance expenses'.

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2.22 Provisions

Provisions are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.23 Current and Deferred Income Tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax assets and liabilities are not recognized if they arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

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2.24 Employee Benefits

(a) Defined benefit liability

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognized past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognized immediately in income, while costs are amortized over the vesting period.

(b) Share-based payments

The Group operates equity-settled, share-based compensation plans, under which the Group receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted with considerations to market performance conditions and non-vesting conditions.

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the

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end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

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

(c) Long-term incentive plans and long-term employee benefits

The Group has a long-term incentive plans and entitle long-term employee benefits to employees who stay with the Group for a certain length of time. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the income statement in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

2.26 Capital Stock

Common shares and preferred shares that are not mandatorily redeemable are classified as equity.

Where the Group purchases its own shares (treasury shares), the consideration paid, including any directly attributable incremental costs is deducted from equity attributable to the Group's equity holders until the shares are cancelled or reissued. Where such common shares are subsequently reissued, any consideration received is included in equity attributable to the Group's equity holders.

2.27 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods and services supplied, stated net of discounts, returns and value added taxes, after elimination of intra-company transactions.

The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The revenue can be reliably measured only when any contingency related to sales is resolved. The Group bases its estimate on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods

Sales of goods are recognized when products are delivered to the purchaser. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the purchaser has accepted the

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products in accordance with the sales contract, the acceptance provisions have lapsed or the Group has objective evidence that all criteria for acceptance have been satisfied

(b) Rendering of services and construction contracts

Revenues from rendering services are generally recognized using the percentage-of-completion method when the amount of revenue can be reliably measured. If outcomes of a service transaction cannot be estimated reliably, revenue is recognized only to the extent of costs accrued that are likely to be recoverable.

Construction contract is defined in Korean-IFRS1011, *Construction contracts*, as a contract specifically negotiated for the construction of an asset

Contract costs are recognised as expenses. When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These amounts are recognized as inventory, advanced payments or other assets.

In cases where the aggregate amount of costs incurred and recognised profits(less recognised losses) exceeds progress billings, the total cost incurred plus recognized profits(less recognized losses and progress billings), represents an asset(unbilled amount).

(c) Royalty income

Royalty income is recognized on an accrual basis in accordance with the substance of the relevant agreements.

(d) Interest income

Interest income is recognized using the effective interest method according to the time passed. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognized using the original effective interest rate.

(e) Dividend income

Dividend income is recognized when the right to receive payment is established.

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2.28 Lease

(a) Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Leases of property, plant and equipment where the Group has *substantially* all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in 'borrowings'. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

(b) Lease agreement

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

(c) Lease classification

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership at the at the lease's commencement. A lease other than a finance lease is classified as an operating lease. Whether a lease is a finance lease depends on the substance of the transaction rather than the form of the contract and a lease is classified as finance lease when the substance of the transaction meets the following situations individually or in combination:

- the lease transfers ownership of the asset to the lessee by the end of the lease term;
- the lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised;
- the lease term is for the major part of the economic life of the asset even if title is not transferred;
- at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset; and
- the leased assets are of such a specialized nature that only the lessee can use them without major modifications.

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(ii) Operating lease

Lease income from operating leases is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred by the lessor in negotiating and arranging an operating lease is added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease income.

2.29 Dividend Distribution

Dividend distribution to the Group's shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved by the Group's shareholders.

3. Critical Accounting Estimates and Judgments

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimations and assumptions are continuously evaluated with consideration to factors such as events reasonably predictable in the foreseeable future within the present circumstance according to historical experience. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 2.17. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 17).

(b) Income taxes

The Group is operating in numerous countries and the income generated from these operations is subject to income taxes based on tax laws and interpretations of tax authorities in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recorded, based on its best estimate, current taxes and deferred taxes that the Group will be liable in the future for the operating results as of the financial year end. However, the final tax outcome in the future may be different from the amounts that were initially recorded. Such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(c) Fair value of financial instruments

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

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(d) Provisions

As described in Note 24, the Group recognizes provisions for estimated returns and others as of the reporting date. The amounts are estimated based on historical data.

(e) Defined benefit liability

The present value of the defined benefit liability depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of the defined benefit liability. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that is used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit liability. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the pension benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability. Other key assumptions for defined benefit liability are based in part on current market conditions. Additional information is disclosed in Note 22.

4. Financial Risk Management

4.1 Financial Risk Factors

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

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

(a) Market Risk

i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the Euro. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. The Group applies hedge accounting to each entities individually with considering the entity's business characteristics and existence of alternatives against foreign exchange risk.

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If the foreign exchange rate of the Korean won fluctuated by 10% while other variables were fixed, the effects on income before tax as of December 31, 2011 and 2010, are as follows:

<i>(in millions of Korean won)</i>	2011		2010	
	10% increase	10% decrease	10% increase	10% decrease
USD	(82,179)	82,179	(64,335)	64,335
EUR	5,975	(5,975)	6,189	(6,189)

ii) Price risk

The Group is exposed to price risk due to investments in equity securities including listed and unlisted stocks for the needs of operations and liquidity managements. The Group utilizes more than one direct or indirect investment methods to reduce price risk.

The Group's investments in equity of other entities that are publicly traded are included in one of the following two equity indexes: KOSPI equity index and KOSDAQ equity index.

The analysis is based on the assumption that all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index, and on the assumption that the unlisted stock prices had uniformly increased/decreased by 10%, the change in other comprehensive income which reflects income tax effects is ₩46,286 million.(2010 : ₩68,354 million)

iii) Interest rate risk

Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. The Group employs floating interest receipts and fixed interest payment swaps to certain borrowings in order to minimize uncertainty and financial expenses from interest rate changes.

Effects on derivatives when current interest rate increase/decrease by 1%, are as follows:

<i>(in millions of Korean won)</i>	2011		2010	
	1% increase	1% decrease	1% increase	1% decrease
Interest expenses	23,591	(23,591)	18,002	(18,002)
Gain(Loss) on valuation of derivative instruments	9,481	(9,481)	9,421	(9,421)

(b) Credit Risk

Credit risk arises when client or counterparty does not keep to obligations stated on terms of the contract in committed transactions and investment activities. In order to manage credit risk, the Group continuously evaluates credit quality of the customer through taking into account its financial position, past experience and other factors. Major customers' individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilization of credit limits

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is regularly monitored.

Furthermore, Credit risk may arise from various financial institution transactions including cash and cash equivalents, deposits with banks and derivative financial instruments. In order to reduce the risk, the Group takes transactions only with highly rated financial institutions.

As of December, 31 2011, the maximum value of exposed credit risk is equal to book value of financial instruments (excluding cash and equity securities), loan commitments and guarantee amounts (Notes 6, 38) provided to related parties.

As of December 31, 2011, the Group does not expect any losses from nonperformance by counterparties.

(c) Liquidity Risk

In order to maintain appropriate amount of liquidity, the Group manages liquidity risk by making cyclical expectations and adjustments of capital inflows and outflows.

In order to maintain sufficient cash to meet its' operational needs, the Group issues factoring trade receivables and asset-backed securities to domestic/foreign financial institutions which has highly rated reliability. Furthermore, the Group has bank overdraft agreements with financial institutions (Note 38).

The analysis of the Group's liquidity risk as of December 31, 2011, is as follows:

<i>(In thousands of Korean won)</i>	2011			
	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Trade payables	₩ 857,107	₩ -	₩ -	₩ 857,107
Borrowings	3,416,843	1,735,205	355,540	5,507,588
Debentures	825,422	1,958,021	-	2,783,443
Non-trade payables	661,055	-	-	661,055
Deposits received	144,077	36,343	169,750	350,170
Other financial liabilities	454,751	22,611	-	477,362
Financial guarantee contracts	33,334	106,030	9,000	148,364
	<u>₩ 6,392,589</u>	<u>₩ 3,858,210</u>	<u>₩ 534,290</u>	<u>₩ 10,785,089</u>

Non-derivative financial liabilities (derivatives which were net-settled related to borrowing and debenture are included in borrowings and debentures) analyzed above, are classified according to their maturity of residual period from the end of reporting period to contract maturity date. The cash flows included in maturity classification in accordance with residual period until contract maturity date do not reflect present value discount.

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4.2 Capital Management

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

<i>(in millions of Korean won)</i>	December 31, 2011	December 31, 2010	January 1, 2010
Liabilities	12,092,042	7,789,305	7,632,617
Equity	7,564,034	6,011,306	4,076,445
Debt ratio	160%	130%	187%

4.3 Fair Value Estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Financial liabilities that are measured at fair value as of December 31, 2011 and 2010, and January 1, 2010, are as follows.

<i>(in millions of Korean won)</i>	December 31, 2011			
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
Trading derivatives	₩ -	₩ 58,989	₩ -	₩ 58,989
Available-for-sale financial assets				
Marketable equity securities	707,960	-	-	707,960
Non-marketable equity securities	-	8,532	238,257	246,789
Beneficiary certificate	-	46,637	-	46,637
Debt investments	-	14,825	-	14,825
Total assets	₩ 707,960	₩ 128,983	₩ 238,257	₩ 1,075,200
Liabilities				
Financial liabilities at fair value through profit or loss				
Trading derivatives	-	13,368	-	13,368
Derivatives used for hedging	-	5,684	-	5,684
Total liabilities	₩ -	₩ 19,052	₩ -	₩ 19,052

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	December 31, 2010			
<i>(in millions of Korean won)</i>	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
Trading derivatives	₩ -	₩ 103,046	₩ -	₩ 103,046
Beneficiary certificate	-	10,701	-	10,701
Available-for-sale financial assets				
Marketable equity securities	1,155,965	-	-	1,155,965
Non-marketable equity securities	-	8,176	245,391	253,567
Beneficiary certificate	-	48,738	-	48,738
Debt investments	-	2,260	2,500	4,760
Total assets	₩ 1,155,965	₩ 172,921	₩ 247,891	₩ 1,576,777
Liabilities				
Financial liabilities at fair value through profit or loss				
Trading derivatives	-	36,283	-	36,283
Derivatives used for hedging	-	7,377	-	7,377
Total liabilities	₩ -	₩ 43,660	₩ -	₩ 43,660

	January 1, 2010			
<i>(in millions of Korean won)</i>	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
Trading derivatives	₩ -	₩ 121,127	₩ -	₩ 121,127
Beneficiary certificate	-	10,118	-	10,118
Available-for-sale financial assets				
Marketable equity securities	26,866	-	-	26,866
Non-marketable equity securities	-	6,888	120,570	127,458
Beneficiary certificate	-	38,910	-	38,910
Debt investments	-	2,131	7,000	9,131
Total assets	₩ 26,866	₩ 179,174	₩ 127,570	₩ 333,610
Liabilities				
Financial liabilities at fair value through profit or loss				
Trading derivatives	-	35,618	-	35,618
Derivatives used for hedging	-	6,023	-	6,023
Total liabilities	₩ -	₩ 41,641	₩ -	₩ 41,641

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The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, an entity in the same industry, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 consist primarily of KOSPI and KOSDAQ equity investments.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the statement of financial position date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Changes in Level 3 instruments for the years ended December 31, 2011 and 2010, are as follows:

<i>(in millions of Korean won)</i>	Available-for-sale financial assets			
	2011		2010	
Opening balance	₩	247,891	₩	127,570
Acquisition due to business combination		12,841		9,835
Purchases		10,464		6,737
Sales		(7,776)		(448)
Transfers into Level 3		17,676		(1,381)
Gains and losses recognized in profit or loss		(2,900)		8,786
Gains and losses recognized in other comprehensive income		(39,939)		96,792
Ending balance		238,257		247,891
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	₩	(2,453)	₩	(4,756)

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Available for sale financial assets that are valued at historical cost as of December 31, 2011 and 2010, and January 1, 2010, are as follows:

<i>(in millions of Korean won)</i>	December 31,		December 31,		January 1, 2010	
	2011		2010			
Seoul Lite Tower. Ltd.	₩	3,660	₩	2,310	₩	2,310
Raine-Partners Fund		3,597		1,693		-
Vogo Fund LP		-		14,776		14,656
Dream Hub PFV Co., Ltd.		-		10,000		10,000
Samsung Life Insurance co., Ltd.		-		-		1,294
Samsung Everland Inc.		-		-		5,180
	₩	<u>7,257</u>	₩	<u>28,779</u>	₩	<u>33,440</u>

The above shares are unlisted equities. Because the related projects are in their initial phase of business operation, the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed and therefore, these instruments are measured at cost.

5. Segment Information

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

The Group has segregated the operating segments based on characters of services and products generating profits. The main operating segments include food and food services, synergy and infrastructure, new distribution, entertainment and media and biotechnology.

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

Operating segment information for the years ended December 31, 2011 and 2010, are as follows:

<i>(in millions of Korean won)</i>	2011									
	Revenue		Inter-segment revenue		Revenue from external customers		Depreciation and amortization		Operating profit(loss)	
Food and food service	₩	8,022,467	₩	(1,445,013)	₩	6,577,454	₩	147,844	₩	200,626
Synergy and infrastructure		459,826		(330,891)		128,935		143,039		36,168
New distribution		2,890,643		(500,325)		2,390,318		260,255		163,719
Entertainment and media		2,812,469		(320,535)		2,491,934		166,039		291,557
Biotechnology		2,709,938		(1,027,506)		1,682,432		62,577		236,632
Consolidation adjustments		(3,624,270)		3,624,270		-		(44,464)		(21,131)
	₩	<u>13,271,073</u>	₩	<u>-</u>	₩	<u>13,271,073</u>	₩	<u>735,290</u>	₩	<u>907,571</u>

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	2010				
	Revenue	Inter-segment revenue	Revenue from external customers	Depreciation and amortization	Operating income(loss)
<i>(in millions of Korean won)</i>					
Food and food service	₩ 7,799,325	₩ (1,705,791)	₩ 6,093,534	₩ 163,090	₩ 292,076
Synergy and infrastructure	430,665	(277,901)	152,764	147,037	5,329
New distribution	2,342,649	(404,494)	1,938,155	49,228	134,874
Entertainment and media	2,239,806	(216,363)	2,023,443	144,892	205,035
Biotechnology	2,568,685	(1,161,078)	1,407,607	42,585	213,500
Consolidation adjustments	(3,765,627)	3,765,627	-	(9,674)	(17,363)
	<u>₩ 11,615,503</u>	<u>₩ -</u>	<u>₩ 11,615,503</u>	<u>₩ 537,158</u>	<u>₩ 833,451</u>

Regional segment information

	2011			
	Revenue	Inter-segment revenue	Revenue from external customers	Non-current assets
<i>(in millions of Korean won)</i>				
Domestic	₩ 12,679,548	₩ (2,384,319)	₩ 10,295,229	₩ 17,500,001
Asia	3,220,308	(1,052,419)	2,167,889	1,705,008
America	596,768	(162,597)	434,171	217,766
Others	398,720	(24,936)	373,784	32,248
Consolidation adjustments	(3,624,271)	3,624,271	-	(5,721,948)
	<u>₩ 13,271,073</u>	<u>₩ -</u>	<u>₩ 13,271,073</u>	<u>₩ 13,733,075</u>

	2010			
	Revenue	Inter-segment revenue	Revenue from external customers	Non-current assets
<i>(in millions of Korean won)</i>				
Domestic	₩ 10,667,345	₩ (1,835,845)	₩ 8,831,500	₩ 11,865,602
Asia	3,862,838	(1,774,821)	2,088,017	981,239
America	502,247	(139,222)	363,025	201,453
Others	348,700	(15,739)	332,961	20,999
Consolidation adjustments	(3,765,627)	3,765,627	-	(3,721,461)
	<u>₩ 11,615,503</u>	<u>₩ -</u>	<u>₩ 11,615,503</u>	<u>₩ 9,347,832</u>

There is no customer who contributes at least 10% of the total sales of the Group for the years ended December 31, 2011 and 2010.

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6. Financial Instruments by Category

Categorizations of financial assets and liabilities as of December 31, 2011 and 2010, and January 1, 2010, are as follows:

	December 31, 2011				
	Loans and receivables	Assets at fair value through profit or loss	Assets classified as available-for- sale	Assets classified as held-to- maturity	Total
<i>(in millions of Korean won)</i>					
Cash and cash equivalents	₩ 1,446,608	₩ -	₩ -	₩ -	₩ 1,446,608
Short-term financial instruments	227,141	-	-	-	227,141
Short-term loans receivables	69,458	-	-	-	69,458
Trade receivables	1,917,411	-	-	-	1,917,411
Available-for-sale financial assets	-	-	993,170	-	993,170
Other financial assets	773,546	58,989	30,298	3,255	866,088
	<u>₩ 4,434,164</u>	<u>₩ 58,989</u>	<u>₩ 1,023,468</u>	<u>₩ 3,255</u>	<u>₩ 5,519,876</u>

	December 31, 2011				
	Liabilities at fair value through profit or loss	Other financial liabilities at amortized cost	Derivative financial instruments	Other financial liabilities	Total
<i>(in millions of Korean won)</i>					
Trade payables	₩ -	₩ 857,107	₩ -	₩ -	₩ 857,107
Borrowings	-	5,425,208	-	-	5,425,208
Debentures	-	2,364,967	-	-	2,364,967
Non-trade payables	-	661,055	-	-	661,055
Deposits received	-	90,118	-	-	90,118
Other financial liabilities	13,368	610,239	5,684	3,458	632,749
	<u>₩ 13,368</u>	<u>₩ 10,008,694</u>	<u>₩ 5,684</u>	<u>₩ 3,458</u>	<u>₩ 10,031,204</u>

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December 31, 2010						
<i>(in millions of Korean won)</i>	Loans and receivables	Assets at fair value through profit or loss	Assets classified as available-for- sale	Assets classified as held-to- maturity	Total	
Cash and cash equivalents	₩ 1,207,683	₩ -	₩ -	₩ -	₩ -	₩ 1,207,683
Short-term financial instruments	464,048	10,701	-	-	-	474,749
Short-term loans receivables	46,977	-	-	-	-	46,977
Trade receivables	1,171,933	-	-	-	-	1,171,933
Available-for-sale financial assets	-	-	1,450,845	-	-	1,450,845
Other financial assets	493,619	103,046	40,964	2,519	-	640,148
	<u>₩ 3,384,260</u>	<u>₩ 113,747</u>	<u>₩ 1,491,809</u>	<u>₩ 2,519</u>	<u>₩ -</u>	<u>₩ 4,992,335</u>

<i>(in millions of Korean won)</i>	Liabilities at fair value through profit or loss	Other financial liabilities at amortized cost	Derivative financial instruments	Other financial liabilities	Total	
Trade payables	₩ -	₩ 584,595	₩ -	₩ -	₩ -	₩ 584,595
Borrowings	-	2,858,143	-	-	-	2,858,143
Debentures	-	1,649,927	-	-	-	1,649,927
Non-trade payables	-	510,855	-	-	-	510,855
Deposits Received	-	108,004	-	-	-	108,004
Other financial liabilities	36,283	416,224	7,377	1,409	-	461,293
	<u>₩ 36,283</u>	<u>₩ 6,127,748</u>	<u>₩ 7,377</u>	<u>₩ 1,409</u>	<u>₩ -</u>	<u>₩ 6,172,817</u>

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						January 1, 2010					
						Assets at fair value through profit or loss	Assets classified as available-for- sale	Assets classified as held-to- maturity	Total		
<i>(in millions of Korean won)</i>						Loans and receivables					
Cash and cash equivalents	₩	1,214,674	₩	-	₩	-	₩	-	₩	1,214,674	
Short-term financial instruments		801,596		10,118		-		-		811,714	
Short-term loans receivables		49,471		-		-		-		49,471	
Trade receivables		1,078,229		-		-		-		1,078,229	
Available-for-sale financial assets		-		-		203,032		-		203,032	
Other financial assets		480,202		121,127		32,774		2,437		636,540	
	₩	<u>3,624,172</u>	₩	<u>131,245</u>	₩	<u>235,806</u>	₩	<u>2,437</u>	₩	<u>3,993,660</u>	
Other											
<i>(in millions of Korean won)</i>						Liabilities at fair value through profit or loss	Other financial liabilities at amortized cost	Derivative financial instruments	Other financial liabilities	Total	
Trade payables	₩	-	₩	508,221	₩	-	₩	-	₩	508,221	
Borrowings		-		3,169,238		-		-		3,169,238	
Debentures		-		1,873,033		-		-		1,873,033	
Non-trade payables		-		411,071		-		-		411,071	
Deposits Received		-		157,400		-		-		157,400	
Other financial liabilities		35,618		332,935		6,023		1,891		376,467	
	₩	<u>35,618</u>	₩	<u>6,451,898</u>	₩	<u>6,023</u>	₩	<u>1,891</u>	₩	<u>6,495,430</u>	

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Income and loss of financial instruments by category for the years ended December 31, 2011 and 2010, are as follows:

<i>(in millions of Korean won)</i>	2011	2010
Available-for-sale financial assets		
Gain(Loss) on valuation		
(Other comprehensive income after income tax)	₩ (471,267)	₩ 979,013
Interest income	564	324
Dividend income	26,851	18,866
Loss on impairment of available-for-sale financial assets	(3,034)	(28,022)
Loss on disposal of available-for-sale financial assets	346,734	542,495
Others	(1,595)	(1,366)
Held-to-maturity investments		
Interest income	127	115
Others	(268)	(205)
Loans and receivables		
Interest income	61,168	61,514
Bad debt expense	(15,957)	(15,328)
Reversal of allowance for bad debts	8,515	5,321
Other bad debts expense	(7,245)	(21,542)
Others	(3,948)	(12,260)
Assets and liabilities at fair value through profit or loss		
Gains on derivatives	4,950	460
Others	(2,535)	570
Other financial liabilities at amortized cost		
Interest expenses	(215,526)	(227,980)
Gain on retirement of bonds	-	12,577
Derivative instruments		
Interest expenses	(3,739)	(4,994)
Gain(Loss) on valuation		
(Other comprehensive income(loss))	1,231	(2,007)

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7. Financial instruments Subject to Withdrawal Restrictions

Financial instruments subject to withdrawal restrictions as of December 31, 2011 and 2010, and January 1, 2010, are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2011	December 31, 2010	January 1, 2010
Short-term financial instruments			
Government-sponsored research and development projects	₩ 3,435,663	₩ 2,160,329	₩ 682,073
Contract performance guarantee	4,729,494	1,150,000	4,364,547
Collateral against borrowings	11,965,377	5,005,809	3,127,671
Deposits for purchase	-	168,777	2,545,000
Related company collateral	-	-	3,680,000
Other activities	1,773,551	747,323	441,618
	<u>21,904,085</u>	<u>9,232,238</u>	<u>14,840,909</u>
Long-term financial instruments			
Deposits for opening checking accounts	107,726	146,800	417,797
	<u>₩ 21,011,811</u>	<u>₩ 9,379,038</u>	<u>₩ 15,258,706</u>

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8. Trade and Other Receivables

Book value of trade and other receivables, and the Group provision for impairment of trade receivables as of December 31, 2011 and 2010, and January 1, 2010, are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2011		
	Current	Non-current	Total
Trade receivables	₩ 1,983,715,341	₩ -	₩ 1,983,715,341
Provision for impairment of trade receivables	(66,303,964)	-	(66,303,964)
Other receivables ¹	429,099,590	514,198,919	943,298,509
Provision for impairment of other receivables	(30,753,635)	(81,065,466)	(111,819,101)
	<u>₩ 2,315,757,332</u>	<u>₩ 433,133,453</u>	<u>₩ 2,748,890,785</u>

<i>(in thousands of Korean won)</i>	December 31, 2010		
	Current	Non-current	Total
Trade receivables	₩ 1,241,530,545	₩ 9,090,889	₩ 1,250,621,434
Provision for impairment of trade receivables	(69,597,160)	(8,988,131)	(78,585,291)
Other receivables ¹	244,256,872	425,353,026	669,609,898
Provision for impairment of other receivables	(25,278,110)	(104,161,679)	(129,439,789)
	<u>₩ 1,390,912,147</u>	<u>₩ 321,294,105</u>	<u>₩ 1,712,206,252</u>

<i>(in thousands of Korean won)</i>	January 1, 2010		
	Current	Non-current	Total
Trade receivables	₩ 1,145,871,829	₩ 9,839,406	₩ 1,155,711,235
Provision for impairment of trade receivables	(67,643,077)	(9,839,406)	(77,482,483)
Other receivables ¹	235,223,275	416,149,666	651,372,941
Provision for impairment of other receivables	(37,218,860)	(87,672,924)	(124,891,784)
	<u>₩ 1,276,233,167</u>	<u>₩ 328,476,742</u>	<u>₩ 1,604,709,909</u>

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

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The aging analysis of trade and other receivables as of December 31, 2011 and 2010, and January 1, 2010, are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2011		December 31, 2010		January 1, 2010	
	Trade receivables	Other receivables	Trade receivables	Other receivables	Trade receivables	Other receivables
		₩ 813,931,94				
Receivables not past due	₩ 1,832,336,348	4	₩1,069,314,402	₩509,552,385	₩ 994,983,425	₩ 544,208,333
Past due but not impaired						
Up to 3 months	66,598,943	8,007,131	68,753,215	7,113,177	54,971,643	7,936,530
3 to 6 months	15,738,811	2,978,042	10,131,632	2,812,329	9,906,882	906,363
6 month to 1 year	15,247,695	11,849,245	15,979,155	9,294,981	15,645,482	451,925
Over 1 year	15,318,988	15,782,408	21,824,891	24,094,273	15,620,146	4,842,851
	112,904,437	38,616,826	116,688,893	43,314,760	96,144,153	14,137,669
Impaired						
Up to 3 months	2,982,871	666,920	6,966,127	4,449	5,859,645	4,329
3 to 6 months	1,036,225	1,895,666	3,366,864	2,153	1,630,969	2,094
6 month to 1 year	2,711,659	1,412,135	6,012,564	2,128,815	3,423,591	1,000,000
Over 1 year	31,743,801	86,775,018	48,272,584	114,607,336	53,669,452	92,020,516
	38,474,556	90,749,739	64,618,139	116,742,753	64,583,657	93,026,939
	₩ 1,983,715,341	₩ 943,298,509	₩ 1,250,621,434	₩ 669,609,898	₩ 1,155,711,235	₩ 651,372,941

Changes in provision for impairment of trade receivables as of December 31, 2011 and 2010, are as follows:

<i>(in thousands of Korean won)</i>	2011	2010
Beginning balance	₩ 208,025,080	₩ 202,374,267
Increase from business combination	12,029,700	9,905,784
Bad debt expense	23,202,350	36,869,985
write-off	(56,624,900)	(35,558,903)
Reversal	(8,514,582)	(5,320,771)
Effect of foreign currency translation	5,417	(245,282)
Ending balance	₩ 178,123,065	₩ 208,025,080

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

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9. Other Financial Assets and Liabilities

Other financial assets as of December 31, 2011 and 2010, and January 1, 2010, are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2011	December 31, 2010	January 1, 2010
Current			
Available-for-sale financial assets	₩ 30,297,861	₩ 40,963,990	₩ 32,774,411
Held-to-maturity financial assets	1,084,670	256,255	18,930
Non-trade receivables	241,202,126	110,981,757	91,349,479
Accrued income	11,457,293	9,638,481	14,037,898
Deposits provided	76,228,682	51,381,875	43,145,655
Derivative assets	54,782,107	72,990,403	41,708,809
	<u>415,052,739</u>	<u>286,212,761</u>	<u>223,035,182</u>
Non-current			
Long-term financial instruments	11,524,457	322,300	3,191,300
Held-to-maturity financial assets	2,170,250	2,262,975	2,417,955
Trade receivables	-	102,758	-
Loans receivable	8,379,302	20,413,015	29,572,320
Non-trade receivables	134,106,520	14,077,204	42,829,381
Accrued income	278,611	342,912	278,611
Deposits Provided	290,369,020	286,358,216	255,796,430
Derivative assets	4,207,067	30,056,049	79,418,681
	<u>451,035,227</u>	<u>353,935,429</u>	<u>413,504,678</u>
	<u>₩ 866,087,966</u>	<u>₩ 640,148,190</u>	<u>₩ 636,539,860</u>

Other financial liabilities as of December 31, 2011 and 2010, and January 1, 2010, are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2011	December 31, 2010	January 1, 2010
Current			
Accrued expenses	₩ 443,549,844	₩ 301,962,567	₩ 291,798,845
Deposits received	144,077,259	109,610,435	39,840,704
Derivative liabilities	13,368,467	30,442,329	24,870,475
Current portion of other long-term liabilities	-	1,768,356	1,758,674
	<u>600,995,570</u>	<u>443,783,687</u>	<u>358,268,698</u>
Non-current			
Non-trade payables	22,611,027	4,059,650	1,294,908
Derivative liabilities	5,683,723	13,217,235	16,771,049
Non-current portion of other long-term liabilities	3,458,334	232,362	132,506
	<u>31,753,084</u>	<u>17,509,247</u>	<u>18,198,463</u>
	<u>₩ 632,748,654</u>	<u>₩ 461,292,934</u>	<u>₩ 376,467,161</u>

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Derivatives as of December 31, 2011 and 2010, and January 1, 2010, are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2011		December 31, 2010		January 1, 2010	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Current						
Commodity futures contract	₩ 145,610	₩ 14,086	₩ 755,988	₩ -	₩ 953,637	₩ 3,904,395
Commodity option contract	10,160,248	11,187,330	31,740,494	27,018,549	11,779,764	8,676,730
Interest rate swap contract	-	-	-	607,126	426,539	2,355,187
Currency forward contract	41,689,625	848,323	23,780,405	1,856,837	25,706,272	2,833,271
Currency option contract	1,770,882	1,318,728	111,265	758,111	64,687	2,170,623
Currency swap contract	1,015,742	-	16,602,251	201,706	2,777,910	4,930,269
	<u>54,782,107</u>	<u>13,368,467</u>	<u>72,990,403</u>	<u>₩30,442,329</u>	<u>41,708,809</u>	<u>24,870,475</u>
Non-current						
Interest rate swap contract	-	5,683,723	28,912,449	7,331,635	57,209,160	5,244,983
Currency forward contract	-	-	87,002	-	41,040	2,217,742
Currency swap contract	4,207,067	-	1,056,598	-	22,168,481	272,358
Embedded derivatives	-	-	-	5,885,600	-	9,035,966
	<u>4,207,067</u>	<u>5,683,723</u>	<u>30,056,049</u>	<u>13,217,235</u>	<u>79,418,681</u>	<u>16,771,049</u>
	<u>58,989,174</u>	<u>19,052,190</u>	<u>103,046,452</u>	<u>43,659,564</u>	<u>121,127,490</u>	<u>41,641,524</u>
Interest rate swap contract	-	5,683,723	28,912,449	7,331,635	57,209,160	5,244,983
Currency forward contract	-	-	87,002	-	41,040	2,217,742
Currency swap contract	4,207,067	-	1,056,598	-	22,168,481	272,358
Embedded derivatives	-	-	-	5,885,600	-	9,035,966
	<u>4,207,067</u>	<u>5,683,723</u>	<u>30,056,049</u>	<u>13,217,235</u>	<u>79,418,681</u>	<u>16,771,049</u>
	<u>₩ 58,989,174</u>	<u>₩ 19,052,190</u>	<u>₩ 103,046,452</u>	<u>₩ 43,659,564</u>	<u>₩ 121,127,490</u>	<u>₩ 41,641,524</u>

Accounts and amounts which include gain and loss from derivatives for the years ended December 31, 2011 and 2010, are as follows:

<i>(in thousands of Korean won)</i>	2011	2010
Other operating income (Note 31)	₩ 87,236,244	₩ 99,452,886
Other operating expenses (Note 31)	90,002,668	75,289,947
Financial income (Note 33)	38,815,123	18,171,356
Financial expenses (Note 33)	31,098,774	41,874,678

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

	Buy/Sell	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
Interest rate swap	Buy	-	76,510,000	100,000,000	-

CJ Hellovision Co., Ltd., the consolidated subsidiary, entered into swap agreements with Korea Exchange Bank to hedge expected cash flow risks which may arise from floating rate borrowings of ₩176,510 million.

There is no ineffective portion recognized as current profit or loss under cash flow hedge. Gain on valuation of ₩1,231 million excluding income tax effect that directly reflected on equity account is recognized as other comprehensive income.

Available-for-sale financial assets as of December 31, 2011 and 2010, and January 1, 2010, are as follows:

<i>(in thousands of Korean won)</i>		December 31, 2011	December 31, 2010	January 1, 2010
Government	Less than 1 year	₩ 84,670	₩ 156,255	₩ 18,930
Bonds	Between 1 and 5 years	167,670	15,580	13,620
	Between 5 and 10 years	2,580	247,395	404,335
Debt	Less than 1 year	1,000,000	100,000	-
investments	Between 5 and 10 years	2,000,000	2,000,000	2,000,000
		<u>3,254,920</u>	<u>2,519,230</u>	<u>2,436,885</u>
Current held-to-maturity financial securities		<u>(1,084,670)</u>	<u>(256,255)</u>	<u>(18,930)</u>
		<u>₩ 2,170,250</u>	<u>₩ 2,262,975</u>	<u>₩ 2,417,955</u>

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10. Inventories

Inventories as of December 31, 2011 and 2010, and January 1, 2010, are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2011	December 31, 2010	January 1, 2010
Merchandise	₩ 273,808,034	₩ 161,539,815	₩ 97,696,890
Finished goods	248,274,363	202,862,655	138,296,206
Work-in-process	57,617,731	35,832,908	47,591,082
Raw materials	308,544,471	207,053,751	189,693,794
Sub-materials	31,155,388	20,187,803	12,205,654
Supplies	51,132,058	33,381,085	27,750,669
Goods in transit	320,301,050	277,353,522	192,419,914
Lots	57,857,285	61,526,608	67,420,803
Others	689,395	275,899	606,323
Inventory allowance for evaluation	(11,175,763)	(6,825,563)	(6,278,681)
	<u>₩ 1,338,204,012</u>	<u>₩ 993,188,483</u>	<u>₩ 767,402,654</u>

11. Biological Assets

Group of biological assets as of December 31, 2011 and 2010, and January 1, 2010, are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2011	December 31, 2010	January 1, 2010
Biological assets for consumption			
Growing breed	₩ 6,255,081	₩ 5,558,328	₩ 6,808,282
Broiler breed	4,387,660	4,485,910	3,802,365
	<u>10,642,741</u>	<u>10,044,238</u>	<u>10,610,647</u>
Biological assets for production (Note 17)			
Sows	545,718	908,513	1,259,885
Spawning breed	8,159,492	7,627,842	4,508,260
	<u>8,705,210</u>	<u>8,536,355</u>	<u>5,768,145</u>
	<u>₩ 19,347,951</u>	<u>₩ 18,580,593</u>	<u>₩ 16,378,792</u>

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Changes in biological assets for consumption for the years ended December 31, 2011 and 2010, are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2011		December 31, 2010	
	Growing breed	Broiler breed	Growing breed	Broiler breed
Beginning balance	₩ 5,558,328	₩ 4,485,910	₩ 6,808,282	₩ 3,802,365
Increase from purchases	24,350,992	102,467,122	24,188,076	47,622,867
Assets for sale	(23,564,951)	(102,510,749)	(25,330,600)	(46,910,786)
Gain and loss on valuation	656,145	(106,024)	-	-
Exchange differences, net	(194,597)	17,615	(107,430)	(28,536)
Others	(550,836)	33,786	-	-
Ending balance	<u>₩ 6,255,081</u>	<u>₩ 4,387,660</u>	<u>₩ 5,558,328</u>	<u>₩ 4,485,910</u>

Changes in biological assets for production for the years ended December 31, 2011 and 2010, are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2011		December 31, 2010	
	Growing breed	Broiler breed	Growing breed	Broiler breed
Beginning balance	₩ 908,513	₩ 7,627,842	₩ 1,259,885	₩ 4,508,260
Increase from purchases	447,270	1,478,622	387,314	12,786,473
Assets for sale	(383,017)	(989,952)	(630,043)	(9,826,737)
Exchange differences, net	(64,040)	32,888	(108,643)	159,846
Others	(363,008)	10,092	-	-
Ending balance	<u>₩ 545,718</u>	<u>₩ 8,159,492</u>	<u>₩ 908,513</u>	<u>₩ 7,627,842</u>

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12. Other Assets and Liabilities

Other assets as of December 31, 2011 and 2010, and January 1, 2010, are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2011	December 31, 2010	January 1, 2010
Current			
Prepaid expenses	₩ 76,816,413	₩ 48,643,041	₩ 58,838,469
Prepaid taxes	71,593,710	59,338,052	46,041,890
Others	2,472,744	3,607,454	716,910
	<u>150,882,867</u>	<u>111,588,547</u>	<u>105,597,269</u>
Non-current			
Long-term advance payments	15,695,086	17,126,796	4,539,873
Long-term prepaid expenses	320,748,740	158,649,059	165,997,287
Others	5,798,997	19,597,052	8,648,278
	<u>342,242,823</u>	<u>195,372,907</u>	<u>179,185,438</u>
	<u>₩ 493,125,690</u>	<u>₩ 306,961,454</u>	<u>₩ 284,782,707</u>

Other liabilities as of December 31, 2011 and 2010, and January 1, 2010, are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2011	December 31, 2010	January 1, 2010
Current			
Advances receipts	₩ 175,129,253	₩ 129,883,026	₩ 140,198,160
Unearned revenues	21,774,964	23,671,650	31,162,691
Withholdings	328,545,711	256,718,850	279,641,406
Others	6,928,813	8,475,606	8,118,486
	<u>532,378,741</u>	<u>418,749,132</u>	<u>459,120,743</u>
Non-current			
Accrued expenses	21,218,684	9,722,516	490,295
Unearned revenues	161,784,705	175,176,664	157,643,676
Others	30,732,126	4,292,594	17,125,296
	<u>213,735,515</u>	<u>189,191,774</u>	<u>175,259,267</u>
	<u>₩ 746,114,256</u>	<u>₩ 607,940,906</u>	<u>₩ 634,380,010</u>

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13. Assets and liabilities Held for Sale

In accordance with the approval of board of directors and shareholders, the Group decided to dispose of Pohang Total Cable TV Co., Ltd. (a part of entertainment and media segment) and others. Therefore, related assets, liabilities and others of Korea Cable TV Pohang Broadcasting Co., Ltd. and other two entities which are controlled by Pohang Total Cable TV Co., Ltd. and Pohang Total Cable TV Co., Ltd. are classified as held-for-sale. The transaction is expected to be completed within 2012.

Assets and liabilities classified as held for sale as of December 31, 2011 and 2010, and January 1, 2010, are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2011	December 31, 2010	January 1, 2010
Assets of disposal group			
Cash and cash equivalent	₩ 371,111	₩ -	₩ -
Non-trade receivables	47,806,243	-	-
Other current assets	2,738,071	-	-
Property, plant and equipment	22,982,786	15,519,406	18,003,175
Intangible assets	43,091,490	-	-
Other non-current assets	696,713	-	-
	<u>117,686,414</u>	<u>15,519,406</u>	<u>18,003,175</u>
Liabilities of disposal group			
Current liabilities	6,097,135	-	-
Long-term borrowings	54,054,500	-	-
Other non-current liabilities	4,421,131	-	-
	<u>₩ 64,572,766</u>	<u>₩ -</u>	<u>₩ -</u>

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14. Available-for-sale Financial Assets

Changes in available-for-sale financial assets as of December 31, 2011 and 2010, are as follows:

<i>(in thousands of Korean won)</i>		December 31, 2011		December 31, 2010
Beginning balance	₩	1,491,809,123	₩	235,806,039
Acquisition of subsidiaries		122,985,914		17,455,006
Acquisition		14,833,925		13,309,072
Disposal		(18,502,293)		(1,666,910)
Impairment		(3,034,481)		(28,022,171)
Change in value of available-for-sale securities ¹		(585,163,960)		1,255,013,563
Decrease due to disposals of subsidiaries		(3,275,077)		(2,825,790)
Others		3,814,965		2,740,314
Ending balance		1,023,468,116		1,491,809,123
Less: Non-current		(993,170,255)		(1,450,845,133)
Current portion of available-for-sale financial assets	₩	<u>30,297,861</u>	₩	<u>40,963,990</u>

¹ Changes in value of available-for-sale securities do not reflect income tax effects.

Current available-for-sale financial assets which included in other current financial assets as of December 31, 2011 and 2010, and January 1, 2010, are as follows;

<i>(in thousands of Korean won)</i>		December 31, 2011		December 31, 2010		January 1, 2010
Beneficiary certificate	₩	28,957,936	₩	37,679,772	₩	30,607,919
Government Bonds		1,339,925		1,278,385		1,166,491
Equity Investments		-		2,005,833		1,000,000
	₩	<u>30,297,861</u>	₩	<u>40,963,990</u>	₩	<u>32,774,410</u>

Non-current available-for-sale financial assets as of December 31, 2011 and 2010, and January 1, 2010, are as follows:

<i>(in thousands of Korean won)</i>		December 31, 2011		December 31, 2010		January 1, 2010	
	Detail	Acquisition		Book value		Book value	
		cost	Book value	Book value	Book value	Book value	Book value
Marketable securities	(1)	₩ 134,638,870	₩ 707,959,533	₩ 1,155,965,003	₩	26,866,150	
Non-marketable investments	(2)	144,833,409	196,125,371	222,814,310	₩	99,391,256	
Investment in partnerships	(3)	68,741,137	57,921,198	57,525,728	₩	60,506,945	
Other investments	(4)	31,187,883	31,164,153	14,540,092	₩	16,267,278	
		<u>₩ 379,401,299</u>	<u>₩ 993,170,255</u>	<u>₩ 1,450,845,133</u>	₩	<u>203,031,629</u>	

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(1) Marketable securities as of December 31, 2011 and 2010, and January 1, 2010, are as follows:

	December 31, 2011		December 31, 2010	January 1, 2010	
	Percentage of Ownership (%)	Acquisition Cost	Book Value	Book Value	
<i>(in thousands of Korean won, except percentage of ownership)</i>					
Samsung Life Insurance Co., Ltd.	5.50	₩ 435,142	₩ 565,155,265	₩ 1,126,049,625	₩ -
Sajohaepyo Corp.	12.61	10,926,300	12,009,900	12,551,700	11,739,000
T-Broad Hanvit Broadcasting Co., Ltd.	2.31	6,489,182	6,798,233	6,733,334	7,431,004
KT Corp.	0.05	5,095,467	4,657,779	6,042,701	5,108,532
KT Skylife Co., Ltd. ¹ (formerly Korea Digital Satellite Broadcasting Co., Ltd.)	0.76	4,950,000	9,864,000	-	-
Theragen Etex Co., Ltd.	1.88	2,004,184	2,977,520	2,507,960	-
POSCO	0.13	34,200,000	34,200,000	2,079,683	-
Kumho Tire Co., Inc.	4.81	53,406,080	53,406,080	-	-
Kumho Industrial Co., Ltd.	0.96	10,144,079	10,144,079	-	-
YG Entertainment Inc. ¹	2.01	1,826,023	7,360,000	-	-
Others	-	5,162,413	1,386,677	-	2,587,614
		<u>₩134,638,870</u>	<u>₩ 707,959,533</u>	<u>₩1,155,965,003</u>	<u>₩ 26,866,150</u>

¹ In 2011, listed on Korea Stock Exchange.

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(2) Non-marketable investments as of December 31, 2011 and 2010, and January 1, 2010, are as follows:

	December 31, 2011		December 31, 2010	January 1, 2010	
	Percentage of Ownership (%)	Acquisition Cost	Book Value	Book Value	
<i>(in thousands of Korean won, except percentage of ownership)</i>					
Samsung Everland Inc.	2.35	₩ 5,180,472	₩109,511,191	₩126,218,099	₩ 5,180,472
Joongang Ilbo	17.59	23,298,582	16,062,593	26,524,804	26,524,804
Haitai Confectionery & Foods Co., Ltd.	3.68	5,987,475	9,891,294	10,773,540	5,987,475
Dream Hub PFV Co., Ltd.	1.00	10,000,000	10,278,000	10,000,000	10,000,000
Tbroad Ginam Broadcasting Co., Ltd.	4.94	7,399,992	8,606,601	8,315,601	7,399,992
KT Skylife Co., Ltd. (formerly Korea Digital Satellite Broadcasting Co., Ltd.)	-	-	-	5,455,715	-
Simuline Inc.	11.74	4,000,000	2,361,000	4,000,000	-
HCN Seocho Co., Ltd.	4.02	4,910,290	3,989,030	3,985,370	4,254,722
Newton Capital Partners I.L.P	-	-	-	3,046,400	3,123,169
Join Corp.	6.10	4,150,000	3,788,618	2,928,406	2,150,000
Barunson Holdings Co., Ltd.	14.93	2,801,462	2,801,462	2,801,462	2,801,462
CJ Lion Corporation	19.00	2,700,470	3,829,830	2,700,470	2,700,470
Seoul Lite Tower. Ltd.	1.51	3,660,000	3,660,000	2,310,000	2,310,000
YG Entertainment Inc.	-	-	-	1,826,023	1,826,023
HCN Busan Systems Co., Ltd.	1.89	693,502	1,478,496	1,425,173	1,321,962
Gunjang New Port Terminal Co., Ltd.	15.00	3,315,000	3,315,000	-	-
Al Nahr Company Limited	25.00	6,919,800	6,919,800	-	-
Samsung Life Insurance Co., Ltd.	-	-	-	-	1,294,113
Others	-	59,816,364	9,632,456	10,503,247	22,516,592
		<u>₩144,833,409</u>	<u>₩196,125,371</u>	<u>₩222,814,310</u>	<u>₩99,391,256</u>

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Investment in partnerships as of December 31, 2011 and 2010, and January 1, 2010, are as follows:

<i>(in thousands of Korean won, except percentage of ownership)</i>	Percentage of Ownership (%)	December 31, 2011		December 31, 2010	January 1, 2010
		Acquisition Cost	Book Value	Book Value	Book Value
Cooperative contribution	-	₩ 6,615,984	₩ 5,173,157	₩ 4,131,865	₩ 4,801,488
Raine-PartnersFund	3.61	3,132,614	3,597,197	623,642	-
MVP Culture industry investment	-	-	-	3,000,000	3,000,000
MVP Culture investment	-	-	-	3,000,000	3,000,000
IMM Digital Contents investment	-	-	-	2,820,000	2,820,000
SOVIK Contents investment	15	3,000,000	3,000,000	3,000,000	3,000,000
DongMoon Media Contents & Culture Investment	8.8	3,000,000	3,000,000	3,000,000	-
Vogo Fund LP	2.99	14,843,773	10,079,687	14,776,229	14,655,737
CJ Veritas Movie & Joy Fund 1st	19.67	-	-	2,000,000	3,005,833
GAEUN-BENEX culture contents investment	19.9	1,990,000	1,990,000	1,990,000	1,990,000
ISU-culture contents investment	16	4,000,000	4,000,000	4,000,000	4,000,000
BENEX Digital Culture Contents investment	11.95	3,000,000	3,000,000	3,000,000	3,000,000
SOVIK 5rd Fund	16.67	1,500,000	1,286,893	1,491,039	-
CJ Global Contents investment 12rd	9.55	4,000,000	3,939,946	2,000,000	2,000,000
TV Chosun-Daesung investment	14	6,000,000	6,000,000	-	-
ISU Global Contents investment	19	4,000,000	4,000,000	-	-
Stonebridge Digital investment	30	3,000,000	2,820,000	-	-
Online Game Revolution Fund No.1 Limited Liability Investment Partnership	-	-	-	-	11,103,887
Others	-	10,658,766	6,034,318	8,692,953	4,130,000
		<u>₩ 68,741,137</u>	<u>₩ 57,921,198</u>	<u>₩ 57,525,728</u>	<u>₩ 60,506,945</u>

¹ In 2011, the Group disposed of CJ Venture Investment Co., Ltd.. The Group ceased to have significant influence due to the decrease in shares owned by CJ Venture Investment Co., Ltd.. Therefore, it is reclassified from investment in associates to available-for-sale financial assets.

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Other available-for-sale financial assets as of December 31, 2011 and 2010, and January 1, 2010, are as follows:

	December 31, 2011		December 31, 2010	January 1, 2010
<i>(in thousands of Korean won)</i>	Acquisition			
	cost	Book value	Book value	Book value
Beneficiary certificate	₩ 17,702,973	₩ 17,679,243	₩ 11,058,262	₩ 8,302,368
Debt securities	13,484,910	13,484,910	3,481,830	7,964,910
	₩ 31,187,883	₩ 31,164,153	₩ 14,540,092	₩ 16,267,278

The difference between acquisition costs and fair value of available-for-sale financial assets is recognized as other components of equity (gain on valuation of available-for-sale financial assets). The Group recognized ₩384,808 million which does not include income tax effect and non-controlling interests directly reflected on equity (2010: ₩730,903 million; January 1, 2010: ₩6,683 million) as gain on valuation of available-for-sale financial assets.

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15. Investments in jointly controlled entities and associates

Investments in jointly controlled entities as of December 31, 2011 and 2010, and January 1, 2010, are as follows:

	Location	Percentage of Ownership (%)	December 31, 2011		December 31, 2010		January 1, 2010
			Acquisition Cost	Net asset Value	Book Value	Book Value	Book Value
<i>(in thousands of Korean won, except percentage of ownership)</i>							
Kumho Resort Co., Ltd.	Korea	50.00	₩ 83,498,449	₩ 60,641,710	₩ 83,498,449	₩ -	₩ -
Sichuan Jixiangju Food Co., Ltd.	China	49.00	23,723,315	8,646,092	24,495,073	-	-
CJ&HACL Foodtech Co., Ltd.	Korea	49.00	19,209,570	16,579,985	16,671,920	16,796,401	12,863,294
Beijing Ershang CJ Food Co., Ltd.	China	49.00	5,076,782	6,846,453	6,846,453	6,609,332	6,969,360
Lucky Union Foods, Inc.	Thailand	20.00	5,800,026	5,660,318	5,660,318	6,237,217	5,800,026
SCJ TV Shopping Co., Ltd.	Vietnam	50.00	6,430,400	5,753,229	5,229,613	-	-
CJ Toyota Tsusho Philippines Inc.	Philippines	44.83	6,784,400	5,247,335	5,232,150	5,671,025	7,073,736
Star CJ Network India Private Ltd.	India	50.00	31,831,875	5,089,651	5,532,269	5,641,819	5,770,160
Gumbo D.D.F Co., Ltd.	Korea	49.00	4,760,000	1,534,270	4,759,998	-	-
Freshone Namseoul Co., Ltd.	Korea	40.00	3,179,336	443,854	3,503,190	-	-
EBARA CJ Fresh Foods Inc.	Japan	50.00	3,364,250	2,895,723	2,895,723	-	-
GMM CJ O Shopping Co., Ltd.	Thailand	49.00	2,727,933	2,691,813	2,728,870	-	-
Shanghai Shangying CGV Cinema Co., Ltd.	China	50.00	1,191,990	2,670,733	2,670,733	2,334,694	2,115,655
Korea Express Saigon Port Co., Ltd.	Vietnam	50.00	2,501,081	2,501,081	2,501,081	-	-
SMC-CJ O Shopping Co., Ltd.	China	23.00	2,713,246	2,013,923	2,013,923	-	-
PT CJ PIA	Indonesia	50.00	898,788	1,685,911	1,685,912	1,280,752	994,469
Freshone Gwangju Co., Ltd.	Korea	20.00	1,216,223	269,517	1,425,740	1,248,185	-
Freshone Jungbu Co., Ltd.	Korea	20.00	1,308,653	126,296	1,374,949	-	-
Korea Express Saigon Logistics Co., Ltd. ¹	Vietnam	66.25	1,348,044	1,348,044	1,348,044	-	-
Champ Vision Inc.	Korea	-	-	-	-	3,932,410	4,128,481
Others	-	-	2,085,383	1,420,571	1,420,574	839,217	1,762,082
			<u>₩209,649,744</u>	<u>₩134,066,509</u>	<u>₩181,494,982</u>	<u>₩ 50,591,052</u>	<u>₩47,477,263</u>

¹ Although the Group owns 66% of the shares of Korean Express Saigon Logistics Co., Ltd. which is more than the majority, the entity excluded these subsidiaries for consolidation because the Group does not have the control through an agreement with other shareholders.

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Investments in associates as of December 31, 2011 and 2010, and January 1, 2010, are as follows:

<i>(in thousands of Korean won, except percentage of ownership)</i>	Location	Percentage of Ownership (%)	December 31,			December 31,	January 1,
			Acquisition Cost	Net asset Value	Book Value	2010 Book Value	2010 Book Value
Shanghai SMG-CJ Home Shopping Co., Ltd.	China	26.84	₩ 18,752,213	₩37,910,557	₩37,910,556	₩ 34,380,066	₩18,752,213
MBC Plus Media Co., Ltd.	Korea	22.88	28,731,199	31,420,035	32,831,168	30,952,598	27,008,582
YJM Entertainment Co., Ltd.	Korea	42.86	15,000,000	7,539,249	15,250,576	-	-
Gretech Corporation	Korea	24.54	13,434,886	5,324,641	14,388,363	13,408,257	13,261,704
BMC Cinema Investment	Korea	44.83	13,000,000	13,410,928	13,449,131	13,030,412	12,808,529
MVP Venture Investment - Culture Industry	Korea	25.00	6,000,000	5,861,107	6,410,159	6,000,000	-
CJ Venture Investment No.14 - Culture Contents	Korea	25.00	5,000,000	5,007,639	5,007,639	-	-
Sovik picture venture investment	Korea	30.00	5,000,000	4,482,971	4,982,971	-	-
Beijing CJ Xingxing International Cinema Co., Ltd.	China	49.00	5,254,113	4,864,916	4,864,692	2,251,758	-
Company K Partners Limited - CINEMA	Korea	30.00	4,500,000	4,799,264	4,799,264	4,681,068	4,403,092
Art Service Co., Ltd.	Korea	41.35	4,474,144	4,706,528	4,706,528	4,567,093	4,803,491
CJ-KTF Investment	Korea	40.00	4,000,000	4,030,540	4,030,540	3,961,201	4,165,220
CJ Xingxing(Tj) International Cinema Co., Ltd.	China	49.00	4,349,067	3,907,429	3,926,013	4,083,637	-
CJ Venture Investment No. 9 - cinema ¹	Korea	48.00	4,800,000	3,546,586	3,546,586	-	-
Cinema Service Co., Ltd.	Korea	37.10	4,442,207	3,070,351	3,497,916	1,683,293	2,071,009
Michigan global contents Investment	Korea	28.00	3,500,000	3,262,243	3,262,243	3,418,064	3,442,029
Company K Partners Limited - CINEMA	Korea	30.00	3,000,000	3,017,062	3,017,062	2,931,886	2,919,870
Bluepepper.Inc	Korea	40.47	2,948,850	47,404	2,948,850	-	-
Shanghi Shangying CGV Xinzhuang Co., Ltd.	China	49.00	1,820,123	2,913,316	2,913,316	2,641,944	2,159,637
Ningbo Culture Plaza CJ Cinema Co., Ltd.	China	45.00	2,674,660	2,716,954	2,714,649	409,379	-
Tianjin CJ Home Shopping Co., Ltd.	China	44.00	5,167,219	2,533,368	2,533,368	3,116,300	3,405,591
Hanhwa Culture Contents Investment No.1	Korea	26.09	3,000,000	748,068	2,329,574	3,000,000	-
Incheon North Port Bulk Terminal Co., Ltd.	Korea	28.00	2,320,564	2,320,564	2,320,564	-	-
Enprani Co., Ltd.	Korea	27.76	5,681,397	2,243,315	2,243,315	3,028,705	3,900,456

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	Location	Percentage of Ownership (%)	December 31, 2011			December 31, 2010	January 1, 2010
			Acquisition Cost	Net asset Value	Book Value	Book Value	Book Value
<i>(in thousands of Korean won, except percentage of ownership)</i>							
Gunsan Container Terminal Co., Ltd.	Korea	24.10	2,124,108	2,124,108	2,124,108	-	-
Michigan global contents Fund	Korea	20.00	1,941,371	1,662,297	1,851,649	2,016,645	-
Shanghai-Inchon International Ferry Co., Ltd.	China	24.50	1,728,367	1,728,367	1,728,367	-	-
CJ Xingxing(Fushun) Cinema Co., Ltd.	China	49.00	1,551,435	1,705,043	1,703,477	-	-
Wuhan CJ Xingxing Tiandi Cinema Co., Ltd.	China	49.00	1,601,699	1,655,165	1,655,165	1,466,099	1,392,825
CJ Worldis Co., Ltd.	Korea	50.00	1,431,273	1,483,602	1,483,602	1,321,223	1,431,274
CJ Xingxing (Shanghai) Cinema Co., Ltd.	China	49.00	1,482,600	1,454,702	1,454,702	-	-
Wooridul Venture Capital Co., Ltd.	Korea	25.00	1,599,000	683,824	1,293,478	1,541,888	-
Daishin Contents Investment Partnership No.1	Korea	30.00	1,342,108	1,127,398	1,127,398	1,363,383	-
United Asia Live Entertainment Co., Ltd.	China	20.00	1,005,500	1,108,704	1,113,404	-	-
Als Bac Ninh Company Limited	Vietnam	30.00	609,616	1,037,795	1,037,795	639,518	200,465
CenturyOn multimedia Investment No.2	Korea	20.00	2,020,259	1,022,455	1,022,454	1,022,064	1,248,544
CJ Venture Investment No.11 – Culture Contents Fund	Korea	-	-	-	-	6,889,748	7,009,713
CJ Venture Investment No.12 - Global Contents Fund	Korea	-	-	-	-	1,144,781	1,297,957
Others	-	-	10,847,045	8,929,450	8,973,622	3,620,656	908,278
			<u>₩196,135,023</u>	<u>₩185,407,945</u>	<u>₩210,454,264</u>	<u>₩158,571,666</u>	<u>₩116,590,479</u>

¹ In 2011, the Group disposed of CJ Venture Investment Co., Ltd.. The Group ceased to have control due to the decrease in shares owned by CJ Venture Capital Co., Ltd. Therefore, it is reclassified from investment in subsidiaries to available-for-sale financial assets.

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Changes in investments in associates and jointly controlled entities for the years ended December 31, 2011 and 2010, are as follows:

2011

<i>(in thousands of Korean won)</i>	Beginning balance		Acquisition from business combination		Share of profit(loss) ¹		Others ²		Ending balance
	₩	-	₩	₩	₩	-	₩	-	₩
Kumho Resort Co., Ltd.	₩	-	₩ 83,498,449	₩	-	₩	-	₩	₩ 83,498,449
Shanghai SMG-CJ Home Shopping Co., Ltd.		34,380,066	-	-		8,190,817	(4,660,327)		37,910,556
MBC Plus Media Co., Ltd.		30,952,598	-	-		2,648,701	(770,131)		32,831,168
Sichuan Jixiangju Food Co., Ltd.		-	-	23,723,315		687,673	84,085		24,495,073
CJ&HACL Foodtech Co., Ltd.		16,796,401	-	-		(1,027,838)	903,357		16,671,920
YJM Entertainment Co., Ltd.		-	-	15,000,000		250,194	382		15,250,576
Gretech Corporation		13,408,257	-	-		980,106	-		14,388,363
BMC Cinema Investment		13,030,412	-	-		456,923	(38,204)		13,449,131
Beijing Ershang CJ Food Co., Ltd.		6,609,332	-	-		(137,579)	374,700		6,846,453
MVP Venture Investment - Culture Industry		6,000,000	-	-		410,159	-		6,410,159
Lucky Union Foods, Inc.		6,237,217	-	-		873,669	(1,450,568)		5,660,318
Star CJ Network India Private Ltd.		5,641,819	-	14,883,515		(14,326,683)	(666,382)		5,532,269
CJ Toyota Tsusho Philippines Inc.		5,671,025	-	-		(484,272)	45,397		5,232,150
SCJ TV Shopping Co., Ltd.		-	-	6,430,400		(993,921)	(206,866)		5,229,613
CJ Venture Investment No.14 - Culture Contents		-	-	5,000,000		7,639	-		5,007,639
Sovik picture venture investment		-	-	5,000,000		(17,029)	-		4,982,971
Beijing CJ Xingxing International Cinema Co., Ltd.		2,251,758	-	2,778,831		(284,295)	118,398		4,864,692
Company K Partners Limited – CINEMA		4,681,068	-	-		118,196	-		4,799,264
Gumbo D.D.F Co., Ltd.		-	-	4,760,000		7,391	(7,393)		4,759,998
Art service		4,567,093	-	-		139,435	-		4,706,528
CJ-KTF Investment		3,961,201	-	-		69,339	-		4,030,540
CJ Xingxing(Tj) International Cinema Co., Ltd.		4,083,637	-	-		(388,252)	230,628		3,926,013
CJ Venture Investment No. 9 – cinema		-	-	-		-	3,546,586		3,546,586
Freshone Namseoul Co., Ltd.		-	-	3,179,336		323,854	-		3,503,190
Cinema Service Co., Ltd.		1,683,293	-	-		1,863,501	(48,878)		3,497,916
Michigan global contents Investment		3,418,064	-	-		(155,821)	-		3,262,243

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2011

<i>(in thousands of Korean won)</i>	2011					
	Beginning balance	Acquisition from business combination	Acquisition	Share of profit(loss) ¹	Others ²	Ending balance
Company K Partners Limited – CINEMA	₩ 2,931,886	₩ -	₩ -	₩ 85,176	₩ -	₩ 3,017,062
Bluepepper. Inc	-	-	2,948,850	-	-	2,948,850
Shanghi Shangying CGV Xinzhuang Co., Ltd.	2,641,944	-	-	445,263	(173,891)	2,913,316
Ebara CJ Fresh Foods Inc.	-	-	3,364,250	2,573,687	(3,042,214)	2,895,723
GMM CJ O Shopping Co., Ltd.	-	-	2,727,933	938	(1)	2,728,870
Ningbo Culture Plaza CJ Cinema Co., Ltd.	409,379	-	2,279,862	-	25,408	2,714,649
Shanghai Shangying CGV Cinema Co., Ltd.	2,334,694	-	-	481,151	(145,112)	2,670,733
Tianjin CJ Home Shopping Co., Ltd.	3,116,300	-	-	(719,471)	136,539	2,533,368
Korea Express Saigon Port Co., Ltd.	-	2,501,081	-	-	-	2,501,081
Hanhwa Culture Contents Investment No.1	3,000,000	-	-	(670,591)	165	2,329,574
Incheon North Port Bulk Terminal Co., Ltd.	-	2,320,564	-	-	-	2,320,564
Enprani Co., Ltd.	3,028,705	-	-	(743,476)	(41,914)	2,243,315
Gunsan Container Terminal Co., Ltd.	-	2,124,108	-	-	-	2,124,108
SMC-CJ O Shopping Co., Ltd.	-	-	2,713,246	(634,409)	(64,914)	2,013,923
Michigan global contents Fund	2,016,645	-	-	(164,996)	-	1,851,649
Shanghai-Inchon International Ferry Co., Ltd.	-	1,728,367	-	-	-	1,728,367
CJ Xingxing(Fushun) Cinema Co., Ltd.	-	-	1,551,435	5,425	146,617	1,703,477
PT CJ PIA	1,280,752	-	-	397,898	7,262	1,685,912
Wuhan CJ Xingxing Tiandi Cinema Co., Ltd.	1,466,099	-	-	97,716	91,350	1,655,165
CJ Worldis Co., Ltd.	1,321,223	-	-	162,379	-	1,483,602
CJ Xingxing (Shanghai) Cinema Co., Ltd.	-	-	1,482,600	(157,548)	129,650	1,454,702
Freshone Gwangju Co., Ltd.	1,248,185	-	-	177,555	-	1,425,740
Freshone Jungbu Co., Ltd.	-	-	1,308,653	66,296	-	1,374,949
Korea Express Saigon Logistics Co., Ltd.	-	1,348,044	-	-	-	1,348,044
Wooridul Venture Capital Co., Ltd.	1,541,888	-	-	(248,410)	-	1,293,478

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2011

<i>(in thousands of Korean won)</i>	Beginning balance	Acquisition from business combination	Acquisition	Share of profit(loss) ¹	Others ²	Ending balance
Daishin Contents Investment Partnership No.1	1,363,383	-	-	(235,985)	-	1,127,398
United Asia Live Entertainment Co., Ltd.	-	-	1,005,500	12,821	95,083	1,113,404
Als Bac Ninh Company Limited	639,518	-	-	511,237	(112,960)	1,037,795
CenturyOn multimedia Investment No.2	1,022,064	-	-	390	-	1,022,454
CJ Venture Investment No.12 – Global Contents Fund	6,889,748	-	-	(184,045)	(6,705,703)	-
Champ Vision Inc.	3,932,410	-	-	(26,240)	(3,906,170)	-
CJ Venture Investment No.11 – Culture Contents Fund	1,144,781	-	-	(49,625)	(1,095,156)	-
Others	4,459,873	4,533,888	-	15,531	1,384,904	10,394,196
	₩ 209,162,718	₩ 98,054,501	₩ 100,137,726	₩ 410,574	₩ (15,816,273)	₩ 391,949,246

2010

<i>(in thousands of Korean won)</i>	Beginning balance	Acquisition from business combination	Acquisition	Share of profit(loss)	Others ²	Ending balance
Shanghai SMG-CJ Home Shopping Co., Ltd.	₩ 18,752,213	₩ -	₩ -	₩ 11,612,385	₩ 4,015,468	₩ 34,380,066
MBC Plus Media Co., Ltd.	27,008,582	-	-	4,275,750	(331,734)	30,952,598
CJ&HACL Foodtech Co., Ltd.	12,863,294	-	4,355,455	(685,660)	263,312	16,796,401
Gretech Corporation	13,261,704	-	-	121,133	25,420	13,408,257
BMC Cinema Investment	12,808,529	-	-	183,669	38,214	13,030,412
CJ Venture Investment No.12 - GlobalContents Fund	7,009,713	-	-	(120,011)	46	6,889,748
Beijing Ershang CJ Food Co., Ltd.	6,969,360	-	-	(414,642)	54,613	6,609,331
Lucky Union Foods, Inc.	5,800,026	-	-	524,770	(87,579)	6,237,217
MVP Venture Investment - Culture Industry	-	-	-	-	6,000,000	6,000,000
CJ Toyota Tsusho Philippines Inc.	7,073,736	-	-	(465,720)	(936,991)	5,671,025
Star CJ Network India Private Ltd.	5,770,160	-	11,178,200	(11,301,891)	(4,650)	5,641,819
Company K Partners Limited – CINEMA	4,403,092	-	-	277,977	(1)	4,681,068

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2010

<i>(in thousands of Korean won)</i>	Beginning balance	Acquisition from business combination	Acquisition	Share of profit(loss)	Others²	Ending balance
Art Service	4,803,491	-	-	(101,837)	(134,561)	4,567,093
CJ Xingxing(TJ) International Cinema Co., Ltd.	-	-	4,349,067	(110,977)	(154,453)	4,083,637
CJ-KTF Investment	4,165,220	-	-	(204,018)	(1)	3,961,201
Champ Vision Inc.	4,128,481	-	-	406,544	(602,615)	3,932,410
Michigan global contents Investment	3,442,029	-	-	(23,964)	(1)	3,418,064
Tianjin CJ Home Shopping Co., Ltd.	3,405,591	-	-	(314,881)	25,590	3,116,300
Enprani Co., Ltd.	3,900,456	-	-	(871,291)	(460)	3,028,705
Hanhwa Culture Contents Investment No.1	-	-	-	-	3,000,000	3,000,000
Company K Partners Limited – CINEMA	2,919,870	-	-	12,016	-	2,931,886
Shanghi Shangying CGV Xin Zhuang Co., Ltd.	2,159,637	-	-	513,216	(30,909)	2,641,944
Shanghai Shangying CGV Cinema Co., Ltd.	2,115,655	-	-	516,900	(297,861)	2,334,694
BEIJING CJ Xingxing International Cinema Co., Ltd.	-	-	2,475,282	(239,486)	15,962	2,251,758
Michigan global contents Fund	-	1,941,371	-	75,274	-	2,016,645
Cinema Service Co., Ltd.	2,071,009	-	-	(364,867)	(22,849)	1,683,293
Wooridul Venture Capital Co., Ltd.	-	-	1,599,000	(57,112)	-	1,541,888
Wuhan CJ Xingxing Tiandi Cinema Co., Ltd.	1,392,825	-	-	60,953	12,321	1,466,099
Daishin Contents Investment Partnership No.1	-	1,342,108	-	21,276	(1)	1,363,383
CJ Worldis Co., Ltd.	1,431,274	-	-	(110,050)	(1)	1,321,223
PT CJ PIA	994,469	-	-	265,458	20,825	1,280,752
Freshone Gwangju Co., Ltd.	-	-	1,216,223	31,962	-	1,248,185
CJ Venture Investment No.11 – Culture Contents Fund	1,297,957	-	-	(153,176)	-	1,144,781
CenturyOn multimedia Investment No.2	1,248,544	-	-	(226,480)	-	1,022,064
Als Bac Ninh Company Limited	200,465	-	381,488	105,527	(47,962)	639,518
Ningbo Culture Plaza CJ Cinema Co., Ltd.	-	-	394,798	-	14,581	409,379
Others	2,670,360	1,236,640	3,747,873	(1,201,158)	(1,993,841)	4,459,874
	<u>₩164,067,742</u>	<u>₩4,520,119</u>	<u>₩29,697,386</u>	<u>₩2,037,589</u>	<u>₩8,839,882</u>	<u>₩209,162,718</u>

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¹ The Group's share of associates' profit represents an amount net of taxes and non-controlling interests.

² Others are composed of dividends, gain and loss on foreign currency translation, others.

Financial information of major jointly controlled entities and associates as of and for the years ended December 31, 2011 and 2010, are as follows:

<i>(in thousands of Korean won)</i>	2011				
	Assets	Liabilities	Equity	Sales	Net income (loss)
Kumho Resort Co., Ltd. ¹	₩529,895,268	₩408,611,849	₩121,283,419	₩	- ₩
Shanghai SMG-CJ Home Shopping Co., Ltd.	143,170,706	1,924,219	141,246,487	110,309,278	30,517,204
MBC Plus Media Co., Ltd.	160,900,961	23,575,633	137,325,328	156,901,465	17,155,514
Sichuan Jixiangju Food Co., Ltd.	42,353,877	24,708,791	17,645,086	36,935,052	4,759,105
CJ&HACL Foodtech Co., Ltd.	46,000,810	12,164,106	33,836,704	12,946,194	(2,097,629)
YJM Entertainment Co., Ltd.	17,687,243	96,835	17,590,408	1,000,000	-
Gretech Corporation	23,899,587	2,201,783	21,697,804	26,986,847	4,035,814
BMC Cinema Investment	30,067,711	152,636	29,915,075	4,690,076	1,019,236
Beijing Ershang CJ Food Co., Ltd.	21,226,132	7,253,779	13,972,353	27,575,003	(280,774)
MVP Venture Investment - Culture Industry	23,633,683	189,255	23,444,428	3,536,775	1,721,585
Lucky Union Foods, Inc.	48,681,621	20,380,031	28,301,590	46,882,000	5,341,528
Star CJ Network India Private Ltd.	28,174,938	17,995,636	10,179,302	49,665,873	(28,653,367)
CJ Toyota Tsusho Philippines Inc.	71,929,690	60,224,727	11,704,963	-	(1,061,748)
SCJ TV Shopping Co., Ltd.	12,866,368	1,359,910	11,506,458	3,209,411	(1,869,943)
CJ Venture Investment No.14 - Culture Contents	20,084,666	54,110	20,030,556	86,646	30,556
Sovik picture venture investment	14,943,237	-	14,943,237	247,874	(56,764)
Beijing CJ Xingxing International Cinema Co., Ltd.	12,117,492	2,189,092	9,928,400	2,958,032	(577,893)
Company K Partners Limited - CINEMA	₩ 16,005,865	₩ 8,318	₩ 15,997,547	₩ 1,695,003	₩ 385,668
Gumbo D.D.F Co., Ltd.	4,272,406	1,141,243	3,131,163	288,098	15,084
ART SERVICE	26,498,794	15,116,622	11,382,172	14,068,758	316,796
CJ-KTF Investment	10,076,350	-	10,076,350	318,228	173,348
CJ Xingxing(Tj) International Cinema Co., Ltd.	12,057,685	4,083,340	7,974,345	3,806,963	(789,210)
CJ Venture Investment No. 9 - cinema ¹	7,455,017	66,296	7,388,721	445,459	(697,081)
Freshone Namseoul Co., Ltd.	19,016,994	17,907,359	1,109,635	33,315,566	809,635
Cinema Service Co., Ltd.	16,892,197	8,616,318	8,275,879	4,088,242	(1,551,488)
Michigan global contents Investment	11,734,070	83,202	11,650,868	178,862	(556,504)

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<i>(in thousands of Korean won)</i>	2011				
	Assets	Liabilities	Equity	Sales	Net income (loss)
Company K Partners Limited - CINEMA	10,058,386	1,513	10,056,873	1,860,651	283,922
Bluepepper. Inc	734,754	617,620	117,134	-	-
Shanghi Shangying CGV Xinzhuang Co., Ltd.	8,020,469	2,074,926	5,945,543	6,410,632	1,119,418
EBARA CJ Fresh Foods Inc.	7,805,058	2,013,612	5,791,446	3,335,474	(1,531,077)
GMM CJ O Shopping Co., Ltd.	5,504,790	11,294	5,493,496	13,234	1,914
Ningbo Culture Plaza CJ Cinema Co., Ltd.	6,037,676	-	6,037,676	-	-
Shanghai Shangying CGV Cinema Co., Ltd.	8,448,566	3,107,100	5,341,466	6,668,878	1,255,033
Tianjin CJ Home Shopping Co., Ltd.	17,640,811	11,883,156	5,757,655	44,280,967	(1,895,627)
Korea Express Saigon Port Co., Ltd. ¹	3,690,505	260,688	3,429,817	-	-
Hanhwa Culture Contents Investment No.1	2,906,557	39,298	2,867,259	108,438	(2,642,071)
Incheon North Port Bulk Terminal Co., Ltd.(*)	98,633,551	90,345,823	8,287,728	-	-
Enprani Co., Ltd.	28,762,189	20,681,083	8,081,106	69,951,646	(2,678,229)
Gunsan Container Terminal Co., Ltd. (*)	3,845,520	864,788	2,980,732	-	-
SMC-CJ O SHOPPING CO., LTD.	11,056,038	2,299,851	8,756,187	2,093,941	(2,758,297)
Michigan global contents Fund	8,380,797	69,312	8,311,485	587,223	393,120
Shanghai-Inchon International Ferry Co., Ltd.	12,765,047	5,601,688	7,163,359	183,193	1,248,306
CJ Xingxing(Fushun) Cinema Co., Ltd.	4,490,394	1,010,714	3,479,680	1,777,176	11,027
PT CJ PIA	5,921,640	2,549,818	3,371,822	3,754,957	795,795
Wuhan CJ Xingxing Tiandi Cinema Co., Ltd.	4,409,622	1,031,734	3,377,888	3,295,717	199,421
CJ Worldis Co., Ltd	6,281,791	3,314,587	2,967,204	4,908,475	324,744
CJ Xingxing (Shanghai) Cinema Co., Ltd.	3,313,162	344,382	2,968,780	851,183	(287,133)
Freshone Gwangju Co., Ltd.	13,241,097	11,893,512	1,347,585	61,292,563	893,665
Freshone Jungbu Co., Ltd.	₩ 10,613,464	₩ 9,981,984	₩ 631,480	₩ 21,198,306	₩ 331,480
Korea Express Saigon Logistics Co., Ltd. ¹	4,397,681	470,421	3,927,260	-	-
Wooridul Venture Capital Co., Ltd.	3,292,758	557,462	2,735,296	-	(1,563,931)
Daishin Contents Investment Partnership No.1	3,808,748	50,755	3,757,993	202,920	(787)
United Asia Live Entertainment Co., Ltd.	8,054,999	2,511,479	5,543,520	9,137,417	65,310
Als Bac Ninh Company Limited	6,707,123	3,247,806	3,459,317	5,041,731	1,630,617
CenturyOn multimedia Investment No.2	5,126,008	13,733	5,112,275	6,640	1,951

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<i>(in thousands of Korean won)</i>	2010				
	Assets	Liabilities	Equity	Sales	Net income (loss)
Shanghai SMG-CJ Home Shopping Co., Ltd.	₩130,970,436	₩ 2,877,791	₩128,092,645	₩100,282,155	₩ 40,205,875
MBC Plus Media Co., Ltd.	147,312,498	18,197,703	129,114,795	137,756,901	18,686,693
CJ&HACL Foodtech Co., Ltd.	41,754,393	7,663,647	34,090,746	9,295,486	(1,399,305)
Gretech Corporation	20,004,205	2,300,313	17,703,892	22,399,019	493,650
BMC Cinema Investment	28,898,763	2,924	28,895,839	3,164,310	409,723
CJ Venture Investment No.12 - Global Contents Fund	41,473,927	217,949	41,255,978	1,477,749	(718,351)
Beijing Ershang CJ Food Co., Ltd.	19,847,067	6,358,635	13,488,432	25,332,197	(846,211)
Lucky Union Foods, Inc.	51,313,574	20,127,489	31,186,085	37,731,192	2,365,985
CJ Toyota Tsusho Philippines Inc.	53,235,490	40,585,424	12,650,066	-	(1,082,884)
Star CJ Network India Private Ltd.	21,607,187	10,323,549	11,283,638	13,044,664	(22,603,782)
Company K Partners Limited - CINEMA ART SERVICE	15,603,561	-	15,603,561	1,498,207	5,927
ART SERVICE	23,457,495	12,412,530	11,044,965	14,994,760	(246,308)
CJ Xingxing(Tj) International Cinema Co., Ltd.	9,273,265	939,311	8,333,954	483,069	(226,483)
CJ-KTF Investment	10,125,611	50,273	10,075,338	652,629	(84,001)
Champ Vision Inc.	9,428,700	1,616,362	7,812,338	8,950,997	813,088
Michigan global contents Investment	12,210,523	3,151	12,207,372	238,176	(85,586)
Tianjin CJ Home Shopping Co., Ltd.	15,051,539	7,969,038	7,082,501	24,006,326	(452,172)
Enprani Co., Ltd.	34,172,970	23,262,649	10,910,321	77,755,490	(3,288,083)
Company K Partners Limited - CINEMA	9,774,464	1,512	9,772,952	648,234	40,052
Shanghi Shangying CGV Xinzhuang Co., Ltd.	7,552,981	2,161,259	5,391,722	1,049,477	1,047,379
Shanghai Shangying CGV Cinema Co., Ltd.	6,321,182	1,651,795	4,669,387	1,061,650	1,033,800
Beijing CJ Xingxing International Cinema Co., Ltd.	₩ 8,106,748	₩ 3,511,324	₩ 4,595,424	₩ 739,608	₩ (488,747)
Michigan global contents Fund	9,136,465	-	9,136,465	631,114	(570,390)
Cinema Service Co., Ltd.	19,935,604	10,043,658	9,891,946	17,237,504	(983,454)
Wooridul Venture Capital Co., Ltd.	3,728,938	-	3,728,938	-	(228,447)
Wuhan CJ Xingxing Tiandi Cinema Co., Ltd.	4,047,921	1,055,881	2,992,040	2,608,107	124,395
Daishin Contents Investment Partnership No.1	4,596,123	51,512	4,544,611	1,124,784	70,919
CJ Worldis Co., Ltd.	4,682,350	2,039,903	2,642,447	4,469,448	(220,098)
PT CJ PIA	4,591,293	2,029,789	2,561,504	3,329,530	530,915
Freshone Gwangju Co., Ltd.	7,482,499	7,022,687	459,812	13,507,931	159,812
CJ Venture Investment No.11 - Culture Contents Fund	8,871,029	65,021	8,806,008	764,041	(1,178,274)

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	2010				
<i>(in thousands of Korean won)</i>	Assets	Liabilities	Equity	Sales	Net income (loss)
CenturyOn multimedia Investment No.2	5,110,620	298	5,110,322	6,303	(499,639)
Als Bac Ninh Company Limited.	4,019,285	1,884,979	2,134,306	2,090,578	368,668
Ningbo Culture Plaza CJ Cinema Co., Ltd.	909,731	-	909,731	-	-

¹ An associate or jointly controlled entity newly included in consolidated financial statements in 2011 and whose sales and net income(loss) incurred subsequent to the acquisition date are presented.

The Group has suspended the application of the equity method of accounting on nine investees, including MTV Networks Korea Corp. due to their accumulated losses. Unrecognized accumulated loss of these investments amount to ₩6,490 million as of December 31, 2011 (2010: ₩2,341 million; January 1, 2010 : ₩544 million).

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16. Property, Plant and Equipment

Changes in property, plant and equipment for the years ended December 31, 2011 and 2010, are as follows:

<i>(in thousands of Korean won)</i>	2011					
	Land	Buildings	Structures	Machinery	Vehicles	Equipment
Beginning net book value	₩ 1,877,090,301	₩ 968,613,871	₩ 287,735,313	₩1,214,278,846	₩ 9,400,685	₩ 261,157,837
Acquisition of subsidiaries	819,570,015	370,071,157	65,421,294	79,780,038	81,687,900	26,682,866
Acquisition	3,543,279	44,114,082	13,438,185	276,727,577	8,826,562	176,774,384
Transfer	5,683,465	85,824,601	40,575,078	248,721,928	142,249	30,874,370
Disposal	(14,857,697)	(846,562)	(2,746,872)	(5,417,629)	(526,975)	(8,946,214)
Depreciation	-	(42,817,084)	(26,526,800)	(250,417,794)	(4,239,042)	(79,245,031)
Impairment	-	-	-	-	-	(24,545)
Reversal of impairment	-	-	-	774,220	-	-
Transferred to disposal group classified as held for sale	(1,123,510)	(1,207,998)	-	-	-	-
Effect of foreign currency translation	(35,364)	(259,897)	644,296	9,166,563	90,501	739,696
Others	14,214,827	(27,691,759)	1,856,946	(770,882)	(78,192)	(760,829)
Ending net book value	₩ 2,704,085,316	₩1,395,800,411	₩ 380,397,440	₩1,572,842,867	₩ 95,303,688	₩ 407,252,534
At December 31, 2011						
Acquisition cost	₩ 2,708,681,354	₩1,939,085,791	₩ 596,435,294	₩3,290,917,320	₩ 245,439,974	₩1,160,552,119
Accumulated depreciation	-	(535,220,421)	(212,800,732)	(1,711,611,542)	(150,120,562)	(748,740,166)
Accumulated impairment	-	(169,308)	(1,027,647)	(3,390,636)	-	(3,227,075)
Government Subsidy	(4,596,038)	(7,895,651)	(2,209,475)	(3,072,275)	(15,724)	(1,332,344)
Net book value	₩ 2,704,085,316	₩1,395,800,411	₩ 380,397,440	₩1,572,842,867	₩ 95,303,688	₩ 407,252,534

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2011

<i>(in thousands of Korean won)</i>	Course		Biotechnology assets	Heavy equipment	Others	Construction- in- Progress	Total
Beginning net book value	₩	65,410,346	₩ 8,536,355	₩ -	₩ 21,402,489	₩ 238,553,007	₩ 4,952,179,050
Acquisition of subsidiaries		-	-	88,746,071	11,451,499	137,223,578	1,680,634,418
Acquisition		129,357	1,925,892	-	8,724,553	654,497,814	1,188,701,685
Transfer		78,171	-	-	2,640,537	(431,841,554)	(17,301,155)
Disposal		-	(1,372,969)	-	(24,062)	(13,507,520)	(48,246,500)
Depreciation		-	-	-	(5,280,587)	-	(408,526,338)
Impairment		-	-	-	(130)	-	(24,675)
Reversal of impairment		-	-	-	-	-	774,220
Transferred to disposal group classified as held for sale		-	-	-	-	-	(2,331,508)
Effect of foreign currency translation		-	(31,152)	-	15,151	13,179,623	23,509,417
Others		-	(352,916)	-	7,304,983	(3,837,092)	(10,114,914)
Ending net book value	₩	65,617,874	₩ 8,705,210	₩ 88,746,071	₩ 46,234,433	₩ 594,267,856	₩ 7,358,479,480
At December 31, 2011							
Acquisition cost	₩	65,617,874	₩ 8,705,210	₩ 174,634,704	₩ 82,526,507	₩ 595,251,082	₩10,867,847,229
Accumulated depreciation		-	-	(85,888,633)	(36,116,397)	-	(3,480,498,453)
Accumulated impairment		-	-	-	(175,677)	-	(7,990,343)
Government Subsidy		-	-	-	-	(983,226)	(20,104,733)
Net book value	₩	65,617,874	₩ 8,705,210	₩ 88,746,071	₩ 46,234,433	₩ 594,267,856	₩ 7,359,253,700

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	2010					
<i>(in thousands of Korean won)</i>	Land	Buildings	Structures	Machinery	Vehicles	Equipment
At January 1, 2010						
Acquisition cost	₩ 1,814,487,387	₩1,198,536,888	₩ 405,604,976	₩2,248,756,068	₩ 27,541,189	₩ 873,351,470
Accumulated depreciation	-	(331,618,720)	(119,673,025)	(1,162,818,986)	(19,651,430)	(620,541,724)
Accumulated impairment	-	3,631,791	(2,052,772)	(7,076,377)	-	(3,434,101)
Government Subsidy	-	-	-	(1,280,786)	-	(1,100,212)
Beginning net book value	1,814,487,387	870,549,959	283,879,179	1,077,579,919	7,889,759	248,275,433
Changes during 2010						
Acquisition of subsidiaries	17,262,804	39,072,790	(344,800)	68,638,908	2,129,990	10,410,110
Acquisition	24,922,756	57,885,765	27,907,028	199,169,589	4,724,004	93,098,707
Transfer	47,821,958	50,776,204	8,424,637	96,588,774	8,025	16,292,459
Disposal	(15,850,476)	(4,357,686)	(9,293,842)	(16,017,263)	(1,312,749)	(7,100,490)
Depreciation	-	(46,257,865)	(24,314,356)	(210,801,670)	(4,421,539)	(97,678,289)
Impairment	-	-	(16,415)	(1,395)	-	(903,861)
Transferred to disposal group classified as held for sale	-	(680,517)	(122,658)	5,976	-	(209,914)
Effect of foreign currency translation	(4,320,958)	441,463	1,296,017	(967,855)	504,446	(795,826)
Others	(7,233,170)	1,183,758	320,523	83,863	(121,251)	(230,492)
Ending net book value	₩ 1,877,090,301	₩ 968,613,871	₩ 287,735,313	₩1,214,278,846	₩ 9,400,685	₩ 261,157,837
At December 31, 2010						
Acquisition cost	₩ 1,877,090,301	₩1,358,721,793	₩ 423,279,402	₩2,653,846,685	₩31,737,374	₩927,106,690
Accumulated depreciation	-	(385,230,131)	(134,492,787)	(1,430,742,825)	(22,336,689)	(661,206,287)
Accumulated impairment	-	(3,631,791)	(1,051,302)	(6,492,805)	-	(3,793,902)
Government Subsidy	-	(1,246,000)	-	(2,332,209)	-	(948,664)
Net book value	₩ 1,877,090,301	₩ 968,613,871	₩ 287,735,313	₩1,214,278,846	₩ 9,400,685	₩ 261,157,837

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	2010				
	Course	Biotechnology assets	Others	Construction in Progress	Total
<i>(in thousands of Korean won)</i>					
At January 1, 2010					
Acquisition cost	₩ 65,410,346	₩ 5,895,906	₩ 48,819,449	₩ 200,066,041	₩ 6,888,469,720
Accumulated depreciation	-	(127,761)	(23,410,104)	-	(2,277,841,750)
Accumulated impairment	-	-	(100,690)	-	(9,032,149)
Government Subsidy	-	-	-	-	(2,380,998)
Beginning net book value	<u>65,410,346</u>	<u>5,768,145</u>	<u>25,308,655</u>	<u>200,066,041</u>	<u>4,599,214,823</u>
Changes during 2010					
Acquisition of subsidiaries	-	-	931,538	11,958,328	150,059,668
Acquisition	-	13,173,787	4,168,299	287,171,994	712,221,929
Transfer	-	-	1,184,697	(243,326,952)	(22,230,198)
Disposal	-	(10,456,780)	(2,430,074)	(16,578,410)	(83,397,770)
Depreciation	-	-	(6,956,906)	-	(390,430,625)
Impairment	-	-	-	-	(921,671)
Reversal of impairment	-	-	-	-	-
Transferred to disposal group classified as held for sale	-	-	-	-	(1,007,113)
Effect of foreign currency translation	-	51,203	(98,397)	(165,798)	(4,055,705)
Others	-	-	(705,323)	(572,196)	(7,274,288)
Ending net book value	<u>₩ 65,410,346</u>	<u>₩ 8,536,355</u>	<u>₩ 21,402,489</u>	<u>₩ 238,553,007</u>	<u>₩ 4,952,179,050</u>
At December 31, 2010					
Acquisition cost	₩ 65,410,346	₩ 8,536,355	₩ 47,865,377	₩ 238,553,007	₩ 7,632,147,330
Accumulated depreciation	-	-	(26,252,222)	-	(2,660,260,941)
Accumulated impairment	-	-	(210,666)	-	(15,180,466)
Government Subsidy	-	-	-	-	(4,526,873)
Net book value	<u>₩ 65,410,346</u>	<u>₩ 8,536,355</u>	<u>₩ 21,402,489</u>	<u>₩ 238,553,007</u>	<u>₩ 4,952,179,050</u>

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Depreciation expenses of property, plant and equipment for the years ended December 31, 2011 and 2010, are as follows:

<i>(In millions of Korean won)</i>	2011		2010	
Cost of sales	₩	300,765,087	₩	297,295,255
Selling and administrative expenses		107,761,251		93,135,370
	₩	<u>408,526,338</u>	₩	<u>390,430,625</u>

Bank borrowings are secured on portion of land, buildings and machinery for the value of ₩1,179,962 million (2010: ₩153,055 million).

In 2011, the Group has capitalized borrowing costs amounting to ₩12,794 million (2010: ₩957 million) on qualifying assets. Borrowing costs were capitalized at the weighted average rate of its general borrowings of 1.35% - 7.3% (2010: 4.67% - 7.3%).

Machinery, equipment and vehicles include the following amounts where the Group is a lessee under a finance lease as of December 31, 2011 and 2010, and January 1, 2010, are as follows:

<i>(in thousands of Korean won)</i>	<u>December 31, 2011</u>		<u>December 31, 2010</u>		<u>January 1, 2010</u>	
	Machinery	Equipment and vehicles	Machinery	Equipment and vehicles	Machinery	Equipment and vehicles
Cost (capitalized finance leases)	₩ 29,228,437	₩ 4,509,629	₩ 41,271,842	₩ 66,835	₩10,034,641	₩ 61,671
Accumulated depreciation	<u>(8,387,261)</u>	<u>(713,984)</u>	<u>(4,188,389)</u>	<u>(66,835)</u>	<u>(3,159,227)</u>	<u>(54,476)</u>
Net book value	<u>₩ 20,841,176</u>	<u>₩ 3,795,645</u>	<u>₩ 37,083,453</u>	<u>₩ -</u>	<u>₩ 6,875,414</u>	<u>₩ 7,195</u>

The Group leases various machinery under non-cancellable finance lease agreements. The lease terms are between one and ten years.

The Group leases certain buildings and vehicles under operating lease agreement. The lease terms are between one and nine years. The amount of lease expense recorded in relation to operating lease agreements is ₩54,540 million.

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17. Intangible Assets

Changes in intangible assets for the years ended December 31, 2011 and 2010, are as follows:

<i>(in thousands of Korean won)</i>	2011			
	Goodwill	Industrial rights	Development costs	Membership rights
Beginning net book value				
Acquisition of subsidiaries	₩ 1,294,693,237	₩ 17,771,462	₩ 37,712,791	₩ 44,979,233
Acquisition	527,476,244	9,942,645	-	11,193,376
Transfer	15,685,163	472,737	58,441,863	20,594,789
Disposal	-	4,144,895	4,645,037	598,389
Amortization	-	(880,329)	(1)	(1,025,195)
Impairment	-	(1,605,637)	(4,656,676)	-
Reversal of impairment	(4,876,894)	-	-	(1,850,197)
Transferred to disposal group classified as held for sale	-	-	-	-
Effect of foreign currency translation	105,708	850	(15,200)	26,392
Others	-	(895,586)	2,839,595	1,370,121
Ending net book value	<u>₩ 1,833,083,458</u>	<u>₩ 28,951,037</u>	<u>₩ 98,967,409</u>	<u>₩ 75,886,908</u>
At December 31, 2011				
Acquisition cost	₩ 1,833,083,458	₩ 38,612,414	₩ 138,727,057	₩ 77,836,749
Accumulated amortization	-	(9,655,613)	(39,317,315)	-
Accumulated impairment	-	-	-	(1,949,841)
Government Subsidy	-	(5,764)	(442,333)	-
Net book value	<u>₩ 1,833,083,458</u>	<u>₩ 28,951,037</u>	<u>₩ 98,967,409</u>	<u>₩ 75,886,908</u>

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<i>(in thousands of Korean won)</i>	2011			
	Publication right and right to music contents	Private investment business	Others	Total
Beginning net book value				
Acquisition of subsidiaries	₩ 216,696,321	₩ -	₩ 278,349,963	₩ 1,890,203,007
Acquisition	-	219,207,860	751,819,417	1,519,639,542
Transfer	76,909,887	-	357,163,319	529,267,758
Disposal	207,734,546	-	(209,748,467)	7,374,400
Amortization	(4,556,399)	-	(7,380,532)	(13,842,456)
Impairment	(264,023,512)	-	(47,346,322)	(317,632,147)
Reversal of impairment	(287,592)	-	(3,123,336)	(10,138,019)
Transferred to disposal group classified as held for sale	-	-	100,000	100,000
Effect of foreign currency translation	757,507	-	2,833,204	3,708,461
Others	135,508	-	15,968,218	19,417,856
Ending net book value	<u>₩ 233,366,266</u>	<u>₩ 219,207,860</u>	<u>₩ 1,138,635,464</u>	<u>₩ 3,628,098,402</u>
At December 31, 2011				
Acquisition cost	₩ 431,953,179	₩ 344,528,893	₩ 1,307,789,430	₩ 4,172,531,180
Accumulated depreciation	(198,212,584)	(119,389,353)	(143,891,817)	(510,466,682)
Accumulated impairment	(374,329)	-	(4,089,713)	(6,413,883)
Government Subsidy	-	(5,931,680)	(21,172,436)	(27,552,213)
Net book value	<u>₩ 233,366,266</u>	<u>₩ 219,207,860</u>	<u>₩ 1,138,635,464</u>	<u>₩ 3,628,098,402</u>

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<i>(in thousands of Korean won)</i>	2010			
	Goodwill	Industrial rights	Development costs	Membership rights
At January 1, 2010				
Acquisition cost	₩ 1,079,274,805	₩21,682,828	₩62,348,350	₩41,084,854
Accumulated amortization	-	(6,882,828)	(29,760,737)	-
Accumulated impairment	-	(32,338)	-	(99,644)
Government Subsidy	-	(6,965)	(96,667)	-
Beginning net book value	<u>1,079,274,805</u>	<u>14,760,697</u>	<u>32,490,946</u>	<u>40,985,210</u>
Changes during 2010				
Acquisition of subsidiaries	217,902,155	128,303	8,303,118	-
Acquisition	-	772,810	5,645,537	4,058,297
Transfer	-	3,105,992	1,696,294	738,047
Disposal	(2,952,390)	(1,423)	(625,866)	(841,760)
Amortization	-	(1,399,661)	(2,391,046)	-
Impairment	(904,351)	(15,864)	(3,369,788)	-
Transferred to disposal group classified as held for sale	-	-	-	-
Effect of foreign currency translation	1,373,018	(930,062)	-	(35,373)
Others	-	1,350,670	(4,036,404)	74,812
Ending net book value	<u>₩ 1,294,693,237</u>	<u>₩ 17,771,462</u>	<u>₩ 37,712,791</u>	<u>₩ 44,979,233</u>
At December 31, 2011				
Acquisition cost	₩ 1,294,693,237	₩ 26,031,431	₩ 73,680,266	₩ 45,078,877
Accumulated amortization	-	(8,221,267)	(35,526,517)	-
Accumulated impairment	-	(32,338)	-	(99,644)
Government Subsidy	-	(6,364)	(440,958)	-
Net book value	<u>₩ 1,294,693,237</u>	<u>₩ 17,771,462</u>	<u>₩ 37,712,791</u>	<u>₩ 44,979,233</u>

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<i>(in thousands of Korean won)</i>	Publication rights and copyrights to music content		Others	Total
Beginning net book value				
Acquisition cost	₩	152,285,843	₩	177,807,212
Accumulated depreciation		(2,844,452)		(90,709,447)
Accumulated impairment		-		(131,982)
Government Subsidy		-	(512,353)	(615,985)
Beginning net book value		<u>149,441,391</u>		<u>1,443,026,478</u>
Changes during 2010				
Acquisition of subsidiaries		122,322,935		104,375,713
Acquisition		66,686,409		122,142,913
Transfer		10,026,870		(39,559,823)
Disposal		(5,389,606)		(16,146,784)
Amortization		(127,595,538)		(12,624,230)
Impairment		(112,124)		(9,279,174)
Transferred to disposal group classified as held for sale		(1,062,889)		-
Effect of foreign currency translation		1,010,247		(1,700,812)
Others		1,368,626		5,068,731
Ending net book value	₩	<u>216,696,321</u>	₩	<u>278,349,963</u>
At December 31, 2011				
Acquisition cost	₩	429,688,906	₩	348,311,657
Accumulated amortization		(212,910,992)		(69,335,050)
Accumulated impairment		(81,593)		-
Government Subsidy		-	(626,644)	(1,073,966)
Net book value	₩	<u>216,696,321</u>	₩	<u>278,349,963</u>

Amortization expense of intangible for the years ended December 31, 2011 and 2010, follows:

<i>(in thousands of Korean won)</i>	2011		2010	
Cost of sales	₩	281,070,136	₩	116,884,506
Selling and administrative costs		36,562,011		27,125,969
	₩	<u>317,632,147</u>	₩	<u>144,010,475</u>

Bank borrowings are secured by a portion of intangible assets for up to ₩213,200 million.

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17.1 Impairment Tests for Goodwill

Goodwill allocated according to cash-generating units is as follows:

<i>(in millions of Korean won)</i>	Allocated goodwill	
Cash-Generating Units		
CJ Corporation's portion of goodwill relating to CJ Cheil Jedang Corp.	₩	431,098
CJ Corporation's portion of goodwill relating to CJ O Shopping Co., Ltd.		104,648
CJ Corporation's portion of goodwill relating to CJ E&M Corporation		43,972
CJ E&M Corporation(Music)		20,820
CJ E&M Corporation(Media)		146,854
CJ Hellovision Co., Ltd.(Gyeongin Regional Headquarters)		147,473
CJ Hellovision Co., Ltd.(Gyeongnam Regional Headquarters)		136,205
CJ Hellovision Co., Ltd.(Busan Regional Headquarters)		168,617
CJ Hellovision Co., Ltd.(Gyeongbuk Regional Headquarters)		59,255
CJ Cheil Jedang Corp. and CJ GLS Inc.'s portion of goodwill relating to Korea Express Co., Ltd.		430,376
Others		143,765
	<u>₩</u>	<u>1,833,083</u>

Goodwill is allocated by the management at the operating segment level (cash-generating units or group of cash-generating units). The Group used the same goodwill allocation method for both years ended December 31, 2011 and 2010.

Goodwill impairment reviews are undertaken annually. Impairment test suggests that the carrying value of cash generating units does not exceed the recoverable amount. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the permanent growth rates.

The Group determined budgeted gross margin growth rate based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

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18. Service Concession Arrangements

Service concession arrangement as of December 31, 2011, is as follows:

	Gunpo	Yangsan
Contents of agreement	On the real estate owned by Korea Rail Network Authority, the Group a built cargo terminal with its own fund. The Group owns and operates the cargo terminal and contributes profits to the government.	On the real estate owned by Ministry of Land, Transport and Maritime Affairs, the Group built a cargo terminal with its own fund. The Group owns and operates cargo terminal and contributes profits to the government.
Classification of Private investment business	BOT	BOT
Transfer period of ownership	Under discussion with Ministry of Land, Transport and Maritime Affairs	Under discussion with Ministry of Land, Transport and Maritime Affairs
Application standards for accounting treatment	Application of 2112 <i>Service concession arrangement</i>	Application of 2112 <i>Service concession arrangement</i>
Related account	Intangible assets	Intangible assets

19. Investment Property

Changes in investment property for the years ended December 31, 2011 and 2010, are as follows:

<i>(in thousands of Korean won)</i>	2011		2010	
Acquisition cost	₩	247,263,253	₩	245,961,503
Beginning accumulated depreciation		(9,859,126)		(12,768,624)
Beginning accumulated impairment losses		(18,201,112)		-
Beginning net book value		219,203,015		233,192,879
Changes during the period				
Acquisition of subsidiaries		143,622,061		(375,744)
Acquisition		41,075,094		15,044,340
Transfer		4,890,267		14,470,466
Disposal		(10,785,341)		(23,391,815)
Depreciation		(9,131,914)		(2,716,930)
Impairment		(758,973)		(18,201,112)
Reversal of impairment		2,718,080		-
Transferred to disposal group held for sale		(24,648)		-
Effect of foreign currency translation		5,037,547		1,180,931
Others		72,930		-
Ending net book value	₩	395,918,118	₩	219,203,015
Acquisition cost		428,272,220		247,263,253
Ending accumulated depreciation		(28,124,081)		(9,859,126)
Ending accumulated impairment		(4,230,021)		(18,201,112)
Ending net book value	₩	395,918,118	₩	219,203,015

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Investment property above consists of land amounting to ₩115,466 million (2010: ₩135,318 million), buildings amounting to ₩280,452 million (2010: ₩81,830 million) and other property, plant and equipment.

In order to measure the loss on impairment of investment property, the Group assesses whether each categorized asset's cash-generating unit has any indication that investment property may be impaired. Investment properties are included in food and food service, feed, biotechnology, and entertainment and media and new distribution segments.

The Group recognized ₩759 million as loss on impairment of investment property (2010: ₩18,201 million) for investment property whose differences between fair value and carrying amount, and between value-in-use and carrying amount decreased significantly. Additionally, the Group recognized ₩2,718 million as gain on reversal of impairment of investment property (2010: nil) whose either fair value or value-in-use is increased significantly.

Fair value of investment property as of December 31, 2011, is ₩483,059 million.

In 2011, rental income from investment property is ₩13,764 million, and operating expenses (including repairs and maintenance) directly related to those investment properties amount to ₩9,134 million.

Capitalized borrowing cost from qualifying assets investment property for the year ended December 31, 2011, is ₩540 million. Capitalized borrowing interest rates used to calculate borrowing cost eligible for capitalization range from 4.76% to 5.7%.

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20. Borrowings

Short-term borrowings as of December 31, 2011 and 2010, and January 1, 2010, are as follows:

(in thousands of Korean won)	Financial Institution	Annual interest rate(%)	Amount		
			December 31, 2011	December 31, 2011	December 31, 2010
Local currency loans					
General loans	Kookmin Bank and others	3.50 - 10.94	₩ 1,148,928,178	₩ 259,971,310	₩ 329,609,421
Notes payable	Hana Bank and others	4.45 - 5.60	2,421,395	18,000,000	-
Commercial papers	Woori Bank and others	3.15 - 6.80	160,000,000	248,000,000	264,902,527
Working Fund	Kookmin Bank	4.60 - 8.50	85,959,000	9,557,000	1,700,000
Loans for purchase fund	Woori Bank and others	-	-	3,714,156	4,883,315
Loans for facilities	Kookmin Bank and others	4.58 - 4.58	16,000,000	16,613,315	21,346,484
Loans for livestock promotion fund	Kookmin Bank	3.00 - 4.00	17,901,000	1,700,000	-
Loans for cooperation with producers	Korea Agro-Fisheries Trade Corporation	-	-	2,500,000	-
			<u>1,431,209,573</u>	<u>560,055,781</u>	<u>622,441,747</u>
Foreign currency loans					
General loans	Korea Exim Bank and others	1.14 - 14.00	526,537,760	337,192,661	642,225,994
Usance	Woori Bank and others	2.95 - 2.98	497,776,954	411,740,055	453,136,262
Working Fund	Shinhan Bank	1.35 - 150	215,956,280	266,714,721	1,416,427
Loans for facilities	The Korea Development Bank	1.99 - 5.74	86,336,842	15,689,816	-
Others	Korea Exim Bank and others	2.99 - 3.01	5,804,878	144,967,763	1,264,000
			<u>1,332,412,714</u>	<u>1,176,305,016</u>	<u>1,098,042,683</u>
			<u>₩ 2,763,622,287</u>	<u>₩ 1,736,360,797</u>	<u>₩ 1,720,484,430</u>

In short-term borrowings, collateralized debt is ₩81,743 million. Certain portions of property, plant and equipment, available-for-sale financial assets, short-term financial instruments and investment in associates are pledged as collaterals in relation to the Group's short-term borrowings above (Note 38).

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Non-current borrowings as of December 31, 2011 and 2010, and January 1, 2010, are as follows:

(in thousands of Korean won)	Financial Institution	Annual interest	Amount		
		rate(%)	December 31,	December 31,	December 31,
		December 31,	December 31,	December 31,	January 1,
		2011	2011	2010	2011
Local currency loans					
Broadcasting promotion fund	Woori Bank	3.79	₩ 1,000,000	₩ 2,983,320	₩ 30,330
General loans	Standard Chartered Bank Korea Ltd. and others	3.28 - 6.71	795,046,752	158,748,804	112,341,408
Loans for livestock promotion and agricultural credit funds	Nonghyup Bank and others	4.00	266,643,176	2,999,000	454,000
Loans for operating funds	Woori Bank	5.64 - 6.77	27,377,000	47,500,000	115,940,000
Policy fund	Woori Bank and others	2.75 - 7.50	36,603,463	7,591,620	6,730,230
Broadcasting development fund	Shinhan Bank	-	-	1,034,810	5,080,170
Loans for facilities	Kookmin Bank and others	3.00 - 8.05	805,761,408	86,407,621	55,116,780
Convertible redeemable preferred stock	Sable(Asia) Ltd.	1.50	75,112,477	201,405,501	201,405,501
Middle/Long-term CP	Shinhan Bank and others	6.80	12,500,000	-	236,000,000
Informationization promotion fund	Woori Bank	-	-	-	592,500
Less : Present value discount			(46,217,555)	(617,217)	(1,464,825)
Current maturities			(183,338,450)	(121,892,504)	(274,676,006)
			<u>1,790,488,271</u>	<u>386,160,955</u>	<u>457,550,088</u>
Foreign currency loans					
GSM fund and others	Woori Bank and others	0.55 - 2.37	66,891,400	212,049,662	244,084,004
Middle/Long-term CP	The Export-Import Bank of Korea and others	4.76 - 6.50	3,319,554	6,079,300	2,753,217
Loans for facilities	The Export-Import Bank of Korea	2.21 - 2.81	143,783,521	-	157,322,570
General loans	Kookmin Bank and others	1.25 - 8.00	186,346,118	333,805,093	309,097,269
Less : Current maturities			(232,109,988)	(398,542,890)	(201,734,721)
			<u>168,230,605</u>	<u>153,391,165</u>	<u>511,522,339</u>
Finance lease obligations					
Machinery and others	Lotte Capital Co., Ltd. and others	1.88 - 6.50	39,870,333	13,316,610	3,270,114
Less : Current maturities			(7,031,124)	(4,965,583)	(1,130,764)
			<u>32,839,209</u>	<u>8,351,027</u>	<u>2,139,350</u>
			<u>₩ 1,991,558,085</u>	<u>₩ 547,903,147</u>	<u>₩ 971,211,777</u>

In long-term borrowings, collateralized debt is ₩675,457 million. Certain portions of property, plant and equipment, short-term financial instruments and deposits provided are pledged as collaterals in relation to the Group's long-term borrowings above.

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Finance lease liability

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

Minimum lease payments to the lessor as of December 31, 2011 and 2010, and January 1, 2010, are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2011	December 31, 2010	January 1, 2010
Total minimum lease payments			
No later than 1 year	₩ 12,429,754	₩ 2,438,487	₩ 1,235,340
Between 1 and 5 years	32,998,661	8,392,730	2,191,842
Later than 5 years	54,348	3,158,847	184,181
	<u>₩ 45,482,763</u>	<u>₩ 13,990,064</u>	<u>₩ 3,611,363</u>
Unearned finance income	₩ (5,612,430)	₩ (673,454)	₩ (341,249)
Net minimum lease payment			
No later than 1 year	₩ 7,031,124	₩ 4,965,583	₩ 1,130,764
Between 1 and 5 years	32,787,610	5,230,159	2,010,570
Later than 5 years	51,599	3,120,868	128,780
	<u>₩ 39,870,333</u>	<u>₩ 13,316,610</u>	<u>₩ 3,270,114</u>

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21. Debentures

Details of debentures as of December 31, 2011 and 2010, and January 1, 2010, are as follows:

<i>(in thousands of Korean won)</i>	Annual interest rate(%)	Amount		
		December 31, 2011	December 31, 2011	December 31, 2010
Local currency debentures				
Non-guarantee public bonds	3.95 - 7.54	₩ 2,110,000,000	₩ 1,279,942,050	₩ 930,000,000
Non-guarantee private bonds	5.55 - 5.85	80,000,000	13,000,000	269,000,000
Less : Present value discount		(6,718,394)	(3,089,479)	(3,024,167)
Current maturities		(539,991,036)	(302,755,786)	(111,822,191)
		<u>1,643,290,570</u>	<u>987,096,785</u>	<u>1,084,153,642</u>
Foreign currency debentures				
Floating rate note	5.63	230,660,000	227,780,000	391,008,567
Non-guarantee public bonds	2.25	200,760,148	170,340,921	268,548,000
Less : Present value discount		(2,186,445)	(317,680)	(2,162,982)
Current maturities		(230,522,458)	(170,340,921)	(250,706,793)
		<u>198,711,245</u>	<u>227,462,320</u>	<u>406,686,792</u>
Convertible bonds	-	-	10,000,000	10,000,000
Redemption premium		-	2,487,470	4,974,940
Less : Present value discount		-	(1,738,042)	(5,199,061)
		-	<u>10,749,428</u>	<u>9,775,879</u>
Bonds With Stock Warrants	-	-	-	10,000,000
Redemption premium		-	-	2,487,470
Less : Present value discount		-	-	(2,599,530)
		-	-	<u>9,887,940</u>
		<u>₩1,842,001,815</u>	<u>₩ 1,225,308,533</u>	<u>₩1,510,504,253</u>

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22. Defined Benefit Liability

Defined benefit liability recognized on the statements of financial position as of December 31, 2011 and 2010, and January 1, 2010, are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2011	December 31, 2010	January 1, 2010
Present value of defined benefit and contribution liability	₩ 363,532,122	₩ 230,346,163	₩ 226,659,718
Fair value of plan assets ¹	<u>(185,085,550)</u>	<u>(151,438,626)</u>	<u>(148,227,710)</u>
Liability on the statement of financial position	<u>₩ 178,446,572</u>	<u>₩ 78,907,537</u>	<u>₩ 78,432,008</u>

¹ Includes deposits to the National Pension Fund of ₩325 million (2010: ₩308 million; January 1, 2010: ₩39 million).

Changes in the carrying amount of defined benefit and contribution obligations for the years ended December 31, 2011 and 2010, are as follows:

<i>(in thousands of Korean won)</i>	2011		2010	
Beginning balance	₩	230,346,163	₩	226,659,718
Acquisition of subsidiaries		70,684,963		1,460,070
Current service cost		68,486,759		62,424,582
Interest expense		10,775,997		12,376,687
Benefits paid		(50,241,977)		(108,087,817)
Actuarial losses		33,106,647		34,660,322
Disposal of subsidiaries		(158,994)		-
Effect of foreign currency translation		532,564		852,601
Ending balance	<u>₩</u>	<u>363,532,122</u>	<u>₩</u>	<u>230,346,163</u>

In 2011, expenses incurred due to defined contribution liabilities are ₩2,833 million (2010: ₩2,212 million).

Changes in the fair value of plan assets for the years ended December 31, 2011 and 2010, are as follows:

<i>(in thousands of Korean won)</i>	2011		2010	
Beginning balance	₩	151,438,626	₩	148,227,710
Acquisition of subsidiaries		2,067,976		-
Employer contribution		44,300,772		50,213,024
Expected return on plan assets		11,108,135		7,245,417
Actuarial losses		(398,428)		(653,017)
Benefits paid		(23,431,849)		(53,540,336)
Effect of foreign currency translation		318		(54,172)
Ending balance	<u>₩</u>	<u>185,085,550</u>	<u>₩</u>	<u>151,438,626</u>

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The amounts recognized on the income statements for the years ended December 31, 2011 and 2010, are as follows:

<i>(in thousands of Korean won)</i>	2011		2010	
Current service cost	₩	68,486,759	₩	62,424,582
Interest expenses		10,775,997		12,376,687
Expected return on plan assets		(11,108,135)		(7,245,417)
	₩	<u>68,154,621</u>	₩	<u>67,555,852</u>

Actual return of plan assets was ₩10,710 million (2010: ₩6,592 million).

The amounts included in expenses for the years ended December 31, 2011 and 2010, are as follows:

<i>(in thousands of Korean won)</i>	2011		2010	
Cost of sales	₩	26,451,934	₩	29,275,590
Selling and administrative expenses		41,702,687		38,280,262
	₩	<u>68,154,621</u>	₩	<u>67,555,852</u>

The amounts of actuarial losses recognized as other comprehensive income for the years ended December 31, 2011 and 2010, are as follows:

<i>(in thousands of Korean won)</i>	2011		2010	
Actuarial losses before income tax	₩	(33,505,075)	₩	(35,313,339)
Tax effect		6,540,068		5,750,323
Actuarial losses after income tax	₩	<u>(26,965,007)</u>	₩	<u>(29,563,016)</u>

Cumulative actuarial losses recognized as other comprehensive income as of December 31, 2011, amount to ₩118,200 million (2010: ₩29,563 million).

The principal actuarial assumptions as of December 31, 2011 and 2010, are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2011	December 31, 2010
Discount rate	4.00% - 14.00%	5.50% - 7.25%
Expected return on plan assets	3.00% - 8.00%	3.00% - 5.75%
Future salary increases (include inflation rate)	3.00% - 20.00%	4.50% - 10.25%

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

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Plan assets as of December 31, 2011 and 2010, consist of:

<i>(in thousands of Korean won)</i>	December 31,		December 31,	
	2011		2010	
Equity instruments	₩	125,788,249	₩	111,383,093
Cash and deposits		56,265,342		39,110,422
Others		3,031,959		945,111
	₩	<u>185,085,550</u>	₩	<u>151,438,626</u>

Adjustments for the differences between initial assumptions and actual figures as of December 31, 2011 and 2010, are as follows:

<i>(in thousands of Korean won)</i>	2011		2010	
Present value of defined benefit liability	₩	363,532,122	₩	230,346,163
Fair value of plan assets		(185,085,550)		(151,438,626)
Deficit(Surplus) of the funded plans		178,446,572		78,907,537
Defined benefit liability adjustments		(23,865,665)		(27,940,375)
Defined benefit asset adjustments		(398,428)		(653,017)

23. Deferred Income Tax

The analysis of deferred tax assets and deferred tax liabilities as of December 31, 2011 and 2010, and January 1, 2010, is as follows:

<i>(in thousands of Korean won)</i>	December 31,		December 31,		January 1,	
	2011		2010		2010	
Deferred tax assets						
Deferred tax asset to be recovered after more than 12 months	₩	118,702,515	₩	62,447,609	₩	25,253,765
Deferred tax asset to be recovered within 12 months		108,808,663		48,643,542		21,950,087
		<u>227,511,178</u>		<u>111,091,151</u>		<u>47,203,852</u>
Deferred tax liabilities						
Deferred tax liability to be recovered after more than 12 months		(845,697,064)		(721,471,584)		(347,403,543)
Deferred tax liability to be recovered within 12 months		(259,953)		(746,692)		(223,149)
		<u>(845,957,017)</u>		<u>(722,218,276)</u>		<u>(347,626,692)</u>
Deferred tax assets(liabilities), net	₩	<u>(618,445,839)</u>	₩	<u>(611,127,125)</u>	₩	<u>(300,422,840)</u>

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Gross movements on the deferred income tax account for the years ended December 31, 2011 and 2010, are as follows:

<i>(in thousands of Korean won)</i>	2011	2010
Beginning balance	₩ (611,127,125)	₩ (300,422,840)
Income statement charge	60,609,545	(31,570,572)
Tax charge/(credit) relating to components of other comprehensive income	120,115,240	(269,682,617)
Acquisition of subsidiaries	(186,580,241)	(10,469,852)
Effect of foreign currency translation	(1,463,258)	1,018,756
Ending balance	<u>₩ (618,445,839)</u>	<u>₩ (611,127,125)</u>

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Movements in deferred income tax assets and liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction, for the years ended December 31, 2011 and 2010, are as follows:

<i>(in thousands of Korean won)</i>	2011					
	January 1, 2011	Income statement	Other comprehensive income	Acquisition of subsidiaries	Currency translation differences	December 31, 2011
Deferred tax assets						
Allowance for doubtful accounts	₩ 30,538,782	₩ 852,123	₩ -	₩ 1,420,497	₩ 9,421	₩ 32,820,823
Allowance for retirement liability	3,340,519	4,125,541	-	12,174,945	17,444	19,658,449
Loss on valuation of inventories	1,306,904	835,659	-	-	(1,033)	2,141,530
Loss on impairment of investment property	2,419,709	(354,214)	-	18,320,133	-	20,385,628
Loss on impairment of property, plant and equipment	4,724,022	(4,419,279)	-	-	(5,378)	299,365
Loss on impairment of intangible assets	1,234,167	332,725	-	-	-	1,566,892
Accrued expenses	15,061,279	6,549,297	-	45,417,579	9,679	67,037,834
Foreign currency translation	1,682,447	5,073,352	-	-	-	6,755,799
Government subsidy	1,465,706	828,231	-	-	-	2,293,937
Tax loss	16,460,154	(944,001)	-	715,147	(649,808)	15,581,492
Tax credit	9,623,227	(5,730,736)	-	6,548,033	(6,404)	10,434,120
Gain(Loss) on valuation of hedging derivative	1,623,834	-	(248,373)	-	-	1,375,461
Actuarial gain and losses	5,750,323	-	6,540,067	-	-	12,290,390
Others	6,758,253	14,379,861	-	752,848	3,372,014	25,262,976
	<u>101,989,326</u>	<u>21,528,559</u>	<u>6,291,694</u>	<u>85,349,182</u>	<u>2,745,935</u>	<u>217,904,696</u>
Deferred tax liabilities						
Legal reserve under Special Tax Treatment Control Law	(32,272,356)	(10,762,182)	-	-	-	(43,034,538)
Depreciation	(33,276,186)	(1,557,929)	-	(6,636,872)	(537,280)	(42,008,267)
Capitalization of financial expense	(10,569)	490,391	-	(2,394,705)	(604,343)	(2,519,226)
Gains on revaluation of tangible assets	(241,402,909)	(22,536,698)	-	(88,451,958)	-	(352,391,565)
Change in value of available-for-sale financial assets	(277,130,391)	-	113,896,639	-	-	(163,233,752)
Cumulative effect of foreign currency translation	-	-	(73,093)	-	-	(73,093)
Others	(14,226)	(1,653,817)	-	(55,657)	(5,095)	(1,728,795)
	<u>(584,106,637)</u>	<u>(36,020,235)</u>	<u>113,823,546</u>	<u>(97,539,192)</u>	<u>(1,146,718)</u>	<u>(604,989,236)</u>
Deferred tax due to consolidation adjustments	(107,934,696)	72,815,872	-	(174,390,231)	(3,073,623)	(212,582,678)
Allowance for evaluation	(21,075,118)	2,285,349	-	-	11,148	(18,778,621)
	<u>₩ (611,127,125)</u>	<u>₩ 60,609,545</u>	<u>₩ 120,115,240</u>	<u>₩ (186,580,241)</u>	<u>₩ (1,463,258)</u>	<u>₩ (618,445,839)</u>

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	2010					
	January 1, 2010	Income statement	Other comprehensive income	Acquisition of subsidiary	Effect of exchange rates	December 31, 2010
<i>(in thousands of Korean won)</i>						
Deferred tax assets						
Allowance for doubtful accounts	₩ 47,139,034	₩ (19,576,332)	₩ -	₩ 2,982,639	₩ (6,559)	₩ 30,538,782
Allowance for retirement liability	2,619,320	398,982	-	334,362	(12,145)	3,340,519
Loss on valuation of inventories	1,091,824	214,361	-	-	719	1,306,904
Loss on impairment of investment property	2,219,234	(44,965)	-	245,440	-	2,419,709
Loss on impairment of property, plant and equipment	1,950,734	2,769,544	-	-	3,744	4,724,022
Loss on impairment of intangible assets	1,526,309	(292,142)	-	-	-	1,234,167
Accrued expenses	4,803,637	10,198,774	-	65,607	(6,739)	15,061,279
Foreign currency translation	(5,951,280)	7,723,272	-	(89,545)	-	1,682,447
Government subsidy	1,023,796	441,910	-	-	-	1,465,706
Tax loss	30,267,000	(14,491,977)	-	232,719	452,412	16,460,154
Tax credit	6,795,133	2,654,126	-	169,509	4,459	9,623,227
Gain(Loss) on valuation of hedging derivative	1,056,531	-	567,303	-	-	1,623,834
Actuarial gain and losses	-	-	5,750,323	-	-	5,750,323
Others	6,709,298	2,529,543	-	(132,912)	(2,347,676)	6,758,253
	<u>101,250,570</u>	<u>(7,474,904)</u>	<u>6,317,626</u>	<u>3,807,819</u>	<u>(1,911,785)</u>	<u>101,989,326</u>
Deferred tax liabilities						
Legal reserve under Special Tax Treatment Control Law						
	(17,682,570)	(14,589,786)	-	-	-	(32,272,356)
Depreciation	6,527,704	(41,010,378)	-	832,421	374,067	(33,276,186)
Capitalization of financial expense	(3,247,920)	2,816,593	-	-	420,758	(10,569)
Gains on revaluation of tangible assets	(230,892,174)	(13,106,316)	-	2,595,581	-	(241,402,909)
Change in value of available-for-sale financial assets	(1,130,148)	-	(276,000,243)	-	-	(277,130,391)
Others	(46,616,590)	46,598,662	-	153	3,549	(14,226)
	<u>(293,041,698)</u>	<u>(19,291,225)</u>	<u>(276,000,243)</u>	<u>3,428,155</u>	<u>798,374</u>	<u>(584,106,637)</u>
Deferred tax due to consolidation adjustments						
	(54,584,994)	(37,783,805)	-	(17,705,826)	2,139,929	(107,934,696)
Allowance for evaluation	(54,046,718)	32,979,362	-	-	(7,762)	(21,075,118)
	<u>₩ (300,422,840)</u>	<u>₩ (31,570,572)</u>	<u>₩ (269,682,617)</u>	<u>₩ (10,469,852)</u>	<u>₩ 1,018,756</u>	<u>₩ (611,127,125)</u>

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24. Provisions for Liabilities and Charges

Changes in provisions for liabilities and charges for the years ended December 31, 2011 and 2010, are as follows:

<i>(in thousands of Korean won)</i>	2011					
	Mileage	Sales returns	Restoration	Construction warranties	Other	Total
					liabilities and charges	
Beginning balance	₩ 1,729,107	₩ 3,851,404	₩ 150,800	₩ 4,666,843	₩ 701,650	₩ 11,099,804
Acquisition of subsidiaries	-	-	258,338	407,453	374,782	1,040,573
Additional provisions adjustment	10,861,491	3,494,826	-	-	4,724,960	19,081,277
Unused amounts reversed	(28,265)	-	-	(1,044,896)	-	(1,073,161)
Unwinding of discount	-	-	-	-	(25,799)	(25,799)
Used during year	(8,301,861)	(3,642,926)	(150,800)	-	(543,196)	(12,638,783)
Exchange differences	-	159	-	-	20,743	20,902
Ending balance	₩ 4,260,472	₩ 3,703,463	₩ 258,338	₩ 4,029,400	₩ 5,253,140	₩ 17,504,813
Current	1,770,646	3,703,463	-	-	4,708,052	10,182,161
Non-current	2,489,826	-	258,338	4,029,400	545,088	7,322,652

<i>(in thousands of Korean won)</i>	2010					
	Mileage	Sales returns	Restoration	Construction warranties	Other	Total
					liabilities and charges	
Beginning balance	₩ 1,351,199	₩ 3,088,021	₩ 862,792	₩ 4,538,453	₩ 514,323	₩ 10,354,788
Acquisition of subsidiaries	-	-	-	-	17,877	17,877
Additional provisions adjustment	1,840,987	1,316,644	150,800	128,390	490,213	3,927,034
Unused amounts reversed	-	(74,351)	(206,792)	-	(218,217)	(499,360)
Used during year	(1,463,079)	(478,910)	(656,000)	-	(102,546)	(2,700,535)
Ending balance	₩ 1,729,107	₩ 3,851,404	₩ 150,800	₩ 4,666,843	₩ 701,650	₩ 11,099,804
Current	1,353,465	3,796,977	-	-	407,344	5,557,786
Non-current	375,642	54,427	150,800	4,666,843	294,306	5,542,018

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25. Equity and Paid-in Capital in Excess of Par Value

Under its Articles of Incorporation, the Company is authorized to issue 100 million shares with a par value of ₩ 5,000 per share. As of December 31, 2011, the Company has issued 28,992,063 common shares and 2,260,223 preferred shares. The Company may also authorize the issuance of 20 million shares of non-voting, cumulative and participating preferred stock (maturity date between 3~10 years depending on the decision of Board of Directors) which can receive more dividends than common shareholders (non-voting, non-cumulative and non-participating preferred share issued before February 27, 1997, has 1% more dividend than common share dividend). The Board of Directors decides the preferred share dividend rate if the shares are issued at a dividend rate more than 9% of the par value.

The preferred stock the Company has issued as of December 31, 2011, is as follows:

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

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

In 2009, as the Company retired 145,741 shares of its treasury stock, which are common shares, its common capital stock amount is not equivalent to its face value.

Changes in paid-in capital for the years ended December 31, 2011 and 2010, are as follows:

	Number of shares issued			Capital stock			Paid-in capital in excess of par value
	Common shares	Preferred shares	Total	Common shares	Preferred shares	Total	
<i>(In thousands of Korean won)</i>							
January 1, 2010	28,417,646	2,793,396	31,211,042	142,816,935	13,966,980	156,783,915	973,308,062
Transfer of preferred shares	533,173	(533,173)	-	2,665,865	(2,665,865)	-	-
Exercise of stock options	22,412	-	22,412	112,060	-	112,060	1,388,694
December 31, 2010	28,973,231	2,260,223	31,233,454	145,594,860	11,301,115	156,895,975	974,696,756
Exercise of stock options	18,832	-	18,832	94,160	-	94,160	1,104,109
December 31, 2011	28,992,063	2,260,223	31,252,286	145,689,020	11,301,115	156,990,135	975,800,865

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26. Share-based Payment

Share options are granted to its directors and employees as follows :

- Shares issued through share option : registered common share
- Grant method : New shares of common share

Details of the terms of the share options granted follows:

2011	Date of the grant					
	April 27, 2002	March 11, 2003	April 8, 2004	March 8, 2005	March 13, 2006	February 29, 2008
Options granted	95,600	134,300	77,800	94,100	56,900	230,000
Exercised quantity, Prior to 2011	81,657	94,830	45,083	46,416	-	-
Forfeited quantity	126	1,300	4,600	10,200	4,500	-
Transfer-out quantity due to split-off	10,730	19,111	11,507	14,615	46,500	-
Exercised quantity during 2011	3,087	12,696	3,049	-	-	-
Options outstanding as of December 31, 2011	-	6,363	13,561	22,869	5,900	230,000
Exercise price per share ¹	₩ 58,000	₩ 41,000	₩ 69,000	₩ 71,000	₩ 120,000	₩ 70,000

2010	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

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

The weighted average fair value of options granted during the period using the Black-Scholes

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valuation model is determined as follows:

	Date of the grant						
	August 14, 2001(1 st)	April 27, 2002(2 nd)	March 11, 2003(3 rd)	April 8, 2004(4 th)	March 8, 2005(5 th)	March 13, 2006(6 th)	February 29, 2008(7 th)
Fair value of share options	18,769	22,457	12,593	19,769	20,269	32,557	38,128
Weighted average share price at the grant date	46,812	56,514	46,403	50,095	56,157	68,378	78,115
Price volatility ¹	70.60%	66.18%	54.81%	38.48%	35.73%	36.34%	66.64%
Dividend yield	2.36%	2.03%	2.64%	1.79%	2.07%	1.37%	1.43%
Expected option life	3	3	3	3	3	3	5
Expected forfeiture rate	1.00%	1.00%	1.00%	6.00%	6.00%	6.00%	6.00%
Annual risk-free interest rate	5.10%	6.37%	4.69%	4.56%	4.12%	4.93%	5.09%

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

27. Other Components of Equity

Other components of equity as of December 31, 2011 and 2010, are as follows:

(in thousands of Korean won)	December 31, 2011	December 31, 2010	January 1, 2010
Share-based payments	₩ 7,574,047	₩ 6,155,853	₩ 4,846,651
Treasury share	(186,310,252)	(206,826,657)	(206,826,657)
Gain on valuation of available-for-sale financial assets	384,807,762	730,903,332	6,683,297
Loss on valuation of equity method investees	(2,507,005)	(2,510,040)	(3,132)
Loss on valuation of derivatives	(943,671)	(1,738,518)	(1,024,188)
Cumulative effect of foreign currency translation	8,951,725	(2,518,487)	-
Others	(178,492,369)	(91,041,402)	(113,413,321)
	<u>₩ 33,080,237</u>	<u>₩ 432,424,081</u>	<u>₩ (309,737,350)</u>

The Company acquired treasury shares for odd lot by split-off, merger of subsidiaries, and stabilization of share price, and has plan to dispose of treasury shares owned by the Company as of December 31, 2011, consisting of 2,971,553 common shares and 1,117 preferred shares.

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28. Retained Earnings

Retained earnings as of December 31, 2011 and 2010, consist of:

(in thousands of Korean won)

	2011.12.31	2010.12.31	2010.1.1
Legal reserves ¹	₩ 79,869,424	₩ 79,869,424	₩ 79,869,424
Discretionary reserves ²	995,025,274	553,546,462	858,989,020
Unappropriated retained earnings	<u>820,363,532</u>	<u>930,731,607</u>	<u>432,689,708</u>
	<u>₩ 1,895,258,230</u>	<u>₩1,564,147,493</u>	<u>₩ 1,371,548,152</u>

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

² The Company appropriates a certain portion of its retained earnings as reserves for loss on disposal of treasury stock under the Special Tax Treatment Control Law. Accumulation and disposal of reserves are regulated by related law.

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29. Expenses by Nature

Expenses by nature for the years ended December 31, 2011 and 2010, are as follows:

<i>(in thousands of Korean won)</i>	2011	2010
Raw materials and cost of Merchandise Purchased	₩ 8,317,488,804	₩ 7,276,118,730
Change of inventories	(344,734,476)	(224,671,617)
Employee benefit expense	1,572,618,729	1,217,366,591
Freight expenses	334,023,100	426,722,693
Transportation expenses	777,941,058	661,875,083
Advertising costs	392,724,122	293,527,581
Rental expense	294,186,912	234,945,866
Service Fees	1,422,111,921	1,163,003,268
Sales commission	147,702,644	138,991,128
Sales promotional expense	204,481,293	174,114,368
Screening premium	180,359,753	171,683,117
Utility expenses	62,403,492	66,897,029
Power expenses	21,813,628	20,647,574
Repairs expenses	27,228,929	26,722,791
Packing material charge	210,650,991	181,483,456
Program usage fee	50,913,056	45,017,624
Network expenses	53,811,319	35,293,067
Installation expenses	15,672,879	13,022,930
Repairs and maintenance expenses	26,647,467	20,250,167
Depreciation	408,526,338	390,430,625
Depreciation of investment property	9,131,914	2,716,930
Amortization	317,632,147	144,010,475
Others and consolidation adjustments	(2,125,411,304)	(1,755,751,396)
Total cost of sales and selling and administrative expenses	<u>₩ 12,377,924,716</u>	<u>₩ 10,724,418,080</u>

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30. Selling and Administrative Expenses

Selling and administrative expenses for the years ended December 31, 2011 and 2010, are as follows:

(in thousands of Korean won)

	2011		2010
Salaries	₩ 780,293,735	₩	699,682,159
Severance benefits	41,702,687		38,280,262
Employee benefits	108,735,293		90,878,277
Conference expenses	23,318,098		21,673,853
Entertainment expenses	50,653,838		36,966,984
Travel expenses	71,483,850		60,125,805
Communication expenses	28,723,310		24,018,118
Taxes and dues	70,618,056		58,659,557
Utility expenses	26,549,930		28,943,914
Research expenses	42,322,052		38,798,488
Repairs expenses	16,175,893		13,222,551
Rental expenses	253,537,058		177,910,858
Foreign business expenses	17,077,921		38,034,689
Supplies expenses	26,927,929		25,650,716
Depreciation expenses	107,761,251		93,135,370
Amortization expenses on intangible assets	36,562,011		27,125,969
Insurance premium	14,003,233		12,434,666
Service fees	803,239,323		662,415,373
Sales commissions	145,608,556		136,610,389
Training expenses	26,215,481		18,800,829
Freight expenses	313,973,154		405,633,112
Advertising expenses	388,718,879		292,303,726
Vehicles maintenance expenses	11,102,927		8,978,305
Sales promotional expenses	215,385,084		173,303,284
Bad debt expenses	15,957,407		15,328,167
Miscellaneous expenses	19,984,179		13,958,699
Others	32,070,257		29,777,479
	<u>₩ 3,688,701,392</u>	₩	<u>3,242,651,599</u>

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31. Other Operating Income and Expenses

Other operating income and expenses for the years ended December 31, 2011 and 2010, consists of:

<i>(in thousands of Korean won)</i>	2011	2010
Other operating income		
Gain on disposal of plant, property and equipment	₩ 10,201,868	₩ 2,777,535
Gain on derivative instruments	87,236,244	99,452,886
Miscellaneous revenues	45,244,721	28,302,202
Others	23,458,082	15,829,409
	<u>₩ 166,140,915</u>	<u>₩ 146,362,032</u>
Other operating expenses		
Other bad debt expenses	7,688,943	27,171,818
Loss on disposal of property, plant and equipment	11,670,651	19,382,877
Impairment loss of intangible assets	10,138,019	13,681,301
Impairment loss of investment property	758,973	18,201,112
Loss on derivative instruments	90,002,668	75,289,947
Miscellaneous expenses	14,071,628	22,750,552
Others	17,387,826	27,519,254
	<u>₩ 151,718,708</u>	<u>₩ 203,996,861</u>

32. Classification of Operating Income (loss)

(1) Material items of operating income (loss)

Operating income (loss) is calculated as gross profit net of selling and administrative expenses, other operating incomes and other operating expenses. (Notes 30 and 31).

(2) Distinctions between Previous K-GAAP and Korean-IFRS

Under previous K-GAAP, operating income (loss) was calculated as gross profit net of selling and administrative expenses. However, in accordance with Korean-IFRS, operating income (loss) is calculated as gross profit net of selling and administrative expenses, other operating income and other operating expenses. Therefore, operating income (loss) amount differs between previous K-GAAP and Korean-IFRS by the amount of other operating income and expenses (Notes 30 and 31).

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33. Financial Income and Expenses

Financial income and expenses for the years ended December 31, 2011 and 2010, are as follows:

<i>(in thousands of Korean won)</i>	2011	2010
Financial income		
Interest income	₩ 61,859,392	₩ 61,952,642
Gain on foreign currency transaction	139,281,419	218,471,210
Dividends income	26,850,934	18,865,898
Gain on derivative instruments	38,815,123	18,171,356
Gain on disposal of available-for-sale financial assets	346,734,009	542,494,726
Others	746,111	13,336,633
	<u>₩ 614,286,988</u>	<u>₩ 873,292,465</u>
Financial expenses		
Interest expenses	219,265,078	232,974,154
Loss on foreign currency transaction	184,781,292	176,905,995
Loss on disposition of available-for-sale financial assets	3,034,481	28,022,171
Loss on derivative instruments	31,098,774	41,874,678
Others	7,702,779	1,923,578
	<u>₩ 445,882,404</u>	<u>₩ 481,700,576</u>

34. Income Tax

Income tax expense for the years ended December 31, 2011 and 2010, consists of:

<i>(in thousands of Korean won)</i>	2011	2010
Current tax:		
Current tax on profits for the year	₩ 341,467,609	₩ 318,481,544
Adjustments in respect of prior years	15,959,299	11,153,729
	<u>357,426,908</u>	<u>329,635,273</u>
Deferred tax (Note 23):		
Origination and reversal of temporary differences	(60,609,545)	31,570,572
Income tax expense	<u>₩ 296,817,363</u>	<u>₩ 361,205,845</u>

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Reconciliation between profit before tax and income tax for the years ended December 31, 2011 and 2010, follows:

<i>(in thousands of Korean won)</i>	2011	2010
Profit before tax	₩ 1,032,966,008	₩ 1,157,730,708
Tax calculated at domestic tax rates applicable to profits in the respective countries	₩ 272,621,519	₩ 282,887,416
Tax effects of:		
Consolidation adjustments	25,241,839	56,809,260
Adjustments in respect of prior years	15,959,299	11,153,729
Non-taxable income	(5,145,912)	(574,811)
Tax credit	(10,591,978)	(8,511,985)
Others	(1,267,404)	19,442,236
Tax charge	₩ 296,817,363	₩ 361,205,845

The income tax (charged)/credited directly to equity as of December 31, 2011 and 2010, and January 1, 2010, are as follows:

<i>in thousands of Korean won)</i>	December 31, 2011			December 31, 2010			January 1, 2010		
	Before tax	Tax (charge) credit	After tax	Before tax	Tax (charge) credit	After tax	Before tax	Tax (charge) credit	After tax
Fair value gains from available-for-sale financial assets	674,519,636	(163,233,752)	511,285,884	1,259,683,596	(277,130,391)	982,553,205	4,670,033	(1,130,148)	3,539,885
Cumulative Effect of Foreign Currency Translation	27,856,681	(73,093)	27,783,588	(6,341,444)	-	(6,341,444)	-	-	-
Gain on derivative transaction	(5,897,415)	1,375,461	(4,521,954)	(7,376,566)	1,623,834	(5,752,732)	(4,801,976)	1,056,531	(3,745,445)
Actuarial loss on retirement benefit obligations	(68,818,414)	12,290,390	(56,528,024)	(35,313,339)	5,750,323	(29,563,016)	-	-	-
	₩627,660,488	₩ (149,640,994)	₩478,019,494	₩1,210,652,247	₩ (269,756,234)	₩940,896,013	₩ (131,943)	₩ (73,617)	₩ (205,560)

In 2011, as a result of the change in the Korean corporate tax rate from 20% to 22% that was substantively enacted on December 31, 2011, and that will be effective from January 1, 2012, the relevant deferred tax balances have been re-measured.

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35. Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of common shares in issue during the year excluding common shares purchased by the Company and held as treasury shares. A preferred share has the right to participate in the Company's income distribution as a participating preferred share. Therefore, earnings per share for preferred share is also calculated.

Basic earnings per common share for the years ended December 31, 2011 and 2010, is as follows:

<i>(In thousands of Korean won except number of shares and earnings per share)</i>		2011		2010
Net income	₩	369,046,965	₩	231,527,677
Less: Dividends for preferred shares		29,812,490		18,848,138
Net income available for common shares		339,234,475		212,679,539
Weighted average number of common shares ¹		25,803,995		25,645,100
Basic earnings per share	₩	13,147	₩	8,293

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

	Number of shares	Number of days	Weighted number of shares
Beginning balance	25,663,920	365	9,367,330,800
Exercised share options	2,457	257	631,449
Exercised share options	630	254	160,020
Exercised share options	4,592	223	1,024,016
Exercised share options	1,134	221	250,614
Exercised share options	545	221	120,445
Disposal of treasury shares	337,761	144	48,637,584
Exercised share options	6,970	32	223,040
Exercised share options	2,504	32	80,128
Exchange of treasury share odd lot	(3)	1	(3)
			<u>9,418,458,093</u>

Weighted average number of shares of common share for 2011:

9,418,458,093/365 days = 25,803,995 shares

(2010: 9,360,461,400/365 days = 25,645,100 shares)

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Basic earnings per preferred share for the years ended December 31, 2011 and 2010, is as follows:

<i>(In thousands of Korean won, except number of shares and earnings per share)</i>	2011		2010	
Net income available for preferred shares	₩	29,812,490	₩	18,848,138
Weighted average number of common shares ¹		2,259,106		2,259,106
Basic earnings per share	₩	<u>13,197</u>	₩	<u>8,343</u>

Diluted earnings per share for the years ended December 31, 2011 and 2010, is as follows:

<i>(In thousands of Korean won, except number of shares and earnings per share)</i>	2011		2010	
Net income available for common shares	₩	339,234,475	₩	212,679,539
Diluted earnings		339,234,475		212,679,539
Weighted average number of common shares including dilutive potential common shares		25,813,582		25,661,402
Diluted earnings per share	₩	<u>13,142</u>	₩	<u>8,288</u>

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

	Number of shares	Number of days	Weighted number of shares
Exercised share options	638	109	69,542
Exercised share options	164	112	18,368
Exercised share options	2,189	143	313,027
Exercised share options	541	145	78,445
Exercised share options	65	145	9,425
Exercised share options	33	117	3,861
Exercised share options	3,323	145	481,835
Exercised share options	299	145	43,355
Unexercised stock options	6,798	365	2,481,270
			<u>3,499,128</u>

Weighted average number of shares of common share equivalents for 2011:

3,499,128/365 days = 9,587 shares

(2010: 5,950,066/365 = 16,302 shares)

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Diluted earnings per preferred share for the years ended December 31, 2011 and 2010, is as follows:

<i>(In thousands of Korean won, except number of shares and earnings per share)</i>	2011		2010	
Net income available for preferred shares ¹	₩	29,802,347	₩	18,837,199
Weighted average number of common shares		2,259,106		2,259,106
Diluted earnings per preferred shares		13,192		8,338

¹ Net income available for preferred shares is changed due to the dilution of common shares.

Non-dilutive potential common shares as of December 31, 2011, are as follows:

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

36. Dividends per Share

The dividends paid in 2011 and 2010 were ₩22,451 million (₩800 per common share, ₩850 per preferred share) and ₩22,433 million (₩800 per common share, ₩850 per preferred share), respectively. A dividend in respect of the year ended December 31, 2011, of ₩650 per common share and ₩700 per preference share, amounting to a total dividend of ₩18,495 million, is to be proposed at the annual general meeting on April 30, 2012. These financial statements do not reflect this dividend payable.

37. Cash Generated from Operations

Cash generated from operations for the years ended December 31, 2011 and 2010, are as follows:

<i>(in thousands of Korean won)</i>	2011		2010	
Profit before income tax	₩	1,032,966,008	₩	1,157,730,708
Adjustments for:				
Interest revenues		(61,859,392)		(61,952,642)
Interest expenses		219,265,078		232,974,154
Dividends received		(26,850,934)		(18,865,898)
Gain(loss) on foreign currency translation, net		70,807,839		(35,673,377)
Bad debts expense		15,957,407		15,328,167
Other bad debts expense		7,688,943		27,171,818
Gain on derivative instruments		(126,051,367)		(117,624,242)
Loss on derivative instruments		121,101,442		117,164,625
Depreciation		408,526,338		390,430,625

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<i>(in thousands of Korean won)</i>	2011	2010
Amortization	317,632,147	144,010,475
Gain on disposal of property, plant and equipment	(10,201,868)	(2,777,535)
Loss on disposal of property, plant and equipment	11,670,651	19,382,877
Loss on impairment of intangible assets	10,138,019	13,681,301
Loss on impairment of investment property	758,973	18,201,112
Loss on impairment of available-for-sale financial assets	3,034,481	28,022,171
Gain on disposal of available-for-sale financial assets	(346,734,009)	(542,494,726)
Loss on disposal of available-for-sale financial assets	1,594,772	1,386,978
Loss on valuation of inventories	4,243,474	10,467,770
Others	24,095,464	11,428,535
Changes in working capital		
Increase of trade receivables	(265,067,694)	(231,941,517)
Increase of other financial assets	(129,767,347)	(14,476,287)
Increase of advance payments	(67,770,420)	(20,781,755)
Increase of inventories	(307,044,739)	(272,644,669)
Decrease(Increase) of biological assets	(892,986)	427,802
Increase of other assets	(30,852,155)	(6,835,066)
Increase of trade payables	36,719,424	206,786,091
Increase(Decrease) of non-trade payables	(169,646,323)	74,375,142
Increase of other financial liabilities	27,573,673	17,166,946
Increase(Decrease) of other liabilities	115,538,873	(47,415,948)
Increase(Decrease) of deposits received	(24,499,959)	5,953,707
Increase(Decrease) of provisions	857,385	(2,535,327)
Increase of retirement benefit liabilities	41,344,493	12,983,896
Cash generated from operations	<u>₩ 904,275,691</u>	<u>₩ 1,129,055,911</u>

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Significant transactions not affecting cash flows for the years ended December 31, 2011 and 2010, are as follows:

<i>(in thousands of Korean won)</i>	2011	2010
Reclassification of construction in-progress to property, plant and equipment	₩ 17,301,158	₩ 22,230,198
Increase(decrease) of other component of equity due to valuation, disposal and other activities of associates	(3,035)	2,506,908
Increase(decrease) of other component of equity due to valuation, disposal and other activities of available-for-sale financial assets	(346,095,570)	724,220,035
Increase(decrease) in accumulated other comprehensive income due to translation of foreign currency financial statements	(11,470,212)	2,518,487
Changes in accumulated other comprehensive income due to valuation of derivatives	(794,847)	714,330

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38. Commitments and Contingencies

Payment guarantees as of December 31, 2011 and 2010, and January 1, 2010, are as follows:

<i>(in thousands of Korean won)</i>		Financial institution	Loan amounts			Guarantee amounts		
			December 31, 2011	December 31, 2010	January 1, 2010	December 31, 2011	December 31, 2010	January 1, 2010
Guarantor	Guarantee	2011	2011	2010	2010	2011	2010	2010
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	26,732,880	33,529,920	32,524,257	28,218,040	36,913,522	32,524,257	
CJ Cheil Jedang Corp.	Annie Chun's Inc.	-	-	-	5,254,200	-	-	5,254,200
	CJ America Inc.	Bank of America and others	6,343,150	2,277,800	10,508,400	20,759,400	26,194,700	26,854,800
	CJ Beijing Beverage Co., Ltd.	Bank of America	11,425,743	4,224,180	2,544,240	11,425,743	4,224,180	2,544,240
	CJ China Ltd.	Bank of America and others	297,807,427	128,996,370	124,333,054	501,685,500	170,835,000	152,789,801
	CJ Do Brasil Ind. Com. Prod.	Export-Import Bank of Korea and others	176,916,220	131,380,087	128,355,436	188,825,196	169,685,850	130,690,636
	CJ Europe GmbH	Korea Exchange Bank and others	10,892,918	11,034,802	12,866,952	13,446,325	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	69,774,650	61,215,875	81,440,100	76,694,450	80,133,004	100,107,600
	CJ Nutracon Pty., Ltd.	Korea Exchange Bank and others	11,692,155	17,584,616	19,918,088	20,687,895	22,367,996	22,483,957
	CJ Omni Inc.	Bank of America	7,496,450	5,352,830	1,167,600	7,727,110	7,630,630	2,568,720
	CJ Qingdao Foods Co., Ltd.	Hana Bank and others	25,852,371	24,017,123	3,502,800	29,240,782	24,017,123	3,502,800
	Liaocheng Lantian Cogeneration Plant Co., Ltd.	Korea Development Bank	14,992,900	17,083,500	17,514,000	14,992,900	17,083,500	17,514,000

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(in thousands of Korean won)

Guarantor	Guarantee	Financial institution	Loan amounts			Guarantee amounts		
			December 31, 2011	December 31, 2010	January 1, 2010	December 31, 2011	December 31, 2010	January 1, 2010
	PT. Cheil Jedang Indonesia	Citibank and others	₩ 158,002,100	₩ 180,515,650	₩192,070,200	₩ 242,193,000	₩ 199,876,950	₩ 204,913,800
Cheil Jedang Corp	PT. Cheil Jedang Superfeed	Export-Import Bank of Korea and others	63,662,160	60,603,147	28,022,400	72,657,900	66,183,757	28,022,400
	CJ Beijing Bakery Co., Ltd.	Korea Exchange Bank and others	-	1,852,990	8,935,598	11,425,743	8,974,532	8,935,598
	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	35,708,474	26,142,311	-	41,775,986	26,142,311	-
	CJ Global Holdings Ltd.	HSBC and others	214,850,563	-	-	216,010,783	-	-
	CJ Shenyang Feed Co., Ltd.	Citibank and others	-	-	-	7,081,262	-	-
	CJ Vina Agri Co., Ltd.	Citibank	-	-	-	4,497,870	-	-
	Shenyang Jilong Corn Biotech Co., Ltd.	Export-Import Bank of Korea	34,599,000	-	-	34,599,000	-	-
	Sichuan Jixiangju Food Co., Ltd.	Export-Import Bank of Korea	5,766,500	-	-	5,766,500	-	-
CJ Foodville Co., Ltd.	CJ Beijing Bakery Co., Ltd.	Citibank and others	11,305,000	3,416,700	28,956,480	20,199,703	3,416,700	49,202,664
	CJ Bakery Inc.	Woori Bank and Others	12,916,960	3,986,150	10,508,400	18,452,800	9,111,200	10,508,400
	CJ Bakery Vietnam	Export-Import Bank of Korea and others	2,237,547	1,093,344	1,120,896	3,356,103	1,093,344	1,120,896
	CJ Foodville Asia Pte. Ltd.	Woori Bank	1,772,880	-	-	4,343,556	-	-
	Food Festa., Ltd.	Export-Import Bank of Korea	2,539,624	-	-	4,455,480	-	-
CJ E&M Corporation	CJ Media Japan Co., Ltd.	Mizuho Bank and others	4,455,480	4,191,240	-	1,782,192	4,191,240	-
	CJ Internet Japan Corp.	Shinhan Bank	1,485,160	-	-	2,970,320	-	-
	CJ Entertainment Japan Inc.	SBJ Bank	5,940,640	-	-	7,128,768	-	-
CJ GLS Asia Pte. Ltd.	CJ GLS America Inc.	Korea Development Bank and others	37,066,719	50,450,751	64,354,515	79,387,420	62,639,500	62,378,947
	CJ GLS Malaysia Sdn. Bhd.	Export-Import Bank of Korea	3,471,433	2,218,521	2,802,240	7,611,780	5,466,720	2,713,920
CJ Freshway Co., Ltd.	CJ Food Service Co., Ltd.	-	-	-	2,802,240	-	-	2,802,240
	CJ Food Service (Shanghai) Co., Ltd.	-	-	-	543,971	-	-	543,971
CJ Hellovision Co., Ltd.	Korea Pohang Cable TV	Shinhan Bank and others	33,030,000	-	-	36,333,000	-	-

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<i>(in thousands of Korean won)</i>		Financial institution	Loan amounts			Guarantee amounts		
Guarantor	Guarantee	2011	December 31, 2011	December 31, 2010	January 1, 2010	December 31, 2011	December 31, 2010	January 1, 2010
	CJ Hellovision Silla Broadcasting Co., Ltd.	Shinhan Bank	₩ 9,700,000	₩ -	₩ -	₩ 10,670,000	₩ -	₩ -
CJ CGV Co., Ltd.	CJ CGV Holdings Ltd.	Export-Import Bank of Korea	4,340,115	6,558,538	-	6,646,715	6,558,538	-
CJ MEDIA, Inc.	CJ Media Japan Co., Ltd.	-	-	-	2,525,600	-	-	2,525,600
Korea Express Busan Container Terminal Co., Ltd.	PECT New Container Terminal	Korea Development Bank	91,930,000	-	-	18,000,000	-	-
	Highone Solar Power Generation. Co., Ltd	Woori Bank	-	-	-	9,000,000	-	-
	Yang San ICD Co., Ltd.	Korea Development Bank	-	-	-	8,000,000	-	-
	Kumho Tire Tian Jin Co., Inc	Landes Bank and others	-	-	-	98,030,500	-	-
4Dplex Co.,Ltd.	Simuline Inc.	Small business administration	875,000	-	-	875,000	-	-
CJ O Shopping Co., Ltd.	CJ Primeshopping Inc.	SBJ Bank	7,425,800	-	-	7,425,800	-	-
	Smart Korea Co., Ltd.	Export-Import Bank of Korea	1,800,000	-	-	1,800,000	-	-
	Damul Trading Pvt. Ltd.	SAMSUNG C&T India Pvt., Ltd.	4,613,200	-	-	4,613,200	-	-
CJ GLS Asia Pte. Ltd.	CJ GLS Malaysia Sdn. Bhd.	EON Bank BHD and others	4,790,001	6,055,081	5,332,200	4,790,001	6,055,081	5,712,580
	CJ GLS (Thailand) Co., Ltd.	UOB Thailand	-	1,001,052	-	-	1,001,052	-
	CJ GLS (VN) Freight Co., Ltd.	Standard Chartered Bank	-	1,796,760	-	-	1,796,760	-
	CJ GLS China (Shanghai) Ltd.	UOB Shanghai	-	4,245,835	-	-	4,245,835	-
	Conpac Warehousing Pte. Ltd.	UOB Bank Singapore	443,220	500,000	-	443,220	500,000	-
CJ Japan Corp.	CJ Food Festa Co., Ltd.	Mitsui Sumitomo Bank	-	6,668,714	-	-	6,668,714	-
CJ Vina Agri Co., Ltd.	CJ Vina Food Co., Ltd.	Vietcom Bank Long An	-	-	-	-	1,172,000	-
			₩1,414,654,440	₩854,019,795	₩859,806,070	₩1,906,026,943	₩1,169,403,180	₩1,007,176,021

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Subsidiaries, CJ E&M Corporation and Kumho Rent-a-car Co., Ltd. are under joint liability for the debts incurred before the spin-off with the Controlling Company, S.A. Management Inc., CJ O Shopping Co., Ltd., and Korea Express Co., Ltd., respectively.

In addition to the above guarantees, CJ Cheil Jedang Corp. provided guarantees of fulfillment to PT. Cheil Jedang Indonesia, PT. CJ Feed Jombang, PT Cheil Jedang Superfeed and CJ DO Brazil IND. COM. PROD. ALIM. Ltda. amounting to ₩12,686 million (2010: ₩5,695 million), ₩1,730 million (2010: ₩1,708 million), ₩4,037 million and ₩1,730 million (2010: ₩7,403 million), respectively.

CJ Hellovision Co., Ltd., CJ GLS Inc., CJ Systems Co., Ltd., CJ CGV Co., Ltd., CJ Telenix Co., Ltd. and CJ MD1 Co., Ltd. provided guarantees in relation to the loans of employees and directors from financial institutions.

CJ Cheil Jedang Corp and 30 other subsidiaries obtained a guarantee from Seoul Guarantee Insurance Co., Ltd. in relation to their operations.

Korea Integrated Freight Terminal Co., Ltd. and Jung-bu Integrated Freight Terminal Co., Ltd. are provided with guaranteed payments of ₩219,850 million through industrial base credit guarantee.

CJ O Shopping Co., Ltd. obtained a guarantee from Hana Bank amounting to ₩2,000 million (2010: ₩1,000 million), relating to a performance guarantee.

PECT New Container Terminal Co., Ltd. obtained a guarantee from Busan Port Authority amounting to ₩2,000 million.

As of December 31, 2011, CJ Development Co., Ltd. obtained a guarantee from the Korea Construction Financial Cooperative amounting to ₩23,122 million (2010: ₩19,588 million).

As of December 31, 2011, certain portions of the Group's property, plant and equipment amounting to ₩337,546 million, intangible assets amounting to ₩213,200 million and financial assets amounting to ₩567,030 million are pledged as collaterals to financial institutions and others. Additionally, 297,352 shares of Korea Integrated Freight Terminal Co., Ltd. and 349,294 shares of Korea Express Co., Ltd. are pledged as collaterals.

The Group's construction-in-progress is pledged as collaterals after completion for government fund borrowings under agreements related to expenses for Gunpo extension work.

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Loan agreements with financial institutions as of December 31, 2011 and 2010, and January 1, 2010, are as follows:

<i>(in million of Korean won)</i>	Maximum loan limit		
	December 31, 2011	December 31, 2010	January 1, 2010
Corporate purchase card	₩ 314,465	₩ 282,498	₩ 180,107
Bank overdraft	159,631	144,841	157,465
Discount note agreement	334,844	435,881	286,240
Loans secured against trade receivables	665,973	528,329	53,215
General loans	2,121,482	939,980	996,282
Import letter of credit	2,044,052	1,789,146	1,632,640
Others	1,110,157	203,637	243,576
	<u>₩ 6,750,604</u>	<u>₩ 4,324,312</u>	<u>₩ 3,549,525</u>

As of December 31, 2011, the Group provided 13 notes and bills (11 blanked bills, 2 notes: ₩400,000 thousand) as collateral for contracts with related banks.

As of December 31, 2011, the Group is a party to 50 legal claims and proceedings amounting to ₩41,913 million (2010: ₩97,596 million) as the plaintiff and ₩81,475 million (2010: ₩50,253 million) as the defendant, all of which are pending as of December 31, 2011. The Group's management believes that, although the outcome of these cases is uncertain, the ultimate resolution of these cases will not have a material adverse effect on the operations or financial position of the Group.

CJ O Shopping Co., Ltd. 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. During the reporting period, CJ Hellovision Co., Ltd issued common stocks for the amount of ₩126,294 million. Therefore, as of December 31, 2011, CJ O Shopping is contractually responsible for ₩75,112 million. According to the agreement, should CJ Hellovision Co., Ltd. fail to fulfill the recourse obligation, the Group 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, 2011, two subsidiaries, including CJ Cheil Jedang Corp., have 25 (2010: 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.

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39. Business Combinations

39.1 Mergers

CJ E&M Corporation and CJ Cheil Jedang Corp. merged with five subsidiaries. Details of the mergers are as follows:

Details of mergers

Surviving Company	CJ E&M Corporation	CJ E&M Corporation	CJ E&M Corporation	CJ E&M Corporation
Merged Company	ON Media Corporation	CJ Internet Corp.	Mnet Media Corp.	CJ MEDIA, Inc.
Main business	Holding company/ Broadcasting business	Development and provision of games software	Music production and sales	Broadcasting business
Date of approval	December 30, 2010	December 30, 2010	December 30, 2010	December 30, 2010
Date of merger	March 1, 2011	March 1, 2011	March 1, 2011	March 1, 2011
Approved by	Shareholders	Shareholders	Shareholders	Shareholders
Stock exchange ratio	1:0.1212693	1:0.4767753	1:0.0977702	1:0.9471698
Number of the shares issued	7,852,075	10,871,079	6,371,756	4,356,981
Surviving Company	CJ E&M Corporation	CJ Cheil Jedang Corp.	CJ Cheil Jedang Corp.	Mediaweb Corp
Merged Company	CJ Entertainment	ShinDongBang CP Corporation	Hasunjung General Food Co., Ltd.	Mediaweb-I Co., Ltd.
Main business	Film production and distribution, performance business	Manufacture of starches and starch products	Manufacture of Smoked and Similarly Prepared Fish Products	Development and provision of application software
Date of approval	December 30, 2010	March 23, 2011	August 8, 2011	November 25, 2011
Date of merger	March 1, 2011	July 1, 2011	November 1, 2011	December 31, 2011
Approved by	Shareholders	Board of directors	Board of directors	Shareholders
Stock exchange ratio	1:1.1731389	1:0.0953401	1:0.1992194	1:0
Number of the shares issued	3,519,416	286,020	4,356,981	-

Merger above is applicable to transaction with changes in ratio of shareholding, but no changes in control. Therefore, the Group assumed the carrying amounts of the assets and liabilities included in the consolidated financial statements as of date of merger, and treated the changes in interests as equity transactions.

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39.2 Acquisition of significant interests

As of December 30, 2011, CJ Cheil Jedang Corp. and CJ GLS Inc. acquired 52.69% of shares of Korea Express Co., Ltd. (excluding treasury shares) for ₩1,777,085 million to increase the value of companies and to decrease transportation costs and use non-business purpose assets.

The following table summarizes the consideration paid for Korea Express Co., Ltd., the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date.

(in millions of Korean won)

Consideration		
Cash	₩	1,777,085
Total consideration		<u>1,777,085</u>
Recognized amounts of identifiable assets acquired and liabilities assumed		
Cash and cash equivalents		231,787
Trade receivables		524,616
Property, plant and equipments		1,626,085
Intangible assets		944,736
Other assets		816,423
Trade payables		(227,310)
Short-term borrowings		(110,050)
Current portion of bonds payable and borrowings		(118,567)
Long-term borrowings		(535,486)
Other liabilities		<u>(528,380)</u>
Total identifiable net assets		<u>2,623,854</u>
Non-controlling interest		<u>(1,277,395)</u>
Goodwill	₩	<u>430,626</u>

Sales revenue and net income would have been ₩2,587,848 million and ₩52,212 million, respectively, on consolidated income statement if Korea Express Co., Ltd. were merged on January 1, 2011.

The goodwill arising from the acquisition is attributable to acquired customer base and economies of scale expected from combining the operations of the Group and Korea Express Co., Ltd.

The Group measures non-controlling interests on the basis of its proportionate interest in the acquiree's identifiable net assets.

On July 28, 2011, CJ CGV Co., Ltd. acquired control over two companies including Envoy Media Partners Ltd. with the acquisition of 92% of Envoy Media Partners Ltd.'s shares at ₩78,027 million in order to operate overseas cinema business.

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The following table summarizes the consideration paid for Enjoy Media Partners Ltd., the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date:

(in millions of Korean won)

Consideration		
Cash	₩	78,027
Total consideration		<u>78,027</u>
Recognized amounts of identifiable assets acquired and liabilities assumed		
Cash and cash equivalents		32,435
Property, plant and equipment		18,125
Intangible assets		12,114
Other assets		20,942
Long-term borrowings		(31,277)
Other liabilities		<u>(8,469)</u>
Total identifiable net assets		43,870
Non-controlling interest		<u>(4,736)</u>
Goodwill	₩	<u>38,893</u>

The revenue included in the consolidated statement of income since the acquisition date contributed by Envoy Media Partners Ltd. and other was ₩17,789 million, also contributed net income of ₩931 million over the same period.

Sales revenue and net income would have been ₩36,213 million and ₩170 million, respectively, on consolidated income statement if Envoy Media Partners Ltd. were merged on January 1, 2011.

The goodwill arising from the acquisition is attributable to acquired customer base and economies of scale expected from combining the operations of the Group and two subsidiaries, including Envoy Media Partners Ltd.

The Group measures non-controlling interests on the basis of its proportionate interest in the acquiree's identifiable net assets.

On March 15, 2011, CJ Hellovision Co., Ltd. acquired control over Korea Pohang Cable TV Co., Ltd. and six others with the acquisition of the shares of Korea Pohang Cable TV Co., Ltd. at ₩43,867 million and shares of Silla Broadcasting Corporation at ₩58,805 million, representing 97.46% and 100% ownership, respectively, in order to strengthen competitiveness of the entertainment and media segments.

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The following table summarizes the consideration paid for Korea Pohang cable TV Co., Ltd. and Silla Broadcasting Corporation, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date:

(in millions of Korean won)

Consideration at March 1, 2011		
Cash ¹	₩	102,672
Total consideration		<u>102,672</u>
Recognized amounts of identifiable assets acquired and liabilities assumed		
Cash and cash equivalents		464
Property, plant and equipment		10,079
Intangible assets		6,115
Held for sale assets		134,338
Other assets		2,899
Short-term borrowings		(10,200)
Long-term borrowings		(1,333)
Held for sale liabilities		(79,570)
Other liabilities		<u>(5,942)</u>
Total identifiable net assets		<u>56,850</u>
Non-controlling interest		<u>(845)</u>
Goodwill	₩	<u>46,667</u>

¹The ₩67,347 million of the total consideration has not been paid as of the year end pursuant to condition of agreement.

The revenue and net income included in the consolidated statement of income since the acquisition date contributed by Korea Pohang Cable TV Co., Ltd. and Silla Broadcasting Corporation were ₩29,467 million and ₩1,550 million, respectively.

The goodwill arising from the acquisition is attributable to acquired customer base and economies of scale expected from combining the operations of the Group, Korea Pohang Cable TV Co., Ltd. and Hellovision Silla Broadcasting Co., Ltd. and five others.

The Group measures non-controlling interests on the basis of its proportionate interest in the acquiree's identifiable net assets.

On June 30, 2010, CJ E&M Corporation acquired control over ON Media Corporation and nine others, representing 55.17% of its shares, for ₩434,479 million in order to strengthen competitiveness of entertainment and media and new distribution segments.

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The following table summarizes the consideration paid for ON Media Corporation, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date.

(in millions of Korean won)

Consideration		
Cash ¹	₩	434,479
Fair value of ON Media's shares before consolidation		5,081
Total consideration		439,560
Recognized amounts of identifiable assets acquired and liabilities assumed		
Cash and cash equivalents		37,034
short-term financial instruments		99,224
Trade receivables		83,228
Available-for-sale financial assets		17,330
Property, plant and equipments		75,644
Intangible assets		225,924
Other assets		48,391
Trade payables		(24,723)
Non-trade payables		(17,636)
Other liabilities		(32,165)
Total identifiable net assets		512,251
Non-controlling interest		(254,236)
Goodwill	₩	181,545

The revenues and net income included in the consolidated statement of income after acquisition date from July 1, 2010 to December 31, 2010, contributed by ON Media Corporation were ₩202,834 million and ₩19,359 million, respectively.

Sales revenue and net income would have been ₩ 380,062 million and ₩28,679 million, respectively, on 2010's consolidated income statement if On Media Corporation were merged since January 1, 2010.

The goodwill arising from the acquisition is attributable to acquired customer base and economies of scale expected from combining the operations of the Group and ON Media Corporation.

The Group measures non-controlling interests on the basis of its proportionate interest in the acquiree's identifiable net assets.

40. Transactions with Non-controlling Interests

The effective ratio of shareholdings for certain subsidiaries has changed through additional acquisition, disposal, and sale and purchase among subsidiaries for the year. Accordingly, differences between considerations of acquisition and disposal and carrying amount of non-controlling interests amounting to ₩91,892 million (2010: ₩20,938 million) are treated as decrease in equity attributable to owners of the Company.

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41. Related Parties

Significant transactions with related parties for the years ended December 31, 2011 and 2010, and the related receivables and payables as of December 31, 2011 and 2010, and January 1, 2010, are as follows:

<i>(in millions of Korean won)</i>	2011		2010		December 31, 2011		December 31, 2010		January 1, 2010	
	Sales	Purchases ¹	Sales	Purchases ¹	Receivables	Payables	Receivables	Payables	Receivables	Payables
Jointly controlled entities and associates	121,928	24,933	62,952	26,534	42,092	9,880	26,087	9,354	17,841	6,939
Others	25,870	55,683	6,438	33,573	4,431	14,581	2,792	14,559	2,792	14,559
	<u>147,798</u>	<u>80,616</u>	<u>69,390</u>	<u>60,107</u>	<u>46,523</u>	<u>24,461</u>	<u>28,879</u>	<u>23,913</u>	<u>20,633</u>	<u>21,498</u>

¹ Acquisition of tangible assets and others are included under purchases.

Acquisition and disposal of significant interests between the Group and related parties excluded above for the years ended December 31, 2011 and 2010, are as follows:

<i>(in thousands of Korean won)</i>	Counterparties	Substance of transaction	2011	2010
Disposal of shares	C&I Leisure Industry Corp.	CJ Venture Investment Equity securities	12,416,469	-
Acquisition of shares	main share holder	CJ GLS Inc. Equity securities	60,965,890	-

The compensation paid or payable to key management for employee services for the years ended December 31, 2011 and 2010, is shown below:

<i>(in thousands of Korean won)</i>	2011	2010
Short-term employee benefits	₩ 9,053,040	₩ 10,253,000
Long-term employee benefits	2,605,985	3,088,213
Post-employment benefits	1,046,724	646,113
Share-based payments	1,710,505	1,710,505
	<u>₩ 14,416,254</u>	<u>₩ 15,697,831</u>

42. Transition to Korean-IFRS

42.1 First-time Adoption of Korean-IFRS

The Group's transition date to Korean-IFRS is January 1, 2010, and adoption date is January 1, 2011.

In preparing consolidated financial statements in accordance with Korean-IFRS1101 (First-time Adoption of Korean International Financial Reporting Standards), the Group has applied the mandatory exceptions and certain optional exemptions allowed by Korean-IFRS.

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42.2 Exemption Options under Korean-IFRS1101

The Group elected to apply the following optional exemptions from full retrospective application.

(1) Business combinations

The Group elected to apply the exemption for business combinations allowed under Korean-IFRS1101 and has not retrospectively applied Korean-IFRS 1103 to past business combinations that occurred before the transition date.

(2) Fair value as deemed cost

The Group elected to use the revaluations of certain property, plant and equipment prior to the date of transition to Korean-IFRS as deemed cost at the transition date.

The Group elected to measure certain property, plant and equipment at fair value as of the transition date to Korean-IFRS and use that fair value as its deemed cost at that date as follows

(in millions of Korean won)

Reported amount under previous K-GAAP	Adjusted amount	Fair value as of the transition date
1,056,743	757,745	1,814,488

(3) Cumulative translation differences

The Group elected to deem the cumulative translation differences for all foreign operations to be zero at January 1, 2010 in accordance with Korean-IFRS1101.

(4) Capitalization of borrowing costs

The Group elected to capitalize borrowing costs for the construction of qualifying assets that are incurred after the transition date to Korean-IFRS.

42.3 Significant Differences in Accounting Policies

Significant differences between the accounting policies adopted by the Group under Korean-IFRS and those under the Korean generally accepted accounting principles (K-GAAP) are enumerated below.

(1) Employee benefits

Under previous GAAP severance benefits are recorded as vested benefit obligation at the date of the statement of financial position based on the assumption that all employees who has employed for more than a year are terminated at the date of the statement of financial position. However, in accordance with Korean-IFRS defined benefit obligation.

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(2) Goodwill acquired in the business combination or a gain from a bargain purchase

Under the previous GAAP, goodwill acquired in the business combination or a gain from a bargain purchase is amortized over the reasonable periods within 20 years or weighted-average useful life of non-monetary assets using the straight-line method from initial year of occurrence. Under Korean-IFRS, goodwill acquired in the business combination or a gain from a bargain purchase shall not be amortized. Goodwill is subject to regular impairment testing and the gain from a bargain purchase is recognized in profit on the acquisition date.

(3) Capitalization of borrowing costs

Under the previous GAAP, the Group recognised all borrowing costs as expenses. The Group elected to capitalize borrowing costs for the construction of qualifying assets that are incurred after the transition date to Korean-IFRS. Korean-IFRS requires general and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets for the period.

(4) Financial assets and liabilities

Under the previous GAAP, 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. Korean-IFRS requires financial assets to be classified as loans and receivables and 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.

(5) Convertible redeemable preferred stocks

Under the previous GAAP, the Group classified convertible redeemable preferred stocks shall be classified as equity. Korean-IFRS requires recognising issue price as liabilities.

(6) Investment properties

Under the previous GAAP, investment properties shall be classified as fixed asset. Korean-IFRS requires property held to earn rentals or for capital appreciation or both shall be classified as an investment property.

(7) Intangible assets with indefinite useful life

Under the previous GAAP, intangible assets are amortized over reasonable period less than 20 years unless it is defined otherwise by law or contract. Korean-IFRS requires an intangible asset with an indefinite useful life shall not be amortized but be subject to regular impairment testing.

(8) Membership rights

Membership rights, which were classified as other non-current assets, are reclassified as intangible assets with indefinite lives in accordance with Korean-IFRS.

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(9) Risk hedge accounting

The Group applied the short-cut method for risk hedging according to K-GAAP before Korean-IFRS. In accordance with Korean-IFRS, short-cut method is not applied. Therefore, the Group recognized gain (loss) on valuation of derivatives as profit (loss) for the year.

(10) Deferred income tax

Under the previous GAAP, 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. In accordance with Korean-IFRS, deferred tax assets and liabilities are classified as non-current on the statement of financial position.

Under the previous GAAP, deferred tax asset or liability is determined and recognized by the net amount of temporary differences from each investment to subsidiaries. Korean-IFRS requires deferred tax asset and liability are recognized by reflecting the tax consequences of each temporary difference.

Under the previous GAAP, deferred income tax assets and liabilities for provision for advanced depreciation on re-valued land which has low possibility of disposal shall not be recognized. In accordance with Korean-IFRS, there are no exceptions not to recognize deferred tax liability for re-valued land which has low possibility of disposal. Therefore, deferred income tax assets and liabilities for provision for advanced depreciation on re-valued land shall be recognized.

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42.4 Changes in the Scope of Consolidation

Change in the scope of consolidation as of January 1, 2010, are as follows:

Change	Reasons	Company
Included	Previously not included in the consolidated financial statements based on the exception under Article 1-3 (2).1. of the Enforcement Decree of the Act on External Audit of Stock Companies which was granted to subsidiaries with less than total assets of ₩10 billion as of the previous fiscal year-end. Included under Korean-IFRS.	SC Logis Co., Ltd., E&C Infra Co., Ltd. , Myone Card Corp., Goodconcert Inc., Clipservice Inc., Korean Cable TV Modoo Broadcasting Co., Ltd., International Media Genius, KM TV Co., Ltd., MBARO Inc., Traumhaousing Co., Ltd., CJ Ngc Korea, CJ Sports Co., 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., CJ Guiyang Feed Co., Ltd., Pt Agrobis Panca Ekatama, CJ Omni Inc., Tous Les Jours USA L.L.C., Tous Les Jours International Corp., CJ Feed India Private Ltd., CJ Vina Food Co., Ltd., CJ GLS Philippines Inc., CJ Home Shopping Co., Ltd.(Shanghai,China), CJ GLS (H.K.) Ltd., CJ GLS Shipping (S) Pte Ltd., CJ Home Shopping Co., Ltd.(Beijing,China), CJ GLS (S) Air Freight Pte Ltd., Ec Services Enterprise Sdn. Bhd., CJ GLS China (Shanghai) 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., Supply Chain Services Sdn. Bhd., CJ GLS America, Inc., Ec Freight Forwarding Sdn., Bhd., CJ GLS Forwarding Malaysia Sdn. Bhd., CJ GLS(Shenzhen)Co., Ltd, CJ GLS Inc.(Qingdao, China), Imaginasian Entertainment, Inc., Annie Chun's Inc., CJ CGV America LA, LLC., CJ CGV Holdings Ltd., CJ CGV America Holdings, Inc., CJ Century Entertainment & Media Consulting Co., Ltd., CJ Pacific Corp., CJ Food Court L.L.C., CJ Food Service Co., Ltd., CJ Beijing Bakery Co., Ltd., CJ Bakery Vietnam Co., Ltd., CJ Dondon Farm Co., Inc., CJ International Trading Co., Ltd.
Included	Previously not included asset securitization companies in the consolidated financial statements. Included under Korean-IFRS.	CJC The Fourth Securitization Specialty Co., Ltd., CJC The First Securitization Specialty Co., Ltd., CJ CATV 2nd Co., Ltd

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42.5 Reconciliations Previous K-GAAP to Korean-IFRS

(1) Effects on assets, liabilities and equity and financial performance

Effects of Korean-IFRS adoption on the Group's assets, liabilities and equity as of January 1, 2010, the date of Korean-IFRS transition, are as follows:

(in millions of Korean won)

	Total assets	Total liabilities	Total equity
Reported amount under previous K-GAAP	₩ 10,689,038	₩ 6,784,823	₩ 3,904,215
Adjustments for:			
Changes in scope of consolidation	290,137	315,513	(25,376)
Deemed cost of property, plant and equipment	757,745	-	757,745
Employee benefits	-	1,419	(1,419)
Reclassification of convertible preferred stock to liabilities	-	215,223	(215,223)
Others	3,146	19,212	(16,066)
Deferred income tax effect on reconciliation adjustments	(31,004)	296,427	(327,431)
	<u>1,020,024</u>	<u>847,794</u>	<u>172,230</u>
Adjusted amount under Korean-IFRS	<u>₩ 11,709,062</u>	<u>₩ 7,632,617</u>	<u>₩ 4,076,445</u>

Effects of Korean-IFRS adoption on the Group's assets, liabilities and equity and comprehensive income as of and for the year ended December 31, 2010, are as follows:

(in millions of Korean won)

	Total assets	Total liabilities	Total equity	Total comprehensive income
Reported amount under previous K-GAAP	₩ 12,870,861	₩ 7,177,688	₩ 5,693,173	₩ 1,672,901
Adjustments for:				
Changes in scope of consolidation	31,742	62,769	(31,027)	(5,636)
Deemed cost of property, plant and equipment	757,573	-	757,573	(172)
Employee benefits	252	9,105	(8,853)	(7,434)
Goodwill	49,140	-	49,140	49,140
Reclassification of convertible preferred stock to liabilities	-	215,683	(215,683)	(460)
Others	123,140	38,597	84,543	16,843
Deferred income tax effect on reconciliation adjustments	(32,097)	285,463	(317,560)	9,871
	<u>929,750</u>	<u>611,617</u>	<u>318,133</u>	<u>62,152</u>
Adjusted amount under Korean-IFRS	<u>₩ 13,800,611</u>	<u>₩ 7,789,305</u>	<u>₩ 6,011,306</u>	<u>₩ 1,735,053</u>

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(2) Effects on the cash flows

On adoption of Korean-IFRS, cash flows from interest received, interest paid, dividends received, and income taxes paid, which had not been separately presented, are presented separately on the face of the statement of cash flows. In order to accommodate the change, cash flows related to relevant income/expenses, assets/liabilities have been adjusted. The effects of the change in exchange rate on cash and cash equivalents in a foreign currency are presented separately from cash flows from operating, investing and financing activities.

43. Subsequent Events

On February 16, 2012, in accordance with the decision of its Board of Directors, CJ Cheil Jedang issued exchangeable bonds with a face value of ₩166,840 million, which can be exchanged into shares of Korea Express Co., Ltd. On March 14, 2012, in accordance with the decision of its Board of Directors, CJ Cheil Jedang issued exchangeable bonds with a face value of ₩86,710 million, which can be exchanged with treasury shares of CJ Cheil Jedang Corp.