

CJ CheilJedang Corporation

Non-consolidated Financial Statements

December 31, 2007

CJ CheilJedang Corporation

Index

December 31, 2007

	Page(s)
Report of Independent Auditors	1-2
Non-consolidated Financial Statements	
Balance Sheet.....	3-4
Statement of Income	5
Statement of Appropriations of Retained Earnings.....	6
Statement of Changes in Shareholders' Equity	7
Statement of Cash Flows.....	8-9
Notes to Non-Consolidated Financial Statements.....	10-47
Report of Independent Accountants' Review of Internal Accounting Control System	48
Report on the Operations of the Internal Accounting Control System	49

Report of Independent Auditors

To the Shareholders and Board of Directors of
CJ CheilJedang Corporation

We have audited the accompanying non-consolidated balance sheet of CJ CheilJedang Corporation as of December 31, 2007, and the related statements of income, appropriations of retained earnings, changes in shareholders' equity and the cash flows for the period from September 1, 2007 (the date of incorporation) to December 31, 2007, 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 audit. We did not audit the financial statements of Samho F&G Corporation and certain other subsidiaries, the investments in which are reflected in the accompanying financial statements using the equity method of accounting. The investments in those subsidiaries represent 11% of the Company's total assets as of December 31, 2007, and the equity in their net loss represents 50% of the Company's net income before income taxes for the period from September 1, 2007 to December 31, 2007. These financial statements were audited by other auditors whose reports have been furnished us and our opinion, insofar as it relates to the amounts included for the subsidiaries, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the Republic of Korea. Those standards require that we plan and perform the audits 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 audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the non-consolidated financial statements referred to above present fairly, in all material respects, the financial position of CJ CheilJedang Corporation as of December 31, 2007, and the results of its operations, the changes in its retained earnings, the changes in its shareholders' equity and its cash flows for the period from September 1, 2007 (the date of incorporation) to December 31, 2007, in conformity with accounting principles generally accepted in the Republic of Korea.

Samil PricewaterhouseCoopers

As discussed in Notes 1 and 24, the Company was incorporated on September 1, 2007, through the split-off of the manufacturing business segment of CJ Corporation (formerly CJ Corp.).

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

Seoul, Korea
February 18, 2008

This report is effective as of February 18, 2008, 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 non-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 CheilJedang Corporation
Non-Consolidated Balance Sheet
December 31, 2007

<i>(In thousands of Korean won)</i>	2007
Assets	
Current assets	
Cash and cash equivalents (Note 3)	₩ 12,382,904
Short-term investments (Note 3)	4,532,190
Trade accounts and notes receivable, net of allowance for doubtful accounts (Note 4)	37,626,219
Other accounts receivable, net of allowance for doubtful accounts	61,926,695
Inventories, net of allowance for inventory valuation (Note 5)	343,449,880
Short-term deferred income tax assets (Note 20)	7,472,417
Short-term derivatives (Note 15)	31,827,089
Guarantee deposits	2,003,812
Prepaid expenses and other current assets	11,488,689
Total current assets	<u>512,709,895</u>
Property, plant and equipment, including revalued portion, net of accumulated depreciation (Note 8)	1,026,486,170
Long-term available-for-sale securities (Note 6)	130,859,166
Equity-method investments (Note 7)	402,919,585
Intangible assets, net of accumulated amortization (Note 9)	16,048,760
Long-term deferred income tax assets (Note 20)	6,986,239
Long-term derivatives (Note 15)	9,521,342
Non-current deposits	40,698,915
Long-term loans receivable	40,213,706
Other non-current assets (Note 3)	10,834,786
Total assets	<u>₩ 2,197,278,564</u>
Liabilities and Shareholders' Equity	
Current liabilities	
Trade accounts and notes payable	₩ 129,701,327
Other accounts payable	158,066,783
Short-term borrowings (Note 10)	306,665,515
Current portion of long-term debts (Notes 11 and 12)	402,191,856
Accrued expenses	79,285,262
Income taxes payable	14,156,494
Short-term derivative liabilities (Note 15)	37,506,228
Other current liabilities	34,571,187
Total current liabilities	<u>1,162,144,652</u>
Long-term debts, net of current maturities (Note 12)	300,000,000
Accrued severance benefits, net (Note 13)	23,822,767
Long-term derivative liabilities (Note 15)	3,948,158
Long-term accrued expense (Note 18)	139,716
Total liabilities	<u>1,490,055,293</u>

CJ CheilJedang Corporation
Non-Consolidated Balance Sheet
December 31, 2007

<i>(In thousands of Korean won)</i>	2007
Commitments and contingencies (Note 14)	
Shareholders' equity	
Capital stock (Notes 1 and 16)	
Common stock	₩ 56,383,440
Preferred stock	11,195,255
Capital surplus	
Paid-in capital in excess of par value	689,833,576
Capital adjustments	
Treasury stock (Note 17)	(2,931,717)
Stock compensation (Note 18)	2,414,367
Other capital adjustments (Note 18)	4,874,793
Other cumulative comprehensive income	
Loss on valuation of available-for-sale securities (Note 6)	(12,665)
Gain on valuation of equity-method investments (Note 7)	13,764,813
Loss on valuation of equity-method investments (Note 7)	(88,600,971)
Gain on valuation of derivative instruments (Notes 12 and 15)	4,040,557
Retained earnings	16,261,823
Total shareholders' equity	<u>707,223,271</u>
Total liabilities and shareholders' equity	<u>₩ 2,197,278,564</u>

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

CJ CheilJedang Corporation
Non-Consolidated Statement of Income
Period from September 1, 2007 to December 31, 2007

(In thousands of Korean won)

2007

Sales (Note 22)	
Domestic	₩ 945,689,326
Export	57,151,229
	<u>1,002,840,555</u>
Cost of sales (Note 22)	646,048,338
Gross profit	<u>356,792,217</u>
Selling, general and administrative expenses (Note 23)	266,444,841
Operating profit	<u>90,347,376</u>
Non-operating income	
Interest income	1,258,198
Foreign exchange gain	4,651,520
Gain on foreign currency translation (Note 19)	972,907
Gain on valuation of equity-method investments (Note 7)	12,372,340
Gain on disposal of available-for-sale securities (Note 6)	2,024,526
Gain on settlement of derivative instruments (Note 15)	19,887,308
Gain on valuation of derivative instruments (Note 15)	25,960,954
Others	3,116,771
	<u>70,244,524</u>
Non-operating expenses	
Interest expenses	17,935,019
Loss on disposal of trade accounts receivable (Note 4)	5,008,382
Foreign exchange loss	4,759,490
Loss on foreign currency translation (Note 19)	5,729,818
Loss on valuation of equity-method investments (Note 7)	30,771,568
Loss on disposal of property, plant and equipment	621,863
Loss on impairment of property, plant and equipment (Note 8)	2,300,076
Loss on settlement of derivative instruments (Note 15)	28,965,333
Loss on valuation of derivative instruments (Note 15)	18,316,156
Donation	12,126,938
Others	5,567,796
	<u>132,102,439</u>
Net income before income taxes	28,489,461
Income tax expenses (Note 20)	12,227,638
Net income	<u>₩ 16,261,823</u>
Basic earnings per share (Note 21)	<u>₩ 1,335</u>
Diluted earnings per share (Note 21)	<u>₩ 1,330</u>

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

CJ CheilJedang Corporation
Non-Consolidated Statement of Appropriations of Retained Earnings
Period from September 1, 2007 to December 31, 2007
(Date of appropriations: February 29, 2008)

<i>(In thousands of Korean won)</i>	2007
Retained earnings before appropriations	
Net income	<u>₩ 16,261,823</u>
Appropriations of retained earnings	
Reserve for research and human resource development	<u>15,761,823</u>
Unappropriated retained earnings	
carried forward to the subsequent year	<u>₩ 500,000</u>

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

CJ CheilJedang Corporation
Non-Consolidated Statement of Changes in Shareholders' Equity
Period from September 1, 2007 to December 31, 2007

(In thousands of Korean won)

	Capital stock	Capital surplus	Capital adjustments	Accumulated other comprehensive Income and expense	Retained earnings	Total
Shareholders' equity, September 1, 2007	₩67,578,695	₩690,910,460	₩ 2,161,706	₩ (81,865,407)	₩ -	₩ 678,785,454
Stock compensation expense	-	-	5,127,454	-	-	5,127,454
Treasury stock purchase	-	-	(2,931,717)	-	-	(2,931,717)
Gain on valuation of available-for-sale securities	-	-	-	(1,467,740)	-	(1,467,740)
Recovery of loss on valuation of available-for sale securities	-	-	-	4,383	-	4,383
Gain on valuation of equity-method investments	-	-	-	7,294,595	-	7,294,595
Loss on valuation of equity-method investments	-	-	-	807,153	-	807,153
Gain on valuation of derivative instruments	-	-	-	1,923,352	-	1,923,352
Loss on valuation of derivative instruments	-	-	-	2,495,398	-	2,495,398
Net income	-	-	-	-	16,261,823	16,261,823
Others	-	(1,076,884)	-	-	-	(1,076,884)
Shareholders' equity, December 31, 2007	<u>₩67,578,695</u>	<u>₩689,833,576</u>	<u>₩ 4,357,443</u>	<u>₩ (70,808,266)</u>	<u>₩16,261,823</u>	<u>₩ 707,223,271</u>

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

CJ CheilJedang Corporation
Non-Consolidated Statement of Cash Flows
Period from September 1, 2007 to December 31, 2007

(in thousands of Korean won)

2007

Cash flows from operating activities

Net income	₩ 16,261,823
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation and amortization	29,807,801
Provision for severance benefits	9,326,617
Bad debt expense	2,770,795
Gain on disposal of available-for-sale securities	(2,024,526)
Loss on valuation of inventories	20,277
Loss from inventory obsolescence	7,460,468
Loss on foreign currency translation, net	4,756,911
Loss on valuation of equity-method investments, net	18,399,228
Loss on disposal of property, plant and equipment, net	581,976
Loss on impairment of property, plant and equipment (Note 8)	2,300,076
Loss on settlement of derivative instruments, net	9,078,025
Gain on valuation of derivative instruments, net	(7,644,798)
Deferred income taxes	(2,264,971)
Other bad debt expenses	10,136
Others	2,953,825
Changes in operating assets and liabilities	
Decrease in trade accounts and notes receivable	25,640,266
Increase in other accounts receivable	(5,436,458)
Decrease in guarantee deposits	106,242,566
Increase in inventories	(47,634,100)
Increase in trade accounts and notes payable	7,033,509
Increase in other accounts payable	21,337,294
Decrease in accrued expenses	(7,841,419)
Increase in income taxes payable	14,156,494
Payment of severance benefits	(10,633,146)
Others	5,720,453
Net cash provided by operating activities	<u>200,379,122</u>

CJ CheilJedang Corporation
Non-Consolidated Statement of Cash Flows
Period from September 1, 2007 to December 31, 2007

(In thousands of Korean won)

Cash flows from investing activities	2007
Proceeds from disposal of available-for-sale securities	₩ 3,511,836
Acquisition of available-for-sale securities	(4,640,432)
Decrease in financial instruments	1,955,643
Proceeds from disposal of property, plant and equipment	127,201
Acquisition of property, plant and equipment	(64,316,354)
Acquisition of intangible assets	(1,423,237)
Settlement of derivative instruments	(140,201)
Others	(30,163,637)
Net cash used in investing activities	<u>(95,089,181)</u>
Cash flows from financing activities	
Repayment of short-term borrowings	(60,353,334)
Repayment of current maturities of long-term debt	(49,656,581)
Acquisition of treasury stock	(2,931,717)
Stock issuance cost	(357,201)
Net cash used in financing activities	<u>(113,298,833)</u>
Net decrease in cash and cash equivalents	(8,008,892)
Cash and cash equivalents (Note 25)	
Beginning of the period	<u>20,391,796</u>
End of the period	<u>₩ 12,382,904</u>

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

CJ CheilJedang Corporation

Notes to Non-Consolidated Financial Statements

December 31, 2007

1. The Company

CJ CheilJedang Corporation (the “Company”) was incorporated on September 1, 2007, through the split-off of the manufacturing business segment of CJ Corporation. The Company's stock is publicly traded, and all issued and outstanding shares are listed on the Korean Stock Exchange. The Company has 17 plants and is engaged in manufacturing and selling refined sugar, wheat flour, animal feeds, food seasonings, medicines and processed meat. The Company owns 17 overseas subsidiaries in the US and Asia as of December 31, 2007.

Under its Articles of Incorporation, the Company is authorized to issue 50 million shares of capital stock with a par value per share of ₩5,000. As of December 31, 2007, 13,515,739 shares are issued and outstanding.

As of December 31, 2007, the Company's major shareholder is CJ Corporation, which owns 32.66% of the outstanding shares including preferred shares.

2. Summary of Significant Accounting Policies

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

Basis of Financial Statement Presentation

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

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

Application of the Statements of Korean Financial Accounting Standards

The Korean Accounting Standards Board has published a series of Statements of Korean Financial Accounting Standards (SKFAS), which will gradually replace the existing financial accounting standards established by the Korean Financial Supervisory Commission. The Company adopted Standards No. 1 through No. 23 in its financial statements covering periods beginning September 1, 2007.

CJ CheilJedang Corporation
Notes to Non-Consolidated Financial Statements
December 31, 2007

Revenue Recognition

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

Cash and Cash Equivalents

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

Allowance for doubtful accounts

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

Inventories

The quantities of inventories are determined using the perpetual method and periodic inventory count, while the costs of inventories are determined using the average cost method, except for materials in transit which are stated at actual cost as determined by the specific identification method. Inventories are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expense. Replacement cost is used for the estimate of net realizable value of raw materials. If, however, the circumstances which caused the valuation loss cease to exist, the valuation loss is reversed up to the original carrying amount before valuation. The said reversal is deducted from cost of sales.

Investments in securities

Costs of securities are determined using the moving-weighted average method.

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

CJ CheilJedang Corporation
Notes to Non-Consolidated Financial Statements
December 31, 2007

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

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

Equity-method investments

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

The Company discontinues the equity method of accounting for investments in equity-method investees when the Company's share of accumulated losses equals the costs of the investments and until the subsequent changes in its proportionate net income of the investees equals its proportionate net losses not recognized during the period the equity method was suspended.

Under the equity method, the original investment is recorded at cost and adjusted by the Company's share in the net book value of the investee with a corresponding charge to current operations, a separate component of shareholders' equity, or retained earnings, depending on the nature of the underlying change in the net book value. All significant unrealized profits arising from intercompany transactions between the Company and its equity-method investee and subsidiaries are eliminated.

Differences between the investment amounts and corresponding capital amounts of the investees at the date of acquisition of the investment are recorded as part of investments and are amortized over 20 years using the straight-line method. However, differences which occur from additional investments made after the Company obtains control and the investment becomes a subsidiary are reported in a separate component of shareholders' equity, and are not included in the determination of the results of operations.

Assets and liabilities of the Company's foreign investees are translated at current exchange rates, while income and expense are translated at average rates for the period. Adjustments resulting from the translation process are reported in a separate component of shareholders' equity, and are not included in the determination of the results of operations.

Certain equity-method investments are accounted for based on unaudited or unreviewed financial statements as the audited or reviewed financial statements of these entities are not available as of the date of this audit report.

CJ CheilJedang Corporation
Notes to Non-Consolidated Financial Statements
December 31, 2007

Property, Plant and Equipment, and Related Depreciation

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

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

	Estimated Useful Lives
Building	8-30 years
Structures	4-30 years
Machinery	4-8 years
Vehicles	4 years
Tools	3-6 years
Gardens	4-30 years

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

Intangible Assets

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

	Estimated Useful Lives
Goodwill	5-10 years
Industrial property rights	5-10 years

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share in the net identifiable assets of the acquired subsidiary or associate at the date of acquisition.

Impairment of assets

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

CJ CheilJedang Corporation

Notes to Non-Consolidated Financial Statements

December 31, 2007

Stock and Debenture Issuance Costs

Stock issuance costs are charged directly to paid-in capital in excess of par value. Debenture issuance costs are recorded as a reduction of the proceeds from the issuance of debentures.

Discounts on Debentures

Discounts on debentures are amortized using the effective interest method over the life of the debentures and the amortized current portion is recorded as interest expense.

Income tax and deferred income tax

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

Translation of assets and liabilities denominated in foreign currencies

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

Accrued Severance Benefits

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

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

Pension plan assets are presented as a deduction from the total accrued severance benefits and pension payables. The excess of pension plan assets over pension plan liabilities is recorded as investment assets.

CJ CheilJedang Corporation
Notes to Non-Consolidated Financial Statements
December 31, 2007

Derivatives

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

Share-based compensation

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

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

Share-based compensation transactions with an option for the parties to choose between cash and equity settlement are accounted for based on the substance of the transaction.

Provisions and contingent liabilities

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

Government Grants

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

CJ CheilJedang Corporation
Notes to Non-Consolidated Financial Statements
December 31, 2007

3. Cash, Cash Equivalents and Financial Instruments

Cash, cash equivalents and financial instruments as of December 31, 2007, consist of the following:

<i>(In thousands of Korean won)</i>	Annual interest rate (%)	December 31, 2007	2007
Cash and cash equivalents			
Checking accounts	-	₩	1,206
Passbook accounts	0.1 - 1.0		12,381,698
		₩	<u>12,382,904</u>
Short-term investments			
Short-term financial instruments	0.1 - 1.0	₩	1,427,109
Short-term loans	0.0 - 8.0		3,105,081
		₩	<u>4,532,190</u>
Long-term financial instruments			
Deposits for opening checking accounts	-		14,000
		₩	<u>14,000</u>

As of December 31, 2007, short-term and long-term financial instruments are subject to withdrawal restrictions in relation to government-sponsored research and development projects and opening checking accounts.

4. Accounts and Notes Receivable

On September 21, 2007, the Company entered into an agreement with Kookmin Bank to transfer trade accounts receivable from certain selected 3,448 customers amounting to ₩362,258 million and for asset securitization pursuant to the Asset Securitization Law in Korea. The Company has transferred trade accounts receivable and in return, received ₩240,000 million in cash and subordinated beneficiary certificates amounting to ₩118,554 million, which are recorded as long-term available-for-sale securities. As a result of the above asset securitization, the Company recorded the ₩4,523 million loss on disposal of trade accounts receivable as non-operating expense for the period from September 1, 2007 to December 31, 2007.

CJ CheilJedang Corporation
Notes to Non-Consolidated Financial Statements
December 31, 2007

5. Inventories

Inventories as of December 31, 2007, consist of the following:

<i>(in millions of Korean won)</i>	2007
Finished goods and merchandise	₩ 111,288
Semi-finished goods and work-in-process	20,067
Raw materials and supplies	63,143
Stored goods	9,521
Materials-in-transit	141,437
	<u>345,456</u>
Less: Allowances for inventory valuation	(2,006)
	<u>₩ 343,450</u>

Inventories are insured against fire and other casualty losses for up to ₩212,523 million by Samsung Fire & Marine Insurance Co., Ltd. as of December 31, 2007.

6. Long-Term Available-For-Sale Securities

Long-term available-for-sale securities as of December 31, 2007, consist of the following:

<i>(in thousands of Korean won)</i>	Detail	Acquisition Cost	Market Value or Net Book Value	Recorded Book Value
Marketable investments	(1)	₩ 200,000	₩ 21,832	₩ 21,832
Non-marketable investments	(2)	3,575,740	430,824,365	1,542,345
Other investments	(3)	129,294,989	128,809,548	129,294,989
		<u>₩ 133,070,729</u>	<u>₩ 559,655,745</u>	<u>₩ 130,859,166</u>

CJ CheilJedang Corporation
Notes to Non-Consolidated Financial Statements
December 31, 2007

(1) Marketable investments

Marketable investments as of December 31, 2007 consist of the following:

<i>(in thousands of Korean won)</i>	Number of Shares Owned	Percentage of Ownership (%)	Acquisition Cost	Market Value	Recorded Book Value
Regen Ltd.	5,137	0.06	₩ 200,000	₩ 21,832	₩ 21,832

(2) Non-marketable investments

Non-marketable investments as of December 31, 2007 consist of the following:

<i>(in thousands of Korean won, except number of shares and percentage of ownership)</i>	Number of Shares Owned	Percentage of Ownership (%)	Acquisition Cost	Net book Value	Recorded Book Value
Samsung Life Insurance Co., Ltd.	959,151	4.8	₩ 776,468	₩ 429,691,111	₩ 776,468
Samsung Lions Co., Ltd.	29,999	15	149,995	-	-
Enbiogenesis Co., Ltd.	31,840	15.86	159,200	184,519	159,200
Bioholdings Co., Ltd.	9,286	3.57	250,000	-	-
Dream CIS Co., Ltd.	3,120	4.05	100,050	-	-
Ginseng Science Inc.	19,900	0.49	9,950	43,360	9,950
Ace Biotech Inc. ¹	5,652	0.87	100,000	43,149	100,000
Ezmedicom Inc. ¹	80,000	0.35	200,000	31,920	200,000
Incheon Development Co., Ltd. ¹	685	2.85	14,800	943	14,800
Pharmtech Holdings Co., Ltd.	68,640	1.99	200,000	-	-
The Korea Economic Daily Co., Ltd. ¹	2,872	0.02	40,600	16,543	40,600
Jebun Industry Co., Ltd.	39,792	18.88	227,215	762,305	227,215
Korea Alcohol Sales Co., Ltd.	2,172	0.6	11,553	47,289	11,553
Julynet Co., Ltd.	28,014	15.3	1,333,350	-	-
PPI Co., Ltd.	2	0	1,889	1,889	1,889
New Core Co., Ltd.	133	0	670	1,337	670
Total			₩ 3,575,740	₩ 430,824,365	₩ 1,542,345

The fair values of non-marketable equity securities could not be reliably estimated accordingly, so these equities were presented at their acquisition cost.

¹ As of December 31, 2007, the net asset values of the investments have declined below their acquisition costs. However, the Company did not adjust their carrying values to their net asset values, as their net asset values are likely to recover in the near future.

CJ CheilJedang Corporation
Notes to Non-Consolidated Financial Statements
December 31, 2007

The Company realized ₩2,025 million gain on disposal of A Brain Co., Ltd. equity securities for ₩3,208 million.

(3) Other investments

Other investments as of December 31, 2007 consist of the following:

<i>(in thousands of Korean won)</i>	Acquisition Cost	Market Value or Net Book Value	Recorded Book Value
Investments in partnership	₩ 1,071,500	₩ 1,200,767	₩ 1,071,500
Investments in private equity fund	9,668,929	9,054,221	9,668,929
Subordinated beneficiary certificates	118,554,160	118,554,160	118,554,160
Others	400	400	400
	<u>₩ 129,294,989</u>	<u>₩ 128,809,548</u>	<u>₩ 129,294,989</u>

For the period from September 1, 2007 to December 31, 2007, the changes in valuation gain or loss on long-term available-for-sale securities are as follows:

Valuation Gain on Available-For-Sale Securities

(in millions of Korean won)

	September 1, 2007	Valuation Amount	Included in Earnings	December 31, 2007
A Brain Co., Ltd.	₩ 1,467,740	₩ -	₩ (1,467,740)	₩ -
	<u>₩ 1,467,740</u>	<u>₩ -</u>	<u>₩ (1,467,740)</u>	<u>₩ -</u>

Valuation Loss on Available-For-Sale Securities

(in millions of Korean won)

	September 1, 2007	Valuation Amount	Included in Earnings	December 31, 2007
Regen Ltd.	₩ (17,048)	₩ 4,383	₩ -	₩ (12,665)
	<u>₩ (17,048)</u>	<u>₩ 4,383</u>	<u>₩ -</u>	<u>₩ (12,665)</u>

CJ CheilJedang Corporation
Notes to Non-Consolidated Financial Statements
December 31, 2007

7. Equity-Method Investments

Equity-method investments as of December 31, 2007, consist of the following:

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

Investee	Number of Shares	Percentage of Ownership(%)	Acquisition Cost	Net Book Value	Recorded Book Value
Samyang Oil Co., Ltd.	3,778,784	99.99	₩ 18,981,276	₩ 11,745,293	₩ 11,259,212
Superfeed Co., Ltd.	2,428,630	100	12,169,243	20,168,214	19,815,297
CJ MD1 Co., Ltd.	40,000	100	200,000	354,916	383,900
Shindongbang CP Corporation	2,991,624	99.72	79,436,681	32,004,713	76,074,932
Samho F&G Corp. Hasunjung General Food Co., Ltd.	16,714,090	46.52	20,056,908	4,901,011	15,245,950
CJ Liaocheng Biotech Co., Ltd.	90,000	100	33,183,311	20,259,863	32,725,686
CJ Do Brasil Ind. Com. Prod. Alim. Ltda.	-	100	47,225,960	50,056,560	50,044,462
CJ America Inc.	-	100	57,707,125	59,951,074	59,951,074
CJ China Ltd.	289	100	19,732,715	6,978,121	4,098,440
P.T. Cheil Jedang Indonesia	299	99.67	157,890	4,373,274	4,469,204
CJ Qingdao Food Co., Ltd.	102,224	100	97,869,072	88,174,507	87,409,862
CJ Beijing Beverage & Foods Co., Ltd.	-	77.2	9,652,091	713,112	168,290
CJ Ord River Sugar Pty., Ltd.	-	85.93	13,056,834	10,230,165	10,128,916
CJ Europe GMBH.	130,000,020	20	1,583,920	(1,963,583)	-
CJ Cambodia Co., Ltd.	-	100	150,338	1,484,761	1,147,308
CJ Cambodia Co., Ltd.(Preferred)	50	50	3,129,288	-	-
Annie Chun's Inc.	113	100	5,408,270	4,354,584	4,354,584
CJ Pacific Corp.	1,673,268	70	6,201,053	1,031,898	3,222,254
CJ Nutracon PTY	5	100	56,620	1,029,324	1,029,324
Liaocheng Lantian Cogenerations Plant Co.,Ltd.	7,500,000	100	5,391,100	2,487,442	2,487,442
Beijing Ershang CJ Food Co., Ltd.	-	100	9,708,468	7,642,088	7,642,088
CJ Omni Inc.	-	49	5,076,782	5,069,414	5,069,414
CJ International Trading Co., Ltd	-	86.04	6,829,039	3,281,316	5,627,766
Total	1,954	100	<u>₩ 453,510,164</u>	<u>₩ 334,892,247</u>	<u>₩ 402,919,585</u>

CJ CheilJedang Corporation
Notes to Non-Consolidated Financial Statements
December 31, 2007

Changes in goodwill (negative goodwill) for the period from September 1, 2007 to December 31, 2007 are as follows:

<i>(in thousands of Korean won)</i>		September 1,	Increase	Amortization	December 31,
Investee		2007	(Decrease)	(Reversal)	2007
Samyang Oil Co., Ltd.	₩	214,760	₩ -	₩ 214,760	₩ -
Superfeed Co., Ltd.		284,119	-	284,119	-
Shindongbang CP Corporation		46,698,148	-	2,364,463	44,333,685
Samho F&G Corp.		10,955,569	-	425,459	10,530,110
Hasunjung General Food Co., Ltd.		12,927,520	-	461,697	12,465,823
CJ Qingdao Food Co., Ltd.		(110,630)	-	(27,657)	(82,973)
CJ Beijing Beverage & Foods Co., Ltd.		(134,999)	-	(33,750)	(101,249)
CJ Cambodia Co., Ltd.		9,389	-	-	9,389
Annie Chun's Inc.		2,490,859	-	300,503	2,190,356
CJ Omni Inc.		2,541,988	-	195,538	2,346,450
Total	₩	<u>75,876,723</u>	₩ -	<u>4,185,132</u>	<u>₩ 71,691,591</u>

Information relating to the elimination of unrealized gains and losses arising from transactions with equity-method investees as of December 31, 2007, follows:

<i>(in thousands of Korean won)</i>		2007
Investee		
Samyang Oil Co., Ltd.	₩	(486,081)
Superfeed Co., Ltd.		(352,917)
CJ MD1 Co., Ltd.		28,984
Shindongbang CP Corporation		(263,466)
Samho F&G Corp.		(185,171)
CJ Liaocheng Biotech Co., Ltd.		(12,098)
CJ America Inc.		(2,879,681)
CJ China Ltd.		95,930
P.T. Cheil Jedang Indonesia		(764,645)
CJ Qingdao Food Co., Ltd.		(461,849)
CJ Europe GMBH.		(337,453)
Total	₩	<u>(5,618,447)</u>

CJ CheilJedang Corporation
Notes to Non-Consolidated Financial Statements
December 31, 2007

The changes in the book values of equity-method investments for the period from September 1, 2007 to December 31, 2007, are as follows:

(in thousands of Korean won)

Investee	September 1, 2007	Earnings from Equity- method Investments	Other Increase (Decrease)	December 31, 2007
Samyang Oil Co., Ltd.	₩ 11,156,909	₩ 130,093	₩ (27,790)	₩ 11,259,212
Superfeed Co., Ltd.	22,382,317	(2,567,020)	-	19,815,297
CJ MD1 Co., Ltd.	408,357	(24,457)	-	383,900
Shindongbang CP Corporation	77,582,317	(1,502,652)	(4,733)	76,074,932
Samho F&G Corp.	14,922,869	158,913	164,168	15,245,950
Hasunjung General Food Co., Ltd.	32,729,646	(25,037)	21,077	32,725,686
CJ Liaocheng Biotech Co., Ltd.	36,951,601	11,361,768	1,731,093	50,044,462
CJ Do Brasil Ind. Com. Prod. Alim. Ltda.	56,839,470	(2,701,400)	5,813,004	59,951,074
CJ America Inc.	4,602,311	(490,238)	(13,633)	4,098,440
CJ China Ltd.	3,807,843	662,608	(1,247)	4,469,204
P.T. CheilJedang Indonesia	99,007,482	(11,310,914)	(286,706)	87,409,862
CJ Qingdao Food Co., Ltd.	2,544,351	(2,346,398)	(29,663)	168,290
CJ Beijing Beverage & Foods Co., Ltd.	9,990,011	(165,320)	304,225	10,128,916
CJ Ord River Sugar Pty., Ltd. ¹	1,442,873	(7,158,950)	(84,251)	-
CJ Europe GMBH.	1,083,684	(43,478)	107,102	1,147,308
CJ Cambodia Co., Ltd.(Preferred)	4,529,032	(164,661)	(9,787)	4,354,584
Annie Chun's Inc.	3,685,665	(459,708)	(3,703)	3,222,254
CJ Pacific Corp.	971,551	58,959	(1,186)	1,029,324
CJ Nutracon PTY	3,565,313	(1,133,058)	55,187	2,487,442
Liaocheng Lantian Cogenerations Plant Co., Ltd.	7,652,206	(235,636)	225,518	7,642,088
Beijing Ershang CJ Food Co., Ltd.	5,020,372	(101,653)	150,695	5,069,414
CJ Omni Inc.	5,976,377	(340,989)	(7,622)	5,627,766
CJ International Trading Co., Ltd	564,180	-	-	564,180
Total	<u>₩ 407,416,737</u>	<u>₩ (18,399,228)</u>	<u>₩ 8,101,748</u>	<u>₩ 402,919,585</u>

¹ The Company discontinued the equity method of accounting for investments in CJ Ord River Sugar Pty., Ltd. as the book value of the investments was reduced to zero. However, the Company recorded an additional ₩ 5,800 million loss from equity-method based on the amount of estimated contingent losses.

CJ CheilJedang Corporation
Notes to Non-Consolidated Financial Statements
December 31, 2007

Gain or loss on equity-method investments recorded under other cumulative comprehensive income as of December 31, 2007, consist of the following:

<i>(in thousands of Korean won)</i>	September 1, 2007	Valuation Amount	Included in Earnings	December 31, 2007
Gain on valuation of equity-method investments	₩ 6,470,218	₩ 7,294,595	₩ -	₩ 13,764,813
Loss on valuation of equity-method investments	(89,408,124)	807,153	-	(88,600,971)
	<u>₩ (82,937,906)</u>	<u>₩ 8,101,748</u>	<u>₩ -</u>	<u>₩ (74,836,158)</u>

Financial information of significant investees as of December 31, 2007, and for the period from September 1, 2007 to December 31, 2007, as follows:

<i>(in thousands of Korean won)</i>	Assets	Liabilities	Sales	Net income (loss)
Samyang Oil Co., Ltd.	₩ 25,882,545	₩ 14,136,254	₩ 11,494,938	₩ 884,219
Superfeed Co., Ltd.	32,791,197	12,622,120	15,745,425	(2,247,623)
CJ MD1 Co., Ltd.	12,326,690	11,971,774	28,395,779	(24,457)
Shindongbang CP Corporation	95,076,842	62,982,522	36,132,784	807,168
Samho F&G Corp.	43,141,460	32,605,611	32,403,630	1,506,048
Hasunjung General Food Co., Ltd.	27,964,561	7,704,698	14,048,182	60,886
CJ Liaocheng Biotech Co., Ltd.	142,176,987	92,120,427	39,231,556	11,114,636
CJ Do Brasil Ind. Com.	133,578,011	73,626,937	18,570,003	(2,701,400)
CJ America Inc.	37,778,320	30,800,199	26,740,996	(85,840)
CJ China Ltd.	113,128,389	108,740,635	88,844,077	664,802
P.T. Cheil Jedang Indonesia	443,407,985	355,233,394	113,335,219	(11,023,267)
CJ Qingdao Food Co., Ltd.	20,095,907	19,172,129	10,058,099	(3,302,964)
CJ Beijing Beverage & Foods Co., Ltd.	16,581,333	4,672,425	1,443,656	(231,737)
CJ Ord River Sugar Pty., Ltd.	737,972	10,555,887	3,436	(16,611,020)
CJ Europe GMBH.	65,137,292	63,652,531	54,892,543	91,227
CJ Cambodia Co., Ltd.	4,402,856	48,272	40,261	(164,661)
Annie Chun's Inc.	2,607,608	1,133,468	3,922,866	(227,436)

CJ CheilJedang Corporation
Notes to Non-Consolidated Financial Statements
December 31, 2007

CJ Pacific Corp.	1,029,324	-	2,890,122	58,959
CJ Nutracon PTY	18,067,559	15,580,117	1,835,665	(1,133,058)
Liaocheng Lantian Cogenerations Plant Co.,Ltd.	27,210,834	19,568,746	4,089,031	(235,636)
Beijing Ershang CJ Food Co., Ltd.	13,377,650	3,031,876	5,280,467	(207,455)
CJ Omni Inc.	5,224,767	1,411,179	2,201,443	(169,046)
CJ International Trading Co., Ltd	564,180	-	-	-

The equity-method investments in CJ America Inc., CJ China Ltd., Annie Chun's Inc. and CJ International Trading Co., Ltd were accounted for based on the unaudited or unreviewed financial statements of the investees.

Market value information of an investee as of December 31, 2007, follows:

<i>(in thousands of Korean won)</i>				
Investee	Market Value		Recorded Book Value	
Samho F&G Corp.	₩	21,728,317	₩	15,245,950

8. Property, Plant and Equipment

Property, plant and equipment as of December 31, 2007, and the changes in the accounts for the period from September 1, 2007 to December 31, 2007, consist of the following:

<i>(in millions of Korean won)</i>	Land	Buildings and structures	Machinery and equipment	Construction-in-progress	Others	Total
Balance at September 1, 2007	₩ 477,545	₩ 277,135	₩ 199,460	₩ 52,212	₩ 5,090	₩1,011,442
Acquisition	18	145	4,406	59,046	701	64,316
Transfer	--	6,169	24,327	(30,536)	40	-
Disposal	-	(576)	(168)	-	-	(744)
Impairment	-	(342)	(1,958)	-	-	(2,300)
Depreciation	-	(7,406)	(20,479)	-	(377)	(28,262)
Reclassified to other receivables ¹	-	(5,286)	(6,240)	-	-	(11,526)
Reclassified to other investments ²	-	-	(6,055)	-	-	(6,055)
others	-	(100)	29	(256)	-	(385)
Balance at December 31, 2007	₩ 477,563	₩ 269,739	₩ 193,264	₩ 80,466	₩ 5,454	₩1,026,486

CJ CheilJedang Corporation
Notes to Non-Consolidated Financial Statements
December 31, 2007

¹ In 2007, Ichon Plant caught fire, and the proceeds from the insurance of tangible assets are expected to be greater than the book values. Accordingly, the total book value of damaged and destroyed assets of ₩11,526 million was reclassified to other receivables. The Company did not recognize revenue for the proceeds in excess of total book value.

² As of December 31, 2007, the Company adjusted the book value of the tangible assets scheduled for disposal from ₩8,355 million to ₩6,055 million, their market value, and recorded the difference of ₩2,300 million as impairment losses. Moreover, the Company reclassified the assets scheduled for disposal as other investments.

As of December 31, 2007, depreciable assets are insured against fire and other casualty losses, contingent business interruption losses, director and officer liability losses, and product liability losses for up to ₩1,250,579 million, ₩189,920 million, ₩50,000 million and ₩5,176 million, respectively.

As of December 31, 2007, the value of land based on the posted price issued by the Korean tax authority amounted to ₩800,250 million.

As of December 31, 2007, construction-in-progress consists mainly of costs incurred in the Sangam office building construction.

CJ CheilJedang Corporation
Notes to Non-Consolidated Financial Statements
December 31, 2007

9. Intangible Assets

The details of the changes in intangible assets for the period from September 1, 2007 to December 31, 2007, are as follows:

<i>(in thousands of Korean won)</i>	Goodwill	Intellectual Property Rights	Total
Balance at September 1, 2007	₩ 11,795,862	₩ 4,375,788	₩ 16,171,650
Acquisition	-	1,423,237	1,423,237
Amortization	<u>(1,225,184)</u>	<u>(320,943)</u>	<u>(1,546,127)</u>
Balance at December 31, 2007	<u>₩ 10,570,678</u>	<u>₩ 5,478,082</u>	<u>₩ 16,048,760</u>
Accumulated amortization	<u>₩ 7,463,327</u>	<u>₩ 8,724,771</u>	<u>₩ 16,188,098</u>

The amortization expense of intangible assets for the period from September 1, 2007 to December 31, 2007, is allocated to the following account:

Account	2007
<i>(in thousands of Korean won)</i>	
Selling, general and administrative expenses	<u>₩ 1,546,127</u>

The Company expensed research and development costs of ₩14,744 million for the period from September 1, 2007 to December 31, 2007.

10. Short-Term Borrowings

Short-term borrowings as of December 31, 2007, consist of the following:

<i>(in thousands of Korean won)</i>	Annual Interest Rates (%)	
	2007	2007
Bank overdraft facilities	7.02	₩ 1,724,849
General short-term loan	3.75 - 4.00	17,500,000
Usance financing	4.54 - 5.90	<u>287,440,666</u>
		<u>₩ 306,665,515</u>

As of December 31, 2007, the Company has bank overdraft agreements of up to a maximum of ₩70,000 million with Woori Bank and four other banks.

CJ CheilJedang Corporation
Notes to Non-Consolidated Financial Statements
December 31, 2007

11. Debentures

Debentures outstanding as of December 31, 2007, consist of the following:

<i>(in thousands of Korean won)</i>	Annual Interest Rates (%)	
	2007	2007
Non-guaranteed public bonds	4.35 - 5.35	₩ 350,000,000
Non-guaranteed private bonds	5.2	<u>50,000,000</u>
		400,000,000
Less: Discounts		(337,731)
Less: Current maturities		<u>(399,662,269)</u>
Total		<u>₩ -</u>

12. Long-term borrowings

Long-term borrowings as of December 31, 2007, consist of the following:

<i>(in thousands of Korean won)</i>	Annual Interest Rates (%)	
	2007	2007
Local currency loans		
Korea Exchange Bank	5.02 - 5.18	₩ 150,000,000
Shinhan Bank	5.00 - 5.01	150,000,000
Foreign currency loans (Won equivalent)		
Woori Bank	5.04 - 5.50	<u>2,529,587</u>
		302,529,587
Less: current maturities		<u>(2,529,587)</u>
Total long-term loans		<u>₩ 300,000,000</u>

In order to hedge the impact of fluctuations in interest rates of the CP loans from two banks, including Korea Exchange Bank, amounting to ₩300,000 million, the Company entered into interest rate swap contracts and recorded a ₩4,041 million gain on valuation of derivative instruments under other cumulative comprehensive income for period from September 1, 2007 to December 31, 2007.

CJ CheilJedang Corporation
Notes to Non-Consolidated Financial Statements
December 31, 2007

Maturities of long-term borrowings outstanding as of December 31, 2007, as follows:

(in thousands of Korean won)

Maturity	Amount
2009	₩ 100,000,000
2010	100,000,000
2011	100,000,000
	<u>₩ 300,000,000</u>

13. Accrued Severance Benefits

Changes in accrued severance benefits for the period from September 1, 2007 to December 31, 2007, consist of the following:

(In thousands of Korean won)

	2007
Balance at beginning of the period	₩ 74,959,660
Provision for severance benefits	9,815,610
Actual severance payment	<u>(10,633,146)</u>
	74,142,124
Cumulative deposits to National Pension Fund	(608,546)
Severance insurance deposits	<u>(49,710,811)</u>
Balance at end of the period	<u>₩ 23,822,767</u>

As of December 31, 2007, the Company funded 67.05% of severance payable through severance insurance deposits with Samsung Life Insurance Co., Ltd.

14. Commitments and Contingencies

As of December 31, 2007, the Company is engaged in corporate purchase card agreements with a credit limit of up to ₩149,000 million with Shinhan Bank and two other financial institutions.

As of December 31, 2007, the Company has trade notes receivable discounting facilities with three Korean banks, including Shinhan Bank, with a combined limit of up to ₩390,000 million and collateral loan facilities on accounts receivables for up to ₩140,000 million with four Korean banks, including Shinhan Bank. Also the Company has general loan agreements for up to ₩145,500 million with four financial institutions, including Nonghyup Bank.

CJ CheilJedang Corporation
Notes to Non-Consolidated Financial Statements
December 31, 2007

As of December 31, 2007, the Company is a party to eight legal claims and proceedings amounting to ₩28,166 million as the plaintiff and nine cases as defendant amounting to ₩10,142 million. The Company's management believes that, although the outcome of these cases are uncertain, the ultimate resolution of these cases will not have a material adverse effect on the operations or financial position of the Company.

As of December 31, 2007, the Company has technical assistance agreements with certain companies requiring payment for use of the technology or from sales of products manufactured using such technology. Total royalty fees incurred for the period from September 1, 2007 to December 31, 2007, with respect to these agreements amounted to approximately ₩2,427million.

As of December 31, 2007, the Company has banker's usance borrowing agreements of up to a maximum of ₩774,015 million with 14 financial institutions, including Woori Bank.

As of December 31, 2007, one blank check is held as collateral by the Korea Agricultural Trade Corporation to guarantee certain contractual obligations.

As of December 31, 2007, in connection with performance guarantees, the Company is provided with payment guarantees of ₩1,394 million from the Seoul Guarantee Insurance Company.

15. Derivative Instruments

Derivative instruments as of December 31, 2007, consist of the following:

(in thousands of Korean won)

Instrument	Presented in	Account	2007
Commodity Futures	Balance sheet	Other accounts receivable	₩ 3,422,270
		Other accounts payable	-
	Statement of income	Loss on settlement	(1,444,777)
		Gain on valuation	3,422,270
Commodity Option	Balance sheet	Derivative instruments assets	29,890,204
		Derivative instruments liabilities	37,395,664
	Statement of income	Loss on settlement	(9,984,530)
		Gain on valuation	2,798,512
Currency Forward	Balance sheet	Derivative instruments assets	1,626,469
		Derivative instruments liabilities	110,565
	Statement of income	Loss on settlement	(535,940)
		Gain on valuation	1,420,339

CJ CheilJedang Corporation
Notes to Non-Consolidated Financial Statements
December 31, 2007

Currency Option	Balance sheet	Derivative instruments assets	310,417
		Derivative instruments liabilities	-
	Statement of income	Gain (loss) on settlement	-
		Gain on valuation	3,677
Interest Rate Swap	Balance sheet	Derivative instruments assets	9,521,341
		Derivative instruments liabilities	3,948,157
		Gain on valuation of derivative instruments	4,040,557
	Statement of income	Gain on settlement	2,887,222
		Gain (loss) on valuation	-
Total	Balance sheet	Other accounts receivable	3,422,270
		Other accounts payable	-
		Derivative instruments assets	41,348,431
		Derivative instruments liabilities	41,454,386
	Statement of income	Gain on valuation of derivative instruments	4,040,557
		Loss on settlement	(9,078,025)
		Gain on valuation	7,644,798

As of December 31, 2007, the Company has commodity futures and option contracts. The valuation of the commodity futures and option contracts are summarized as follows:

Commodity Futures

<i>(in thousands of Korean won)</i>	Contract Amount (Lot)		Fair Value	Valuation gain	Valuation loss
	Buy	Sell			
Raw sugar and others	5,112	3,311	₩3,422,270	₩6,851,893	₩3,429,623

As of December 31, 2007, the Company is provided with payment guarantees of US\$45,000 thousand for futures trading from two financial institutions, including Bank of America, in relation to the above futures contracts.

Commodity Options

<i>(in thousands of Korean won)</i>	Fair Value			Valuation gain	Valuation loss
	Call	Put	Forward		
Raw sugar and others	₩ (27,160,470)	₩ (9,835,371)	₩ 29,490,380	₩17,060,929	₩14,262,417

CJ CheilJedang Corporation
Notes to Non-Consolidated Financial Statements
December 31, 2007

As of December 31, 2007, the Company has currency forward and option contracts. The valuation of the currency forward and option contracts are summarized as follows:

Currency Forward

(in thousands of Korean won)

	Fair Value			Valuation gain	Valuation loss
	Buy	Sell	Total		
Goldman Sachs and others	₩1,596,216	₩ (80,312)	₩1,515,904	₩1,469,402	₩49,063

Currency Option

(in thousands of Korean won)

	Fair Value			Valuation gain	Valuation loss
	Call	Put	Total		
Goldman Sachs and others	₩ 266,363	₩ 44,054	₩ 310,417	₩ 91,846	₩ 88,169

The Company has entered into five interest rate swap contracts with three financial institutions, including CALYON, to hedge against the impact of fluctuations in interest rates with regard to long-term debts. Swap contracts outstanding as of December 31, 2007, are as follows:

(in thousands of Korean won)

	Trading			Hedging	
	Valuation gain	Valuation loss	Valuation gain	Valuation loss	Other Comprehensive income ¹
CAYLON and others	₩486,886	₩ (486,886)	₩ -	₩ -	₩ 5,573,184

¹ The Company recorded ₩4,040,557 thousand as accumulated other comprehensive income, net of tax.

16. Capital Stock

Under the Company's Articles of Incorporation, the Company is authorized to issue 50 million shares of capital stock with a par value of ₩5,000 per share. As of December 31, 2007, 11,276,688 shares of common stock and 2,239,051 shares of preferred stock are issued. Also the Company may, among the authorized number of shares, issue 10 million shares of non-voting cumulative and participating preferred stock. The board of directors of the Company may decide on the dividend rate of preferred shares if the shares are issued at a dividend rate greater than 9% of the par value.

CJ CheilJedang Corporation
Notes to Non-Consolidated Financial Statements
December 31, 2007

The preferred stocks the Company has issued as of December 31, 2007 are as follows:

	Preferred Stock	Second-preferred Stock	Third-preferred Stock
Number of shares issued	1,327,433	598,485	313,133
Voting rights	No voting rights	No voting rights. However, if these shares are not paid out prior to common stock, voting rights are given until the next general shareholders' meeting deciding paying out preference dividends	No voting rights. However, if these shares are not paid out prior to common stock, voting rights are given until the next general shareholders' meeting deciding paying out preference dividends
Maturity Date	No maturity	Convertible to common stocks on January 1, 2009. If the dividends are not paid out before the maturity date, the maturity is extended	Convertible to common stocks on January 1, 2009. If the dividends are not paid out before the maturity date, the maturity is extended
Dividend	Non-participating, non-cumulative and entitled to receive dividend of more than one percent of par value than common share	Participating and cumulative	Participating and cumulative
Minimum dividend rate (annual)	-	9%	9%

The Company is authorized to issue to investors, other than current shareholders, convertible debentures and debentures with warrants with face values of up to ₩250 billion each. The convertible debentures are assigned to common stock and preferred stock by ₩125 billion each.

The Company may grant option to purchase shares of common stock to key employees or directors who have contributed or are expected to contribute to the management and technological innovation of the Company by the resolution of special shareholder's meeting. The grant limit of the option is 15% of outstanding shares, however, within 10% of outstanding shares, the option may be granted on the Board of Director's approval.

CJ CheilJedang Corporation
Notes to Non-Consolidated Financial Statements
December 31, 2007

17. Treasury Stock

As of December 31, 2007, the Company holds 11,120 shares of common stock and 2,472 shares of preferred stock as treasury stock recorded as capital adjustment in the amount of ₩2,557,673 thousand and ₩374,044 thousand, respectively. The Company intends to dispose of the remaining treasury shares depending on the market conditions.

18. Stock Option Plan

On September 1, 2007, the Company assumed certain stock options which have been granted before September 1, 2007 and outstanding as of September 1, 2007. The assumed options have not changed their vesting period (two years from the date of original grant), exercise period and exercise price. Details of stock options are as follows:

	Date of the grant					
	August 14, 2001	April 27, 2002	March 11, 2003	April 8, 2004	March 8, 2005	March 13, 2006
Options assumed as of September 1, 2007	2,516	10,730	19,111	11,507	14,615	46,500
Exercised	-	-	-	-	-	-
Forfeited	-	-	-	-	-	-
Options outstanding as of December 31, 2007	2,516	10,730	19,111	11,507	14,615	46,500
Exercise price	₩40,000	₩58,000	₩41,000	₩69,000	₩71,000	₩120,000
Exercise period from the date of the grant	2-9 years	2-9 years	2-9 years	2-9 years	2-9 years	2-9 years

The exercise price can be adjusted in the case of the issuance of new shares, stock dividends, stock splits, or stock mergers.

The compensation expense related to stock options was ₩252,662 thousand for the period from September 1, 2007 to December 31, 2007, while the estimated compensation expense for the periods thereafter is ₩149,112 thousand.

CJ CheilJedang Corporation
Notes to Non-Consolidated Financial Statements
December 31, 2007

The fair value of each option grant was estimated using the Black-Scholes option-pricing model based on the following assumptions:

	Date of the grant					
	August 14, 2001	April 27, 2002	March 11, 2003	April 8, 2004	March 8, 2005	March 13, 2006
Risk-free interest rates	5.10%	6.37%	4.69%	4.56%	4.12%	4.93%
Expected stock price volatility	70.60%	66.18%	54.81%	38.48%	35.73%	36.34%
Expected life	3 years	3 years	3 years	3 years	3 years	3 years
Expected forfeiture rate	1%	1%	1%	6%	6%	6%

Additionally, the Company has granted stock incentives based on three years performance of the management and officers of the Company. As of December 31, 2007 the Company has recorded ₩140 million of long-term accrued expense and ₩4,875 million of other capital adjustment in relating to stock incentives.

19. Assets and Liabilities Denominated in Foreign Currencies

As of December 31, 2007, assets and liabilities denominated in foreign currencies and related gains and losses on foreign currency translation, are as follows:

<i>(in thousands of Korean won and foreign currency)</i>		2007			
		Foreign Currencies	Korean won equivalent	Translation Gain	Translation Loss
Assets					
Trade accounts and notes	AU\$	201	₩ 165,243	₩ 2,217	₩ (17)
receivable	EUR	637	879,814	36,055	(22)
	JPY	341,705	2,847,527	39,699	(10,479)
	US\$	11,162	10,472,336	102,948	(16,829)
			<u>14,364,920</u>	<u>180,919</u>	<u>(27,347)</u>
Other accounts receivable	CNY	938	120,538	2,667	(652)
	EUR	337	465,225	46,154	-
	INR	148	3,535	242	(97)
	JPY	33,060	275,502	12,765	-
	SG\$	13	8,517	17	-
	THB	869	27,216	3	-
	US\$	29,497	<u>27,674,107</u>	<u>193,558</u>	<u>(75,177)</u>
		<u>28,574,640</u>	<u>255,406</u>	<u>(75,926)</u>	

CJ CheilJedang Corporation
Notes to Non-Consolidated Financial Statements
December 31, 2007

Short-term loans receivable	CNY	137	17,555	619	(90)
	EUR	12	16,796	2,228	(895)
	JPY	1,538	12,820	551	(160)
	US\$	90	84,338	122	(426)
			<u>131,509</u>	<u>3,520</u>	<u>(1,571)</u>
Others	CNY	1,129	144,998	1,113	(33)
	EUR	8	11,768	347	(73)
	INR	100	2,387	96	-
	JPY	2,666	22,219	960	(433)
	SG\$	22	14,066	653	-
	THB	1,065	33,373	819	-
	US\$	417	391,247	15,312	(15,139)
			<u>620,058</u>	<u>19,300</u>	<u>(15,678)</u>

*(Only Korean
won in thousand)*

Account		Foreign Currencies	Korean won equivalent	Translation Gain	Translation Loss
Liabilities					
Trade accounts and notes payable	AU\$	406	₩ 333,886	₩ -	₩ -
	EUR	656	905,900	-	(16,646)
	JPY	81,351	677,925	2,930	(2,471)
	US\$	17,922	16,814,535	203,981	(227,283)
			<u>18,732,246</u>	<u>206,911</u>	<u>(246,400)</u>
Short-term borrowings	EUR	4,636	6,403,167	-	(257,549)
	JPY	25,030	208,579	-	(2,958)
	US\$	299,327	280,828,920	107,252	(4,391,372)
			<u>287,440,666</u>	<u>107,252</u>	<u>(4,651,879)</u>
Other accounts payable	CHF	22	18,305	-	(495)
	EUR	2,592	3,580,928	2	(88,729)
	JPY	20,974	174,784	36	(2,188)
	US\$	32,333	30,334,486	194,684	(618,343)
			<u>34,108,503</u>	<u>194,722</u>	<u>(709,755)</u>
Accrued expenses	CNY	124	15,867	-	(1,171)
	EUR	32	43,803	-	-
	INR	85	2,023	-	-
	JPY	25	206	-	-
	US\$	3,311	3,106,667	293	(91)
			<u>3,168,566</u>	<u>293</u>	<u>(1,262)</u>
Current portion of long-term debts	US\$	2,696	2,529,587	4,584	-
			<u>2,529,587</u>	<u>4,584</u>	<u>-</u>
Total				<u>₩ 972,907</u>	<u>₩ (5,729,818)</u>

CJ CheilJedang Corporation
Notes to Non-Consolidated Financial Statements
December 31, 2007

20. Income Tax

Income tax expense for the period from September 1, 2007 to December 31, 2007, consists of the following:

<i>(in thousands of Korean won)</i>	2007
Current income taxes	₩ 14,492,609
Deferred income taxes	(1,143,963)
Items charged directly to shareholders' equity	<u>(1,121,008)</u>
Income tax expense	<u>₩ 12,227,638</u>

Adjustments to taxable income for the period from September 1, 2007 to December 31, 2007, are as follows:

<i>(in thousands of Korean won)</i>	2007
Income before tax	₩ 28,489,461
Non-temporary differences	7,439,224
Temporary differences	<u>19,476,538</u>
Taxable income	<u>₩ 55,405,223</u>

CJ CheilJedang Corporation
Notes to Non-Consolidated Financial Statements
December 31, 2007

Deferred income tax assets and liabilities from tax effect of temporary differences including available tax credit carryforwards as of December 31, 2007, are as follows:

	Accumulated Temporary Differences		
	Beginning Balance	Increase (Decrease)	Ending Balance
<i>(in thousands of Korean won)</i>			
I. Deferred tax arising from temporary differences			
Special reserves appropriated for tax purposes	₩ (13,944,444)	₩ 944,444	₩ (13,000,000)
Deferred foreign exchange loss (gain)	211,973	-	211,973
Equity-method investments	(28,116,862)	12,824,198	(15,292,664)
Allowance for doubtful accounts	7,870,868	4,894,353	12,765,221
Loss on valuation of inventory	2,026,220	(20,276)	2,005,944
Severance benefits	13,151,373	(8,442,509)	4,708,864
Depreciation	(394,288)	1,215,319	821,031
Gain on valuation of derivative instruments	(5,347,970)	(876,488)	(6,224,458)
Interest income	(434,356)	(80,661)	(515,017)
Gain on disposal of property, plant and equipment	(9,279,121)	2,319,781	(6,959,340)
Loss on impairment of available-for-sale securities	2,837,932	-	2,837,932
Government subsidy	2,550,049	-	2,550,049
Goodwill	33,730,161	(2,810,846)	30,919,315
Others	8,664,278	9,509,223	18,173,501
	<u>13,525,813</u>	<u>19,476,538</u>	<u>33,002,351</u>
II. Tax credit carryforwards	<u>279,786</u>	<u>-</u>	<u>279,786</u>
III. Temporary differences directly related to shareholders' equity	<u>(1,479,319)</u>	<u>(4,076,396)</u>	<u>(5,555,715)</u>
			<u>₩ 27,726,422</u>

CJ CheilJedang Corporation
Notes to Non-Consolidated Financial Statements
December 31, 2007

<i>(in thousands of Korean won)</i>	Deferred Income Tax Assets (Liabilities)				
	Beginning Balance	Increase (Decrease)	Ending Balance	Current	Non- Current
I. Deferred tax arising from temporary differences					
Special reserves appropriated for tax purposes	₩ (3,834,722)	₩ 259,722	₩ (3,575,000)	₩ -	₩(3,575,000)
Deferred foreign exchange loss(gain)	58,293	-	58,293	58,293	-
Equity-method investments	2,017,963	435,578	2,453,541	2,453,541	-
Allowance for doubtful accounts	2,164,489	1,345,947	3,510,436	2,608,007	902,429
Loss on valuation of inventory	557,211	(5,576)	551,635	551,635	-
Severance benefits	3,616,628	(2,321,691)	1,294,937	6,565	1,288,372
Depreciation	(108,429)	334,212	225,783	-	225,783
Gain on valuation of derivative instruments	(1,470,692)	(241,034)	(1,711,726)	(1,711,726)	-
Interest income	(119,448)	(22,182)	(141,630)	(141,473)	(157)
Gain on disposal of property, plant and equipment	(2,551,758)	637,939	(1,913,819)	-	(1,913,819)
Loss on impairment of available-for-sale securities	780,431	-	780,431	-	780,431
Government subsidy	701,263	-	701,263	-	701,263
Goodwill	9,275,794	(772,982)	8,502,812	2,000,662	6,502,150
Others	2,382,676	2,615,038	4,997,714	1,395,106	3,602,608
	<u>13,469,699</u>	<u>2,264,971</u>	<u>15,734,670</u>	<u>7,220,610</u>	<u>8,514,060</u>
II. Tax credit carryforwards	<u>251,807</u>	<u>-</u>	<u>251,807</u>	<u>251,807</u>	<u>-</u>
III. Temporary differences directly related to shareholders' equity	<u>(406,813)</u>	<u>(1,121,008)</u>	<u>(1,527,821)</u>	<u>-</u>	<u>(1,527,821)</u>
			<u>₩ 14,458,656</u>	<u>₩ 7,472,417</u>	<u>₩ 6,986,239</u>

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

The Company did not recognize the income tax effect of ₩24,215 million temporary difference resulting from earnings arising from equity method investments as the Company does not expect cash inflows, such as proceeds from the disposal of, or receipts of dividends from the equity method investments, using the equity within foreseeable future.

CJ CheilJedang Corporation
Notes to Non-Consolidated Financial Statements
December 31, 2007

Deferred income taxes charged directly to the shareholders' equity are as follows:

<i>(in thousands of Korean won)</i>	Temporary Difference	Deferred Tax
Gain on valuation of available-for-sale securities	₩ (2,024,469)	₩ 556,729
Loss on valuation of available-for-sale securities	6,043	(1,660)
Gain on valuation of derivative instruments	2,652,900	(729,548)
Loss on valuation of derivative instruments	3,441,927	(946,529)
	<u>₩ 4,076,401</u>	<u>₩ (1,121,008)</u>

The gross balances of deferred tax assets and liabilities are as follows:

<i>(in thousands of Korean won)</i>	<u>2007</u>	
	Deferred tax assets	Deferred tax liabilities
Current	₩ 9,325,616	₩ (1,853,199)
Non - current	14,003,036	(7,016,797)

For the period from September 1, 2007 to December 31, 2007, the statutory tax rate including resident tax surcharge is 27.5%, while due to permanent differences and tax credit, effective tax rate is 42.92%.

21. Earnings Per Share

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

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

CJ CheilJedang Corporation
Notes to Non-Consolidated Financial Statements
December 31, 2007

Basic earnings per share and diluted earnings per share for the period from September 1, 2007 to December 31, 2007, are calculated as follows:

Basic earnings per share

*(in thousands of Korean won,
except share data)*

		2007
Net income	₩	16,261,823
Adjustments:		
Dividends for preferred stock		(409,621)
Undeclared participating preferred stock dividend		(806,117)
Net income available for common stock		15,046,085
Weighted average number of shares of common stock		11,268,667
Basic earnings per share	₩	1,335

* The calculation of weighed average number of shares of common stock is as follows:

	Number of shares	Number of days	Weighted number of shares
Beginning balance (September 1, 2007)	11,276,688	122	1,375,755,936
Acquisition of treasury stock	(11,120)	88	<u>(978,560)</u>
			<u>1,374,777,376</u>

Weighted average number of shares of common stock for the period:

$1,374,777,376 \div 122 \text{ days} = 11,268,667 \text{ shares}$

CJ CheilJedang Corporation
Notes to Non-Consolidated Financial Statements
December 31, 2007

Diluted earnings per share

<i>(in thousands of Korean won except share data)</i>	2007
Net income available for common stock	₩ 15,046,085
Adjustment:	
Compensation expense related to stock options	<u> -</u>
Net income available for common stock and common equivalent stock	15,046,085
Weighted average number of shares of common stock and common stock equivalents	<u> 11,315,868</u>
Diluted earnings per share (in Korean won)	<u>₩ 1,330</u>

* The calculation of weighed average number of shares of common stock equivalents is as follows:

	Number of shares	Number of days	Weighted number of shares
Unexercised stock options	47,201	122	<u> 5,758,522</u>

Weighted average number of shares of common stock equivalents for 2007:
 $5,758,522 \div 122 \text{ days} = 47,201 \text{ shares}$

Non-dilutive potential common stocks as of December 31, 2007, are as follows:

	Shares to be issued	Condition
Second-preferred Stock	598,485	One common share for each preferred share
Third-preferred Stock	313,133	One common share for each preferred share
Share options granted on March 13, 2006	46,500	Exercise price of ₩120,000 per share

CJ CheilJedang Corporation
Notes to Non-Consolidated Financial Statements
December 31, 2007

22. Related Party Transactions

The parent company of the Company is CJ Corporation and the subsidiaries of the Company as of December 31, 2007, are as follows:

Local companies

CJ MD1 Co., Ltd., Samyang Oil Co., Ltd., Shindongbang CP Corporation, Samho F&G Corp., Superfeed Co., Ltd., Dondonfarm Co., Ltd. and Hasunjung General Food Co., Ltd.

Overseas companies

CJ America, Inc., CJ Europe GMBH., CJ Ord River Sugar Pty, Ltd., PT Cheil Jedang Indonesia, CJ Qingdao Foods Co., Ltd., CJ Beijing Beverage Co., Ltd., CJ Liaocheng Biotech Co., Ltd., Liaocheng Lantian Cogeneration Plant Co., Ltd., CJ Nutracon Pty, CJ China Co., Ltd. and CJ Do Brasil Ind. Com. Prod. Alim. Ltda.

Significant transactions with related parties for the period from September 1, 2007 to December 31, 2007, and the related receivables and payables as of December 31, 2007, are as follows:

<i>(in thousands of Korean won)</i>	Sales	Purchases	Accounts Receivable	Accounts Payable
Parent company	₩ 139,340	₩ 2,462,351	₩ 106,185	₩ 1,107,820
Subsidiaries	33,500,588	102,728,742	64,287,913	47,226,927
Equity-method investees	676,751	16,359	137,796	71,206
Other affiliates	58,701,213	89,270,628	54,364,029	63,252,670
Total	<u>₩ 93,017,892</u>	<u>₩194,478,080</u>	<u>₩ 118,895,923</u>	<u>₩ 111,658,623</u>

The Company has recorded allowance for doubtful accounts amounting to ₩1,332 million on the above accounts receivables.

For the period from September 1, 2007 to December 31, 2007, the Company recognized for salaries of ₩11,752 million and stock compensation expenses of ₩2,409 million as key management compensation.

CJ CheilJedang Corporation
Notes to Non-Consolidated Financial Statements
December 31, 2007

Key management includes outside directors and executive officers who have the authority and responsibility in the planning, directing and controlling of Company operations.

The Company provided guarantees to indebtedness of related parties as of December 31, 2007, as follows:

(in thousands of Korean won)

Guarantee beneficiary	Financial institutions	Loan amounts	Guarantee amounts
CJ America Inc.	Korea Exchange Bank and other	₩10,123,178	₩10,320,200
CJ Beijing Beverage & Foods Co., Ltd.	Hana Bank and other	2,626,960	3,397,660
CJ China Ltd.	BOA and others	79,931,638	113,874,310
CJ Do Brasil Ind. Com. Prod. Alim. Ltda	Export-Import Bank of Korea & others	44,095,400	44,095,400
CJ Europe GMBH.	Korea Exchange Bank & others	11,037,709	17,956,380
CJ Liaocheng Biotech Co., Ltd.	Export-Import Bank of Korea and others	78,072,000	87,705,750
CJ Nutracon Inc.	Korea Exchange Bank	8,778,737	9,429,861
CJ Ord River Sugar Pty., Ltd.	Korea Exchange Bank	5,799,952	7,036,500
CJ Qingdao Food Co., Ltd.	Hana Bank and others	12,196,600	16,050,100
Liaocheng Lantian Cogeneration Plant Co., Ltd.	Korea Development Bank	14,073,000	14,073,000
PT Cheil Jedang Indonesia	Export-Import Bank of Korea & others	244,087,300	244,087,300
PT CheilJedang Superfeed	Export-Import Bank of Korea & other	13,134,800	16,418,500
PT CJ Feed Jombang	Citi Bank	-	1,407,300
CJ Global Holdings Ltd.	Export-Import Bank of Korea	23,455,000	23,455,000
CJ Guiyang Feed Co., Ltd.	Hana Bank	469,100	469,100
CJ Changsha Feed Co., Ltd.	Hana Bank	1,032,020	1,032,020
CJ Beijing Bakery Co., Ltd.	Hana Bank and other	5,709,760	7,508,060
CJ Tianjin Feed Co., Ltd.	Hana Bank	844,380	844,380
CJ Chengdu Feed Co., Ltd.	Hana Bank	469,100	469,100
CJ Shenyang Feed Co., Ltd	Hana Bank	562,920	562,920
CJ Zhengzhou Feed Co., Ltd.	Woori Bank	666,122	666,122
CJ Harbin Feed Co., Ltd.	Hana Bank	562,920	562,920
CJ Philippines Inc.	BOA	378,095	2,626,960
CJ Vina Agri Co., Ltd.	Citi Bank and other	3,426,414	5,535,380
CJ Bakery Inc.	Woori Bank and other	8,443,800	8,443,800
CJ Tur Yem Sanayi Ve Ticaret A. S	Citi Bank and other	4,281,906	5,248,788
Total		<u>₩ 574,258,811</u>	<u>₩ 643,276,811</u>

In addition to the above guarantees, the Company provided performance guarantees to PT CheilJedang Superfeed and PT CJ Feed Jombang amounting to ₩3,284 million and ₩1,407million, respectively.

CJ CheilJedang Corporation
Notes to Non-Consolidated Financial Statements
December 31, 2007

23. Supplementary Information for Computation of Value Added

<i>(in thousands of Korean won)</i>	Cost of Manufacturing	Selling, general and administrative expenses	Others	Total
Wage and salaries	₩ 21,940,732	₩ 46,310,896	₩ 187,115	₩68,438,743
Provision for severances benefits	4,554,468	4,761,127	11,022	9,326,617
Employee benefits	3,945,787	5,348,878	15,003	9,309,668
Rent	1,606,584	4,101,564	-	5,708,148
Depreciation	20,687,205	9,120,596	-	29,807,801
Taxes and dues	2,266,828	4,581,485	7,123	6,855,436
	<u>₩ 55,001,604</u>	<u>₩ 74,224,546</u>	<u>₩ 220,263</u>	<u>₩129,446,413</u>

24. Split-off

In accordance with the Commercial Law of the Republic of Korea, the Board of Directors of CJ Corporation executed the split-off of its manufacturing division and incorporated CJ CheilJedang Corporation ("New Co."). CJ Corporation is engaged in the investment business segment. The split-off was approved by the Board of Directors and the shareholders on June 12, 2007 and July 26, 2007, respectively.

CJ Corporation executed the split-off by allotting the Company's shares to CJ Corporation's shareholders in proportion to the percentage of shareholding as of the record date for allotment of new shares. The shares were allocated to the CJ Corporation's shareholders in a ratio of 0.37 new share per share.

The assets and liabilities succeeded to the New Co. were settled based on the 'List of Assets/Liabilities to be Transferred' attached in the 'Plan for Separation', which was approved by shareholders on July 26, 2007.

The official date of succession of CJ Corporation's assets and liabilities, including severance benefits of transferring employees, is the registered split-off date.

The net sales of succeeded division for 2004, 2005 and 2006 are as follows:

<i>(in millions of Korean won)</i>	2006	2005	2004
Net sales	<u>₩ 2,646,674</u>	<u>₩ 2,459,901</u>	<u>₩ 2,544,367</u>

CJ CheilJedang Corporation
Notes to Non-Consolidated Financial Statements
December 31, 2007

25. Supplemental Cash Information

Significant transactions not affecting cash flows for the period from September 1, 2007 to December 31, 2007, are as follows:

<i>(in thousands of Korean won)</i>	<u>2007</u>
Reclassification of construction in-progress to property, plant and equipment	₩ 30,536,221
Reclassification of current maturities of long-term debts	299,757,892
Changes in capital adjustments from the valuation of available-for-sale securities and equity-method investments	9,563,452
Reclassification of Property, Plant and Equipment to other receivables	11,560,881
Reclassification of Property, Plant and Equipment to other investments	6,054,610
Reclassification of current maturities of long-term prepaid expense	414,256

26. Segment Information

A summary of information on the Company's operations by business segment as of December 31, 2007, and for the period from September 1, 2007 to December 31, 2007, follows:

Financial Data by Business Segment

<i>(in millions of Korean won)</i>	<u>2007</u>					
	Processed Foods	Food & Industrial Ingredients	Bio and Pharmaceuticals	Animal Feeds	Others	Total
Sales						
Sales to unaffiliated customers	₩ 374,049	₩ 338,312	₩ 147,267	₩ 123,476	₩ 19,737	₩ 1,002,841
Inter-segment sales	20,403	-	-	-	-	20,403
	<u>₩ 394,452</u>	<u>₩ 338,312</u>	<u>₩ 147,267</u>	<u>₩ 123,476</u>	<u>₩ 19,737</u>	<u>₩ 1,023,244</u>
Operating profit	<u>₩ 36,564</u>	<u>₩ 28,108</u>	<u>₩ 17,402</u>	<u>₩ 8,376</u>	<u>₩ 1,736</u>	<u>₩ 92,186</u>
Property plant and equipment & intangible assets	<u>₩ 567,476</u>	<u>₩ 152,001</u>	<u>₩ 238,101</u>	<u>₩ 77,779</u>	<u>₩ 7,178</u>	<u>₩ 1,042,535</u>
Depreciation and amortization	<u>₩ 17,947</u>	<u>₩ 4,514</u>	<u>₩ 4,544</u>	<u>₩ 2,624</u>	<u>₩ 179</u>	<u>₩ 29,808</u>

CJ CheilJedang Corporation
Notes to Non-Consolidated Financial Statements
December 31, 2007

Reconciliation of Operating Profit

(in millions of Korean won)

	2007
Business segment operating profit	₩ 92,186
Inter-segment revenues	1,839
Operating profit per statement of income	<u>₩ 90,347</u>

27. Three-Month Period Information

Financial information for the three-month period ended December 31, 2007, follows:

(in millions of Korean won, except for share data)

**Three-Month Period
 Ended December 31, 2007**

Sales	₩ 700,467
Operating profit	46,684
Net income	11,976
Basic earnings per share	1,072
Diluted earnings per share	1,072

28. Comprehensive Income

Comprehensive income for the period from September 1, 2007 to December 31, 2007, consists of:

(in thousands of Korean won)

	<u>2007</u>
Net income	₩ 16,261,823
Other comprehensive income	
Gain on valuation of available-for-sale securities, net of tax of ₩556,729 thousand	(1,467,740)
Loss on valuation of available-for-sale securities, net of tax of (-)₩1,660 thousand	4,383
Gain on valuation of equity-method investments	7,294,595
Loss on valuation of equity-method investments	807,153
Gain on valuation of derivative instruments, net of tax of (-)₩729,548 thousand	1,923,352
Loss on valuation of derivative instruments, net of tax of (-)₩946,529 thousand	2,495,398
Comprehensive income	<u>₩ 27,318,964</u>

CJ CheilJedang Corporation
Notes to Non-Consolidated Financial Statements
December 31, 2007

29. Subsequent Event

On January 24, 2008, the Company Contracted to sell the land and building of its Suwon plant to Hwasung Bongdam PFV Corp. for ₩68,000 million, from which ₩49,300 million disposal gain is expected.

30. Approval of Financial Statements

The financial statements as of December 31, 2007 and for the period from September 1, 2007 to December 31, 2007, were approved by the board of directors on February 12, 2008.

**Report of Independent Accountants'
Review of Internal Accounting Control System**

To the President of
CJ CheilJedang Corporation

We have reviewed the accompanying management's report on the operations of the Internal Accounting Control System ("IACS") of CJ CheilJedang Corporation (the "Company") as of December 31, 2007. The Company's management is responsible for designing and operating IACS and for its assessment of the effectiveness of IACS. Our responsibility is to review the management's report on the operations of the IACS and issue a report based on our review. The management's report on the operations of the IACS of the Company states that "based on its assessment of the operations of the IACS as of December 31, 2007, the Company's IACS has been designed and is operating effectively as of December 31, 2007 in all material respects, in accordance with the IACS standards established by the Internal Accounting Control System Operations Committee (IACSOC) of the Korea Listed Companies Association."

Our review was conducted in accordance with the IACS review standards established by the Korean Institute of Certified Public Accountants. Those standards require that we plan and perform, in all material respects, the review of management's report on the operations of the IACS to obtain a lower level of assurance than an audit. A review is to obtain an understanding of a company's IACS and consists principally of inquiries of management and, when deemed necessary, a limited inspection of underlying documents, which is substantially less in scope than an audit.

A company's IACS is a system to monitor and operate those policies and procedures designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the Republic of Korea. Because of its inherent limitations, IACS may not prevent or detect a material misstatement of the financial statements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on our review, nothing has come to our attention that causes us to believe that management's report on the operations of the IACS, referred to above, is not presented fairly, in all material respects, in accordance with the IACS standards established by IACSOC.

Our review is based on the Company's IACS as of December 31, 2007, and we did not review management's assessment of its IACS subsequent to December 31, 2007. This report has been prepared pursuant to the Acts on External Audit for Stock Companies in Korea and may not be appropriate for other purposes or for other users.

Samil PricewaterhouseCoopers
February 18, 2008

Report on the Operations of the Internal Accounting Control System

To the Board of Directors and Audit Committee of
CJ CheilJedang Corporation

I, as the Internal Accounting Control Officer (“IACO”) of CJ CheilJedang Corporation (“the Company”), assessed the status of the design and operations of the Company’s internal accounting control system (“IACS”) for the year ended December 31, 2007.

The Company’s management including the IACO is responsible for designing and operating the IACS. I, as the IACO, assessed whether the IACS has been effectively designed and is operating to prevent and detect any error or fraud which may cause misstatements to the financial statements, for the purpose of establishing the reliability of financial reporting and the preparation of financial statements for external purposes. I, as the IACO, applied the IACS standards to assess the design and operations of the IACS.

Based on the assessment on the operations of the IACS, in all material respects, the design and operations of the Company’s IACS were effective as of December 31, 2007, in accordance with the IACS standards.

February 12, 2008

Chung, Seong-Wook
Internal Accounting Control System Officer

Kim, Jin-Soo
Chief Executive Officer or President