

# **CJ CheilJedang Corporation**

**Non-consolidated Interim Financial Statements**

**June 30, 2008**

# CJ CheilJedang Corporation

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June 30, 2008

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## Report of Independent Accountants

To the Shareholders and Board of Directors of  
CJ CheilJedang Corporation

We have reviewed the accompanying non-consolidated balance sheet of CJ CheilJedang Corporation (the "Company") as of June 30, 2008, the related non-consolidated statements of income for the three-month and six-month periods ended June 30, 2008, and the related non-consolidated statements of changes in shareholders' equity and cash flows for the six-month period ended June 30, 2008, expressed in Korean Won. These interim financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these interim financial statements based on our review.

We conducted our review in accordance with the quarterly and semi-annual review standards established by the Securities and Futures Commission of the Republic of Korea. These standards require that we plan and perform our review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the non-consolidated interim financial statements referred to above are not presented fairly, in all material respects, in accordance with accounting principles generally accepted in the Republic of Korea.

# Samil PricewaterhouseCoopers

We have audited the non-consolidated balance sheet of CJ CheilJedang Corporation as of December 31, 2007, and the related non-consolidated statements of income, appropriations of retained earnings, changes in shareholders' equity and cash flows for the period from September 1, 2007 (the date of incorporation) to December 31, 2007, in accordance with auditing standards generally accepted in the Republic of Korea. We expressed an unqualified opinion on those non-consolidated financial statements in our audit report dated February 18, 2008. These financial statements are not included in this review report. The non-consolidated balance sheet as of December 31, 2007, presented herein for comparative purposes, is consistent, in all material respects, with the above audited balance sheet as of December 31, 2007, except for the effect of amendment of SKFAS No. 15, *Equity-method*, and the interpretation of Financial Supervisory Service on accounting policy on class-II beneficiary certificates.

Accounting principles and review 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 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  
August 13, 2008

This report is effective as of August 13, 2008, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying financial statements and notes thereto. Accordingly, the readers of the review report should understand that there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

**CJ CheilJedang Corporation**  
**Non-Consolidated Balance Sheets**  
**June 30, 2008 and December 31, 2007**

<i>(In thousands of Korean Won)</i>	<b>2008</b>	<b>2007</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	₩ 111,291,533	₩ 12,382,904
Short-term financial instruments	6,980,658	4,532,190
Trade accounts receivable, net of allowance for doubtful accounts (Note 2)	231,412,360	156,180,379
Other accounts receivable, net of allowance for doubtful accounts	77,516,213	61,926,695
Inventories, net of allowance for inventory valuation	483,899,241	343,449,880
Short-term deferred income tax assets (Note 12)	14,681,664	7,472,417
Short-term derivatives	46,949,355	31,827,089
Guarantee deposits	9,172,053	2,003,812
Prepaid expenses and other current assets	18,361,244	11,488,689
Total current assets	1,000,264,321	631,264,055
Property, plant and equipment, including revalued portion, net of accumulated depreciation (Note 5)	1,085,034,128	1,026,486,170
Long-term available-for-sale securities (Notes 2 and 3)	14,711,197	12,305,006
Equity-method investments (Note 4)	456,018,803	402,919,585
Intangible assets, net of accumulated amortization	13,690,190	16,048,760
Long-term deferred income tax assets (Note 12)	2,871,673	6,986,239
Long-term derivatives	5,454,463	9,521,342
Loans receivable, net	34,477,937	40,213,706
Non-current deposits	40,903,675	40,698,915
Other non-current assets	10,611,114	10,834,786
Total assets	₩ 2,664,037,501	₩ 2,197,278,564

**CJ CheilJedang Corporation**  
**Non-Consolidated Balance Sheets**  
**June 30, 2008 and December 31, 2007**

(In thousands of Korean Won)

	2008	2007
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities		
Trade accounts payable	₩ 176,112,171	₩ 129,701,327
Other accounts payable	189,771,879	158,066,783
Short-term borrowings (Note 6)	496,930,278	306,665,515
Current portion of long-term debts (Notes 7 and 8)	499,899,783	402,191,856
Accrued expenses	74,025,099	79,285,262
Income taxes payable	32,875,722	14,156,494
Short-term derivative liabilities	56,337,540	37,506,228
Other current liabilities	45,080,833	34,571,187
Total current liabilities	1,571,033,305	1,162,144,652
Long-term debts, net of current maturities (Note 8)	200,000,000	300,000,000
Accrued severance benefits, net	27,955,677	23,822,767
Long-term derivative liabilities	5,485,600	3,948,158
Long-term accrued expense (Note 10)	421,152	139,716
Total liabilities	₩ 1,804,895,734	₩ 1,490,055,293
Commitments and contingencies (Note 9)		
<b>Shareholders' equity</b>		
Capital stock (Note 1)		
Common stock	₩ 56,383,440	₩ 56,383,440
Preferred stock	11,195,255	11,195,255
Capital surplus		
Paid-in capital in excess of par value	689,833,576	689,833,576
Capital adjustments		
Treasury stock	(2,931,717)	(2,931,717)
Stock option compensation (Note 10)	3,449,060	2,414,367
Capital adjustments from equity-method investments (Note 2)	(59,959,496)	(59,861,318)
Other capital adjustments (Note 10)	7,759,565	4,874,793
Accumulated other comprehensive income and expense		
Loss on valuation of available-for-sale securities (Note 3)	(624,810)	(12,665)
Gain on valuation of equity-method investments (Note 4)	43,197,849	13,764,813
Loss on valuation of equity-method investments (Note 4)	(15,683,017)	(28,739,653)
Gain on valuation of derivative instruments (Note 8)	3,289,130	4,040,557
Loss on valuation of derivative instruments (Note 8)	(473,615)	-
Retained earnings	123,706,547	16,261,823
Total shareholders' equity	859,141,767	707,223,271
Total liabilities and shareholders' equity	₩ 2,664,037,501	₩ 2,197,278,564

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

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**CJ CheilJedang Corporation**  
**Non-Consolidated Statements of income**  
**Three-Month and Six-Month Periods ended June 30, 2008**

<i>(In thousands of Korean Won, except per share amounts)</i>	<b>Three months</b>	<b>Six months</b>
<b>Sales (Note 15)</b>		
Domestic	₩ 799,430,690	₩ 1,586,902,464
Export	36,743,940	75,683,975
	<u>836,174,630</u>	<u>1,662,586,439</u>
<b>Cost of sales (Note 15)</b>	<u>565,978,658</u>	<u>1,112,539,112</u>
Gross profit	270,195,972	550,047,327
<b>Selling, general and administrative expenses (Note 11)</b>	<u>212,080,415</u>	<u>410,966,863</u>
Operating profit	<u>58,115,557</u>	<u>139,080,464</u>
<b>Non-operating income</b>		
Interest and dividend income	4,322,111	5,800,974
Foreign exchange gain	10,793,602	14,250,719
Gain on foreign currency translation (Note 14)	944,840	3,237,924
Gain on valuation of equity-method investments (Note 4)	15,346,627	32,394,331
Gain on disposal of property, plant and equipment (Note 5)	1,229,066	49,660,172
Reversal of allowance for doubtful accounts	1,031,863	1,031,863
Gain on settlement of derivative instruments	49,240,962	112,698,620
Gain on valuation of derivative instruments	40,396,864	68,776,148
Others	3,067,572	28,674,125
	<u>126,373,507</u>	<u>316,524,876</u>
<b>Non-operating expenses</b>		
Interest expenses	13,619,124	27,563,124
Loss on disposal of trade accounts receivable	3,557,403	7,130,729
Foreign exchange loss	26,205,884	32,225,423
Loss on foreign currency translation (Note 14)	8,621,511	28,590,044
Loss on valuation of equity-method investments (Note 4)	8,698,349	20,851,424
Loss on settlement of derivative instruments	49,017,895	111,820,672
Loss on valuation of derivative instruments	-	62,350,146
Donation	5,498,176	16,692,147
Others	1,917,372	6,235,767
	<u>117,135,714</u>	<u>313,459,476</u>
Net income before income taxes	67,353,350	142,145,864
Income tax expenses (Note 12)	14,140,566	34,701,140
<b>Net income</b>	<u>₩ 53,212,784</u>	<u>₩ 107,444,724</u>
<b>Basic earnings per share (Note 13)</b>	<u>₩ 4,370</u>	<u>₩ 8,824</u>
<b>Diluted earnings per share (Note 13)</b>	<u>₩ 4,352</u>	<u>₩ 8,788</u>

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

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**CJ CheilJedang Corporation**  
**Non-Consolidated Statement of Changes in Shareholders' Equity**  
**Six-Month Period ended June 30, 2008**

<i>(In thousands of Korean Won)</i>	<b>Capital Stock</b>	<b>Capital Surplus</b>	<b>Capital adjustments</b>	<b>Accumulated other comprehensive Income and expense</b>	<b>Retained earnings</b>	<b>Total</b>
Shareholders' equity, January 1, 2008	₩67,578,695	₩689,833,576	₩ 4,357,443	₩(70,808,266)	₩ 16,261,823	₩707,223,271
Cumulative effect of accounting changes	-	-	(59,861,318)	59,861,318	-	-
Stock compensation	-	-	3,919,465	-	-	3,919,465
Loss on valuation of available-for sale securities	-	-	-	(612,145)	-	(612,145)
Gain on valuation of equity-method investments	-	-	(98,178)	29,433,036	-	29,334,858
Loss on valuation of equity-method investments	-	-	-	13,056,636	-	13,056,636
Gain on valuation of derivative instruments	-	-	-	(751,427)	-	(751,427)
Loss on valuation of derivative instruments	-	-	-	(473,615)	-	(473,615)
Net income	-	-	-	-	107,444,724	107,444,724
Shareholders' equity, June 30, 2008	₩67,578,695	₩689,833,576	₩(51,682,588)	₩29,705,537	₩123,706,547	₩859,141,767

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

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**CJ CheilJedang Corporation**  
**Non-Consolidated Statement of Cash Flows**  
**Six-Month Period ended June 30, 2008**

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<i>(In thousands of Korean Won)</i>	<b>2008</b>
<b>Cash flows from operating activities</b>	
Net income	₩ 107,444,724
Adjustments to reconcile net income to net cash used in operating activities	
Depreciation and amortization	42,042,511
Provision for severance benefits	14,869,150
Bad debt expense	1,502,121
Loss on valuation of inventories	736,381
Loss from inventory obsolescence	10,215,551
Loss on foreign currency translation, net	25,352,120
Gain on valuation of equity-method investments, net	(11,542,907)
Loss on disposal of equity-method investments, net	2,642,506
Gain on disposal of property, plant and equipment, net	(49,016,033)
Gain on settlement of derivative instruments, net	(877,948)
Gain on valuation of derivative instruments, net	(6,426,002)
Deferred income taxes	(2,397,821)
Reversal of allowance for doubtful accounts, net	(894,755)
Others	4,164,479
Changes in operating assets and liabilities	
Increase in trade accounts receivable	(75,619,944)
Increase in other accounts receivable	(12,759,191)
Increase in guarantee deposits	(7,168,240)
Increase in inventories	(151,401,293)
Increase in trade accounts payable	44,473,025
Increase in other accounts payable	34,679,260
Decrease in accrued expenses	(5,299,450)
Increase in income taxes payable	18,719,228
Payment of severance benefits	(8,654,178)
Others	1,501,592
Net cash used in operating activities	<u>(23,715,114)</u>

**CJ CheilJedang Corporation**  
**Non-Consolidated Statement of Cash Flows**  
**Six-Month Period ended June 30, 2008**

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<i>(In thousands of Korean Won)</i>	<b>2008</b>
<b>Cash flows from investing activities</b>	
Acquisition of available-for-sale securities	₩ (3,250,716)
Increase in financial instruments	(2,555,775)
Proceeds from disposal of equity-method investments	1,746,215
Proceeds from disposal of property, plant and equipment	67,784,171
Acquisition of property, plant and equipment	(116,786,466)
Acquisition of equity-method investments	(3,553,537)
Settlement of derivative instruments	11,629,438
Others	5,561,359
Net cash used in investing activities	<u>(39,425,311)</u>
<b>Cash flows from financing activities</b>	
Proceeds from short-term borrowings	164,578,641
Repayment of current maturities of long-term debts	<u>(2,529,587)</u>
Net cash provided by financing activities	<u>162,049,054</u>
<b>Net increase in cash and cash equivalents</b>	<b>98,908,629</b>
<b>Cash and cash equivalents (Note 16)</b>	
Beginning of the period	<u>12,382,904</u>
End of the period	<u>₩ 111,291,533</u>

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

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# **CJ CheilJedang Corporation**

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

### **June 30, 2008, and December 31, 2007**

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#### **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 16 overseas subsidiaries in the US and in Asia as of June 30, 2008.

Under Company's 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 June 30, 2008, 13,515,739 shares are issued and outstanding.

As of June 30, 2008, 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 SKFAS No. 1 through No. 23 in its financial statements as of and for the six-month period ended June 30, 2008.

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**CJ CheilJedang Corporation**  
**Notes to the Non-Consolidated Financial Statements**  
**June 30, 2008, and December 31, 2007**

In accordance with amendment on SKFAS No. 15, *Equity-Method*, the Company reclassified the differences between the purchase price and the Company's proportionate ownership in the net book value of the investee arising from additional purchase of equity-method securities from other cumulative comprehensive income to capital adjustments. The December 31, 2007 balance sheet, presented herein for comparative purposes, has been restated to conform with the requirements of Statement of Korean Financial Accounting Standards No. 1. As a result, as of June 30, 2008, and December 31, 2007, capital adjustments decreased by ₩59,959 million and accumulated other comprehensive income and expense increased by ₩59,861 million.

In addition, the Company has changed its accounting policy on class-II beneficiary certificates acquired in relation to asset securitization. Previously, securitized class-II beneficiary certificates were classified as available-for sale securities in accordance with the Asset Securitization Laws. However, the Company has reclassified the said beneficiary certificates as account receivables in accordance with the interpretation from the Financial Supervisory Service issued on 2008. Based on these changes in accounting treatment, the December 31, 2007 balance sheet has been restated to conform with the requirements of SKFAS No.1. As a result, as of June 30, 2008 and December 31, 2007, long-term available-for-sale securities have been decreased by ₩178,424 million and by ₩118,554 million, respectively, trade receivables increased by ₩182,651 million and by ₩122,258 million, respectively, and allowance for doubtful accounts increased by ₩4,227 million and by ₩3,704 million, respectively, comparing to as compared to the previous accounting policy.

**3. Long-Term Available-For-Sale Securities**

Long-term available-for-sale securities as of June 30, 2008 and December 31, 2007, consist of the following:

(in thousands of Korean Won)

	Detail	2008			2007
		Acquisition Cost	Fair Value or Net Book Value	Recorded Book Value	Recorded Book Value
Marketable investments	(1)	₩ 1,972,161	₩ 949,667	₩ 949,667	₩ 21,832
Non-marketable investments	(2)	3,575,740	413,947,984	1,542,345	1,542,345
Other investments	(3)	12,219,185	11,615,051	12,219,185	10,740,829
		<u>₩ 17,767,086</u>	<u>₩ 426,512,702</u>	<u>₩ 14,711,197</u>	<u>₩12,305,006</u>

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**CJ CheilJedang Corporation**  
**Notes to the Non-Consolidated Financial Statements**  
**June 30, 2008, and December 31, 2007**

**(1) Marketable investments**

Marketable investments as of June 30, 2008 and December 31, 2007, consist of the following:

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

	2008				2007	
	Number of Shares Owned	Percentage of Ownership (%)	Acquisition Cost	Fair Value	Recorded Book Value	Recorded Book Value
Regen Ltd.	5,137	0.04	₩ 200,000	₩ 5,907	₩ 5,907	₩ 21,832
Neuralstem Inc.	615,309	2.00	1,772,161	943,760	943,760	-
			<u>₩ 1,972,161</u>	<u>₩ 949,667</u>	<u>₩ 949,667</u>	<u>₩ 21,832</u>

**(2) Non-marketable investments**

Non-marketable investments as of June 30, 2008 and December 31, 2007, consist of the following:

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

Investee	2008				2007	
	Number of Shares Owned	Percentage of Ownership (%)	Acquisition Cost	Fair Value or Net book Value	Recorded Book Value	Recorded Book Value
Samsung Life Insurance Co.,Ltd.	959,151	4.80	₩ 776,468	₩412,814,730	₩ 776,468	₩ 776,468
Samsung Lions Co., Ltd.	29,999	15.00	149,995	-	-	-
Enbiogenesis Co., Ltd.	31,840	15.86	159,200	184,519	159,200	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	9,950
Ace Biotech Inc. <sup>1</sup>	5,652	0.87	100,000	43,149	100,000	100,000
Ezmedicom Inc. <sup>1</sup>	80,000	0.35	200,000	31,920	200,000	200,000
Incheon Development Co., Ltd. <sup>1</sup>	685	2.85	14,800	943	14,800	14,800
Pharmtech Holdings Co., Ltd.	68,640	1.99	200,000	-	-	-
The Korea Economic Daily Co., Ltd. <sup>1</sup>	2,872	0.02	40,600	16,543	40,600	40,600
Jebun Industry Co., Ltd.	39,792	18.88	227,215	762,305	227,215	227,215
Korea Alcohol Sales Co., Ltd.	2,172	0.60	11,553	47,289	11,553	11,553
Julynet Co., Ltd.	28,014	15.30	1,333,350	-	-	-
PPI Co., Ltd.	2	0.00	1,889	1,889	1,889	1,889
New Core Co., Ltd.	133	0.00	670	1,337	670	670
Total			<u>₩3,575,740</u>	<u>₩413,947,984</u>	<u>₩1,542,345</u>	<u>₩1,542,345</u>

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**CJ CheilJedang Corporation**  
**Notes to the Non-Consolidated Financial Statements**  
**June 30, 2008, and December 31, 2007**

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

<sup>1</sup> As of June 30, 2008, 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 be recovered in the near future.

**(3) Other investments**

Other investments as of June 30, 2008 and December 31, 2007, consist of the following:

<i>(in thousands of Korean Won)</i>	<b>2008</b>			<b>2007</b>
	<b>Acquisition Cost</b>	<b>Fair Value or Net Book Value</b>	<b>Recorded Book Value</b>	<b>Recorded Book Value</b>
Investments in partnership	₩ 1,071,500	₩ 1,200,767	₩ 1,071,500	₩ 1,071,500
Investments in private equity fund	11,147,485	10,414,084	11,147,485	9,668,929
Others	200	200	200	400
	₩ 12,219,185	₩ 11,615,051	₩12,219,185	₩ 10,740,829

For the six-month period ended June 30, 2008, the changes in valuation loss on long-term available-for-sale securities are as follows:

*(in thousands of Korean Won)*

	<b>2008</b>			
	<b>January 1, 2008</b>	<b>Valuation Amount</b>	<b>Included in Earnings</b>	<b>June 30, 2008</b>
Regen Ltd.	₩ (12,665)	₩ (11,545)	-	₩ (24,210)
Neuralstem Inc.	-	(600,591)	-	(600,591)
	₩ (12,665)	₩ (612,136)	-	₩ (624,801)

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**CJ CheilJedang Corporation**  
**Notes to the Non-Consolidated Financial Statements**  
**June 30, 2008, and December 31, 2007**

**4. Equity-Method Investments**

Equity-method investments as of June 30, 2008, consist of the following:

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

<b>Investee</b>	<b>Number of Shares</b>	<b>Percentage of Ownership(%)</b>	<b>Acquisition Cost</b>	<b>Net Book Value</b>	<b>Recorded Book Value</b>
Samyang Oil Co., Ltd.	3,778,784	99.99	₩ 18,981,276	₩ 15,473,294	₩ 13,351,886
Superfeed Co., Ltd.	2,428,630	99.99	12,169,244	19,644,372	19,264,307
CJ MD1 Co., Ltd.	40,000	100.00	200,000	427,049	427,049
Shindongbang CP Corporation	2,991,624	99.72	79,436,681	26,808,856	67,026,838
Samho F&G Corp.	16,714,090	46.52	20,056,908	4,882,665	14,542,253
Hasunjung General Food Co.,Ltd	90,000	100.00	33,183,311	20,012,613	31,743,939
CJ Liaocheng Biotech Co., Ltd.	-	100.00	47,225,960	78,225,380	78,224,626
CJ Do Brasil Ind. Com. Prod. Alim. Ltda.	-	99.99	57,707,125	67,397,289	67,397,289
CJ America Inc.	289	100.00	19,732,715	9,064,128	8,035,996
CJ China Ltd.	299	99.67	157,890	5,829,290	5,798,018
P.T. Cheil Jedang Indonesia	102,224	99.99	97,869,072	105,569,453	105,149,967
CJ Qingdao Food Co., Ltd.	-	100.00	9,747,151	1,509,998	1,453,317
CJ Beijing Beverage & Foods Co., Ltd.	-	100.00	14,949,363	14,069,350	14,018,725
CJ Ord River Sugar Pty., Ltd.	465,369,100	47.20	1,583,920	-	-
CJ Europe GMBH.	-	100.00	150,338	2,128,815	1,892,829
Annie Chun's Inc.	2,031,825	84.99	7,767,000	634,002	3,606,562
CJ Pacific Corp.	5	100.00	56,620	1,203,382	1,203,382
CJ Nutracon PTY	7,500,000	100.00	5,391,100	1,550,109	1,550,109
Liaocheng Lantian Cogenerations Plant Co.,Ltd.	-	100.00	9,708,468	8,086,072	8,086,072
Beijing Ershang CJ Food Co.,Ltd	-	49.00	5,076,782	5,955,192	5,955,192
CJ Omni Inc.	1,954	86.04	6,829,039	3,698,816	5,751,960
CJ International Trading Co., Ltd	-	100.00	546,180	1,538,487	1,538,487
<b>Total</b>			<u>₩ 448,526,143</u>	<u>₩ 393,708,612</u>	<u>₩ 456,018,803</u>

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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)

<b>Investee</b>	<b>Number of Shares</b>	<b>Percentage of Ownership(%)</b>	<b>Acquisition Cost</b>	<b>Net Book Value</b>	<b>Recorded Book Value</b>
Samyang Oil Co., Ltd.	3,778,784	99.99	₩ 18,981,276	₩ 11,745,293	₩ 11,259,212
Superfeed Co., Ltd.	2,428,630	100.00	12,169,243	20,168,214	19,815,297
CJ MD1 Co., Ltd.	40,000	100.00	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.	16,714,090	46.52	20,056,908	4,901,011	15,245,950
Hasunjung General Food Co.,Ltd	90,000	100.00	33,183,311	20,259,863	32,725,686
CJ Liaocheng Biotech Co., Ltd.	-	100.00	47,225,960	50,056,560	50,044,462
CJ Do Brasil Ind. Com. Prod. Alim. Ltda.	-	100.00	57,707,125	59,951,074	59,951,074
CJ America Inc.	289	100.00	19,732,715	6,978,121	4,098,440
CJ China Ltd.	299	99.67	157,890	4,373,274	4,469,204
P.T. Cheil Jedang Indonesia	102,224	100.00	97,869,072	88,174,507	87,409,862
CJ Qingdao Food Co., Ltd.	-	77.20	9,652,091	713,112	168,290
CJ Beijing Beverage & Foods Co., Ltd.	-	85.93	13,056,834	10,230,165	10,128,916
CJ Ord River Sugar Pty., Ltd.	130,000,020	20.00	1,583,920	(1,963,583)	-
CJ Europe GMBH.	-	100.00	150,338	1,484,761	1,147,308
CJ Cambodia Co., Ltd.	50	50.00	3,129,288	-	-
CJ Cambodia Co.,Ltd.(Preferred)	113	100.00	5,408,270	4,354,584	4,354,584
Annie Chun's Inc.	1,673,268	70.00	6,201,053	1,031,898	3,222,254
CJ Pacific Corp.	5	100.00	56,620	1,029,324	1,029,324
CJ Nutracon PTY	7,500,000	100.00	5,391,100	2,487,442	2,487,442
Liaocheng Lantian Cogenerations Plant Co.,Ltd.	-	100.00	9,708,468	7,642,088	7,642,088
Beijing Ershang CJ Food Co.,Ltd	-	49.00	5,076,782	5,069,414	5,069,414
CJ Omni Inc.	-	86.04	6,829,039	3,281,316	5,627,766
CJ International Trading Co., Ltd	1,954	100.00	546,180	564,180	564,180
<b>Total</b>			<u>₩453,510,164</u>	<u>₩334,892,247</u>	<u>₩402,919,585</u>

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Changes in goodwill (negative goodwill) for the six-month period ended June 30, 2008, are as follows:

*(in thousands of Korean Won)*

<b>Investee</b>	<b>January 1, 2008</b>	<b>Increase (Decrease)</b>	<b>Amortization (Reversal)</b>	<b>June 30, 2008</b>
Shindongbang CP Corporation	₩ 44,333,685	₩ -	₩ 3,546,695	₩ 40,786,990
Samho F&G Corp.	10,530,110	-	638,188	9,891,922
Hasunjung General Food Co.,Ltd	12,465,823	-	692,546	11,773,277
CJ Qingdao Food Co., Ltd.	(82,973)	-	(41,486)	(41,487)
CJ Beijing Beverage & Foods Co., Ltd.	(101,249)	-	(50,625)	(50,624)
CJ Cambodia Co., Ltd.	9,389	-	9,389	-
Annie Chun's Inc.	2,190,356	1,369,955	587,752	2,972,559
CJ Omni Inc.	2,346,450	-	293,305	2,053,145
<b>Total</b>	<b>₩ 71,691,591</b>	<b>₩ 1,369,955</b>	<b>₩ 5,675,764</b>	<b>₩ 67,385,782</b>

Changes in the difference between the initial purchase price and the Company's initial proportionate ownership in the net book value of the investees for the four-month period ended December 31, 2007, were as follows:

*(in thousands of Korean Won)*

<b>Investee</b>	<b>September 1, 2007</b>	<b>Increase (Decrease)</b>	<b>Amortization (Reversal)</b>	<b>December 31, 2007</b>
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
<b>Total</b>	<b>₩75,876,723</b>	<b>₩ -</b>	<b>₩ 4,185,132</b>	<b>₩ 71,691,591</b>

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Information relating to the elimination of unrealized gains and losses arising from transactions with equity-method investees as of June 30, 2008 and December 31, 2007, are as follows:

*(in thousands of Korean Won)*

<b>Investee</b>	<b>2008</b>		<b>2007</b>	
Samyang Oil Co., Ltd.	₩	(2,121,407)	₩	(486,081)
Superfeed Co., Ltd.		(380,064)		(352,917)
CJ MD1 Co., Ltd.		-		28,984
Shindongbang CP Corporation		(569,009)		(263,466)
Samho F&G Corp.		(232,334)		(185,171)
Hasunjung General Food Co., Ltd		(41,951)		-
CJ Liaocheng Biotech Co., Ltd.		(755)		(12,098)
CJ America Inc.		(1,028,132)		(2,879,681)
CJ China Ltd.		(31,272)		95,930
P.T. Cheil Jedang Indonesia		(419,486)		(764,645)
CJ Qingdao Food Co., Ltd.		(15,194)		(461,849)
CJ Europe GMBH.		(235,987)		(337,453)
<b>Total</b>	<u>₩</u>	<u>(5,075,591)</u>	<u>₩</u>	<u>(5,618,447)</u>

The changes in the book values of equity-method investments for the six-month period ended June 30, 2008, are as follows:

*(in thousands of Korean Won)*

<b>Investee</b>	<b>January 1, 2008</b>	<b>Earnings from Equity- method Investments</b>	<b>Other Increase (Decrease)</b>	<b>June 30, 2008</b>
Samyang Oil Co., Ltd.	₩ 11,259,212	₩ 2,092,674	₩ -	₩ 13,351,886
Superfeed Co., Ltd.	19,815,297	(550,990)	-	19,264,307
CJ MD1 Co., Ltd.	383,900	43,149	-	427,049
Shindongbang CP Corporation	76,074,932	(9,044,864)	(3,230)	67,026,838
Samho F&G Corp.	15,245,950	(688,515)	(15,182)	14,542,253
Hasunjung General Food Co., Ltd.	32,725,686	(1,023,506)	41,759	31,743,939
CJ Liaocheng Biotech Co., Ltd.	50,044,462	17,443,863	10,736,301	78,224,626
CJ Do Brasil Ind. Com. Prod. Alim. Ltda.	59,951,074	(5,786,957)	13,233,172	67,397,289
CJ America Inc.	4,098,440	3,035,924	901,632	8,035,996
CJ China Ltd.	4,469,204	790,692	538,122	5,798,018
P.T. CheilJedang Indonesia	87,409,862	6,817,789	10,922,316	105,149,967
CJ Qingdao Food Co., Ltd.	168,290	870,853	414,174	1,453,317
CJ Beijing Beverage & Foods Co., Ltd.	10,128,916	24,433	3,865,376	14,018,725
CJ Europe GMBH.	1,147,308	430,311	315,210	1,892,829
CJ Cambodia Co., Ltd.(Preferred)	4,354,584	-	(4,354,584)	-
Annie Chun's Inc.	3,222,254	(1,212,260)	1,596,568	3,606,562
CJ Pacific Corp.	1,029,324	57,493	116,565	1,203,382
CJ Nutracon PTY	2,487,442	(1,371,124)	433,791	1,550,109
Liaocheng Lantian Cogenerations Plant Co.,Ltd.	7,642,088	(882,913)	1,326,897	8,086,072
Beijing Ershang CJ Food Co., Ltd.	5,069,414	(42,290)	928,068	5,955,192
CJ Omni Inc.	5,627,766	(248,005)	372,199	5,751,960
CJ International Trading Co., Ltd	564,180	787,150	187,157	1,538,487
<b>Total</b>	<u>₩ 402,919,585</u>	<u>₩ 11,542,907</u>	<u>₩ 41,556,311</u>	<u>₩ 456,018,803</u>

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The changes in the book values of equity-method investments for the four-month period ended 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. <sup>1</sup>	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>

<sup>1</sup> The Company discontinued the equity method of accounting for investments in CJ Ord River Sugar Pty., Ltd as the book value of the investments went below zero. However, the Company recorded additional ₩5,800 million loss from equity-method by the amount of estimated contingent losses.

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Gain and loss on equity-method investments recorded under accumulated other comprehensive income and expense for the six-month period ended June 30, 2008 and for the four-month period ended December 31, 2007, consist of the following:

(in thousands of Korean Won)

	2008				2007			
	January 1, 2008	Valuation Amount	Included in Earnings	June 30, 2008	September 1, 2007	Valuation Amount	Included in Earnings	December 31, 2007
Gain on valuation of equity-method investments	₩ 13,764,813	₩29,433,036	₩ -	₩43,197,849	₩ 6,470,218	₩7,294,595	₩ -	₩ 13,764,813
Loss on valuation of equity-method investments	(28,739,653)	13,022,499	34,137	(15,683,017)	(29,546,806)	807,153	-	(28,739,653)
	<u>₩(14,974,840)</u>	<u>₩42,455,535</u>	<u>₩ 34,137</u>	<u>₩27,514,832</u>	<u>₩(23,076,588)</u>	<u>₩8,101,748</u>	<u>₩ -</u>	<u>₩(14,974,840)</u>

Financial information of significant investees as of and for the six-month period ended June 30, 2008, follows:

(in thousands of Korean Won)

Investee	2008			
	Assets	Liabilities	Sales	Net income (loss)
Samyang Oil Co., Ltd.	₩ 41,021,098	₩ 25,546,490	₩ 32,117,339	₩ 3,728,317
Superfeed Co., Ltd.	41,668,214	22,023,001	28,401,195	(469,487)
CJ MD1 Co., Ltd.	13,080,501	12,653,452	42,309,512	72,133
Shindongbang CP Corporation	107,364,178	80,480,263	53,152,730	(5,207,165)
Samho F&G Corp.	43,429,534	32,933,124	52,429,643	(6,802)
Hasunjung General Food Co.,Ltd	32,911,031	12,898,418	17,043,704	(289,009)
CJ Liaocheng Biotech Co., Ltd.	172,790,401	94,565,020	70,576,665	17,432,520
CJ Do Brasil Ind. Com. Prod. Alim. Ltda.	200,178,235	132,780,946	33,152,873	(5,786,553)
CJ America Inc.	48,979,925	39,915,797	45,474,008	1,228,681
CJ China Ltd.	195,927,294	190,078,704	184,545,913	981,849
P.T. Cheil Jedang Indonesia	470,657,469	365,087,915	191,714,632	5,077,144
CJ Qingdao Food Co., Ltd.	29,000,203	27,490,205	19,338,021	382,711
CJ Beijing Beverage & Foods Co.,Ltd.	20,318,939	6,249,589	3,486,935	(26,192)
CJ Ord River Sugar Pty., Ltd.	737,972	10,555,887	-	-
CJ Europe GMBH.	96,947,963	94,819,147	104,727,926	328,839
Annie Chun's Inc.	3,234,503	2,488,531	6,274,108	(669,231)
CJ Pacific Corp.	1,783,401	580,019	17,283,963	99,878
CJ Nutracon PTY	22,556,053	21,005,944	6,044,917	(1,501,728)
Liaocheng Lantian Cogenerations Plant Co.,Ltd.	34,218,159	26,132,087	8,300,288	(882,912)
Beijing Ershang CJ Food Co., Ltd.	16,309,908	4,156,419	9,952,959	(86,306)
CJ Omni Inc.	6,809,844	2,511,033	4,013,744	24,508
CJ International Trading Co., Ltd	1,677,279	138,792	2,233,624	836,888

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Financial information of significant investees as of and for the four-month period ended December 31, 2007, follows:

(in thousands of Korean Won)

Investee	2007			
	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. Prod. Alim. Ltda.	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 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	-	-	-

Market value information of investee as of June 30, 2008 and December 31, 2007, is as follows:

(in thousands of Korean Won)

Investee	2008		2007	
	Market Value	Recorded Book Value	Market Value	Recorded Book Value
Samho F&G Corp.	₩ 18,301,929	₩ 14,542,253	₩ 21,728,317	₩ 15,245,950

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**5. Property, Plant and Equipment**

Property, plant and equipment as of June 30, 2008, and the changes in the accounts for the six-month periods then ended, consist of the following:

(in millions of Korean Won)

	<b>Land</b>	<b>Buildings and Structures</b>	<b>Machinery and equipment</b>	<b>Construction -in-progress</b>	<b>Other</b>	<b>Total</b>
Balance at January 1, 2008	₩ 477,563	₩ 269,739	₩ 193,264	₩ 80,466	₩ 5,454	₩ 1,026,486
Acquisition	71	498	5,857	109,864	496	116,786
Transfer	-	3,505	17,290	(20,879)	84	-
Disposal	(13,168)	(5,184)	(342)	-	(74)	(18,768)
Depreciation	-	(10,429)	(28,609)	-	(637)	(39,675)
Others	-	(142)	347	-	-	205
Balance at June 30, 2008	<u>₩ 464,466</u>	<u>₩ 257,987</u>	<u>₩ 187,807</u>	<u>₩ 169,451</u>	<u>₩ 5,323</u>	<u>₩ 1,085,034</u>

For the six-month period ended June 30, 2008, the Company disposed of land and buildings in Suwon plant to Hwasung-Bongdam PFV for ₩68,382 million and recognized gains on disposal of property, plant, and equipment of ₩48,118 million.

As of June 30, 2008, depreciable assets and inventories are insured against fire and other casualty losses, contingent business interruption losses, director and officer liability losses, and product liability losses for up to ₩1,305,709 million, ₩212,604 million, ₩189,920 million, ₩50,000 million and ₩5,387 million, respectively.

As of June 30, 2008, the posted price of land issued by the Korean tax authority amounted to ₩822,870 million.

As of June 30, 2008, construction-in-progress consists mainly of costs incurred in construction of the Sangam office building, the corporate education and training center and the Osong plant.

**6. Short-Term Borrowings**

Short-term borrowings as of June 30, 2008 and December 31, 2007, consist of the following:

(in thousands of Korean Won)	<b>Annual Interest Rates (%)</b>		
	<b>2008</b>	<b>2008</b>	<b>2007</b>
Bank overdraft facilities	6.55	₩ 670,832	₩ 1,724,849
General short-term loan	3.75 - 4.00	18,010,000	17,500,000
Usance financing	2.67 - 5.83	478,249,446	287,440,666
		<u>₩ 496,930,278</u>	<u>₩ 306,665,515</u>

As of June 30, 2008, the Company has bank overdraft agreements of up to a maximum of ₩70,000 million with Woori Bank and four other banks.

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**7. Debentures**

Debentures outstanding as of June 30, 2008 and December 31, 2007, consist of the following:

<i>(in thousands of Korean Won)</i>	<b>Annual Interest</b>				
	<b>Rates (%)</b>	<b>2008</b>	<b>2008</b>	<b>2007</b>	<b>2007</b>
Non-guaranteed public bonds	4.35 - 5.58	₩	350,000,000	₩	350,000,000
Non-guaranteed private bonds	5.2		50,000,000		50,000,000
			400,000,000		400,000,000
Less: discounts			(100,217)		(337,731)
Less: current maturities			(399,899,783)		(399,662,269)
Total		₩	-	₩	-

**8. Long-term borrowings**

Long-term borrowings as of June 30, 2008 and December 31, 2007, consist of the following:

<i>(in thousands of Korean Won)</i>	<b>Annual Interest</b>				
	<b>Rates (%)</b>	<b>2008</b>	<b>2008</b>	<b>2007</b>	<b>2007</b>
Local currency loans					
Korea Exchange Bank	5.02 - 5.18	₩	150,000,000	₩	150,000,000
Shinhan Bank	5.00 - 5.01		150,000,000		150,000,000
Foreign currency loans (Won equivalent)					
Woori Bank			-		2,529,587
			300,000,000		302,529,587
Less: current maturities			(100,000,000)		(2,529,587)
		₩	200,000,000	₩	300,000,000

In order to hedge the impact of fluctuations in interest rates of the loans from two banks, including Korea Exchange Bank amounting to ₩300,000 million, the Company has entered into interest rate swap contracts and recorded a ₩2,815 million net gain on valuation of derivative instruments under accumulated other comprehensive income and expense as of June 30, 2008.

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Maturities of long-term borrowings outstanding as of June 30, 2008, are as follows:

*(in thousands of Korean Won)*

<b>Maturity</b>	<b>Amount</b>
2009.7.1 - 2010.6.30	₩ 100,000,000
2010.7.1 - 2011.6.30	100,000,000
	<u>₩ 200,000,000</u>

**9. Commitments and Contingencies**

As of June 30, 2008, the Company is engaged in corporate purchase card agreements with a credit limit of up to ₩119,000 million with Shinhan Bank and two other financial institutions.

As of June 30, 2008, the Company has trade notes receivable discounting facilities with three Korean banks, including Shinhan Bank, with a combined limit of up to ₩340,000 million and collateral loan facilities on accounts receivables for up to ₩200,000 million with four Korean banks, including Shinhan Bank. Also the Company has general loan agreements for up to ₩191,500 million with four financial institutions including Nonghyup Bank.

As of June 30, 2008, the Company is a party to eight legal claims and proceedings amounting to ₩28,408 million as the plaintiff and seven cases as defendant amounting to ₩9,545 million. The Company's management believes that, although the outcome of these cases is uncertain, the ultimate resolution of these cases will not have a material adverse effect on the operations or financial position of the Company.

As of June 30, 2008, 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 six-month period ended June 30, 2008, with respect to these agreements amounted to approximately ₩3,031 million.

As of June 30, 2008, the Company has banker's usance borrowing agreements of up to a maximum of ₩980,796 million with 14 financial institutions including Woori Bank.

As of June 30, 2008, one blank check is held as collateral by Korea Agricultural Trade Corporation to guarantee certain contractual obligations.

As of June 30, 2008, in connection with performance guarantees, the Company is provided with payment guarantees of ₩3,093 million from Seoul Guarantee Insurance Company.

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**10. Stock Option Plan**

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

Also, 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	February 12, 2008
Assumed at September 1, 2007	2,516	10,730	19,111	11,507	14,615	46,500	-
Options granted	-	-	-	-	-	-	86,000
Exercised quantity	-	-	-	-	-	-	-
Forfeited quantity	-	-	-	-	-	-	-
Options outstanding at June 30, 2008	2,516	10,730	19,111	11,507	14,615	46,500	86,000
Exercise price	₩ 40,000	₩ 58,000	₩ 41,000	₩ 69,000	₩ 71,000	₩120,000	₩ 277,000
Exercise period from the date of the grant	2-9 years	2-9 years	2-9 years	2-9 years	2-9 years	2-9 years	4-10 years

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

The compensation expenses recognized for the six-month period ended June 30, 2008, and thereafter are as follows:

<i>(in thousands of Korean Won)</i>	<b>Amount</b>
For the six-month period ended June 30, 2008	₩ 1,034,693
Thereafter	9,633,397
Total	<u>₩ 10,668,090</u>

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

	Date of the grant						
	August 14, 2001	April 27, 2002	March 11, 2003	April 8, 2004	March 8, 2005	March 13, 2006	February 12, 2008
Risk-free interest rates	5.10%	6.37%	4.69%	4.56%	4.12%	4.93%	5.09%
Expected stock price volatility	70.60%	66.18%	54.81%	38.48%	35.73%	36.34%	56.59%
Expected life	3 years	3 years	3 years	3 years	3 years	3 years	5 years
Expected forfeiture rate	1%	1%	1%	6%	6%	6%	6%

Additionally, the Company has granted stock incentives based on a three-year performance of the management and officers of the Company. As of June 30, 2008, the Company has recorded ₩421 million of long-term accrued expense and ₩7,760 million of other capital adjustments relating to stock incentives.

**11. Selling, General and Administrative Expenses**

Selling, general and administrative expenses for the three-month and six-month periods ended June 30, 2008, consist of the following:

<i>(in thousands of Korean Won)</i>	2008	
	Three months	Six months
Salaries	₩ 40,091,527	₩ 76,916,568
Provision for severance benefits	4,982,372	10,111,234
Employee benefits	5,250,937	9,694,276
Depreciation	6,676,362	13,347,864
Commission and service charge	54,945,688	104,463,657
Advertising expenses	12,286,969	25,890,411
Sales promotion expenses	13,738,537	30,069,689
Transportation expenses	30,037,590	59,076,786
Research expenses	8,829,289	15,942,873
Expenses for company events	7,019,791	14,468,310
Others	28,221,353	50,985,195
Total	₩ 212,080,415	₩ 410,966,863

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**12. Income Tax**

Income tax expense for the six-month period ended June 30, 2008, consists of the following:

<i>(in thousands of Korean Won)</i>		<b>2008</b>
Current income taxes	₩	37,098,959
Deferred income taxes		(3,094,681)
Items charged directly to shareholders' equity		696,862
Income tax expense	₩	<u>34,701,140</u>

Adjustments to taxable income for the six-month period ended June 30, 2008 are as follows:

<i>(in thousands of Korean Won)</i>		<b>2008</b>
Income before income taxes	₩	142,145,864
Expected taxes at statutory rate		39,076,913
Non-deductible expense		921,409
Tax credit		(4,032,810)
Others, net		(1,264,372)
Income tax expense	₩	<u>34,701,140</u>
Effective tax rate		24.41%

Deferred income tax assets and liabilities from tax effect of temporary differences including available tax credit carryforwards as of June 30, 2008, are as follow :

<i>(in thousands of Korean Won)</i>	<b>Accumulated Temporary Differences</b>		
	<b>Beginning Balance</b>	<b>Increase (Decrease)</b>	<b>Ending Balance</b>
<b>I. Deferred tax arising from temporary differences</b>			
Special reserves appropriated for tax purposes	₩ (13,000,000)	₩ 1,166,667	₩ (11,833,333)
Deferred foreign exchange loss (gain)	211,973	-	211,973
Equity-method investments	(15,292,664)	(5,930,077)	(21,222,741)
Allowance for doubtful accounts	12,765,221	(2,877,398)	9,887,823
Loss on valuation of inventory	2,005,944	5,838	2,011,782
Severance benefits	4,708,864	(372,490)	4,336,374
Depreciation	821,031	3,268,900	4,089,931
Gain on valuation of derivative instruments	(6,224,458)	(311,213)	(6,535,671)
Interest income	(515,017)	109,769	(405,248)
Gain on disposal of property, plant and equipment	(6,959,340)	3,479,670	(3,479,670)
Loss on impairment of available-for-sale securities	2,837,932	(143,902)	2,694,030
Government subsidy	2,550,049	-	2,550,049
Goodwill	30,919,315	(4,216,271)	26,703,044
Others	18,173,501	(236,230)	17,937,271
	<u>33,002,351</u>	<u>(6,056,737)</u>	<u>26,945,614</u>
<b>II. Tax credit carryforwards</b>	<u>279,786</u>	<u>(279,786)</u>	<u>-</u>
<b>III. Temporary differences directly related to shareholders' equity</b>	<u>(5,555,715)</u>	<u>2,534,041</u>	<u>(3,021,674)</u>
			<u>₩ 23,923,940</u>

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<i>(in thousands of Korean Won)</i>	<b>Deferred Income Tax Assets (Liabilities)</b>				
	<b>Beginning Balance</b>	<b>Increase (Decrease)</b>	<b>Ending Balance</b>	<b>Current</b>	<b>Non-Current</b>
<b>I. Deferred tax arising from temporary differences</b>					
Special reserves appropriated for tax purposes	₩(3,575,000)	₩ 320,833	₩(3,254,167)	₩ -	₩(3,254,167)
Deferred foreign exchange loss (gain)	58,293	-	58,293	58,293	-
Equity-method investments	2,453,541	2,684,459	5,138,000	5,138,000	-
Allowance for doubtful accounts	3,510,436	(791,284)	2,719,152	2,065,703	653,449
Loss on valuation of inventory	551,635	1,605	553,240	553,240	-
Severance benefits	1,294,937	(102,434)	1,192,503	-	1,192,503
Depreciation	225,783	898,948	1,124,731	-	1,124,731
Gain on valuation of derivative instruments	(1,711,726)	(85,583)	(1,797,309)	(1,797,309)	-
Interest income	(141,630)	30,187	(111,443)	(111,443)	-
Gain on disposal of property, plant and equipment	(1,913,819)	956,910	(956,909)	-	(956,909)
Loss on impairment of available-for-sale securities	780,431	(39,573)	740,858	-	740,858
Government subsidy	701,263	-	701,263	-	701,263
Goodwill	8,502,813	(1,159,476)	7,343,337	1,727,844	5,615,493
Others	4,997,713	(64,966)	4,932,747	7,047,336	(2,114,589)
	<u>15,734,670</u>	<u>2,649,626</u>	<u>18,384,296</u>	<u>14,681,664</u>	<u>3,702,632</u>
<b>II. Tax credit carryforwards</b>	<u>251,807</u>	<u>(251,807)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>III. Temporary differences directly related to shareholders' equity</b>	<u>(1,527,821)</u>	<u>696,862</u>	<u>(830,959)</u>	<u>-</u>	<u>(830,959)</u>
				<u>₩14,681,664</u>	<u>₩ 2,871,673</u>

The Company periodically assesses its ability to realize 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 ₩39,906 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, within foreseeable future.

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

<i>(in thousands of Korean Won)</i>	<b>Temporary Difference</b>	<b>Deferred Tax</b>
Loss on valuation of available-for-sale securities	₩ (844,326)	₩ 232,190
Gain on valuation of derivative instruments	(1,036,453)	285,025
Loss on valuation of derivative instruments	(653,262)	179,647
	<u>₩ (2,534,041)</u>	<u>₩ 696,862</u>

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

<i>(in thousands of Korean Won)</i>	<b>Current</b>		<b>Non - current</b>	
Deferred tax assets	₩	16,590,416	₩	10,028,297
Deferred tax liabilities		(1,908,752)		(7,156,624)
Total	₩	<u>14,681,664</u>	₩	<u>2,871,673</u>

**13. 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.

Basic earnings per share and diluted earnings per share for the three-month and six-month periods ended June 30, 2008, are calculated as follows:

**Basic earning per share**

<i>(in thousands of Korean Won, except share data)</i>	<b>Three months</b>		<b>Six months</b>	
Net income	₩	53,212,784	₩	107,444,724
Adjustments:				
Dividends for preferred stock		(102,405)		(204,811)
Undeclared participating preferred stock dividend		(3,875,798)		(7,827,787)
Net income available for common stock		<u>49,234,581</u>		<u>99,412,126</u>
Weighted average number of shares of common stock		<u>11,265,568</u>		<u>11,265,568</u>
Basic earnings per share (in Korean Won)	₩	<u>4,370</u>	₩	<u>8,824</u>

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\* 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 (January 1, 2008)	11,276,688	182	2,052,357,216
Treasury stock	(11,120)	182	(2,023,840)
			<u>2,050,333,376</u>

Weighted average number of shares of common stock for the period :  
 $2,050,333,376 \div 182 \text{ days} = 11,265,568 \text{ shares}$

**Diluted earnings per share**

<i>(in thousands of Korean Won, except share data)</i>	2008	
	Three months	Six months
Net income available for common stock	₩ 49,234,581	₩ 99,412,126
Adjustment:		
Compensation expense related to stock options	-	-
Net income available for common stock and common equivalent stock	49,234,581	99,412,126
Weighted average number of shares of common stock and common stock equivalents	11,311,842	11,311,842
Diluted earnings per share (in Korean Won)	₩ 4,352	₩ 8,788

\* 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	46,274	182	8,421,868

Weighted average number of shares of common stock equivalents during the period :  
 $8,421,868 \div 182 \text{ days} = 46,274 \text{ shares}$

Earnings per share for the period from September 1, 2007 to December 31, 2007 is as follows:

	<u>2007.09.01 - 2007.12.31</u>	
Basic earnings per share	₩	1,335
Diluted earnings per share		1,330

Non-dilutive potential common stocks as of June 30, 2008, 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
Share options granted on February 12, 2008	86,000	Exercise price of ₩277,000 per share

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**14. Assets and Liabilities Denominated in Foreign Currencies**

As of June 30, 2008 and December 31, 2007, assets and liabilities denominated in foreign currencies and related gains and losses on foreign currency translation, are as follows:

(in thousands of Korean Won and foreign currency)

Account		2008				2007
		Foreign Currencies	Korean Won equivalent	Translation Gain	Translation Loss	Korean Won equivalent
<b>Assets</b>						
Trade accounts and notes receivable	AUD	-	₩ -	₩ -	₩ -	₩ 165,243
	EUR	810	1,334,812	43,847	-	879,814
	JPY	426,267	4,181,677	43,242	(68,332)	2,847,527
	USD	13,536	14,123,167	1,201,397	(105,997)	10,472,336
			<u>19,639,656</u>	<u>1,288,486</u>	<u>(174,329)</u>	<u>14,364,920</u>
Other accounts receivable	CNY	1,686	256,406	17,838	(7,122)	120,538
	EUR	401	660,985	93,610	-	465,225
	INR	22	536	131	(236)	3,535
	JPY	32,160	315,493	48,111	(4)	275,502
	SGD	12	9,200	104	-	8,517
	THB	1,089	33,904	47	-	27,216
	USD	20,382	21,267,076	1,318,970	(26,265)	27,674,107
			<u>22,543,600</u>	<u>1,478,811</u>	<u>(33,627)</u>	<u>28,574,640</u>
Short-term loans receivable	CNY	201	30,502	7,006	(409)	17,555
	EUR	9	15,384	5,981	(204)	16,796
	JPY	1,194	11,710	3,457	(89)	12,820
	USD	60	57,871	14,519	(459)	84,338
			<u>115,467</u>	<u>30,963</u>	<u>(1,161)</u>	<u>131,509</u>
Others	CNY	2,105	320,102	11,089	(591)	144,998
	EUR	18	30,022	2,723	(1,681)	11,734
	INR	3,684	89,860	1,033	(1,471)	2,387
	GBP	-	-	-	-	34
	JPY	2,624	25,740	2,859	(925)	22,219
	SGD	73	56,315	2,543	-	14,066
	THB	1,160	36,118	-	(111)	33,373
	USD	514	536,650	31,920	(6,680)	391,247
			<u>1,094,807</u>	<u>52,167</u>	<u>(11,459)</u>	<u>620,058</u>
			<u>₩43,393,530</u>	<u>₩ 2,850,427</u>	<u>₩ (220,576)</u>	<u>₩43,691,127</u>

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(in thousands of Korean Won and foreign currency)

Account	2008				2007	
	Foreign Currencies	Korean won equivalent	Translation Gain	Translation Loss	Korean won equivalent	
<b>Liabilities</b>						
Trade accounts and notes payable	AUD	500	₩ -	₩ -	₩ (11,650)	₩ 333,886
	CHF	134	137,670	-	(4,524)	-
	EUR	3,625	1,053,888	-	(205,558)	905,900
	GBP	17	34,718	-	(1,283)	-
	JPY	36,364	345,475	44	(10,675)	677,925
	USD	83,314	32,315,540	108,394	(1,812,567)	16,814,535
			<u>33,887,291</u>	<u>108,438</u>	<u>(2,046,257)</u>	<u>18,732,246</u>
Short-term borrowings	EUR	5,815	9,577,430	59	(657,348)	6,403,167
	JPY	-	-	-	-	208,579
	USD	445,061	468,672,016	268,876	(25,297,709)	280,828,920
		<u>478,249,446</u>	<u>268,935</u>	<u>(25,955,057)</u>	<u>287,440,666</u>	
Other accounts payable	CHF	-	-	-	-	18,305
	EUR	238	391,759	-	(61,029)	3,580,291
	GBP	-	321	-	-	637
	JPY	246	2,412	8,485	(3,424)	174,784
	USD	7,036	7,341,494	1,639	(264,553)	30,334,486
		<u>7,735,986</u>	<u>10,124</u>	<u>(329,006)</u>	<u>34,108,503</u>	
Accrued expenses	CNY	123	18,783	-	(2,916)	15,867
	EUR	41	68,008	-	(1)	43,803
	INR	-	-	-	-	2,023
	JPY	-	-	-	-	206
	GBP	-	139	-	(8)	-
	USD	3,470	3,620,239	-	(36,223)	3,106,667
		<u>3,707,169</u>	<u>-</u>	<u>(39,148)</u>	<u>3,168,566</u>	
Current portion of long-term debts	USD	-	-	-	-	2,529,587
		<u>₩523,579,892</u>	<u>₩ 387,497</u>	<u>₩ ( 28,369,468)</u>	<u>₩ 345,979,568</u>	
Total			<u>₩ 3,237,924</u>	<u>₩ ( 28,590,044)</u>		

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**15. Related Party Transactions**

The parent company of the Company is CJ Corporation and the subsidiaries of the Company as of June 30, 2008, 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. Hasunjung General Food Co., Ltd

**Foreign 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, Ltd., CJ Do Brasil Ind. Com. Prod. Alim. Ltda.

Significant transactions with related parties for the six-month period ended June 30, 2008, and the related receivables and payables as of June 30, 2008 and December 31, 2007, are as follows :

*(in thousands of Korean Won)*

	Sales		Purchases		Accounts Receivable		Accounts Payable	
	2008	2008	2008	2007	2008	2007	2008	2007
Parent company	₩ 194,780	₩ 7,170,078	₩ 97,626	₩ 106,185	₩ 895,537	₩ 1,107,820		
Subsidiaries	69,375,715	142,031,675	81,806,877	64,287,913	49,349,882	47,226,927		
Equity-method investees	548,152	9,862,310	140,230	137,796	133,693	71,206		
Other affiliates	159,523,476	155,903,288	58,918,505	54,363,666	128,819,218	62,811,965		
Total	<u>₩229,642,123</u>	<u>₩ 314,967,351</u>	<u>₩140,963,238</u>	<u>₩118,895,560</u>	<u>₩179,198,330</u>	<u>₩ 111,217,918</u>		

The sale of land and buildings to Hwasung-Bongdam PFV amounting to ₩65,922 million is included in the above sales.

The Company has recorded allowance for doubtful accounts amounting to ₩1,252 million on the above accounts receivables.

The key management compensation for the six-month period ended June 30, 2008, consists of the following:

<i>(in thousands of Korean Won)</i>	2008
Salaries	₩ 11,329,546
Stock compensation expenses	4,206,156
	<u>₩ 15,535,702</u>

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

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The Company provided guarantees to indebtedness of related parties as of June 30, 2008 and December 31, 2007, as follows:

<i>(in thousands of Korean Won)</i>	<b>Financial institutions</b>	<b>Loan amounts</b>		<b>Guarantee amounts</b>	
		<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
<b>Guarantee beneficiary</b>					
CJ America Inc.	Korea Exchange Bank and other	₩11,425,230	₩10,123,178	₩ 16,694,400	₩ 10,320,200
CJ Beijing Beverage & Foods Co., Ltd.	Hana Bank and other	3,833,880	2,626,960	3,833,880	3,397,660
CJ China Ltd.	BOA and others	126,822,583	79,931,638	128,140,397	113,874,310
CJ Do Brasil Ind. Com. Prod. Alim. Ltd	Export-Import Bank of Korea & others	49,039,800	44,095,400	49,039,800	44,095,400
CJ Europe GMBH.	Korea Exchange Bank & others	14,192,708	11,037,709	21,411,768	17,956,380
CJ Liaocheng Biotech Co., Ltd.	Export-Import Bank of Korea and other	84,337,400	78,072,000	98,783,100	87,705,750
CJ Nutracon Inc.	Korea Exchange Bank	11,499,995	8,778,737	11,499,995	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 other	13,344,160	12,196,600	13,952,400	16,050,100
Liaocheng Lantian Cogeneration Plant Co., Ltd.	Korea Development Bank	15,651,000	14,073,000	15,651,000	14,073,000
PT Cheil Jedang Indonesia	Export-Import Bank of Korea and other	221,572,772	244,087,300	221,572,772	244,087,300
PT CheilJedang Superfeed	Export-Import Bank of Korea	14,607,600	13,134,800	14,607,600	16,418,500
PT CJ Feed Jombang	Citi Bank	-	-	-	1,407,300
CJ Global Holdings Ltd.	Export-Import Bank of Korea	26,085,000	23,455,000	26,085,000	23,455,000
CJ Guiyang Feed Co., Ltd.	Hana Bank	521,700	469,100	521,700	469,100
CJ Changsha Feed Co., Ltd.	Hana Bank	1,147,740	1,032,020	1,147,740	1,032,020
CJ Beijing Bakery Co., Ltd.	Hana Bank and others	8,623,770	5,709,760	8,623,770	7,508,060
CJ Tianjin Feed Co., Ltd.	Hana Bank	939,060	844,380	939,060	844,380
CJ Chengdu Feed Co., Ltd.	Hana Bank	521,700	469,100	521,700	469,100
CJ Shenyang Feed Co., Ltd	Hana Bank and other	3,986,566	562,920	3,986,566	562,920
CJ Zhengzhou Feed Co., Ltd.	Hana Bank	740,814	666,122	740,814	666,122
CJ Harbin Feed Co., Ltd.	Hana Bank	626,040	562,920	626,040	562,920
CJ Philippines Inc.	BOA	-	378,095	2,921,520	2,626,960
CJ Vina Agri Co., Ltd.	Citi Bank and other	4,696,765	3,426,414	6,156,060	5,535,380
CJ Bakery Inc.	Woori Bank and other	8,555,880	8,443,800	9,390,600	8,443,800
CJ Tur Yem Sanayi Ve Ticaret A. S	Citi Bank and other	5,764,707	4,281,906	6,588,237	5,248,788
<b>Total</b>		<u>₩628,536,870</u>	<u>₩574,258,811</u>	<u>₩663,435,919</u>	<u>₩643,276,811</u>

In addition to the above guarantees, the Company provided performance guarantees to PT Cheiljedang Indonesia, PT CheilJedang Superfeed, PT CJ Feed Jombang and CJ DO Brasil Ind. Com. Prod. Alim. LTDA. amounting to ₩1,565 million, ₩3,652 million, ₩1,565 million and ₩3,652 million, respectively.

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**16. Supplemental Cash Information**

Significant transactions not affecting cash flows for the six-month period ended June 30, 2008, are as follows:

<i>(in thousands of Korean Won)</i>	<u>2008</u>
Reclassification of construction in-progress to property, plant and equipment	₩ 20,878,696
Changes in other cumulative comprehensive income from the valuation of available-for-sale securities and equity-method investments	844,336
Changes in other cumulative comprehensive income from the valuation of equity-method investments	42,489,674
Changes in other cumulative comprehensive income from the valuation of derivatives	1,689,715
Reclassification of current maturities of long-term prepaid expense	607,909

**17. Segment Information**

A summary of information on the Company's operations by business segment as of June 30, 2008 and for the six-month period then ended follows:

**Financial Data by Business Segment**

*(in millions of Korean Won)*

	<b>Processed foods</b>	<b>Food &amp; Industrial Ingredients</b>	<b>Bio and Pharma - ceuticals</b>	<b>Animal Feeds</b>	<b>Others</b>	<b>Total</b>
Sales						
Sales to unaffiliated customers	₩ 620,818	₩ 643,014	₩ 185,452	₩ 203,917	₩ 9,385	₩ 1,662,586
Inter-segment sales	34,856	-	-	-	-	34,856
	<u>₩ 655,674</u>	<u>₩ 643,014</u>	<u>₩ 185,452</u>	<u>₩ 203,917</u>	<u>₩ 9,385</u>	<u>₩ 1,697,442</u>
Operating profit	<u>₩ 50,480</u>	<u>₩ 59,709</u>	<u>₩ 19,107</u>	<u>₩ 4,922</u>	<u>₩ 7,778</u>	<u>₩ 141,996</u>
Property plant and equipment & intangible assets	<u>₩ 516,544</u>	<u>₩ 421,488</u>	<u>₩ 66,730</u>	<u>₩ 91,555</u>	<u>₩ 2,407</u>	<u>₩ 1,098,724</u>
Depreciation and amortization	<u>₩ 17,764</u>	<u>₩ 15,775</u>	<u>₩ 4,642</u>	<u>₩ 3,795</u>	<u>₩ 67</u>	<u>₩ 42,043</u>

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**Reconciliation of Operating Profit**

*(in millions of Korean Won)*

	<b>2008</b>	
	<u>₩</u>	
Business segment operating profit	141,996	
Inter-segment revenues	2,916	
Operating profit per statement of income	<u>₩ 139,080</u>	

**18. Comprehensive Income**

Comprehensive income for the three-month and for the six-month periods ended June 30, 2008, consists of:

*(in thousands of Korean Won)*

	<b>2008</b>	
	<u>Three months</u>	<u>Six months</u>
	<u>₩</u>	<u>₩</u>
Net income	53,212,784	107,444,724
Other comprehensive income		
Loss on valuation of available-for-sale securities, net of tax	(468,033)	(612,145)
Gain on valuation of equity-method investments	17,292,665	29,433,036
Loss on valuation of equity-method investments	5,674,937	13,056,636
Gain on valuation of derivative instruments, net of tax	2,299,805	(751,427)
Loss on valuation of derivative instruments, net of tax	(473,615)	(473,615)
Comprehensive income	<u>₩ 77,538,543</u>	<u>₩ 148,097,209</u>

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