

CJ CheilJedang Corporation and Subsidiaries

Consolidated Financial Statements

December 31, 2010, 2009 and 2008

CJ CheilJedang Corporation and Subsidiaries

Index

December 31, 2010, 2009 and 2008

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Report of Independent Auditors

To the Shareholders and Board of Directors of
CJ CheilJedang Corporation

We have audited the accompanying consolidated statements of financial position of CJ CheilJedang Corporation and subsidiaries (collectively 'the Company') as of December 31, 2010, 2009 and 2008, and the related consolidated statements of income, changes in shareholders' equity and the cash flows for the years then ended, expressed in Korean won. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of PT Cheil Jedang Indonesia and certain other 18 subsidiaries (2009 : 10; 2008 : 11), whose financial statements represent 28% of the Company's consolidated total assets as of December 31, 2010 (2009 : 26%; 2008 : 29%), and 39% of the Company's consolidated total sales for the year then ended (2009 : 35%; 2008 : 33%). These statements were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for these subsidiaries, is based solely on the reports of the other auditors.

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

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In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CJ CheilJedang Corporation and its subsidiaries as of December 31, 2010, 2009 and 2008, and the results of their operations, the changes in its shareholders' equity and their cash flows for the years then ended in conformity with accounting principles generally accepted in the Republic of Korea.

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

The accompanying consolidated financial statements have been condensed, restructured and translated into English from the Korean language consolidated financial statements.

Seoul, Korea
March 31, 2011

This report is effective as of March 31, 2011, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

CJ CheilJedang Corporation and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2010, 2009 and 2008

<i>(in thousands of Korean won)</i>	2010	2009	2008
Assets			
Current assets			
Cash and cash equivalents	₩ 313,842,510	₩ 268,252,250	₩ 106,834,951
Short-term investments (Note 3)	244,671,139	299,629,729	26,572,821
Trade accounts and notes receivable, net of allowance for doubtful accounts	623,252,366	370,330,171	347,958,168
Other accounts and notes receivable, net of allowance for doubtful accounts	33,144,974	23,668,396	36,256,007
Inventories, net of allowance for inventory valuation (Note 4)	794,697,201	563,532,631	801,150,724
Short-term deferred income tax assets (Note 20)	3,624,952	2,059,301	19,527,074
Short-term derivative assets	49,810,302	13,268,400	29,683,888
Guarantee deposits	12,364,868	8,785,355	14,718,367
Prepaid expenses and other current assets	100,373,399	93,542,559	102,234,311
Total current assets	<u>2,175,781,711</u>	<u>1,643,068,792</u>	<u>1,484,936,311</u>
Property, plant and equipment, including revalued portion, net of accumulated depreciation (Note 7)	3,129,554,198	2,940,481,405	2,912,090,052
Long-term available-for-sale securities (Note 6)	510,253,400	31,073,737	26,275,186
Equity-method investments (Note 5)	52,576,362	46,784,920	34,777,184
Intangible assets, net of accumulated amortization (Note 8)	87,474,186	79,788,129	101,843,615
Long-term deferred income tax assets (Note 20)	12,822,716	11,390,659	5,269,583
Long-term derivatives	-	16,904,251	29,636,675
Long-term guarantee deposits	68,373,619	62,898,381	58,793,560
Long-term loans receivable	28,960,560	33,795,374	40,558,607
Other non-current assets	58,103,073	11,090,413	12,614,122
Total assets	<u>₩ 6,123,899,825</u>	<u>₩ 4,877,276,061</u>	<u>₩ 4,706,794,895</u>
Liabilities and Shareholders' Equity			
Current liabilities			
Trade accounts and notes payable	₩ 243,992,415	₩ 136,225,215	₩ 104,033,898
Other accounts and notes payable	231,983,426	232,057,569	290,168,009
Short-term borrowings (Note 9)	1,058,030,693	922,609,854	1,195,222,462
Current portion of long-term debts (Notes 10 and 11)	438,237,689	375,323,863	212,899,393
Accrued expenses	145,013,312	142,429,826	97,666,951
Income taxes payable	141,653,801	14,898,920	25,551,487
Short-term deferred income tax liabilities (Note 20)	-	2,318,524	-
Short-term derivative liabilities	29,835,203	23,007,333	38,832,678
Other current liabilities	79,550,701	57,463,615	41,831,172
Total current liabilities	<u>2,368,297,240</u>	<u>1,906,334,719</u>	<u>2,006,206,050</u>
Long-term debts, net of current maturities(Notes 10 and 11)	452,673,499	839,565,268	832,208,776
Accrued severance benefits, net (Note 12)	31,907,154	37,771,842	38,460,896
Long-term deferred income tax liabilities (Note 20)	381,342,429	253,784,768	226,297,556
Long-term derivative liabilities	523,330	2,217,742	7,293,542
Long-term accrued expenses	9,333,514	-	728,108
Other long-term liabilities	344,746	-	84,998
Total liabilities	<u>3,244,421,912</u>	<u>3,039,674,339</u>	<u>3,111,279,926</u>

CJ CheilJedang Corporation and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2010, 2009 and 2008

<i>(in thousands of Korean won)</i>	2010	2009	2008
Commitments and contingencies (Note 13)			
Shareholders' equity			
Capital stock (Notes 1 and 15)			
Common stock	₩ 63,874,740	₩ 60,203,220	₩ 56,383,440
Preferred stock	6,637,165	8,202,830	11,195,255
Capital surplus (Note 15)	764,416,195	714,203,776	689,833,576
Capital adjustments			
Treasury stock (Note 17)	(37,576,578)	(23,111,085)	(2,931,717)
Stock option compensation (Note 18)	8,119,136	6,172,065	15,440,101
Other capital adjustments	(57,878,335)	(59,959,496)	(59,959,495)
Loss on disposal of treasury stock	(2,302,041)	(788,932)	-
Other cumulative comprehensive income			
Gain on valuation of available-for-sale securities (Note 6)	371,993,440	312,462	3,655
Loss on valuation of available-for-sale securities (Note 6)	(1,204,644)	(469,976)	(426,414)
Gain on valuation of equity-method investments (Note 5)	6,276,767	3,281,029	4,791,641
Loss on valuation of equity-method investments (Note 5)	(2,751,724)	(2,742,920)	(1,319,465)
Loss on valuation of derivative instruments (Notes 10 and 14)	(2,990,794)	(5,533,168)	(10,244,629)
Gain on revaluation of property, plant and equipment	786,238,026	786,418,265	790,095,884
Translation of foreign currency financial statements	14,341,354	41,162,242	54,309,565
Retained earnings	932,889,903	297,054,265	36,753,067
Minority interest	29,395,303	13,197,145	11,590,505
Total shareholders' equity	<u>2,879,477,913</u>	<u>1,837,601,722</u>	<u>1,595,514,969</u>
Total liabilities and shareholders' equity	<u>₩ 6,123,899,825</u>	<u>₩ 4,877,276,061</u>	<u>₩ 4,706,794,895</u>

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

CJ CheilJedang Corporation and Subsidiaries
Consolidated Statements of Income
Years ended December 31, 2010, 2009 and 2008

<i>(in thousands of Korean won, except per share amounts)</i>	2010	2009	2008
Sales	₩ 5,669,203,273	₩ 4,994,476,776	₩ 4,540,866,943
Cost of sales	4,035,287,440	3,473,298,024	3,100,201,749
Gross profit	1,633,915,833	1,521,178,752	1,440,665,194
Selling, general and administrative expenses (Note 23)	1,190,584,615	1,137,473,863	1,123,454,564
Operating income	443,331,218	383,704,889	317,210,630
Non-operating income			
Interest and dividend income	35,410,490	14,779,982	11,991,241
Foreign exchange gain	86,107,583	95,081,541	58,882,202
Gain on foreign currency translation	29,739,600	101,782,570	66,696,041
Gain on valuation of equity-method investments (Note 5)	5,310,926	3,199,893	3,307,136
Gain on disposal of available-for-sale securities (Note 6)	542,248,134	-	20,764
Gain on disposal of property, plant and equipment	1,642,897	6,510,126	51,297,721
Gain on settlement of derivative instruments	79,713,462	157,435,954	302,793,155
Gain on valuation of derivative instruments (Note 14)	31,952,147	15,573,772	74,432,573
Others	14,325,543	14,304,740	52,079,838
	826,450,782	408,668,578	621,500,671
Non-operating expenses			
Interest expenses	76,150,354	99,902,678	100,889,559
Foreign exchange loss	64,255,953	90,398,082	211,146,800
Loss on foreign currency translation	23,161,900	13,398,199	159,569,646
Loss on valuation of equity-method investments (Note 5)	3,482,338	7,768,859	5,242,596
Loss on disposal of equity-method investments	6,918	-	5,635,635
Loss on disposal of property, plant and equipment	3,848,897	7,007,225	818,802
Loss on impairment of property, plant and equipment	1,419,655	3,971,373	78,428
Loss on settlement of derivative instruments	80,124,254	124,036,119	300,109,554
Loss on valuation of derivative instruments (Note 14)	18,592,152	31,075,985	56,191,243
Loss on disposal of trade accounts receivable	9,923,312	17,656,392	16,197,681
Donations	52,802,378	18,876,730	25,450,427
Others	33,468,801	26,203,091	17,280,643
	367,236,912	440,294,733	898,611,014
Income before income taxes	902,545,088	352,078,734	40,100,287
Income tax expense (Note 20)	199,030,457	75,121,955	19,642,109
Net income of subsidiaries before the date of acquisition	(19,799,490)	-	-
Net income of deconsolidated subsidiary	2,024,484	-	-
Net income	₩ 685,739,625	₩ 276,956,779	₩ 20,458,178
Parent interest in net income	₩ 683,270,204	₩ 274,279,279	₩ 20,039,045
Minority interest in net income	2,469,421	2,677,500	419,133
Basic earnings per share (Note 21)	₩ 50,139	₩ 20,309	₩ 1,531
Diluted earnings per share (Note 21)	₩ 49,967	₩ 20,221	₩ 1,525

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

CJ CheilJedang Corporation and Subsidiaries
Consolidated Statements of Changes in Shareholders' Equity
Years ended December 31, 2010, 2009 and 2008

<i>(in thousands of Korean won)</i>	Capital stock	Capital surplus	Capital adjustments	Other cumulative comprehensive income	Retained earnings	Minority interests	Total
Shareholders' equity at January 1, 2008	₩ 67,578,695	₩ 689,833,576	₩ (55,503,875)	₩ (10,219,843)	₩ 16,714,022	₩ 7,354,895	₩ 715,757,470
Stock compensation expense	-	-	8,150,941	-	-	-	8,150,941
Gain (loss) on valuation of available-for-sale securities, net	-	-	-	(228,810)	-	54,645	(174,165)
Capital adjustment on equity-method investments	-	-	(98,177)	-	-	-	(98,177)
Gain on valuation of equity-method investments, net	-	-	-	3,909,125	-	379,422	4,288,547
Loss on valuation of derivative instruments, net	-	-	-	(14,285,186)	-	-	(14,285,186)
Change in translation of foreign financial statements	-	-	-	67,939,067	-	91,359	68,030,426
Revaluation of property, plant and equipment	-	-	-	790,095,884	-	5,098,143	795,194,027
Minority interest in net income	-	-	-	-	-	419,133	419,133
Parent interest in net income	-	-	-	-	20,039,045	-	20,039,045
Changes in minority interest	-	-	-	-	-	(1,924,909)	(1,924,909)
Change in scope of consolidation	-	-	-	-	-	117,817	117,817
Shareholders' equity at December 31, 2008	<u>₩ 67,578,695</u>	<u>₩ 689,833,576</u>	<u>₩ (47,451,111)</u>	<u>₩ 837,210,237</u>	<u>₩ 36,753,067</u>	<u>₩ 11,590,505</u>	<u>₩1,595,514,969</u>

CJ CheilJedang Corporation and Subsidiaries
Consolidated Statements of Changes in Shareholders' Equity
Years ended December 31, 2010, 2009 and 2008

<i>(in thousands of Korean won)</i>	Capital stock	Capital surplus	Capital adjustments	Other cumulative comprehensive income	Retained earnings	Minority interests	Total
Shareholders' equity at January 1, 2009	₩ 67,578,695	₩ 689,833,576	₩ (47,451,111)	₩ 837,210,237	₩ 36,753,067	₩ 11,590,505	₩1,595,514,969
Cash dividends	-	-	-	-	(13,978,081)	-	(13,978,081)
Retained earnings after appropriations	67,578,695	689,833,576	(47,451,111)	837,210,237	22,774,986	11,590,505	1,581,536,888
Changes due to merger	824,855	24,296,541	(25,067,537)	-	-	(2,330)	51,529
Exercise of stock options	2,500	73,659	3,230,160	-	-	-	3,306,319
Acquisition of treasury stock	-	-	(3,082)	-	-	-	(3,082)
Stock compensation expense	-	-	2,270,393	-	-	-	2,270,393
Payment of long-term incentives	-	-	(10,724,072)	-	-	-	(10,724,072)
Gain on valuation of available-for sale securities, net	-	-	-	265,245	-	-	265,245
Loss on valuation of equity-method investments, net	-	-	-	(2,934,067)	-	(457,831)	(3,391,898)
Gain on valuation of derivative instruments, net	-	-	-	4,711,461	-	-	4,711,461
Change on revaluation of assets	-	-	-	(3,677,619)	-	50	(3,677,569)
Change in translation of foreign financial statements	-	-	-	(13,147,323)	-	(83,082)	(13,230,405)
Others	-	-	57,801	-	-	(527,667)	(469,866)
Minority interest in net income	-	-	-	-	-	2,677,500	2,677,500
Parent interest in net income	-	-	-	-	274,279,279	-	274,279,279
Shareholders' equity at December 31, 2009	<u>₩ 68,406,050</u>	<u>₩ 714,203,776</u>	<u>₩ (77,687,448)</u>	<u>₩ 822,427,934</u>	<u>₩ 297,054,265</u>	<u>₩ 13,197,145</u>	<u>₩1,837,601,722</u>

CJ CheilJedang Corporation and Subsidiaries
Consolidated Statements of Changes in Shareholders' Equity
Years ended December 31, 2010, 2009 and 2008

<i>(in thousands of Korean won)</i>	Capital stock	Capital surplus	Capital adjustments	Other cumulative comprehensive income	Retained earnings	Minority interests	Total
Shareholders' equity at January 1, 2010	₩ 68,406,050	₩ 714,203,776	₩ (77,687,448)	₩ 822,427,934	₩ 297,054,265	₩ 13,197,145	₩1,837,601,722
Cash dividends	-	-	-	-	(47,434,566)	-	(47,434,566)
Retained earnings after appropriations	68,406,050	714,203,776	(77,687,448)	822,427,934	249,619,699	13,197,145	1,790,167,156
Investment in kind	2,105,855	50,212,419	-	(18,343,505)	-	-	33,974,769
Stock compensation expense	-	-	2,573,909	-	-	-	2,573,909
Exercise of stock options	-	-	2,526,243	-	-	-	2,526,243
Acquisition of treasury stock	-	-	(19,131,684)	-	-	-	(19,131,684)
Disposal of stock of subsidiary	-	-	13,806	-	-	-	13,806
Gain on valuation of available-for sale securities, net	-	-	-	370,946,310	-	-	370,946,310
Gain (loss) on valuation of equity-method investments, net	-	-	-	(17,148,279)	-	164,132	(16,984,147)
Gain on valuation of derivative instruments, net	-	-	-	2,542,374	-	-	2,542,374
Change on revaluation of assets	-	-	-	(178,544)	-	(1,949)	(180,493)
Change in translation of foreign financial statements	-	-	-	11,656,135	-	(600,931)	11,055,204
Stock issuance by consolidated subsidiaries	-	-	-	-	-	1,461,225	1,461,225
Change in scope of consolidation	-	-	2,067,356	-	-	12,706,260	14,773,616
Minority interest in net income	-	-	-	-	-	2,469,421	2,469,421
Parent interest in net income	-	-	-	-	683,270,204	-	683,270,204
Shareholders' equity at December 31, 2010	<u>₩ 70,511,905</u>	<u>₩ 764,416,195</u>	<u>₩ (89,637,818)</u>	<u>₩1,171,902,425</u>	<u>₩ 932,889,903</u>	<u>₩ 29,395,303</u>	<u>₩2,879,477,913</u>

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

CJ CheilJedang Corporation and Subsidiaries
Consolidated Statements of Cash Flows
Years ended December 31, 2010, 2009 and 2008

(in thousands of Korean won)

	2010	2009	2008
Cash flows from operating activities (Note 27)			
Net income	₩ 685,739,625	₩ 276,956,779	₩ 20,458,178
Adjustments to reconcile net income to net cash provided by (used in) operating activities			
Depreciation and amortization	174,945,581	175,971,067	151,285,534
Provision for severance benefits	38,602,763	29,636,996	35,022,662
Bad debts expense	4,074,763	9,171,706	2,169,587
Stock based compensation	2,573,909	2,270,393	8,744,588
Loss (gain) on valuation of inventories, net	1,120,909	(1,383,082)	3,745,312
Loss from inventory obsolescence	19,863,596	21,324,085	23,833,888
Loss (gain) on foreign currency translation, net	(6,954,901)	(88,384,371)	92,873,605
Loss on disposal of equity-method investments, net	-	-	5,635,635
Loss on valuation of equity-method investments, net	1,048,084	4,568,966	1,935,460
Loss (gain) on disposal of property, plant and equipment, net	2,201,346	497,099	(50,478,919)
Loss on impairment of property, plant and equipment	1,419,655	3,971,373	65,976
Loss (gain) on settlement of derivative instruments, net	201,410	(33,399,835)	(2,683,601)
Loss(gain) on valuation of derivative instruments, net	(13,359,995)	15,502,213	(18,241,330)
Gain on disposal of available-for-sale securities, net	(542,246,263)	543,113	(17,953)
Deferred income taxes	20,093,022	43,317,459	(4,940,265)
Others	2,185,500	2,509,112	(2,070,521)
	<u>391,509,004</u>	<u>463,073,073</u>	<u>267,337,836</u>
Changes in operating assets and liabilities			
Decrease (increase) in trade accounts and notes receivable	(370,059,280)	(59,832,504)	105,059,504
Decrease in other accounts and notes receivable	3,519,067	24,154,687	5,721,873
Increase in prepaid taxes	(14,663,824)	(588,110)	(22,510,654)
Decrease(increase) in prepaid expenses	349,679	15,448,583	(1,043,044)
Decrease (increase) in inventories	(186,234,000)	215,895,875	(286,176,573)
Decrease (increase) in guarantee deposits	(5,075,466)	4,908,966	(12,466,185)
Decrease (increase) in trade accounts and notes payable	143,979,837	59,658,862	(174,301,477)
Increase (decrease) in other accounts and notes payable	(5,108,872)	(41,410,044)	126,440,124
Increase (decrease) in withholdings	(264,428)	17,512,904	(12,442,243)
Increase (decrease) in accrued expenses	(6,940,679)	26,264,492	(22,710,453)
Increase (decrease) in income taxes payable	127,175,237	(18,867,705)	9,838,495
Payment of severance benefits	(49,208,842)	(27,252,660)	(26,124,423)
Others	35,140,168	(11,059,299)	(6,490,597)
	<u>(327,391,403)</u>	<u>204,834,047</u>	<u>(317,205,653)</u>
Net cash provided by (used in) operating activities	<u>64,117,601</u>	<u>667,907,120</u>	<u>(49,867,817)</u>

CJ CheilJedang Corporation and Subsidiaries
Consolidated Statements of Cash Flows
Years ended December 31, 2010, 2009 and 2008

<i>(in thousands of Korean won)</i>	2010	2009	2008
Cash flows from investing activities			
Acquisition of available-for-sale securities	₩ (4,124,676)	₩ (5,503,051)	₩ (6,397,695)
Decrease (increase) in financial instruments	58,004,976	(331,133,486)	24,024,215
Decrease in long-term loans receivable, net	5,380,620	5,324,939	8,280,558
Proceeds from disposal of available-for-sale securities	542,653,087	977,546	168
Proceeds from disposal of property, plant and equipment	3,581,984	26,183,471	71,558,864
Acquisition of property, plant and equipment	(289,204,623)	(218,735,216)	(299,824,137)
Acquisition of intangible assets	(12,793,252)	(3,955,777)	(16,915,852)
Acquisition of equity-method investments	(6,751,435)	(21,510,701)	(10,981,200)
Settlement of derivative instruments	4,951,815	31,264,193	(1,095,159)
Others	(10,065,623)	(1,102,387)	(7,189,761)
Net cash provided by (used in) investing activities	<u>291,632,873</u>	<u>(518,190,469)</u>	<u>(238,539,999)</u>
Cash flows from financing activities			
Proceeds from short-term borrowings	28,902,237	-	477,035,236
Repayment of short-term borrowings	-	(261,230,176)	-
Proceeds from long-term debts	111,164,529	554,719,195	476,336,120
Repayment of current maturities of long-term debts	(375,083,863)	(158,440,887)	(564,537,937)
Repayment of long-term debts	(49,301,364)	(104,739,461)	(56,022,780)
Acquisition of treasury stock	(19,131,684)	(3,082)	-
Increase (decrease) in minority interest	693,756	-	(1,924,909)
Exercise of stock options	2,041,502	3,054,146	-
Payment of dividends	(47,434,566)	(13,978,081)	-
Net cash provided by (used in) financing activities	<u>(348,149,453)</u>	<u>19,381,654</u>	<u>330,885,730</u>
Effect of exchange rate changes on cash and cash equivalents			
	<u>(633,553)</u>	<u>(7,681,006)</u>	<u>13,253,657</u>
Increase in cash due to merger			
	<u>667,804</u>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents from the effect of change in scope of consolidation			
	<u>37,954,988</u>	<u>-</u>	<u>288,098</u>
Net increase in cash and cash equivalents	45,590,260	161,417,299	56,019,669
Cash and cash equivalents			
Beginning of the year	268,252,250	106,834,951	50,815,282
End of the year	<u>₩ 313,842,510</u>	<u>₩ 268,252,250</u>	<u>₩ 106,834,951</u>

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

CJ CheilJedang Corporation and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2010, 2009 and 2008

1. The Controlling Company

CJ CheilJedang Corporation (the "Controlling Company") was incorporated on September 1, 2007, through the split-off of the manufacturing business segment of CJ Corporation. The Controlling Company's stocks are publicly traded, and all issued and outstanding shares are listed on the Korean Stock Exchange. The Controlling Company has 18 plants and is engaged in manufacturing and selling refined sugar, wheat flour, animal feeds, food seasonings, medicines and processed meat.

Under its articles of incorporation, the Controlling Company is authorized to issue 50 million shares of capital stock with a par value per share of ₩5,000. As of December 31, 2010, 14,102,381 shares are issued and outstanding.

As of December 31, 2010, the Controlling Company's major shareholder is CJ Corporation, who owns 34.28% of the outstanding shares including preferred shares.

Consolidated Subsidiaries

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

CJ CheilJedang Corporation and Subsidiaries
Notes to Consolidated Financial Statements
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Subsidiaries included in the consolidated financial statements as of December 31, 2010, are as follows:

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

Subsidiaries	Total shareholders' equity	Number of Shares	Percentage of ownership (%)	Location	Primary business
Shindongbang CP Corporation	₩ 53,942	2,991,624	99.72	Korea	Manufacturing animal and vegetable grease
Superfeed Co., Ltd.	22,172	3,748,630	99.99	Korea	Manufacturing of feeds, rental service, processing goods
Dondonfarm Co., Ltd.	10,299	3,719,959	100.00	Korea	Raising hog
CJ Seafood Corporation	30,310	16,714,090	46.51	Korea	Processing and sale of agricultural, stockbreeding and marine products
Hasunjung General Food Co., Ltd.	23,918	90,000	100.00	Korea	Manufacturing and sale of salted fish
CJ MD1 Co., Ltd.	(707)	40,000	100.00	Korea	Sales promotion service
CJ Shenyang Feed Co., Ltd. ¹	5,753	-	100.00	China	Manufacturing of feeds
CJ Beijing Beverage & Foods Co., Ltd. ¹	9,863	-	100.00	China	Manufacturing of beverage and food
CJ Qingdao Foods Co., Ltd. ¹	(3,799)	-	100.00	China	Manufacturing and processing of meat
CJ Liaocheng Biotech Co., Ltd. ¹	185,778	-	100.00	China	Manufacturing and sale of lysine
Shenyang Jilong Corn Biotech Co., Ltd. ¹	16,069	-	100.00	China	Manufacturing animal and vegetable grease
CJ Nutracon Pty., Ltd. ¹	7,594	7,500,000	100.00	Australia	Manufacturing of feed concentration
CJ Philippines Inc.	22,170	764,400	70.00	Philippines	Manufacturing and sale of feeds
CJ Toyota Tsusho Philippines Inc.	12,358	2,684,416	44.87	Philippines	Manufacturing of organic sweetening
PT CheilJedang Indonesia	255,095	107,910	99.99	Indonesia	Manufacturing and sale of lysine
PT CheilJedang Superfeed	13,955	12,000	100.00	Indonesia	Manufacturing and sale of feeds
PT CJ Feed Jombang	10,459	4,000	100.00	Indonesia	Manufacturing and sale of feeds
PT Super Unggas Jaya	(10,093)	509,995	99.99	Indonesia	Raising livestock for breeding
CJ Vina Agri Co., Ltd. ¹	20,297	-	100.00	Vietnam	Manufacturing and sale of feeds
CJ America Inc.	19,277	161	100.00	U.S.A	Intermediary trade
CJ Europe GmbH. ¹	6,555	-	100.00	Germany	Intermediary trade
CJ China Ltd.	11,022	299	99.66	Hong Kong	Intermediary trade
CJ Global Holdings Ltd.	(16,434)	44,318,275	100.00	Hong Kong	Holding company of feed-manufacturing companies
CJ Do Brazil Ind. Com. Prod. Alim. Ltda. ¹	22,762	-	99.99	Brazil	Manufacturing and sale of lysine
Liaocheng Lantian Cogenerations Plant Co., Ltd. ¹	21,568	-	100.00	China	Supply of generation of electric power

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

CJ CheilJedang Corporation and Subsidiaries
Notes to Consolidated Financial Statements
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Certain information of consolidated subsidiaries as of and for the year ended December 31, 2010, follows :

(in millions of Korean won)

Subsidiaries	Assets	Liabilities	Sales	Net income (loss)
Shindongbang CP Corporation	₩ 137,295	₩ 83,353	₩ 139,269	₩ 12,771
Superfeed Co., Ltd.	31,020	8,848	30,810	(2,461)
Dondonfarm Co., Ltd.	19,455	9,156	68,744	(2,736)
CJ Seafood Corporation	60,926	30,616	111,083	5,151
Hasunjung General Food Co., Ltd.	34,751	10,833	34,672	350
CJ MD1 Co., Ltd.	13,874	14,581	92,739	(61)
CJ Shenyang Feed Co., Ltd.	14,751	8,998	19,951	432
CJ Beijing Beverage & Foods Co., Ltd.	19,611	9,748	12,109	(1,051)
CJ Qingdao Foods Co., Ltd.	30,052	33,851	56,264	(3,455)
CJ Liaocheng Biotech Co., Ltd.	276,998	91,220	261,674	47,910
Shenyang Jilong Corn Biotech Co., Ltd.	30,708	14,639	20,163	(1,250)
CJ Nutracon Pty., Ltd.	25,718	18,124	15,479	2,734
CJ Philippines Inc.	30,555	8,385	52,576	2,189
CJ Toyota Tsusho Philippines Inc.	52,872	40,514	-	(1,380)
PT CheilJedang Indonesia	667,813	412,718	622,513	92,199
PT CheilJedang Superfeed	125,856	111,901	139,856	428
PT CJ Feed Jombang	61,637	51,178	130,009	(705)
PT Super Unggas Jaya	29,826	39,919	75,566	(704)
CJ Vina Agri Co., Ltd.	39,826	19,529	116,295	923
CJ America Inc.	56,226	36,949	246,770	1,759
CJ Europe GmbH.	81,625	75,070	332,762	3,030
CJ China Ltd.	255,959	244,937	584,346	3,744
CJ Global Holdings Ltd.	12,728	29,162	-	1,032
CJ Do Brazil Ind. Com. Prod. Alim. Ltda.	212,879	190,117	151,657	(9,187)
Liaocheng Lantian Cogenerations Plant Co., Ltd.	49,580	28,012	32,432	3,685

CJ CheilJedang Corporation and Subsidiaries
Notes to Consolidated Financial Statements
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Subsidiaries excluded from the consolidation as of December 31, 2010, are as follows :

Subsidiaries	Primary business	Number of shares owned	Percentage of ownership (%)	Remark
Shinuido Solar Salt Corporation	Manufacturing and sale of solar salt	135,500	52.12	Small sized
CJ Changsha Feed Co., Ltd. ¹	Manufacturing and sale of feeds	-	100.00	Small sized
CJ Tianjin Feed Co., Ltd. ¹	Manufacturing and sale of feeds	-	100.00	Small sized
CJ Harbin Feed Co., Ltd. ¹	Manufacturing and sale of feeds	-	100.00	Small sized
CJ Qingdao Feed Co., Ltd. ¹	Manufacturing and sale of feeds	-	100.00	Small sized
Beijing Hasunjung General Food Co., Ltd. ¹	Manufacturing and sale of Kimchi	-	100.00	Small sized
CJ Zhengzhou Feed Co., Ltd. ¹	Manufacturing and sale of feeds	-	100.00	Small sized
CJ Nanjing Feed Co., Ltd. ¹	Manufacturing and sale of feeds	-	100.00	Small sized
CJ Chengdu Feed Co., Ltd. ¹	Manufacturing and sale of feeds	-	100.00	Small sized
PT Agrobis Panca Ekatama	Manufacturing of feeds	9,200	100.00	Small sized
CJ Omni Inc	Frozen food business	4,356	100.00	Small sized
PT CJ Pia	Poultry	250	50.00	Small sized
CJ Feed India Private Ltd. ¹	Manufacturing and sale of feeds	-	100.00	Small sized
CJ Pharma Research India PVT. Ltd. ¹	Manufacturing pharmaceutical products	-	100.00	Small sized
CJ Vina Food Co., Ltd.	Manufacturing and sale of feeds	100	100.00	Small sized
CJ International trading Co., Ltd. ¹	Intermediary Trade business	-	100.00	Small sized
Dong Young Food Co., Ltd. ¹	Processing and sale of agricultural, stockbreeding and marine products	-	100.00	Small sized

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

Changes in Subsidiaries Consolidated

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

Location	Name of Subsidiaries	Remark
Philippines	CJ Toyota Tsusho Philippines Inc	Increase in assets
Hong Kong	CJ Global Holdings Ltd.	Newly acquired
China	CJ Shenyang Feed Co., Ltd.	Newly acquired
China	Shenyang Jilong Corn Biotech Co., Ltd.	Newly acquired
Philippines	CJ Philippines Inc.	Newly acquired
Indonesia	PT CheilJedang Superfeed	Newly acquired
Indonesia	PT CJ Feed Jombang	Newly acquired
Indonesia	PT Super Unggas Jaya	Newly acquired
Vietnam	CJ Vina Agri Co., Ltd.	Newly acquired

CJ CheilJedang Corporation and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2010, 2009 and 2008

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

Location	Name of Subsidiaries	Remark
Singapore	CJ International Asia Pte. Ltd.	Disposal of stock

2. Summary of Significant Accounting Policies

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

Basis of Financial Statement Presentation

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

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

Principles of Consolidation

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

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

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

CJ CheilJedang Corporation and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2010, 2009 and 2008

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

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

The Controlling Company and its consolidated subsidiaries follow the same fiscal year end. Differences in accounting policies between the Company and its consolidated subsidiaries are adjusted during consolidation.

The accounting policies of CJ Liaocheng Biotech Co., Ltd. and CJ Do Brazil Inc. Com. Prod, Alim. Ltda. were reconciled to the accounting policies of the Controlling Company, in accordance with SKFAS No. 25, *Consolidated Financial Statements*. As a result, the net income of the Company increased by ₩2,304 million for the year ended December 31, 2010.

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.

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of goods are transferred to the buyer.

Cash and Cash Equivalents

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

Allowance for Doubtful Accounts

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

CJ CheilJedang Corporation and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2010, 2009 and 2008

Inventories

The quantities of inventories are determined using the perpetual method and periodic inventory count, while the costs of inventories are determined using the moving-weighted average method, except for materials in transit which are stated at actual cost as determined 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.

Superfeed Co., Ltd. and three other consolidated subsidiaries determine the quantities of inventories using first-in-first-out method, while Don Don Farm Co., Ltd. and two other consolidated subsidiaries determine the quantities of inventories using the total average method.

Investments in Securities

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

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

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

Property and Equipment, and Related Depreciation

Land is measured at fair value and property, plant and equipment, except land, are stated at cost, which includes acquisition cost, production cost and other costs required to prepare the asset for its intended use.

CJ CheilJedang Corporation and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2010, 2009 and 2008

An increase as a result of a revaluation is credited directly to equity under other accumulated comprehensive income and expense. However, the decrease as a result of a revaluation is deducted directly from equity under other accumulated other comprehensive income and expense to the extent of any balance existing in the revaluation surplus in respect of that asset and the residual is recognized as loss.

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
Buildings and structures	4 - 60 years
Machinery and equipment	2 - 25 years
Gardens	4 - 30 years

Expenditures incurred after the acquisition or completion of assets is 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	4 - 15 years
Others	4 - 50 years

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.

Stock and Bond Issuance Costs

Stock issuance costs are charged directly to paid-in capital in excess of par value. Bond issuance costs are charged directly to bond issuance price and accounted for as increase in discount on bonds or decrease in premium on bonds.

Discounts on Bonds

Discounts on bonds are amortized using the effective interest method over the maturity of the bonds and the amortized current portion is recorded as bond interest expense.

CJ CheilJedang Corporation and Subsidiaries

Notes to Consolidated Financial Statements

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Income Tax and Deferred Income Tax

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

Translation of Assets and Liabilities Denominated in Foreign Currencies

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

Accrued Severance Benefits

The Controlling Company and its Korean subsidiaries have a defined benefit pension plan. For the employees and directors who are still in the employ of the Company as of the date of the statement of financial position, and who are qualified under the pension plan based on their length of service, accrued severance benefits are recognized as of date of the statement of financial position representing the lump-sum payment for the benefits they elect to receive upon termination of their employment with the Company.

For the employees and directors who are not covered by defined benefit pension plan, but are entitled to receive a lump-sum payment upon termination of their employment based on their length of service and rate of pay at the time of termination, the amount which would be payable assuming all eligible employees and directors were to terminate their employment as of the date of the statement of financial position is recorded as accrued severance benefits.

The accrued severance benefits and accrued pension benefits are presented as net of pension plan assets, and in case the pension plan assets exceed the accrued severance benefits and accrued pension benefits, the excess amount is presented as an investment asset.

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

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.

CJ CheilJedang Corporation and Subsidiaries

Notes to Consolidated Financial Statements

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Share-based Payments

In case of equity-settled share-based payments, 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 payments, 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 date of statement of financial position and at settlement date. The change in fair value is recognized as an expense.

Provisions and Contingent Liabilities

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

Government Grants

Government grants received, which are to be repaid, are recorded as liability, 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 and Subsidiaries
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3. Financial Instruments Subject to Withdrawal Restriction

Financial instruments subject to withdrawal restrictions as of December 31, 2010, 2009 and 2008, consist of the following:

<i>(in thousands of Korean won)</i>	2010	2009	2008
Short-term financial instruments			
Government-sponsored research and development projects	₩ 2,160,329	₩ 682,073	₩ 1,427,322
Contract performance guarantee	-	214,457	-
Collateral for subsidiaries' borrowings	89,718,316	-	-
Others	-	2,545,000	1,000,000
	<u>₩ 91,878,645</u>	<u>₩ 3,441,530</u>	<u>₩ 2,427,322</u>
Long-term financial instruments			
Deposits for opening checking accounts	<u>₩ 23,000</u>	<u>₩ 23,000</u>	<u>₩ 26,000</u>

4. Inventories

Inventories as of December 31, 2010, 2009 and 2008, consist of following:

<i>(in millions of Korean won)</i>	2010	2009	2008
Finished goods and merchandises	₩ 256,244	₩ 200,653	₩ 256,540
Semi-finished goods and work-in-process	47,926	36,106	62,557
Raw materials and supplies	209,239	152,391	280,606
Stored goods	26,319	19,581	22,218
Materials in transit	259,275	157,985	185,044
	<u>799,003</u>	<u>566,716</u>	<u>806,965</u>
Less : Allowance for inventory valuation	<u>(4,306)</u>	<u>(3,183)</u>	<u>(5,814)</u>
	<u>₩ 794,697</u>	<u>₩ 563,533</u>	<u>₩ 801,151</u>

As of December 31, 2010, the Company's inventory is insured with fire insurance and package insurance amounting to ₩524,826 million with five insurance companies, including Samsung Life Insurance Co., Ltd..

CJ CheilJedang Corporation and Subsidiaries
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5. Equity-Method Investments

Equity-method investments as of December 31, 2010, consist of the following:

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

Investee	Number of Shares Owned	Percentage of Ownership (%)	Acquisition Cost	Net Asset Value	Book Value
Shinuido Solar Salt Corporation	135,500	52.12	₩ 677,500	₩ 206,901	₩ 210,757
Dong Young Foods Co., Ltd.	-	100.00	2,899,985	-	-
Qing Dao Neptune Foods Co., Ltd.	-	48.00	446,208	-	-
Beijing Hasunjung General Food Co., Ltd.	-	100.00	4,047,191	1,311,795	-
Lucky Union Foods Co., Ltd.	300,000	20.00	535,737	6,237,217	6,237,217
Beijing Ershang CJ Food Co., Ltd.	-	49.00	5,076,782	6,677,381	6,677,381
CJ Omni Inc.	2,392,360	100.00	9,315,824	6,354,554	8,477,461
CJ International Trading Co., Ltd.	-	100.00	564,180	5,828,294	5,743,579
CJ Pharma Research India Pvt. Ltd.	-	100.00	1,573,390	960,595	960,595
CJ&HACL Foodtech Co., Ltd.	-	49.00	19,209,570	16,704,466	16,704,466
Phil-Kor Holdings Co., Inc.	440,000	40.00	8,184	3,224	11,453
PT Agrobis Panca Ekatama	9,200	100.00	401,589	2,392,400	1,517,919
CJ Chengdu Feed Co., Ltd.	-	100.00	1,139,510	(442,093)	-
CJ Qingdao Feed Co., Ltd.	-	100.00	778,423	1,377,238	1,351,452
CJ Zhengzhou Feed Co., Ltd.	-	100.00	1,068,900	358,035	347,408
CJ Nanjing Feed Co., Ltd.	-	100.00	1,004,821	963,963	963,876
CJ Tianjin Feed Co., Ltd.	-	100.00	1,346,555	2,015,887	1,919,137
CJ Harbin Feed Co., Ltd.	-	100.00	1,488,024	47,323	39,906
CJ Changsha Feed Co., Ltd.	-	100.00	2,028,810	(1,083,488)	-
CJ Feed India Private Ltd.	-	100.00	469,014	292,251	292,251
Darby CJ Genetics Co., Ltd.	33	33.33	484,591	274,526	281,881
CJ Vina Food Co., Ltd.	100	100.00	940,929	(1,960,733)	-
PT CJ PIA	250	50.00	726,581	839,623	839,623
Total			<u>₩ 56,232,298</u>	<u>₩ 49,359,359</u>	<u>₩ 52,576,362</u>

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Equity-method investments as of December 31, 2009, consisted of the following:

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

Investee	Number of Shares Owned	Percentage of Ownership (%)	Acquisition Cost	Net Asset Value	Book Value
Dong Young Foods Co., Ltd.	-	100.00	₩ 2,899,985	₩ -	₩ -
Qing Dao Neptune Foods Co., Ltd.	-	48.00	446,208	-	-
Beijing Hasunjung General Food Co., Ltd.	-	100.00	3,930,612	1,535,160	-
Annie Chun's Inc.	2,390,383	100.00	11,164,151	(1,089,113)	505,827
CJ Pacific Corp.	5	100.00	56,620	1,512,040	1,512,040
Lucky Union Foods Co., Ltd.	300,000	20.00	535,737	5,800,026	5,800,026
Beijing Ershang CJ Food Co., Ltd.	-	49.00	5,076,782	6,969,339	6,969,339
CJ Omni Inc.	1,977	87.05	6,958,804	5,473,545	6,646,770
CJ International Trading Co., Ltd.	-	100.00	564,180	4,197,514	4,197,514
CJ Pharma Research India Pvt. Ltd.	-	100.00	1,573,390	1,216,168	1,216,168
CJ&HACL Foodtech Co., Ltd.	-	47.39	14,854,113	12,863,348	12,863,348
CJ Toyota Tsusho Philippines Inc.	3,019,966	52.94	7,632,450	7,073,888	7,073,888
Total			<u>₩ 55,693,032</u>	<u>₩ 45,551,915</u>	<u>₩ 46,784,920</u>

CJ CheilJedang Corporation and Subsidiaries
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Equity-method investments as of December 31, 2008, consisted of the following:

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

Investee	Number of Shares Owned	Percentage of Ownership (%)	Acquisition Cost	Net Asset Value	Book Value
CJ Venture Investment No. 8 Bio Fund	990	99.00	₩ 990,000	₩ 990,000	₩ 990,000
Dong Young Foods Co., Ltd.	275,000	100.00	2,899,985	-	-
Qing Dao Neptune Foods Co., Ltd.	48	48.00	-	-	-
Beijing Hasunjung General Food Co., Ltd.	-	100.00	3,819,929	1,378,088	1,378,088
Annie Chun's Inc.	2,031,825	84.99	7,767,001	66,795	2,451,605
CJ Pacific Corp.	5	100.00	56,620	1,574,316	1,574,316
CJ Food Service Co., Ltd.	1,999	9.94	243,701	324,338	324,338
Lucky Union Foods Co., Ltd.	300,000	20.00	535,737	6,376,360	6,376,360
Beijing Ershang CJ Food Co., Ltd.	-	49.00	5,076,782	7,310,598	7,310,598
CJ Omni Inc.	1,977	87.05	6,958,804	4,645,813	6,405,650
CJ International Trading Co., Ltd.	-	100.00	564,180	2,519,741	2,519,741
CJ Ord River Sugar Pty., Ltd.	1,095,369,100	100.00	15,455,313	216,159	216,159
CJ Pharma Research India Pvt. Ltd.	-	100.00	1,573,390	1,472,393	1,472,393
CJ&HACL Foodtech Co., Ltd.	-	38.11	4,483,697	3,757,936	3,757,936
Total			<u>₩ 50,425,139</u>	<u>₩ 30,632,537</u>	<u>₩ 34,777,184</u>

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Changes in goodwill (negative goodwill) for the year ended December 31, 2010, are as follows:

(in thousands of Korean won)

Investee	January 1, 2010	Increase (Decrease)	Amortization (Reversal)	December 31, 2010
Annie Chun's Inc.	₩ 1,594,940	₩(1,594,940)	₩ -	₩ -
CJ Omni Inc.	1,173,225	3,023,386	1,704,992	2,491,619
CJ&Hacl Foodtech Co., Ltd	-	7,393	7,393	-
Total	<u>₩ 2,768,165</u>	<u>₩ 1,435,839</u>	<u>₩ 1,712,385</u>	<u>₩ 2,491,619</u>

Changes in goodwill (negative goodwill) for the year ended December 31, 2009, were as follows:

(in thousands of Korean won)

Investee	January 1, 2009	Increase (Decrease)	Amortization (Reversal)	December 31, 2009
Annie Chun's Inc.	₩ 2,384,810	₩ -	₩ 789,870	₩ 1,594,940
CJ Omni Inc.	1,759,837	-	586,612	1,173,225
CJ&Hacl Foodtech Co., Ltd	-	106,650	106,650	-
Total	<u>₩ 4,144,647</u>	<u>₩ 106,650</u>	<u>₩ 1,483,132</u>	<u>₩ 2,768,165</u>

Changes in goodwill (negative goodwill) for the year ended December 31, 2008, were as follows:

(in thousands of Korean won)

Investee	January 1, 2008	Increase (Decrease)	Amortization (Reversal)	December 31, 2008
Annie Chun's Inc.	₩ 2,190,356	₩ 1,369,955	₩ 1,175,501	₩ 2,384,810
CJ Omni Inc.	2,346,450	75,790	662,403	1,759,837
PT Bumi Tapioka Jaya	2,261,940	(2,261,940)	-	-
Total	<u>₩ 6,798,746</u>	<u>₩ (816,195)</u>	<u>₩ 1,837,904</u>	<u>₩ 4,144,647</u>

CJ CheilJedang Corporation and Subsidiaries
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The changes in the book values of equity-method investments for the year ended December 31, 2010, are as follows:

(In thousands of Korean won)

Investee	January 1, 2010	Gain (loss) on valuation of Equity-method Investments	Other Increase (Decrease)	December 31, 2010
Shinuido Solar Salt Corporation	₩ -	₩ (466,743)	₩ 677,500	₩ 210,757
Qing Dao Neptune Foods Co., Ltd.	-	(116,579)	116,579	-
Annie Chun's Inc.	505,827	-	(505,827)	-
CJ Pacific Corp.	1,512,040	(68,343)	(1,443,697)	-
Lucky Union Foods Co., Ltd.	5,800,026	264,773	172,418	6,237,217
Beijing Ershang CJ Food Co., Ltd.	6,969,339	(347,232)	55,274	6,677,381
CJ Omni Inc.	6,646,770	(884,807)	2,715,498	8,477,461
CJ International Trading Co., Ltd.	4,197,514	1,495,284	50,781	5,743,579
CJ Pharma Research India Pvt. Ltd.	1,216,168	(275,343)	19,770	960,595
CJ&HACL Foodtech Co., Ltd.	12,863,348	(693,052)	4,534,170	16,704,466
CJ Toyota Tsusho Philippines Inc.	7,073,888	-	(7,073,888)	-
Phil-Kor Holdings Co., Inc.	-	-	11,453	11,453
PT Agrobis Panca Ekatama	-	760,659	757,260	1,517,919
CJ Chengdu Feed Co., Ltd.	-	(109,639)	109,639	-
CJ Qingdao Feed Co., Ltd.	-	1,105,702	245,750	1,351,452
CJ Zhengzhou Feed Co., Ltd.	-	222,665	124,743	347,408
CJ Nanjing Feed Co., Ltd.	-	595,623	368,253	963,876
CJ Tianjin Feed Co., Ltd.	-	866,220	1,052,917	1,919,137
CJ Harbin Feed Co., Ltd.	-	(410,251)	450,157	39,906
CJ Feed India Private Ltd.	-	(34,617)	326,868	292,251
Darby CJ Genetics Co., Ltd.	-	-	281,881	281,881
PT CJ PIA	-	(75,732)	915,355	839,623
Total	<u>₩ 46,784,920</u>	<u>₩ 1,828,588</u>	<u>₩ 3,962,854</u>	<u>₩ 52,576,362</u>

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The changes in the book values of equity-method investments for the year ended December 31, 2009, were as follows:

(In thousands of Korean won)

Investee	January 1, 2009	Gain (loss) on valuation of Equity-method Investments	Other Increase (Decrease)	December 31, 2009
CJ Venture Investment No. 8 Bio Fund	₩ 990,000	₩ -	₩ (990,000)	₩ -
Beijing Hasunjung General Food Co., Ltd.	1,378,088	(1,270,001)	(108,087)	-
Annie Chun's Inc.	2,451,605	(5,447,258)	3,501,480	505,827
CJ Pacific Corp.	1,574,316	55,287	(117,563)	1,512,040
Lucky Union Foods Co., Ltd.	6,376,361	243,179	(819,513)	5,800,027
Beijing Ershang CJ Food Co., Ltd.	7,310,598	192,430	(533,690)	6,969,338
CJ Omni Inc.	6,405,650	681,333	(440,213)	6,646,770
CJ International Trading Co., Ltd.	2,519,741	2,027,664	(349,891)	4,197,514
CJ Ord River Sugar Pty., Ltd.	216,158	-	(216,158)	-
CJ Pharma Research India Pvt. Ltd.	1,472,393	(329,496)	73,271	1,216,168
CJ&HACL Foodtech Co., Ltd.	3,757,936	(438,212)	9,543,624	12,863,348
CJ Toyota Tsusho Philippines Inc.	-	(283,892)	7,357,780	7,073,888
Total	<u>₩ 34,452,846</u>	<u>₩ (4,568,966)</u>	<u>₩ 16,901,040</u>	<u>₩ 46,784,920</u>

The changes in the book values of equity-method investments for the year ended December 31, 2008, were as follows:

(In thousands of Korean won)

Investee	January 1, 2008	Gain (loss) on valuation of Equity-method Investments	Other Increase (Decrease)	December 31, 2008
CJ Venture Investment No. 8 Bio Fund	₩ 990,000	₩ -	₩ -	₩ 990,000
Beijing Hasunjung General Food Co., Ltd.	866,335	(276,788)	788,541	1,378,088
Annie Chun's Inc.	3,222,254	(2,478,608)	1,707,959	2,451,605
CJ Cambodia Co., Ltd.	4,354,584	-	(4,354,584)	-
CJ Pacific Corp.	1,029,324	178,024	366,968	1,574,316
CJ Food Service Co., Ltd.	240,400	-	83,938	324,338
Lucky Union Foods Co., Ltd.	5,025,428	539,325	811,607	6,376,360
CJ International Asia Pte. Ltd.	471,223	-	(471,223)	-
PT Bumi Tapioka Jaya	3,377,523	-	(3,377,523)	-
Beijing Ershang CJ Food Co., Ltd.	5,069,414	39,261	2,201,923	7,310,598
CJ Omni Inc.	5,627,766	(497,011)	1,274,895	6,405,650
CJ International Trading Co., Ltd.	564,180	2,550,526	(594,965)	2,519,741
CJ Ord River Sugar Pty., Ltd.	-	(1,833,608)	2,049,767	216,159
CJ Pharma Research India Pvt. Ltd.	-	(128,327)	1,600,720	1,472,393
CJ&HACL Foodtech Co., Ltd.	-	(28,254)	3,786,190	3,757,936
Total	<u>₩ 30,838,431</u>	<u>₩ (1,935,460)</u>	<u>₩ 5,874,213</u>	<u>₩ 34,777,184</u>

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Gain or loss on equity-method investments recorded under other cumulative comprehensive income for the year ended December 31, 2010, consist of the following:

<i>(in thousands of Korean won)</i>	January 1, 2010	Valuation Amount	Investment in Kind	December 31, 2010
Gain on valuation of equity-method investments	₩ 3,281,029	₩ (17,349,367)	₩ 20,345,105	₩ 6,276,767
Loss on valuation of equity-method investments	(2,742,920)	201,088	(209,892)	(2,751,724)
	<u>₩ 538,109</u>	<u>₩ (17,148,279)</u>	<u>₩ 20,135,213</u>	<u>₩ 3,525,043</u>

Gain or loss on equity-method investments recorded under other cumulative comprehensive income for the year ended December 31, 2009, consisted of the following:

<i>(in thousands of Korean won)</i>	January 1, 2009	Valuation Amount	Included in Earnings	December 31, 2009
Gain on valuation of equity-method investments	₩ 4,791,641	₩ (1,510,612)	₩ -	₩ 3,281,029
Loss on valuation of equity-method investments	(1,319,465)	(1,423,455)	-	(2,742,920)
	<u>₩ 3,472,176</u>	<u>₩ (2,934,067)</u>	<u>₩ -</u>	<u>₩ 538,109</u>

Gain or loss on equity-method investments recorded under other cumulative comprehensive income for the year ended December 31, 2008, consisted of the following:

<i>(in thousands of Korean won)</i>	January 1, 2008	Valuation Amount	Included in Earnings	December 31, 2008
Gain on valuation of equity-method investments	₩ 75,433	₩ 4,716,208	₩ -	₩ 4,791,641
Loss on valuation of equity-method investments	(512,382)	(807,083)	-	(1,319,465)
	<u>₩ (436,949)</u>	<u>₩ 3,909,125</u>	<u>₩ -</u>	<u>₩ 3,472,176</u>

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Financial information of significant investees as of and for the year ended December 31, 2010, follows:

(in thousands of Korean won)

Investee	2010			
	Assets	Liabilities	Sales	Net income (loss)
Shinuido Solar Salt Corporation	₩ 10,317,912	₩ 9,920,906	₩ 561,884	₩ (902,994)
Beijing Hasunjung General Food Co., Ltd.	2,847,028	1,535,233	37,248	235,709
Lucky Union Foods Co., Ltd.	51,313,574	20,127,489	37,731,192	2,365,985
Beijing Ershang CJ Food Co., Ltd.	20,064,997	6,437,649	25,332,197	(708,639)
CJ Omni Inc.	17,317,037	10,962,483	41,262,013	1,303,499
CJ International Trading Co., Ltd.	6,301,652	473,358	6,794,532	1,580,000
CJ Pharma Research India Pvt. Ltd.	960,595	-	-	(275,344)
CJ&HACL Foodtech Co., Ltd.	41,754,393	7,663,647	9,295,486	(1,399,305)
Phil-Kor Holdings Co., Inc.	882,403	874,230	-	2,357
PT Agrobis Panca Ekatama	6,437,245	4,044,845	58,196	1,635,140
CJ Chengdu Feed Co., Ltd.	1,986,530	2,428,623	72,645	(564,070)
CJ Qingdao Feed Co., Ltd.	2,845,564	1,468,327	168,284	1,120,222
CJ Zhengzhou Feed Co., Ltd.	2,221,014	1,862,979	75,179	233,291
CJ Nanjing Feed Co., Ltd.	3,117,925	2,153,961	131,610	595,711
CJ Tianjin Feed Co., Ltd.	4,186,722	2,170,835	126,515	962,969
CJ Harbin Feed Co., Ltd.	2,645,565	2,598,242	39,452	(402,834)
CJ Changsha Feed Co., Ltd.	2,731,045	3,814,533	38,132	(622,161)
CJ Feed India Private Ltd.	293,233	981	2,442	(34,617)
Darby CJ Genetics Co., Ltd.	4,142,583	3,318,922	1,693,461	(1,072,423)
CJ Vina Food Co., Ltd.	5,249,265	7,209,998	11,174,476	(2,486,271)
PT CJ PIA	3,653,220	1,973,974	22,231	527,581

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6. Long-Term Available-For-Sale Securities

Long-term available-for-sale securities as of December 31, 2010, 2009 and 2008, consist of the following:

(in thousands of Korean won)	Detail	2010			2009	2008
		Acquisition Cost	Fair Value or Net Book Value	Recorded Book Value	Recorded Book Value	Recorded Book Value
Marketable investments	(1)	₩ 9,449,540	₩ 480,676,856	₩ 480,676,856	₩ 6,405,145	₩ 6,987,822
Non-marketable investments	(2)	56,913,507	15,310,813	14,653,816	9,865,812	7,725,812
Other investments	(3)	14,922,728	12,921,200	14,922,728	14,802,780	11,561,552
		<u>₩ 81,285,775</u>	<u>₩ 508,908,869</u>	<u>₩ 510,253,400</u>	<u>₩ 31,073,737</u>	<u>₩ 26,275,186</u>

(1) Marketable investments

Marketable investments as of December 31, 2010, 2009 and 2008, consist of the following:

(in thousands of Korean won, except number of shares and percentage of ownership)	Number of Shares Owned	Percentage of Ownership (%)	2010		2009	2008
			Acquisition Cost	Fair Value	Recorded Book Value	Recorded Book Value
A-Motion Co., Ltd.	5,137	0.01	₩ 200,001	₩ 3,000	₩ 3,000	₩ 4,264
Shinhan Financial Group Co., Ltd.	147	0.00	6,027	7,776	7,776	6,350
Samsung Life Insurance Co., Ltd.	4,591,510	2.30	371,700	470,629,775	470,629,775	-
Theragen Etex Co., Ltd.	364,000	1.88	2,004,184	2,507,960	2,507,960	-
KT Corporation	130,653	0.05	5,095,467	6,042,701	6,042,701	5,108,532
Neuralstem Inc.	615,309	1.91	1,772,161	1,485,644	1,485,644	1,285,999
Global Bio-chem Technology Group	-	-	-	-	-	-
			<u>₩ 9,449,540</u>	<u>₩ 480,676,856</u>	<u>₩ 480,676,856</u>	<u>₩ 6,405,145</u>
						<u>₩ 6,987,822</u>

Samsung Life Insurance Co., Ltd.'s shares owned by the Company were listed on the Korea Stock Exchange on May 12, 2010. Out of 9,591,510 shares, the Company sold 5,000,000 shares on May 7, 2010 (public offering price: ₩110,000 per share) and recorded ₩542,248 million as gain on disposal of available-for-sale securities.

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(2) Non-marketable investments

Non-marketable investments as of December 31, 2010, 2009 and 2008, consist of the following:

<i>(in thousands of Korean won, except number of shares and percentage of ownership)</i>			2010		2009		2008	
	Number of Shares Owned	Percentage of Ownership (%)	Recorded Book Value	Fair Value or Net book Value	Recorded Book Value	Recorded Book Value	Recorded Book Value	
Kihyup Technology Banking Corp	200,000	0.35	₩ 100,000	₩ 129,045	₩ 100,000	₩ 100,000	₩ 100,000	
Eland Retail Ltd.	271	0.00	1,345	4,487	1,345	1,345	1,345	
Dream CIS Co., Ltd.	3,120	3.10	100,050	-	-	-	-	
Bioholdings Co., Ltd.	9,286	3.57	250,000	-	-	-	-	
Samsung Lions Co., Ltd.	29,999	15.00	149,995	-	-	-	-	
Airmidia Corporation	20,280	0.40	8,675,828	28,241	-	-	-	
KPX Biotech Co., Ltd. ²	5,652	0.62	100,000	42,237	100,000	100,000	100,000	
Ezmedicom Inc. ²	80,000	0.35	200,000	46,316	200,000	200,000	200,000	
Incheon Development Co., Ltd. ²	685	2.85	14,800	-	14,800	14,800	14,800	
Jebun Industry Co., Ltd.	39,792	18.88	227,215	815,409	227,215	227,215	227,215	
Ginseng Science Inc.	19,900	0.49	9,950	48,167	9,950	9,950	9,950	
Pharmtech Holdings Co., Ltd.	68,640	1.99	200,000	-	-	-	-	
The Korea Economic Daily Co., Ltd. ²	7,660	0.05	109,844	49,873	64,617	64,617	64,617	
Kims Club Mart Co., Ltd.	696	0.00	69,612	4,666	-	-	-	
Korea Alcohol Sales Co., Ltd.	2,172	0.60	11,553	44,956	11,553	11,553	11,553	
Samsung Life Insurance Co., Ltd.	-	-	-	-	-	776,468	776,468	
Nature & Human Co., Ltd.	31,840	15.86	159,200	168,592	159,200	159,200	159,200	
Julynet Co., Ltd.	28,014	15.30	1,333,350	-	-	-	-	
Sang-yeon Tech Co., Ltd.	2	0.00	1,889	-	1,889	1,889	1,889	
Haitai Confectionery & Food Co., Ltd. ¹	426,000	0.12	5,987,476	10,773,541	10,773,541	5,987,475	5,987,475	
Join Co., Ltd. ¹	86,000	3.26	4,150,000	2,928,406	2,928,406	2,150,000	-	
Others	-	-	35,061,400	226,877	61,300	61,300	71,300	
Total			₩56,913,507	₩15,310,813	₩14,653,816	₩ 9,865,812	₩ 7,725,812	

¹The Company recorded the stocks of Join Co., Ltd. and Haitai Confectionery & Foods Co., Ltd. at their fair values measured by KAP & KR Co., using the discounted cash flow method based on its professional valuation and appropriate projected estimates.

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

²As of December 31, 2010, 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 future.

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(3) Other investments

Other investments as of December 31, 2010, 2009 and 2008, consist of the following:

<i>(in thousands of Korean won)</i>	2010		2009		2008
	Acquisition Cost	Market Value or Net book Value	Recorded Book Value	Recorded Book Value	Recorded Book Value
Investments in partnerships	₩ 116,499	₩ 212,240	₩ 116,499	₩ 106,843	₩ 106,843
Investments in private equity fund	14,776,229	12,640,315	14,776,229	14,655,737	11,302,687
Others	30,000	68,645	30,000	40,200	152,022
	<u>₩14,922,728</u>	<u>₩12,921,200</u>	<u>₩14,922,728</u>	<u>₩14,802,780</u>	<u>₩11,561,552</u>

Valuation Gain (Loss) on Available-For-Sale Securities

For the years ended December 31, 2010 and 2009, the changes in valuation gain (loss) on available-for-sale securities are as follows:

<i>(in thousands of Korean won)</i>	2010			2009			
	January 1, 2010	Valuation Amount	December 31, 2010	January 1, 2009	Valuation Amount	Included in Earnings	December 31, 2009
Short-term available-for-sale securities	₩ (63,440)	₩ 87,277	₩ 23,837	₩ (11,074)	₩(52,366)	₩ -	₩ (63,440)
A-Motion Co., Ltd.	(27,329)	(986)	(28,315)	(28,872)	1,543	-	(27,329)
Shinhan Financial Group Co., Ltd.	1,638	1,112	2,750	116	1,522	-	1,638
Samsung Life Insurance Co., Ltd.	-	366,801,299	366,801,299	-	-	-	-
Theragen Etex Co., Ltd.	-	392,945	392,945	-	-	-	-
KT Corporation	310,824	728,651	1,039,475	3,539	307,780	(495)	310,824
Neuralstem Inc.	(379,207)	155,724	(223,483)	(386,468)	7,261	-	(379,207)
Join Co., Ltd.	-	(952,843)	(952,843)	-	-	-	-
Haitai Confectionery & Foods Co., Ltd.	-	3,733,131	3,733,131	-	-	-	-
	<u>₩(157,514)</u>	<u>₩370,946,310</u>	<u>₩370,788,796</u>	<u>₩(422,759)</u>	<u>₩265,740</u>	<u>₩ (495)</u>	<u>₩(157,514)</u>

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7. Property, Plant and Equipment

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

<i>(in millions of Korean won)</i>	Land	Buildings and Structures	Machinery and equipment	Construction -in-progress	Others	Total
Balance at January 1, 2010	₩ 1,562,256	₩ 561,472	₩ 668,888	₩ 141,920	₩ 5,945	₩ 2,940,481
Acquisition	12,439	23,272	146,889	103,653	2,953	289,206
Transfer	16,933	4,408	25,979	(47,407)	87	-
Increase due to merger	392	-	-	-	-	392
Changes of consolidated subsidiaries	15,714	27,561	19,401	3,836	1,128	67,640
Disposal	(426)	(3,381)	(1,863)	-	(337)	(6,007)
Impairment	-	(1,331)	(89)	-	-	(1,420)
Depreciation	-	(37,707)	(118,277)	-	(1,825)	(157,809)
Others	135	(1,390)	(372)	(256)	(2)	(1,885)
Effect of foreign currency translation	409	1,088	(1,728)	(789)	(24)	(1,044)
Balance at December 31, 2010	<u>₩ 1,607,852</u>	<u>₩ 573,992</u>	<u>₩ 738,828</u>	<u>₩ 200,957</u>	<u>₩ 7,925</u>	<u>₩ 3,129,554</u>

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

<i>(in millions of Korean won)</i>	Land	Buildings and Structures	Machinery and equipment	Construction -in-progress	Others	Total
Balance at January 1, 2009	₩ 1,532,251	₩ 503,912	₩ 730,627	₩ 138,936	₩ 6,364	₩ 2,912,090
Acquisition	1,096	59,940	32,701	123,144	1,863	218,744
Transfer	36,976	39,084	40,788	(116,886)	36	-
Disposal	(8,112)	(9,523)	(12,473)	-	(218)	(30,326)
Impairment	-	-	(3,971)	-	-	(3,971)
Depreciation	-	(35,507)	(112,122)	-	(1,862)	(149,491)
Others	-	(127)	(1,677)	(1,097)	(181)	(3,082)
Effect of foreign currency translation	44	3,693	(4,985)	(2,177)	(56)	(3,481)
Balance at December 31, 2009	<u>₩ 1,562,255</u>	<u>₩ 561,472</u>	<u>₩ 668,888</u>	<u>₩ 141,920</u>	<u>₩ 5,946</u>	<u>₩ 2,940,481</u>

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Property, plant and equipment as of December 31, 2008, and the changes in the accounts for the year then ended, were as follows:

<i>(in millions of Korean won)</i>	Land	Buildings and Structures	Machinery and equipment	Construction -in-progress	Others	Total
Balance at January 1, 2008	₩ 508,080	₩ 403,407	₩ 625,652	₩ 87,295	₩ 6,040	₩ 1,630,474
Acquisition	15,653	65,891	113,462	103,085	1,733	299,824
Transfer	856	22,439	28,898	(52,447)	254	-
Changes of consolidated subsidiaries	-	-	4	-	-	4
Gain on revaluation	1,019,503	-	-	-	-	1,019,503
Disposal	(14,161)	(5,331)	(1,346)	(13)	(229)	(21,080)
Depreciation	-	(32,547)	(99,946)	-	(1,576)	(134,069)
Others	-	(1,464)	(765)	(1,298)	(29)	(3,556)
Effect of foreign currency translation	2,320	51,517	64,668	2,314	171	120,990
Balance at December 31, 2008	<u>₩ 1,532,251</u>	<u>₩ 503,912</u>	<u>₩ 730,627</u>	<u>₩ 138,936</u>	<u>₩ 6,364</u>	<u>₩ 2,912,090</u>

As of December 31, 2010, the Company's land and buildings amounting to ₩209,006 million are pledged as collaterals for various loans from financial institutions (Note 9 and 11).

As of December 31, 2010, depreciable assets are insured against fire and other casualty losses, contingent business interruption losses, director and officer liability losses, product liability losses and others for up to ₩2,879,323 million, ₩745,263 million, ₩51,000 million and ₩53,476 million, and ₩147,660, respectively.

As of December 31, 2010, the value of the Controlling Company and its Korean subsidiaries' land based on the posted price issued by the Korean tax authority amounted to ₩983,163 million (2009 : ₩940,893 million; 2008 : ₩912,020 million).

As of December 31, 2010, construction-in-progress consists mainly of costs incurred in the construction of the Osong plant.

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8. Intangible Assets

The details of the changes in intangible assets for the years ended December 31, 2010, 2009 and 2008, are as follows:

<i>(in thousands of Korean won)</i>	2010			
	Goodwill	Industrial Property Rights	Others	Total
Balance at January 1, 2010	₩ 51,352,975	₩ 7,821,379	₩ 20,613,775	₩ 79,788,129
Acquisition	-	2,998,859	17,425,711	20,424,570
Change of consolidated subsidiaries	-	-	4,181,438	4,181,438
Disposal	-	(1,238)	(2)	(1,240)
Amortization	(13,012,414)	(1,682,425)	(2,441,204)	(17,136,043)
Others	-	-	28,707	28,707
Effect of foreign currency translation	-	355	188,270	188,625
Balance at December 31, 2010	<u>₩ 38,340,561</u>	<u>₩ 9,136,930</u>	<u>₩ 39,996,695</u>	<u>₩ 87,474,186</u>

<i>(in thousands of Korean won)</i>	2009			
	Goodwill	Industrial Property Rights	Others	Total
Balance at January 1, 2009	₩ 64,469,888	₩ 6,399,633	₩30,974,094	₩101,843,615
Acquisition	-	3,304,438	651,339	3,955,777
Disposal	-	(127)	(579,408)	(579,535)
Amortization	(13,116,913)	(1,266,139)	(12,097,190)	(26,480,242)
Others	-	-	6,548,696	6,548,696
Effect of foreign currency translation	-	(616,426)	(4,883,756)	(5,500,182)
Balance at December 31, 2009	<u>₩ 51,352,975</u>	<u>₩ 7,821,379</u>	<u>₩20,613,775</u>	<u>₩ 79,788,129</u>

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<i>(in thousands of Korean won)</i>	2008			
	Goodwill	Industrial Property Rights	Others	Total
Balance at January 1, 2008	₩ 77,900,296	₩ 5,525,106	₩14,410,537	₩ 97,835,939
Acquisition	-	1,934,100	14,981,752	16,915,852
Disposal	-	(700)	-	(700)
Amortization	(13,430,408)	(1,058,873)	(2,727,158)	(17,216,439)
Effect of foreign currency translation	-	-	4,308,963	4,308,963
Balance at December 31, 2008	<u>₩ 64,469,888</u>	<u>₩ 6,399,633</u>	<u>₩30,974,094</u>	<u>₩101,843,615</u>

Amortization of intangible assets is charged to the following accounts:

<i>(in thousands of Korean won)</i>	2010	2009	2008
Production costs	₩ 660,407	₩ 119,481	₩ 1,799,030
Selling and administrative expenses	16,475,636	26,360,761	15,417,409
	<u>₩ 17,136,043</u>	<u>₩ 26,480,242</u>	<u>₩ 17,216,439</u>

9. Short-Term Borrowings

Short-term borrowings as of December 31, 2010, 2009 and 2008, consist of the following:

<i>(in thousands of Korean won)</i>	Annual Interest Rates (%)			
	2010	2010	2009	2008
Local currency loans				
General short-term loans	3.50 - 7.50	₩ 70,368,437	₩ 40,415,120	₩ 283,813,717
Foreign currency loans, in Korean won equivalents				
General short-term loans	LIBOR+0.73 - 2.75 1.56 - 6.57	575,922,201	429,058,472	389,496,908
Usance financing	0.82 - 6.12	411,740,055	453,136,262	521,911,837
		<u>₩1,058,030,693</u>	<u>₩ 922,609,854</u>	<u>₩1,195,222,462</u>

The Company's property, plant and equipment and financial instruments are pledged as collaterals for the short-term debts above (Notes 3 and 7).

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10. Debentures

Debentures outstanding as of December 31, 2010, 2009 and 2008, consist of the following:

<i>(in thousands of Korean won)</i>	Annual Interest Rates (%)	2010	2009	2008
	2010	2010	2009	2008
Non-guaranteed public bonds	4.6 - 5.5	₩ 250,000,000	₩ 250,000,000	₩ -
Bonds payable in foreign currency ¹	4.4	170,835,000	268,548,000	342,357,091
		<u>420,835,000</u>	<u>518,548,000</u>	<u>342,357,091</u>
Less: Discounts		(982,928)	(2,448,404)	(2,820,003)
Less: Current maturities		<u>(170,340,921)</u>	<u>(93,255,190)</u>	<u>(53,132,091)</u>
		<u>₩ 249,511,151</u>	<u>₩ 422,844,406</u>	<u>₩ 286,404,997</u>

¹ In order to reduce the impact of changes in exchange rates and interest rates on future cash flows, the Company enters into foreign currency and interest rate swap contracts. As of December 31, 2010, an unrealized loss of ₩2,991 million resulting from these swap contacts was recorded as other cumulative comprehensive income (Note 14).

11. Long-term Borrowings

Long-term borrowings as of December 31, 2010, 2009 and 2008, consist of the following

<i>(in thousands of Korean won)</i>	Annual Interest Rates (%)	2010	2009	2008
	2010	2010	2009	2008
Local currency loans				
General long-term loans	-	₩ -	₩ 200,000,000	₩ 300,000,000
Loans for facilities	5.28	32,268,060	21,379,650	-
Other	3.00 – 4.00	7,999,000	5,804,000	804,000
Foreign currency loans, in Korean won equivalents				
General short-term loans	2.92 – 3.11, LIBOR+0.85 – 1.44	188,849,487	200,111,936	295,885,307
Loan for facilities	7.92	1,895,680	3,421,825	-
GSM and other	0.54 – 2.15	240,046,889	268,072,124	108,881,774
		<u>471,059,116</u>	<u>698,789,535</u>	<u>705,571,081</u>
Less: Current maturities		<u>(267,896,768)</u>	<u>(282,068,673)</u>	<u>(159,767,302)</u>
		<u>₩ 203,162,348</u>	<u>₩ 416,720,862</u>	<u>₩ 545,803,779</u>

The Company's property, plant and equipment, and financial instruments are pledged as collaterals for the long-term debts above (Notes 3 and 7). And the Controlling Company mostly provided guarantees to indebtedness of the foreign subsidiaries (Note 19).

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Maturities of long-term loans outstanding as of December 31, 2010, excluding discounts are as follows:

(in thousands of Korean won)

Year of maturity	Debentures	Loans	Total
2012	₩ 250,000,000	₩ 115,827,908	₩ 365,827,908
2013	-	47,928,500	47,928,500
2014	-	39,405,940	39,405,940
	<u>₩ 250,000,000</u>	<u>₩ 203,162,348</u>	<u>₩ 453,162,348</u>

12. Accrued Severance Benefits

Changes in accrued severance benefits for the years ended December 31, 2010, 2009 and 2008, consist of the following:

(In thousands of Korean won)

	2010	2009	2008
Balance at beginning of the year	₩108,029,293	₩104,089,045	₩ 92,701,171
Provision for severance benefits	42,431,990	31,186,729	37,610,105
Actual severance payments	(49,208,842)	(27,252,660)	(26,124,423)
Effect of foreign currency translation	(64,563)	6,179	(97,808)
Change of consolidated subsidiaries	1,868,842	-	-
	<u>103,056,720</u>	<u>108,029,293</u>	<u>104,089,045</u>
Less : Cumulative deposits to National Pension Fund	(397,768)	(496,084)	(620,706)
Severance insurance deposits	(1,302,881)	(69,761,367)	(65,007,443)
Pension plan assets	(69,448,917)	-	-
Balance at end of the year	<u>₩ 31,907,154</u>	<u>₩ 37,771,842</u>	<u>₩ 38,460,896</u>

As of December 31, 2010, pension plan assets are as follows:

Cash and cash equivalents	₩	21,365,127
Equity-linked securities		19,035,550
Securities		6,747,973
Loan receivables		13,784,291
Others		8,515,976
	<u>₩</u>	<u>69,448,917</u>

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13. Commitments and Contingencies

As of December 31, 2010, commitments are as follows:

(in millions of Korean won)

General loan agreements	₩	161,240
Banker's usance borrowing agreements		1,737,734
Collateral loan facilities on accounts receivables		441,516
Trade notes receivables discounting facilities		45,000
Corporate purchase card		55,069
Bank overdraft		126,235
B2B agreements		245,200
Others		121,743

As of December 31, 2010, the Company is a party to various legal claims and proceedings amounting to ₩12,315 million as the plaintiff, and ₩5,430 million as the defendant. 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 December 31, 2010, 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 year ended December 31, 2010, with respect to these agreements amounted to approximately ₩10,162 million.

As of December 31, 2010, one blank check is held as collateral by Korea Agricultural Trade Corporation to guarantee certain contractual obligations.

As of December 31, 2010, in connection with performance guarantees, the Company is provided with payment guarantees of ₩5,112 million from Seoul Guarantee Insurance Company. The Company's exports are insured for up to ₩45,047 million by Korea Export Insurance Corporation.

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14. Derivative Instruments

Derivative instruments as of December 31, 2010, 2009 and 2008, consist of the following:

<i>(in thousands of Korean won)</i>	2010				
	Trading		Hedge		Other comprehensive income ¹
	Valuation gain	Valuation loss	Valuation gain	Valuation loss	
Commodity futures	₩ 8,179,888	₩ (1,874,022)	₩ -	₩ -	₩ -
Commodity option	14,799,514	(8,028,071)	-	-	-
Foreign currency forward	7,023,715	(3,436,418)	172,871	-	-
Foreign currency option	111,265	(758,111)	-	-	-
Foreign currency swap	-	(202,980)	-	(4,292,550)	3,259,454
Interest rate swap	-	-	1,664,894	-	-
	<u>₩30,114,382</u>	<u>₩(14,299,602)</u>	<u>₩1,837,765</u>	<u>₩(4,292,550)</u>	<u>₩ 3,259,454</u>

¹The ₩2,542 million, net of tax, was recorded as other cumulative comprehensive income.

<i>(in thousands of Korean won)</i>	2009				
	Trading		Hedge		Other comprehensive income ¹
	Valuation gain	Valuation loss	Valuation gain	Valuation loss	
Commodity futures	₩ 9,653,883	₩ (4,354,092)	₩ -	₩ -	₩ -
Commodity option	4,833,276	(1,530,588)	-	-	-
Foreign currency forward	43,772	(2,792,718)	-	-	-
Foreign currency option	64,687	(1,831,727)	-	-	-
Foreign currency swap	-	-	-	(20,566,860)	2,956,734
Interest rate swap	978,154	-	-	-	3,082,370
	<u>₩15,573,772</u>	<u>₩(10,509,125)</u>	<u>₩ -</u>	<u>₩(20,566,860)</u>	<u>₩ 6,039,104</u>

<i>(in thousands of Korean won)</i>	2008				
	Trading		Hedge		Other comprehensive income ¹
	Valuation gain	Valuation loss	Valuation gain	Valuation loss	
Commodity futures	₩ 890,813	₩ (7,678,560)	₩ -	₩ -	₩ -
Commodity option	4,418,900	(22,195,416)	-	-	-
Foreign currency forward	15,748,767	(11,294,951)	-	(2,911,627)	-
Foreign currency option	6,878,855	(1,273,438)	-	-	-
Foreign currency swap	-	(37,068)	44,137,959	(5,312,000)	(9,189,284)
Interest rate swap	2,357,280	(5,488,183)	-	-	(9,516,807)
	<u>₩30,294,615</u>	<u>₩(47,967,616)</u>	<u>₩44,137,959</u>	<u>₩ (8,223,627)</u>	<u>₩ (18,706,091)</u>

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The Company applies cash flow hedge accounting and is exposed to fluctuations in cash flows up to July 8, 2011. Total other cumulative comprehensive loss recognized under the cash flow hedge amounts to ₩3,834 million, of which ₩3,834 million is expected to be recognized as loss within 12 months from December 31, 2010.

15. Capital Stock

Under its Articles of Incorporation, the Controlling Company is authorized to issue 50 million shares of capital stock with a par value of ₩5,000 per share. As of December 31, 2010, 12,774,948 shares of common stock and 1,327,433 preferred stock are issued and outstanding. Also the Controlling Company may, among the authorized number of shares, issue 10 million shares of non-voting, cumulative and participating preferred stock.

The preferred stock the Controlling Company issued as of December 31, 2010, consists of:

	<u>Preferred Stock</u>
Number of shares issued	1,327,433
Voting rights	No voting rights
Maturity Date	No maturity
Dividends	Non-participating, non-cumulative and entitled to receive dividends of more than 1% of par value than common share

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

The 313,133 shares of third preferred stock were converted into common stock on January 1, 2010. Accordingly, common stock increased by ₩1,566 million, while preferred stock decreased by ₩1,566 million.

The Controlling Company has issued new shares by exchanges in kind on September 28, 2010. The Controlling Company has obtained 44,318,275 shares of CJ Global Holding Ltd.'s common stock as investment in kind, and issued and allocated 421,171 shares in return. In addition, the Controlling Company recognized capital surplus of ₩50,212 million.

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16. Dividends

		2010	2009	2008
Number of shares eligible for dividends	Common stock	₩12,568,769	₩11,895,072	₩11,265,567
	Preferred stock	1,326,308	1,326,309	1,326,310
	Third-preferred stock	-	312,405	597,863
Dividend rate	Common stock	80.00%	70.00%	312,405
	Preferred stock	81.00%	71.00%	20.00%
	Second-preferred stock	-	-	29.00%
	Third-preferred stock	-	70.00%	29.00%
Dividend amount (in millions of Korean won)	Common stock	₩ 50,275	₩ 41,633	₩ 11,266
	Preferred stock	₩ 5,372	₩ 4,708	₩ 1,393
	Second-preferred stock	₩ -	₩ -	₩ 867
	Third-preferred stock	₩ -	₩ 1,093	₩ 453
Dividend payout ratio (Dividend / Net income)		8.14%	17.29%	55.11%
Dividend yield ratio (Dividend share / Market price)	Common stock	1.84%	1.70%	0.56%
	Preferred stock	5.73%	5.85%	2.19%
	Second-preferred stock	-	-	0.87%
	Third-preferred stock	-	1.70%	1.01%

17. Treasury Stock

As of December 31, 2010, the Controlling Company holds 206,179 common shares and 1,125 preferred shares as treasury stock, and intends to dispose of the remaining treasury shares depending on the market conditions.

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18. Stock Option Plan

On September 1, 2007, the Controlling Company assumed certain stock options which have been granted before September 1, 2007 and outstanding as of September 1, 2007. On February 12, 2008 and March 9, 2009, the Company granted its employees stock options to purchase its shares at a pre-determined 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	March 9, 2009
Options transferred ¹	2,516	10,730	19,111	11,507	14,615	46,500	-	-
Options granted	-	-	-	-	-	-	86,000	16,500
Exercised	2,516	10,730	11,265	4,144	5,957	26,700	-	-
Forfeited	-	-	-	-	-	-	-	-
Options outstanding as of December 31, 2010	-	-	7,846	7,363	8,658	19,800	86,000	16,500
Exercise price per share	₩ 40,000	₩58,000	₩ 41,000	₩69,000	₩71,000	₩120,000	₩ 277,000	₩136,000
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	4~10 years

¹ Options transferred represent number of granted options not yet exercised as of September 1, 2007.

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

The compensation expense related to stock options was ₩2,573,909 thousand for the year ended December 31, 2010, while the estimated compensation expense for the periods thereafter is ₩3,248,033 thousand.

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	February 12, 2008	March 9, 2009
Risk-free interest rates	5.10%	6.37%	4.69%	4.56%	4.12%	4.93%	5.09%	4.57%
Expected life	3 years	3 years	3 years	3 years	3 years	3 years	5 years	5 years
Expected stock price volatility	70.60%	66.18%	54.81%	38.48%	35.73%	36.34%	56.59%	71.66%
Expected forfeiture rate	1.00%	1.00%	1.00%	6.00%	6.00%	6.00%	6.00%	6.00%

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19. Related Party Transactions

Significant transactions with related parties for the years ended December 31, 2010, 2009 and 2008, and their related balances as of December 31, 2010, 2009 and 2008, which occurred in normal course of business, are as follows:

<i>(in millions of Korean won)</i>	Sales			Purchases		
	2010	2009	2008	2010	2009	2008
Transactions between the Controlling Company and its parent company, CJ Corporation	₩ 647	₩ 501	₩ 448	₩ 17,503	₩ 17,101	₩ 15,277
Transactions between the Controlling Company and its Consolidated subsidiaries	109,284	172,570	142,772	512,995	594,136	390,502
Transactions among subsidiaries	1,043,628	851,469	798,705	1,043,628	851,469	798,705
Transactions between the Company and equity-method investees	2,592	1,889	4,088	36,916	46,035	36,806
Transactions between the Company and other related parties	272,824	243,287	269,198	333,440	321,958	317,467
Total	₩1,428,975	₩1,269,716	₩1,215,211	₩1,944,482	₩1,830,699	₩1,558,757

<i>(in millions of Korean won)</i>	Receivables			Payables		
	2010	2009	2008	2010	2009	2008
Transactions between the Controlling Company and its parent company, CJ Corporation	₩ 238	₩ 56	₩ 179	₩ 2,124	₩ 1,555	₩ 1,366
Transactions between the Controlling Company and its Consolidated subsidiaries	59,783	83,704	98,734	100,859	124,293	143,936
Transactions among subsidiaries	386,327	298,742	394,973	386,327	298,742	394,973
Transactions between the Company and equity-method investees	493	400	230	905	60	1,299
Transactions between the Company and other related parties	101,344	77,224	67,835	77,225	88,210	44,411
Total	₩ 548,185	₩ 460,126	₩ 561,951	₩ 567,440	₩ 512,860	₩ 585,985

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The Controlling Company provided guarantees to indebtedness of related parties as of December 31, 2010, 2009 and 2008, as follows:

(in thousands of Korean won)	Financial institutions	Loan amounts			Guarantee amounts		
		2010	2010	2009	2008	2010	2009
Annie Chun's Inc.	Bank of America(BOA)	₩ -	₩ 5,254	₩ 3,144	₩ -	₩ 5,254	₩ 3,144
CJ America Inc.	BOA and others	2,278	10,508	12,575	26,195	26,855	26,408
CJ Beijing Beverage Co., Ltd.	BOA	4,224	2,544	4,626	4,224	2,544	4,626
CJ China Ltd.	BOA and others	128,996	124,333	137,977	170,835	152,789	164,189
CJ Do Brasil Ind. Com. Prod. Alim. Ltda	Export-Import Bank of Korea and others	131,380	128,355	97,740	169,685	130,691	97,740
CJ Europe Gmbh.	Korea Exchange Bank and other	11,035	12,867	14,105	15,136	16,743	17,762
CJ International Asia Pte. Ltd.	Bank of Development and others	21,893	19,292	3,131	125,279	58,380	12,575
CJ Liaocheng Biotech Co., Ltd.	Export-Import Bank of Korea and others	61,216	81,440	94,312	80,133	100,108	125,451
CJ Nutracon Pty. Ltd.	Korea Exchange Bank and others	17,585	19,918	16,061	22,368	22,484	16,774
CJ Omni Inc.	BOA	5,353	1,168	2,515	7,631	2,569	2,767
CJ Qingdao Food Co., Ltd.	Hana Bank and other	24,017	3,503	19,876	24,017	3,503	20,613
Liaocheng Lantian Cogeneration Plant Co.,Ltd.	Bank of Development	17,084	17,514	18,863	17,084	17,514	18,863
PT Cheil Jedang Indonesia	Citibank and other	180,516	192,071	260,773	199,876	204,913	260,773
PT Cheil Jedang Superfeed	Export-Import Bank of Korea and other	60,603	28,022	30,180	66,184	28,022	30,180
CJ Beijing Bakery Co., Ltd.	Korea Exchange Bank and other	1,853	8,936	9,670	8,975	8,936	9,670
CJ Bakery Inc.	BOA	5,159	5,838	6,288	5,695	5,838	6,288
CJ Toyota Tsusho Philippines Inc.	Export-Import Bank	26,142	-	-	26,142	-	-
CJ Toyota Tsusho Philippines Inc.	Export-Import Bank	-	-	629	-	-	629
CJ GUIYANG FEED CO., LTD.	Hana Bank	-	-	1,132	-	-	1,132
CJ TIANJIN FEED CO., LTD.	BOA and others	-	-	2,714	-	-	2,767
CJ SHENYANG FEED CO., LTD	BOA	-	-	893	-	-	893
CJ ZHENGZHOU FEED CO., LTD	Woori Bank	-	-	755	-	-	755
CJ HARBIN FEED CO., LTD.	Hana Bank	-	-	4,848	-	-	7,419
CJ VINA AGRI CO., LTD.	Citibank	-	-	1,776	-	-	1,776
Total		₩699,334	₩661,563	₩744,583	₩969,459	₩787,143	₩833,194

In addition to the above guarantees, the Controlling Company provided performance guarantees to PT Cheil Jedang Indonesia, PT CJ Feed Jombang and CJ Do Brasil Ind. Co. Prod. Alim. Ltda. amounting to ₩5,695 million, ₩1,708 million and ₩7,403 million, respectively.

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20. Income Tax

Income tax expense for the years ended December 31, 2010, 2009 and 2008, consists of the following:

<i>(in thousands of Korean won)</i>	2010	2009	2008
Current income taxes	₩ 181,548,159	₩ 32,014,202	₩ 19,311,493
Deferred income taxes	122,241,428	41,152,433	219,262,969
Deferred income taxes charged directly to equity	(105,378,134)	(114,585)	(219,925,879)
Others	619,004	2,069,905	993,526
Income tax expense	<u>₩ 199,030,457</u>	<u>₩ 75,121,955</u>	<u>₩ 19,642,109</u>

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Deferred income tax assets and liabilities from tax effects of temporary differences, including available tax credit carryforwards, as of December 31, 2010, are as follows:

	Temporary differences			Deferred tax assets(liabilities)					
	Beginning	Increase (Decrease)	Ending	Beginning	Increase (Decrease)	Impact of changes in exchange rates	Ending	Current	Non - current
<i>(In thousands of Korean won)</i>									
1) Deferred tax arising from temporary differences									
Special reserves appropriated for tax purposes	₩ (43,333,333)	₩ (89,666,667)	₩ (133,000,000)	₩ (9,533,333)	₩ (19,726,667)	₩ -	₩ (29,260,000)	₩ -	₩ (29,260,000)
Deferred foreign exchange loss (gain)	211,973	-	211,973	51,298	-	-	51,298	51,298	-
Loss on valuation of investments	(116,332,632)	(160,649,933)	(276,982,565)	697,594	1,484,771	-	2,182,365	197,699	1,984,666
Allowance for doubtful accounts	78,998,368	(8,535,717)	70,462,651	18,754,670	(3,290,337)	-	15,464,333	15,297,488	166,845
Accrued severance benefits	4,855,021	(1,350,446)	3,504,575	1,070,620	(299,612)	-	771,008	-	771,008
Depreciation	5,722,844	73,678	5,796,522	1,272,853	9,517	-	1,282,370	-	1,282,370
Amortization	49	(49)	-	12	(12)	-	-	-	-
Impairment losses on property, plant and equipment.	86	-	86	19	-	-	19	-	19
Gain on valuation of derivative instruments	(24,972,091)	(12,638,069)	(37,610,160)	(6,043,246)	(3,058,413)	-	(9,101,659)	(9,101,659)	-
Loss on valuation of inventory	3,063,631	127,432	3,191,063	741,398	30,839	-	772,237	772,237	-
Impairment losses on investments	99,644	-	99,644	21,922	-	-	21,922	-	21,922
Accrued income	(1,712,397)	550,335	(1,162,062)	(414,400)	133,181	-	(281,219)	(281,219)	-
Accrued expenses	11,242,601	11,884,079	23,126,680	2,720,709	2,670,610	-	5,391,319	3,337,946	2,053,373
Available for sale securities	49,384,782	-	49,384,782	11,634,653	(770,000)	-	10,864,653	-	10,864,653
Goodwill	14,054,234	(8,432,540)	5,621,694	3,277,447	(1,916,997)	-	1,360,450	1,360,450	-
Foreign exchange	(29,135,050)	33,076,853	3,941,803	(7,046,570)	8,000,486	-	953,916	953,916	-
Others	(8,354,295)	15,894,527	7,540,232	(1,801,962)	3,620,716	-	1,818,754	2,829,183	(1,010,429)
	<u>₩(56,206,565)</u>	<u>₩(219,666,517)</u>	<u>₩ (275,873,082)</u>	<u>15,403,684</u>	<u>(13,111,918)</u>	-	<u>2,291,766</u>	<u>15,417,339</u>	<u>(13,125,573)</u>
2) Undisposed accumulated deficit	71,805,990	(16,563,561)	55,242,429	15,837,394	(3,379,515)	-	12,457,879	2,357,997	10,099,882
3) Tax credit carryforwards	1,680,292	164,818	1,845,110	1,560,747	153,738	-	1,714,485	-	1,714,485
4) Deferred income taxes charged directly to equity	(1,034,571,576)	(455,297,610)	(1,489,869,186)	(221,679,338)	(105,378,134)	-	(327,057,472)	-	(327,057,472)
5) Valuation allowance				(27,497,633)	3,340,893	-	(24,156,740)	(14,251,439)	(9,905,301)
6) Deferred income tax liabilities from overseas subsidiaries				(28,828,347)	(4,798,781)	304,003	(33,323,125)	101,055	(33,424,180)
7) Changes from adjusting entries due to consolidation				2,550,161	628,285	-	3,178,446	-	3,178,446
Total				<u>₩(242,653,332)</u>	<u>₩(122,545,432)</u>	<u>₩ 304,003</u>	<u>₩(364,894,761)</u>	<u>₩ 3,624,952</u>	<u>₩(368,519,713)</u>

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

<i>(in millions of Korean won)</i>	2010		2009		2008	
	Temporary Difference	Deferred Tax	Temporary Difference	Deferred Tax	Temporary Difference	Deferred Tax
Gain on valuation of available-for-sale securities	₩ 476,514	₩ (104,833)	₩ 396	₩ (87)	₩ (4)	₩ 1
Loss on valuation of available-for-sale securities	(942)	207	(55)	11	(530)	117
Gain on valuation of derivative instruments	-	-	-	-	(5,573)	1,533
Loss on valuation of derivative instruments	3,259	(717)	6,039	(1,328)	(13,133)	2,888
Gain on revaluation of land	(224)	51	(4,738)	1,061	1,019,503	(224,309)
Gain on valuation of Equity-method investments	394	(86)	(2,197)	229	709	(156)
Loss on disposal of treasury stock	(1,996)	(483)	(1,041)	(252)	-	-
	<u>₩ 477,005</u>	<u>₩ (105,861)</u>	<u>₩ (1,596)</u>	<u>₩ (366)</u>	<u>₩1,000,972</u>	<u>₩ (219,926)</u>

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 year. Net income allocated to common stock is computed by subtracting dividends to preferred stock.

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

Basic earnings per share and diluted earnings per share for the years ended December 31, 2010, 2009 and 2008, are calculated as follows:

Basic earnings per share

(in millions of Korean won, except earnings per share data)

	2010	2009	2008
Net income	₩ 683,270	₩ 274,280	₩ 20,039
Adjustments			
Dividends for preferred stock	5,371	5,802	2,303
Undeclared participating preferred stock dividend	59,908	27,468	484
Net income available for common stock	617,991	241,010	17,252
Weighted average number of shares of common stock ¹	12,325,626	11,867,223	11,265,567
Basic earnings per share	<u>₩ 50,139</u>	<u>₩ 20,309</u>	<u>₩ 1,531</u>

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

	Number of shares	No. of days	Weighted average
Beginning balance	12,040,644	365	4,394,835,060
Treasury stock	(145,572)	365	(53,133,780)
Transfer third-preferred stock to common stock	313,133	365	114,293,545
Treasury stock	(728)	365	(265,720)
Exercise of stock options	20,341	211	4,291,951
Investment in kind	421,171	95	40,011,245
Exercise of stock options	9,331	32	298,592
Treasury stock	(89,551)	-	(1,477,327)
			<u>4,498,853,566</u>

Weighted average number of shares of common stock for 2010

4,498,853,566 ÷ 365 days = 12,325,626 shares

(2009: 4,331,536,499 ÷ 365 days = 11,867,223 shares,

2008: 4,123,197,522 ÷ 365 days = 11,265,567 shares)

Diluted earnings per share

*(in millions of Korean won,
except earnings per share data)*

	2010	2009	2008
Net income available for common stock	₩ 617,991	₩ 241,010	₩ 17,252
Adjustments			
Convertible preferred stock dividend	-	6,330	-
Net income available for common stock and common stock equivalents	617,991	247,340	17,252
Weighted average number of shares of common stock and common equivalents ²	12,367,933	12,231,784	11,309,508
Diluted earnings per share	<u>₩ 49,967</u>	<u>₩ 20,221</u>	<u>₩ 1,525</u>

²The calculation of weighted average number of shares of common stock equivalents is as follows:

	Number of shares	Number of days	Weighted number of shares
Unexercised stock options	30,377	365	11,087,605
Exercised stock options	13,756	154	2,118,424
Exercised stock options	6,715	333	2,236,095
			<u>15,442,124</u>

Weighted average number of shares of common stock for 2010

15,442,124 ÷ 365 days = 42,307 shares

(2009: 4,331,536,499 ÷ 365 days = 11,867,223 shares,

2008: 4,123,197,522 ÷ 365 days = 11,265,567 shares)

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The numbers of non-dilutive potential common stock as of December 31, 2010, are as follows:

	Shares to be issued	Conditions
Share options granted on February 12, 2008	86,000	Exercise price of ₩277,000 per share

22. Assets and Liabilities Denominated in Foreign Currencies

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

Account	Foreign Currency	Local Companies		Overseas Companies	
		Foreign Currency Amount	Korean won Equivalent (in thousands)	Foreign Currency Amount	Korean won Equivalent (in thousands)
Assets					
Cash and cash	CNY	-	₩ -	529,835,625	₩ 91,396,645
equivalents	HKD	-	-	84,620,461	12,384,204
	USD	6,044	6,883	29,867,171	34,015,721
	Others		-		20,183,183
			6,883		157,979,753
Short-term financial	USD	65,000,000	74,028,500	-	-
instruments	AUD	13,550,000	15,689,816	-	-
			89,718,316		-
Trade accounts and	IDR	-	-	216,784,925,591	28,182,040
notes receivable	USD	19,226,768	21,897,366	49,476,600	56,348,900
	EUR	70,812	107,181	30,845,473	46,687,708
	Others		6,422,454		45,006,902
			28,427,001		176,225,550
Short-term loans	IDR	-	-	38,895,256,764	5,056,383
receivables	CNY	155,449	26,815	50,285,877	8,674,314
	Others		41,074		1,513,983
			67,889		15,244,680
Non-trade	PHP	-	-	114,308,367	2,975,447
receivables	CNY	299,581	51,678	42,616,939	7,351,422
	Others		1,084,498		2,832,235
			1,136,176		13,159,104
Other assets	USD	4,869,659	5,546,055	870,874	991,839
	CNY	1,539,652	265,590	20,989,887	3,620,755
	AUD	-	-	2,077,622	2,405,719

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Account	Foreign Currency	Local Companies		Overseas Companies	
		Foreign Currency Amount	Korean won Equivalent (in thousands)	Foreign Currency Amount	Korean won Equivalent (in thousands)
	Others		172,968		294,814
			5,984,613		7,313,127
			<u>₩125,340,878</u>		<u>₩ 369,922,214</u>
Liabilities					
Trade accounts and notes payable	IDR	-	₩ -	391,032,771,693	₩ 50,834,260
	EUR	1,231,969	1,864,708	39,751,575	60,167,984
	HKD	-	-	144,086,928	21,087,122
	CNY	-	-	135,533,415	23,379,514
	Others		28,813,551		30,231,423
			30,678,259		185,700,303
Short-term borrowings	BRL	-	-	206,857,348	141,959,992
	IDR	-	-	556,582,545,354	70,685,983
	HKD	-	-	1,169,301,939	171,127,339
	USD	-	401,725,853	94,500,000	107,626,051
	Others		10,014,203		84,522,835
			411,740,056		575,922,200
Other accounts and notes payable	VND	-	-	62,313,756,407	3,676,512
	CNY	-	-	34,738,248	5,992,348
	EUR	6,100	9,233	39,742,563	60,154,343
	Others		260,483		9,460,919
			269,716		79,284,122
Current portion of long-term debts	USD	312,937,930	356,405,009	70,000,000	79,723,000
	AUD	-	-	1,637,143	1,895,680
			356,405,009		81,618,680
Long-term borrowings	USD	47,399,070	53,982,801	95,817,444	109,126,487
Other liabilities	BRL	-	-	16,408,437	11,260,617
	USD	25,922	29,523	21,993,653	25,048,573
	Others		87,331		14,459,973
			116,854		50,769,163
			<u>₩853,192,695</u>		<u>₩1,082,420,955</u>

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23. Selling, General and Administrative Expenses

<i>(in thousands of Korean won)</i>	2010	2009	2008
Salaries	₩ 248,031,977	₩ 202,754,451	₩ 179,747,266
Provision for severance benefits	24,584,110	18,271,378	20,289,618
Employee benefits	28,787,659	29,841,587	23,578,458
Travel expense	28,379,730	22,284,054	25,018,000
Rent	19,154,847	18,125,001	17,244,635
Depreciation	31,717,932	29,255,816	35,291,990
Taxes and dues	18,318,230	15,749,276	14,708,311
Commission service charges	272,985,655	300,991,182	324,459,667
Advertising expense	67,893,709	44,240,497	61,229,334
Sales promotion expense	80,444,131	74,699,002	75,125,778
Transportation expense	209,588,076	229,016,188	181,847,490
Research expense	29,956,423	24,742,354	31,113,885
Expenses for company events	32,315,364	29,625,687	28,451,238
Stock compensation expense	2,350,272	2,223,319	8,538,235
Others	96,076,500	95,654,071	96,810,659
	<u>₩1,190,584,615</u>	<u>₩1,137,473,863</u>	<u>₩1,123,454,564</u>

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24. Supplementary Information for Computation of Value Added

(in thousands of
Korean won)

	Cost of Sales			Selling, general and administrative expenses		
	2010	2009	2008	2010	2009	2008
Salaries	₩163,023,310	₩166,124,656	₩146,077,040	₩248,031,977	₩202,754,451	₩179,697,635
Provision for severances benefits	14,673,055	11,227,660	14,554,951	24,584,110	18,271,378	20,289,618
Employee benefits	22,266,625	23,026,353	20,779,515	28,787,659	29,841,587	22,732,887
Rent	12,336,466	9,521,863	8,103,495	19,154,847	18,125,001	14,279,338
Depreciation and amortization	129,339,037	120,353,951	100,576,135	48,193,568	55,616,577	50,709,399
Taxes and dues	9,694,315	9,441,992	9,475,916	18,318,230	15,749,276	14,705,360
Total	<u>₩351,332,808</u>	<u>₩339,696,475</u>	<u>₩299,567,052</u>	<u>₩387,070,391</u>	<u>₩340,358,270</u>	<u>₩302,414,237</u>

(in thousands of
Korean won)

	Others			Total		
	2010	2009	2008	2010	2009	2008
Salaries	₩ -	₩ 1,262,338	₩ 1,079,823	₩411,055,287	₩370,141,445	₩326,854,498
Provision for severances benefits	-	7,275	178,093	39,257,165	29,506,313	35,022,662
Employee benefits	-	197,287	144,368	51,054,284	53,065,227	43,656,770
Rent	40,050	-	-	31,531,363	27,646,864	22,382,833
Depreciation and amortization	-	539	-	177,532,605	175,971,067	151,285,534
Taxes and dues	17	50,887	38,964	28,012,562	25,242,155	24,220,240
Total	<u>₩ 40,067</u>	<u>₩ 1,518,326</u>	<u>₩ 1,441,248</u>	<u>₩738,443,266</u>	<u>₩681,573,071</u>	<u>₩603,422,537</u>

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25. Segment Information

Operating data classified according to business segment as of December 31, 2010, 2009 and 2008, and for the years then ended, are as follows:

2010						
<i>(in millions of Korean won)</i>	Foods	Bio and Pharmaceuticals	Animal Feeds	Others	Adjustment	Total
Gross sales	₩3,459,753	₩ 2,659,325	₩1,075,246	₩ 116,069	₩ (1,641,189)	₩ 5,669,204
Inter-segment sales	(398,909)	(1,085,934)	(72,180)	(84,166)	1,641,189	-
Net sales	<u>₩3,060,844</u>	<u>₩ 1,573,391</u>	<u>₩1,003,066</u>	<u>₩ 31,903</u>	<u>₩ -</u>	<u>₩ 5,669,204</u>
Operating profit	<u>₩ 162,132</u>	<u>₩ 215,326</u>	<u>₩ 33,864</u>	<u>₩ 35,138</u>	<u>₩ (3,129)</u>	<u>₩ 443,331</u>
Total assets	<u>₩4,293,889</u>	<u>₩ 2,139,280</u>	<u>₩ 921,956</u>	<u>₩ 43,275</u>	<u>₩ (1,274,500)</u>	<u>₩ 6,123,900</u>

2009						
<i>(in millions of Korean won)</i>	Foods	Bio and Pharmaceuticals	Animal Feeds	Others	Adjustment	Total
Gross sales	₩3,274,790	₩ 2,525,580	₩ 640,065	₩ 97,649	₩ (1,543,607)	₩ 4,994,477
Inter-segment sales	(419,950)	(981,699)	(62,303)	(79,655)	1,543,607	-
Net sales	<u>₩2,854,840</u>	<u>₩ 1,543,881</u>	<u>₩ 577,762</u>	<u>₩ 17,994</u>	<u>₩ -</u>	<u>₩ 4,994,477</u>
Operating profit	<u>₩ 247,063</u>	<u>₩ 113,962</u>	<u>₩ 15,226</u>	<u>₩ 5,467</u>	<u>₩ 1,986</u>	<u>₩ 383,704</u>
Total assets	<u>₩3,364,060</u>	<u>₩ 1,801,629</u>	<u>₩ 627,773</u>	<u>₩ 25,439</u>	<u>₩ (941,625)</u>	<u>₩ 4,877,276</u>

2008						
<i>(in millions of Korean won)</i>	Foods	Bio and Pharmaceuticals	Animal Feeds	Others	Adjustment	Total
Gross sales	₩2,999,640	₩ 2,169,334	₩ 590,186	₩ 102,540	₩ (1,320,833)	₩ 4,540,867
Inter-segment sales	(347,406)	(830,900)	(65,879)	(76,648)	1,320,833	-
Net sales	<u>₩2,652,234</u>	<u>₩ 1,338,434</u>	<u>₩ 524,307</u>	<u>₩ 25,892</u>	<u>₩ -</u>	<u>₩ 4,540,867</u>
Operating profit	<u>₩ 184,640</u>	<u>₩ 107,825</u>	<u>₩ 19,378</u>	<u>₩ 15,219</u>	<u>₩ (12,921)</u>	<u>₩ 314,141</u>
Total assets	<u>₩3,179,620</u>	<u>₩ 1,962,016</u>	<u>₩ 568,742</u>	<u>₩ 30,927</u>	<u>₩ (1,034,510)</u>	<u>₩ 4,706,795</u>

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Operating data classified according to geographic area as of December 31, 2010, 2009 and 2008, and for the years then ended, are as follows:

2010

<i>(in millions of Korean won)</i>	Korea	Asia	America	Others	Adjustment	Total
Gross sales	₩ 4,439,969	₩ 2,123,755	₩ 246,770	₩ 499,899	₩ (1,641,189)	₩ 5,669,204
Inter-segment sales	(492,769)	(1,056,406)	(25,012)	(67,002)	1,641,189	-
Net sales	₩ 3,947,200	₩ 1,067,349	₩ 221,758	₩ 432,897	₩ -	₩ 5,669,204
Operating profit	₩ 224,446	₩ 218,786	₩ 3,108	₩ 120	₩ (3,129)	₩ 443,331
Total assets	₩ 5,328,597	₩ 1,693,354	₩ 56,226	₩ 320,223	₩ (1,274,500)	₩ 6,123,900

2009

<i>(in millions of Korean won)</i>	Korea	Asia	America	Others	Adjustment	Total
Gross sales	₩ 4,276,952	₩ 1,720,132	₩ 147,689	₩ 393,311	₩ (1,543,607)	₩ 4,994,477
Inter-segment sales	(515,680)	(973,298)	(4,923)	(49,706)	1,543,607	-
Net sales	₩ 3,761,272	₩ 746,834	₩ 142,766	₩ 343,605	₩ -	₩ 4,994,477
Operating profit	₩ 268,921	₩ 135,252	₩ 2,519	₩ (24,974)	₩ 1,986	₩ 383,704
Total assets	₩ 4,303,855	₩ 1,149,684	₩ 58,613	₩ 306,748	₩ (941,624)	₩ 4,877,276

2008

<i>(in millions of Korean won)</i>	Korea	Asia	America	Others	Adjustment	Total
Gross sales	₩ 4,008,887	₩ 1,375,819	₩ 106,052	₩ 370,942	₩ (1,320,833)	₩ 4,540,867
Inter-segment sales	(447,106)	(816,965)	(4,515)	(52,247)	1,320,833	-
Net sales	₩ 3,561,781	₩ 558,854	₩ 101,537	₩ 318,695	₩ -	₩ 4,540,867
Operating profit	₩ 263,500	₩ 65,021	₩ 2,363	₩ (3,822)	₩ (12,921)	₩ 314,141
Total assets	₩ 4,110,404	₩ 1,242,091	₩ 63,412	₩ 325,397	₩ (1,034,509)	₩ 4,706,795

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26. Comprehensive Income

Comprehensive income for the years ended December 31, 2010, 2009 and 2008 consists of:

<i>(in thousands of Korean won)</i>	2010	2009	2008
Net income	₩ 685,739,625	₩ 276,956,779	₩ 20,458,178
Other cumulative comprehensive income			
Gain on valuation of available-for-sale securities, net of tax	371,680,978	308,807	(7,375)
Loss on valuation of available-for-sale securities, net of tax	(734,668)	(43,562)	(166,790)
Gain on valuation of equity-method investments, net of tax	(17,185,235)	(1,968,443)	5,721,922
Loss on valuation of equity-method investments, net of tax	201,088	(1,423,455)	(1,433,375)
Loss on valuation of derivative instruments, net of tax	-	-	(4,040,557)
Gain (loss) on valuation of derivative instruments, net of tax	2,542,374	4,711,461	(10,244,629)
Translation of foreign currency financial statements	11,055,204	(13,230,405)	68,030,426
Gain on revaluation of land, net of tax	(180,493)	(3,677,569)	795,194,027
Total comprehensive income	<u>₩1,053,118,873</u>	<u>₩ 261,633,613</u>	<u>₩873,511,827</u>
Parent interest in comprehensive income	<u>₩1,051,088,200</u>	<u>₩ 259,496,976</u>	<u>₩867,469,125</u>
Minority interest in comprehensive income	<u>₩ 2,030,673</u>	<u>₩ 2,136,637</u>	<u>₩ 6,042,702</u>

27. Supplemental Cash Flow Information

Significant transactions not affecting cash flows for the years ended December 31, 2010, 2009 and 2008, are as follows:

<i>(in thousands of Korean won)</i>	2010	2009	2008
Reclassification of current maturities of long-term assets	₩ 39,175,328	₩ 1,411,565	₩ 1,918,049
Reclassification of construction in-progress to property, plant and equipment	47,407,038	116,884,639	52,447,035
Reclassification of property, plant and equipment to other investments	1,249,670	-	3,521,326
Write-off of assets	1,295,046	1,765,186	3,245,093
Reclassification of current maturities of long-term debts	440,456,857	403,847,916	211,899,393
Increase of other cumulative comprehensive income due to valuation of available-for-sale securities	475,572,193	341,322	175,347
Increase(decrease) of other cumulative comprehensive income due to valuation of equity-method investments	(21,984,973)	(3,620,320)	4,132,473
Increase(decrease) of other cumulative comprehensive income due to gain on revaluation of land	(228,903)	(4,738,281)	1,019,502,617
Increase of other cumulative comprehensive income due to valuation of derivative instruments	3,259,454	6,039,103	18,706,091
Conversion of preferred stock to common stock	1,565,665	2,992,425	-
Increase in shareholders' equity due to investment in kind	33,974,769	-	-
Increase due to merger	1,506,186	-	-

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28. Mergers

The Controlling Company and CJ America Inc. have merged with two subsidiaries during the years ended December 31, 2010 and 2009. Details of the mergers are as follows:

Details of merger

Merger Company	CJ CheilJedang Corporation	CJ America Inc.
Merged Company	Samyang Oil Co., Ltd.	CJ Pacific Corp.
Main business	Manufacturing and sale of oil	Intermediary business for grain
The date of approval	food product June 15, 2009	September 15, 2010
The date of merger	July 20, 2009	October 1, 2010
Approved by	Board of directors ¹	Shareholders' meeting

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

29. Preparation for IFRS Adoption

1) Preparation for IFRS adoption and current status

Under the IFRS roadmap released in March 2007, financial reporting under the K-IFRS is to become mandatory for the Company beginning 2011. In 2008, the Company set up a team, appointed a consultant for the conversion of the Company's financial statements from K-GAAP to K-IFRS and conducted an employee training program.

2) Major differences in the accounting policies under K-IFRS and current K-GAAP

The following may not include all the differences and could change upon further analysis:

Classification		K-GAAP	K-IFRS
First-time adoption of K-IFRS	Business combinations	Not applicable	Not to apply K-IFRS No. 1103 retrospectively for the business combinations that the Company recognized before the date of transition (January 1, 2010) to K-IFRS.
	Revaluation as deemed cost	Not applicable	Evaluate land at the date of transition (January 1, 2010) to IFRSs at its fair value and use the fair value as its deemed cost
	Capitalization of borrowing cost	Not applicable	Capitalize the borrowing cost on a qualified asset acquired after the date of transition (January 1, 2010) to K-IFRS.
Change in subsidiary for consolidation		Excluded from the consolidation under the Act of External Audit of Corporations and the Enforcement Decree of the Act as its total assets as of the prior year end are less than	All entities over which the Parent Company has control over the financial and operating policies in accordance with K-IFRS

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Classification	K-GAAP	K-IFRS
	KRW 10 billion	
Property, plant and equipment	Apply revaluation model to land	Apply cost-value method on land
Capitalization of borrowing cost	Recognize borrowing cost as expense.	Recognize borrowing cost related to acquisition, construction or production of qualified asset as acquisition cost after the date of transition (January 1, 2010) to K-IFRS.
Transfer of financial assets	Eliminate upon separation of rights and obligations on receivables	Decide the scope of recognition and elimination according to transfer of risk, reward, control and continuing involvement
Financial assets and liabilities	If the difference between nominal amount and present value is critical, it should be valued at present value.	Financial assets classified as loans and receivables shall be measured at fair value and the difference between nominal amount and fair value amortized cost using the effective interest method, and other financial liabilities measured amortized cost using the effective interest method
Employee Benefits	Calculate the estimation of lump-sum severance pay as accrued severance benefits in case employees and directors with at least one year of service retire at the end of reporting period, and other employee benefits are recorded as expense when the obligation to pay is established.	Measure the defined benefit obligation in accordance with actuarial method, and calculate other long-term employee benefits as accrued expense according to actuarial method
Goodwill	Goodwill recognized at the date of combination is amortized with straight-line method, and negative goodwill is reversed during the weighted average useful life of non-monetary assets and others.	No amortization of goodwill, tested for impairment at the end of reporting period, and recognize bargain purchase gain in profit or loss at the date of a business combination.
Reclassification of investment property	Classify property for rentals as property, plant and equipment.	Classify property held to earn rentals or for capital appreciation as investment property .
Intangible assets with indefinite useful life	Amortize within 20 years except for the regulation of independent, exclusive law or contraction.	Not amortized and are tested regularly for impairment.
Membership rights	Classify as long-term guarantee of other non-current asset.	Classify as intangible assets with indefinite useful life.
Hedge accounting	Apply hedge accounting using the 'short-cut method'.	Use of 'short-cut method' not allowed. Hedge accounting therefore cannot be applied.
Deferred income tax	Recognition of temporary difference of subsidiaries, jointly controlled entity and associates as deferred tax assets and liabilities. Classify current and non-current in accordance with the related items of financial statement, and in case items are not related to financial statements, classify current and non-current according to expected expiry period.	Recognize temporary differences of subsidiaries, jointly controlled entity and associates as deferred tax assets and liabilities according to termination method. Present deferred tax assets and liabilities as noncurrent assets and liabilities. Recognize deferred income tax assets and liabilities on advance

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Classification	K-GAAP	K-IFRS
	No recognition of deferred income tax liability on advance depreciation provision for land previously revalued.	depreciation provision for land previously revalued

3) Changes in scope of consolidated financial statements

As of December 31, 2010, changes in scope of the consolidation are as follows:

Under K-GAAP	Under K-IFRS	Difference
-	Shinuido Solar Salt Corporation, CJ Changsha Feed Co., Ltd., CJ Tianjin Feed Co., Ltd., CJ Harbin Feed Co., Ltd., CJ Qingdao Feed Co., Ltd., CJ Zhengzhou Feed Co., Ltd., CJ Nanjing Feed Co., Ltd., Beijing Hasunjung CJ Foods Co., Ltd., CJ Chengdu Feed Co., Ltd., PT Agrobis Panca Dkatama, CJ Omni Inc., CJ Feed India Private Ltd., CJ Vina Food Co., Ltd., Don Don Farm Co., Inc., CJ International Trading Co., Ltd.	Excluded from the consolidation under the Act of External Audit of Corporations and the Enforcement Decree of the Act as its total assets as of the prior year end are less than KRW 10 billion but included under K-IFRS
CJ Toyota Tsusho Philippines Inc.	-	Included in the consolidated financial statements under the Act of External Audit of Corporations, whereas excluded under K-IFRS since the entity is classified as jointly controlled entity