

CJ CheilJedang Corporation and Subsidiaries

Consolidated Financial Statements

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

CJ CheilJedang Corporation and Subsidiaries

Index

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

	Page(s)
Report of Independent Auditors	1 - 2
 Consolidated Financial Statements	
Statements of Financial Position.....	3 - 4
Statements of Comprehensive Income.....	5
Statements of Changes in Equity.....	6 - 7
Statements of Cash Flows	8 - 9
Notes to Consolidated Financial Statements.....	10 - 98



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 its subsidiaries ("the Group") as of December 31, 2011 and 2010, and January 1, 2010, and the related consolidated statements of comprehensive income, changes in equity and the cash flows for the years ended December 31, 2011 and 2010, expressed in Korean won. These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Korea Express Co., Ltd. and certain other subsidiaries, whose financial statements represent 50% of the Group's consolidated total assets as of December 31, 2011 (December 31, 2010: 16%, January 1, 2010: 16%), and 37% of the Group's consolidated total sales for the year then ended (2010: 12%). These statements were audited by other auditors whose reports have been furnished us and our opinion, insofar as it relates to the amounts included for Korea Express Co., Ltd. and certain other 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

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

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The Group also prepared the comparative consolidated financial statements in accordance with the previous accounting principles generally accepted in the Republic of Korea (“the previous K-GAAP”) which are not included in this audit report. We had also conducted our audit on those financial statements prepared in accordance with former accounting principles generally accepted in the Republic of Korea and expressed an unqualified opinion on those statements in our audit report dated March 31, 2011.

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

Seoul, Korea
March 22, 2012

This report is effective as of March 22, 2012, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

CJ CheilJedang Corporation and Subsidiaries
Consolidated Statement of Financial Position
December 31, 2011 and 2010, and January 1, 2010

<i>(in thousands of Korean won)</i>	Notes	December 31, 2011	December 31, 2010	January 1, 2010
Assets				
Current assets				
Cash and cash equivalents	5	478,739,784	306,599,108	225,966,555
Short-term financial instruments	5	175,335,807	227,188,115	336,378,415
Short-term loans receivable	5, 6	35,556,161	26,564,840	33,944,262
Trade receivables	5, 6	1,230,261,455	625,517,765	635,749,567
Other current financial assets	5, 6, 7	158,857,746	110,789,562	56,425,263
Other current assets	8	156,895,388	95,564,589	49,093,171
Inventories	9	1,075,179,547	786,778,634	562,821,664
Biological assets	10	10,642,740	10,074,027	3,601,961
Total current assets		<u>3,321,468,628</u>	<u>2,189,076,640</u>	<u>1,903,980,858</u>
Assets held for sale		<u>3,564,947</u>	<u>3,696,788</u>	<u>4,235,800</u>
Non-current assets				
Investments in jointly controlled entities and associates	11	170,243,452	37,730,983	33,845,751
Property, plant and equipment	12	5,020,217,026	2,811,630,703	2,650,894,983
Intangible assets	13	1,400,517,328	154,704,286	132,014,527
Investment properties	14	331,104,109	196,239,317	175,428,211
Other non-current financial assets	5, 6, 7	858,913,667	536,617,764	80,665,454
Other non-current assets	8	215,772,270	55,007,558	48,433,787
Deferred income tax assets	20	17,717,873	17,859,109	16,582,074
Total non-current assets		<u>8,014,485,725</u>	<u>3,809,789,720</u>	<u>3,137,864,787</u>
Total assets		<u>11,339,519,300</u>	<u>6,002,563,148</u>	<u>5,046,081,445</u>

CJ CheilJedang Corporation and Subsidiaries
Consolidated Statement of Financial Position
December 31, 2011 and 2010, and January 1, 2010

Liabilities

Current liabilities

Trade payables	5	466,575,116	260,739,680	146,693,284
Short-term borrowings	5, 15	1,892,711,909	1,065,015,226	952,794,588
Non-trade payables	5	323,531,739	232,985,145	203,777,306
Current income tax liabilities		72,383,042	146,466,895	16,916,160
Current provision		2,644,227	2,777,555	2,609,112
Current portion of debentures and long-term borrowings	5, 17, 18	647,393,223	438,237,689	389,484,426
Other current financial liabilities	5, 7	284,288,241	189,505,253	182,128,175
Other current liabilities	16	90,138,975	64,393,878	47,965,171
Total current liabilities		3,779,666,472	2,400,121,321	1,942,368,222

Non-current liabilities

Debentures	5, 17	914,996,972	249,511,151	662,782,355
Long-term borrowings	5, 18	1,153,752,239	170,866,548	418,239,303
Retirement benefit obligations	19	110,306,654	33,498,119	32,657,915
Other non-current financial liabilities	5, 7	73,505,716	9,333,514	2,218,153
Other non-current liabilities	16	8,012,358	344,746	-
Deferred income tax liabilities	20	602,805,193	467,339,632	301,947,177
Total non-current liabilities		2,863,379,132	930,893,710	1,417,844,903
Total liabilities		6,643,045,604	3,331,015,031	3,360,213,125

Equity attributable to owners of the

Parent

Capital stock	22	72,031,650	70,511,905	68,406,050
Additional paid-in capital	22	891,106,154	779,846,036	690,363,606
Other cumulative comprehensive income and others	23	(87,558,557)	204,045,899	(67,945,859)
Retained earnings	24	1,844,279,077	1,604,637,347	980,935,380
		2,719,858,324	2,659,041,187	1,671,759,177

Non-controlling interest

Total equity

Total liabilities and equity

		1,976,615,372	12,506,930	14,109,143
		4,696,473,696	2,671,548,117	1,685,868,320
		11,339,519,300	6,002,563,148	5,046,081,445

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

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

<i>(in thousands of Korean won, except per share amounts)</i>	Notes	2011	2010
Sales	35	6,538,208,074	5,777,780,773
Cost of sales	25	<u>4,771,973,689</u>	<u>4,039,076,388</u>
Gross profit		1,766,234,385	1,738,704,385
Selling, general and administrative expenses	25, 26	1,307,686,758	1,286,333,328
Other operating income	27	107,175,042	113,269,261
Other operating expenses	27	111,613,432	112,680,348
Operating income	28	<u>454,109,237</u>	<u>452,959,970</u>
Financial income	29	296,038,778	678,338,543
Financial expenses	29	258,880,796	164,386,721
Loss from jointly controlled entities and associates, net	11	(194,771)	(6,666,079)
Other non-operating expenses	30	<u>29,701,982</u>	<u>52,742,653</u>
Profit before income tax		461,370,466	907,503,060
Income tax expense	31	147,347,876	247,745,826
Profit for the period		<u>314,022,590</u>	<u>659,757,234</u>
Profit for the period attributable to equity holders of the Parent Company		301,489,470	657,501,544
Profit for the period attributable to non-controlling interest		<u>12,533,120</u>	<u>2,255,690</u>
Other comprehensive income (loss) for the period, after tax			
Gain on valuation of available-for-sale financial assets, net		(193,531,982)	370,946,311
Other comprehensive loss from jointly controlled entities and associates, net		1,045,244	358,676
Actuarial loss on past employment benefit obligations		(6,511,460)	(13,704,357)
Currency translation differences		<u>32,710,688</u>	<u>(6,294,589)</u>
Total comprehensive income for the period		<u>147,735,080</u>	<u>1,011,063,275</u>
Comprehensive income for the period attributable to equity holders of the Parent Company		135,925,115	1,008,678,124
Comprehensive income for the period attributable to non-controlling interest		<u>11,809,965</u>	<u>2,385,151</u>
Earnings per share attributable to the equity holders of the Parent Company for the period (in won)			
Basic earnings per share of common stock	32	<u>21,854</u>	<u>47,314</u>
Basic earnings per share of preferred stock	32	<u>21,895</u>	<u>47,364</u>
Diluted earnings per share of common stock	32	<u>21,803</u>	<u>47,171</u>
Diluted earnings per share of preferred stock	32	<u>21,845</u>	<u>47,221</u>

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

CJ CheilJedang Corporation and Subsidiaries
Consolidated Statements of Changes in equity
Years Ended December 31, 2011 and 2010

	Attributable to equity holders of the Parent Company						Non-controlling interest	Total equity
	Capital stock	Additional paid-in capital	Other comprehensive income and others	Retained earnings	Total			
<i>(in thousands of Korean won)</i>								
Balance at January 1, 2010	68,406,050	690,363,606	(67,945,859)	980,935,380	1,671,759,177	14,109,143	1,685,868,320	
Comprehensive income								
Profit for the period	-	-	-	657,501,544	657,501,544	2,255,690	659,757,234	
Gain on valuation of available-for-sale financial assets, net	-	-	370,946,311	-	370,946,311	-	370,946,311	
Other comprehensive gain from jointly controlled entities and associates, net	-	-	264,896	-	264,896	93,780	358,676	
Actuarial loss on past employment benefit obligations	-	-	-	(13,704,357)	(13,704,357)	-	(13,704,357)	
Currency translation differences	-	-	(6,330,270)	-	(6,330,270)	35,681	(6,294,589)	
Transactions with equity holders of the Company								
Investment in kind	2,105,855	89,482,430	(70,765,750)	-	20,822,535	-	20,822,535	
Dividends	-	-	-	(47,434,568)	(47,434,568)	-	(47,434,568)	
Stock compensation	-	-	5,100,152	-	5,100,152	-	5,100,152	
Acquisition of treasury stock	-	-	(19,131,684)	-	(19,131,684)	-	(19,131,684)	
Change in the scope of consolidation	-	-	(8,091,897)	27,339,348	19,247,451	(3,987,364)	15,260,087	
Balance at December 31, 2010	70,511,905	779,846,036	204,045,899	1,604,637,347	2,659,041,187	12,506,930	2,671,548,117	

CJ CheilJedang Corporation and Subsidiaries
Consolidated Statements of Changes in equity
Years Ended December 31, 2011 and 2010

	Attributable to equity holders of the Parent Company					Non-controlling interest	Total equity
	Capital stock	Additional paid-in capital	Other comprehensive income and others	Retained earnings	Total		
<i>(in thousands of Korean won)</i>							
Balance at January 1, 2011	70,511,905	779,846,036	204,045,899	1,604,637,347	2,659,041,187	12,506,930	2,671,548,117
Comprehensive income							
Profit for the period	-	-	-	301,489,470	301,489,470	12,533,120	314,022,590
Loss on valuation of available-for-sale financial assets, net	-	-	(193,531,982)	-	(193,531,982)	-	(193,531,982)
Other comprehensive gain(loss) from jointly controlled entities and associates, net	-	-	1,226,644	-	1,226,644	(181,400)	1,045,244
Actuarial loss on past employment benefit obligations	-	-	-	(6,201,117)	(6,201,117)	(310,343)	(6,511,460)
Currency translation differences	-	-	32,942,100	-	32,942,100	(231,412)	32,710,688
Transactions with equity holders of the Company							
Merger with subsidiaries	1,519,745	111,260,118	(112,619,991)	-	159,872	(159,872)	-
Acquisition of treasury stock	-	-	(23,106,886)	-	(23,106,886)	-	(23,106,886)
Dividends	-	-	-	(55,646,623)	(55,646,623)	-	(55,646,623)
Stock compensation	-	-	3,921,078	-	3,921,078	-	3,921,078
Changes in percentage of ownership of subsidiaries	-	-	(435,419)	-	(435,419)	3,743,145	3,307,726
Business combination	-	-	-	-	-	1,948,715,204	1,948,715,204
Balance at December 31, 2011	<u>72,031,650</u>	<u>891,106,154</u>	<u>(87,558,557)</u>	<u>1,844,279,077</u>	<u>2,719,858,324</u>	<u>1,976,615,372</u>	<u>4,696,473,696</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, 2011 and 2010

<i>(in thousands of Korean won)</i>	Notes	2011	2010
Cash flows from operating activities			
Cash generated from (used in) operations	34	(88,325,729)	413,317,120
Income tax paid		(200,055,353)	(62,665,363)
Net cash provided by (used in) operating activities		<u>(288,381,082)</u>	<u>350,651,757</u>
Cash flows from investing activities			
Interest received		17,586,173	22,192,782
Dividends received		13,707,118	12,726,776
Decrease in short-term financial instruments, net		88,404,693	85,204,522
Proceeds from disposal of property, plant and equipment		15,108,484	2,934,093
Acquisition of property, plant and equipment	12	(725,806,421)	(258,883,324)
Proceeds from disposal of intangible assets		1,692,178	546,776
Acquisition of intangible assets	13	(78,837,698)	(22,020,108)
Settlement of derivative instruments		20,140,585	5,225,804
Proceeds from disposal of associates		-	810,530
Acquisition of associates		(34,770,713)	(4,355,455)
Changes in the scope of consolidation		(676,823,524)	31,940,163
Proceeds from disposal of available-for-sale financial assets		254,448,000	542,651,249
Acquisition of available-for-sale financial assets		(373,611,435)	(4,124,676)
Increase in short-term loan receivables		(178,853,246)	(894,685)
Decrease in short-term loan receivables		138,764,043	74,101,953
Increase in long-term loan receivables		(34,859,650)	(60,965,220)
Decrease in long-term loan receivables		159,549,058	63,851,604
Cash outflows from other investing activities		(41,896,319)	(12,394,984)
Cash inflows from other investing activities		15,951,447	2,645,780
Net cash provided by (used in) investing activities		<u>(1,420,107,227)</u>	<u>481,193,580</u>
Cash flows from financing activities			
Interest paid		(63,181,065)	(72,918,007)
Increase (decrease) in short-term borrowings, net		688,282,019	(114,504,651)
Proceeds from long-term borrowings		935,944,172	69,600,958
Proceeds from debentures		837,903,948	-
Repayment of current portion of long-term debt		(438,732,860)	(374,964,223)
Acquisition of treasury stock		(23,106,886)	(19,131,684)
Repayment of long-term borrowings		-	(192,039,685)
Increase in non-controlling interest		-	622,500
Exercise of stock options		895,649	2,043,166
Payment of dividends		(55,646,623)	(47,434,566)
Cash outflows from other financing activities		(3,971,280)	(3,608,273)
Cash inflows from other financing activities		30,863	121,502
Net cash provided by (used in) financing activities		<u>1,878,417,937</u>	<u>(752,212,963)</u>

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

<i>(in thousands of Korean won)</i>	Notes	2011	2010
Net increase in cash and cash equivalents		169,929,628	79,632,374
Exchange gain on cash and cash equivalents		2,211,048	1,000,179
Cash and cash equivalents			
Beginning of the period		<u>306,599,108</u>	<u>225,966,555</u>
End of the period		<u>478,739,784</u>	<u>306,599,108</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, 2011 and 2010, and January 1, 2010

1. General Information

General information about CJ CheilJedang Corporation (“the Company”) and its subsidiaries (collectively referred to “the Group”) is as follows:

The Company was incorporated on September 1, 2007, through the split-off of the manufacturing business segment of CJ Corporation. The Company's stocks are publicly traded, and all issued and outstanding shares are listed on the Korean Stock Exchange. The Company has 20 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 Company is authorized to issue 50 million shares of capital stock with a par value per share of ₩5,000. As of December 31, 2011, 14,406,330 shares are issued and outstanding. As of December 31, 2011, the Company's major shareholder is CJ Corporation, who owns 33.56% of the outstanding shares including preferred shares.

Consolidated Subsidiaries

Subsidiaries	Location	Percentage of ownership (%)
		2011
Shinuido Solar Salt Corporation	Korea	88.03
Superfeed Co., Ltd.	Korea	99.99
Dondonfarm Co., Ltd.	Korea	100.00
CJ Seafood Corporation ¹	Korea	46.51
CJ MD1 Co., Ltd.	Korea	100.00
Wooseong Co., Ltd.	Korea	100.00
Youngwoo Frozen Foods Co., Ltd.	Korea	97.75
Korea Express Co., Ltd. ²	Korea	26.35
Korea Express Busan Container Terminal Co., Ltd.	Korea	66.04
PNCT New Container Terminal	Korea	90.00
Korea Express Busan Newport Distripark Co., Ltd.	Korea	84.36
Korea Integrated Freight Terminal Co., Ltd.	Korea	88.89
Jung-Bu Integrated Freight Terminal Co., Ltd.	Korea	52.34
Korea Express Incheon Container Terminal Co., Ltd.	Korea	100.00
CJ Changsha Feed Co., Ltd.	China	100.00
CJ Shenyang Feed Co., Ltd.	China	100.00
CJ Tianjin Feed Co., Ltd.	China	100.00
CJ Harbin Feed Co., Ltd.	China	100.00
CJ Qingdao Feed Co., Ltd.	China	100.00
Beijing Hasunjung General Food Co., Ltd.	China	100.00
CJ Beijing Beverage Co., Ltd.	China	100.00
CJ Qingdao Foods Co., Ltd.	China	100.00
CJ Liaocheng Biotech Co., Ltd.	China	100.00
CJ Zhengzhou Feed Co., Ltd.	China	100.00

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

Subsidiaries	Location	Percentage of
		ownership (%)
		2011
CJ Nanjing Feed Co., Ltd.	China	100.00
CJ Chengdu Feed Co., Ltd.	China	100.00
CJ Changchun Feed Co., Ltd.	China	100.00
Shenyang Jilong Corn Biotech Co., Ltd.	China	100.00
CJ Nutracon Pty., Ltd.	Australia	100.00
CJ Philippines Inc.	Philippines	70.00
PT Cheil Jedang Indonesia	Indonesia	100.00
PT Cheil Jedang Superfeed	Indonesia	100.00
PT CJ Feed Jombang	Indonesia	100.00
PT Agrobis Panca Ekatama	Indonesia	100.00
PT Super Unggas Jaya	Indonesia	100.00
CJ Vina Agri Co., Ltd.	Vietnam	100.00
CJ Omni Inc.	U.S.A	100.00
CJ Feed India Private Ltd.	India	100.00
CJ Vina Food Co., Ltd.	Vietnam	100.00
CJ America Inc.	U.S.A	100.00
CJ Europe Gmbh.	Germany	100.00
CJ China Ltd.	Hong Kong	99.66
CJ Global Holdings Ltd.	Hong Kong	100.00
CJ International Trading Co., Ltd.	China	100.00
CJ Do Brasil Ind. Com. Prod. Alim. Ltda.	Brazil	100.00
CJ Se Asia Pte. Ltd.	Singapore	100.00
Liaocheng Lantian Cogenerations Plant Co., Ltd.	China	100.00
CJ DCH Guangdong Frozen Food Co., Ltd.	China	60.00
CJ Liaocheng Feed Co., Ltd.	China	100.00
CJ Bio America Inc.	U.S.A	100.00
CJ Bio Malaysia Sdn. Bhd.	Malaysia	100.00
Korea Express Shanghai Co., Ltd.	China	100.00
Korea Express Tianjin Co., Ltd.	China	100.00
Korea Express U.S.A Inc.	U.S.A	100.00
Korea Express Japan Co., Ltd.	Japan	100.00
Korea Express Hong Kong Co., Ltd.	Hong Kong	100.00
Korea Express Europe Gmbh.	Germany	100.00
Water Pipeline Works Ltd.	U.S.A	100.00
Kumho Logistics Shanghai	China	100.00

¹ While the Company owns less than half of the voting power of an entity, the percentage of shareholders by the Company is significantly higher than those owned by any other shareholders. It is clearly demonstrated that the Company obtains control as it exercised the majority voting rights in its decision-making process.

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

² The Company is entitled to over more than half of the voting rights of Korean Express Co., Ltd. by virtue of an agreement with the other investor.

Financial information of primary subsidiaries as of and for the year ended December 31, 2011, is as follows:

<i>(in millions of Korean won)</i>	Assets	Liabilities	Equity	Sales	Net income (loss)
Shinuido Solar Salt Corporation	11,499	7,929	3,570	2,975	(699)
Superfeed Co., Ltd.	34,961	5,084	29,877	14,852	(615)
Dondonfarm Co., Ltd.	21,201	5,673	15,528	92,278	5,862
CJ Seafood Corporation	71,487	38,510	32,977	125,366	3,767
Wooseong Co., Ltd.	13,529	9,299	4,230	12,072	458
Youngwoo Frozen Foods Co., Ltd.	28,010	16,706	11,304	14,435	422
Korea Express Co., Ltd.	2,930,160	706,523	2,223,637	-	-
Korea Integrated Freight Terminal Co., Ltd.	528,177	374,860	153,317	-	-
Jung-Bu Integrated Freight Terminal Co., Ltd.	128,254	101,610	26,644	-	-
PNCT New Container Terminal	93,645	92,534	1,111	-	-
Korea Express Busan Container Terminal Co., Ltd.	108,575	46,919	61,656	-	-
Korea Express Busan Newport Distripark Co., Ltd.	26,143	15,991	10,152	-	-
Korea Express Incheon Container Terminal Co., Ltd.	11,840	33	11,807	-	-
CJ MD1 Co., Ltd.	16,578	17,755	(1,177)	95,211	1,347
CJ Changsha Feed Co., Ltd.	3,185	4,979	(1,794)	9,658	(609)
CJ Shenyang Feed Co., Ltd.	21,644	14,089	7,555	29,998	1,379
CJ Tianjin Feed Co., Ltd.	6,053	2,414	3,639	24,774	1,416
CJ Harbin Feed Co., Ltd.	3,112	3,270	(158)	9,283	(195)
CJ Qingdao Feed Co., Ltd.	7,475	2,577	4,898	32,701	1,721
Beijing Hasunjung General Food Co., Ltd.	2,934	1,658	1,276	41	(295)
CJ Beijing Beverage Co., Ltd.	23,151	13,509	9,642	16,244	(746)
CJ Qingdao Foods Co., Ltd.	29,719	40,995	(11,276)	63,839	(6,819)
CJ Liaocheng Biotech Co., Ltd.	416,646	136,032	280,614	338,661	80,095
CJ Zhengzhou Feed Co., Ltd.	2,606	1,803	803	13,188	399
CJ Nanjing Feed Co., Ltd.	4,436	2,140	2,296	26,452	1,199
CJ Chengdu Feed Co., Ltd.	2,409	3,027	(618)	12,349	(131)
Shenyang Jilong Corn Biotech Co., Ltd.	367,847	252,163	115,684	148	(2,228)
CJ DCH Guangdong Frozen Food Co., Ltd.	8,040	(12)	8,052	-	-
CJ Changchun Feed Co., Ltd.	6,473	64	6,409	-	-
CJ Liaocheng Feed Co., Ltd.	5,856	62	5,794	-	-
CJ Nutracon Pty., Ltd.	23,121	12,670	10,451	17,087	2,720
CJ Philippines Inc.	32,638	7,796	24,842	54,874	2,917
PT Cheil Jedang Indonesia	766,609	407,984	358,625	722,377	87,766
PT Cheil Jedang Superfeed	126,541	108,985	17,556	169,775	3,527

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

<i>(in millions of Korean won)</i>	Assets	Liabilities	Equity	Sales	Net income (loss)
PT CJ Feed Jombang	66,561	51,006	15,555	161,886	5,027
PT Agrobis Panca Ekatama	6,347	4,257	2,090	4,246	(343)
PT Super Unggas Jaya	31,543	45,891	(14,348)	90,739	(4,192)
CJ Vina Agri Co., Ltd.	51,934	26,186	25,748	162,995	6,585
CJ Omni Inc.	19,904	11,115	8,789	41,982	1,617
CJ Feed India Private Ltd.	271	-	271	(2)	23
CJ Vina Food Co., Ltd.	4,627	3,953	674	15,454	2,456
Korea Express U.S.A Inc.	22,933	18,470	4,463	-	-
Korea Express JAPAN Co., Ltd.	15,344	3,135	12,209	-	-
Korea Express Tianjin Co., Ltd.	9,154	5,676	3,478	-	-
Korea Express Hong Kong Co., Ltd.	10,401	8,351	2,050	-	-
Kumho Logistics Shanghai	5,568	3,915	1,653	-	-
Korea Express Shanghai Co., Ltd.	10,629	1,542	9,087	-	-
Water Pipeline Works Ltd.	6,938	-	6,938	-	-
Korea Express Europe Gmbh.	3,249	1,370	1,879	-	-
CJ America Inc.	79,496	60,273	19,223	274,086	184
CJ Europe Gmbh.	95,932	86,208	9,724	370,168	3,356
CJ China Ltd.	421,424	409,115	12,309	370,885	1,088
CJ Global Holdings Ltd.	260,161	228,555	31,606	-	(1,223)
CJ Do Brasil Ind. Com. Prod. Alim. Ltda.	227,808	233,778	(5,970)	188,331	(29,961)
Liaocheng Lantian Cogenerations Plant Co., Ltd.	57,460	32,529	24,931	40,766	1,984
CJ Se Asia Pte. Ltd.	1,934	343	1,591	2,097	165
CJ International Trading Co., Ltd.	8,706	639	8,067	9,980	1,894

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

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

<i>(in millions of Korean won)</i>	Assets	Liabilities	Equity	Sales	Net income (loss)
Shinuido Solar Salt Corporation	10,318	9,921	397	562	(903)
Shindongbang CP Corporation	137,407	83,856	53,551	139,269	12,732
Superfeed Co., Ltd.	39,321	8,829	30,492	30,810	282
Dondonfarm Co., Ltd.	18,832	9,158	9,674	68,744	(2,447)
CJ Seafood Corporation	60,767	30,562	30,205	111,083	5,229
Hasunjung General food Co., Ltd.	34,872	11,105	23,767	34,672	405
CJ MD1 Co., Ltd.	13,974	15,108	(1,134)	92,739	942
CJ Changsha Feed Co., Ltd.	2,731	3,815	(1,084)	1,814	(134)
CJ Shenyang Feed Co., Ltd.	14,751	8,998	5,753	6,119	432
CJ Tianjin Feed Co., Ltd.	4,187	2,171	2,016	5,995	400
CJ Harbin Feed Co., Ltd.	2,646	2,598	48	1,568	(56)
CJ Qingdao Feed Co., Ltd.	4,371	1,468	2,903	7,426	472
Beijing Hasunjung General Food Co., Ltd.	2,938	1,535	1,403	37	(236)
CJ Beijing Beverage Co., Ltd.	19,611	9,748	9,863	12,109	(1,051)
CJ Qingdao Foods Co., Ltd.	30,052	33,851	(3,799)	56,264	(3,455)
CJ Liaocheng Biotech Co., Ltd.	276,998	91,220	185,778	261,538	43,510
CJ Zhengzhou Feed Co., Ltd.	2,194	1,836	358	3,106	96
CJ Nanjing Feed Co., Ltd.	3,118	2,154	964	6,402	353
CJ Chengdu Feed Co., Ltd.	1,987	2,439	(452)	2,839	(27)
Shenyang Jilong Corn Biotech Co., Ltd.	30,708	14,639	16,069	-	-
CJ Nutracon Pty., Ltd.	25,718	18,124	7,594	15,479	2,734
CJ Philippines Inc.	30,555	8,385	22,170	13,775	1,002
PT Cheil Jedang Indonesia	677,897	412,718	265,179	622,513	92,094
PT Cheil Jedang Superfeed	125,856	111,901	13,955	34,696	964
PT CJ Feed Jombang	61,637	51,178	10,459	31,608	(601)
PT Agrobis Panca Ekatama	6,471	4,045	2,426	2,524	(183)
PT Super Unggas Jaya	29,826	39,919	(10,093)	20,150	(180)
CJ Vina Agri Co., Ltd.	39,826	19,529	20,297	34,275	(650)
CJ Omni Inc.	17,317	10,962	6,355	41,262	1,303
CJ Feed India Private Ltd.	293	1	292	-	(2)
CJ Vina Food Co., Ltd.	5,249	7,210	(1,961)	3,890	(551)
CJ America Inc.	56,226	36,949	19,277	246,770	1,759
CJ Europe GmbH.	93,567	87,012	6,555	333,031	3,146
CJ China Ltd.	255,959	244,937	11,022	584,346	3,744
CJ Global Holdings Ltd.	49,607	29,162	20,445	-	225
CJ Do Brasil Ind. Com. Prod. Alim. Ltda.	211,524	187,141	24,383	151,657	(8,793)
Liaocheng Lantian Cogenerations Plant Co., Ltd.	49,580	28,012	21,568	32,399	3,685
CJ International Asia Pte. Ltd.	-	-	-	991,003	-
CJ International Trading Co., Ltd.	6,291	582	5,709	6,795	1,420

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

Financial information of primary subsidiaries as of January 1, 2010, is as follows:

<i>(in millions of Korean won)</i>	Assets	Liabilities	Equity
Shindongbang CP Corporation	114,500	73,527	40,973
Superfeed Co., Ltd.	37,263	13,604	23,659
Dondonfarm Co., Ltd.	23,148	17,581	5,567
CJ Seafood Corporation	71,865	46,785	25,080
Hasunjung General Food Co., Ltd.	33,561	10,222	23,339
CJ MD1 Co., Ltd.	16,140	16,364	(224)
CJ 4th Asset Securitization Specialty Co., Ltd.	242,513	242,504	9
Beijing Hasunjung General Food Co., Ltd.	3,066	1,560	1,506
CJ Beijing Beverage Co., Ltd.	17,155	6,321	10,834
CJ Qingdao Foods Co., Ltd.	26,642	26,950	(308)
CJ Liaocheng Biotech Co., Ltd.	250,670	109,370	141,300
CJ Nutracon Pty, Ltd.	24,481	20,313	4,168
PT Cheil Jedang Indonesia	500,105	337,120	162,985
CJ Omni Inc.	8,775	2,487	6,288
Annie Chuns Inc.	6,718	7,807	(1,089)
CJ America Inc.	58,613	42,139	16,474
CJ Pacific Corp.	1,512	-	1,512
CJ Europe GmbH.	87,648	83,706	3,942
CJ China Ltd.	176,249	168,697	7,552
CJ Do Brasil Ind. Com. Prod. Alim. Ltda.	214,873	168,019	46,854
Liaocheng Lantian Cogenerations Plant Co., Ltd.	40,387	28,612	11,775
CJ International Asia Pte. Ltd.	145,681	143,153	2,528
CJ International Trading Co., Ltd.	4,759	561	4,198

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

Changes in Subsidiaries Consolidated

The subsidiaries newly included or excluded in the consolidated financial statements for the year ended December 31, 2011, are as follows:

Category	Location	Name of subsidiaries	Remark
Included	Singapore	CJ Se Asia Pte. Ltd.	Newly incorporated
Included	China	CJ DCH Guangdong Frozen Food Co., Ltd.	Newly incorporated
Included	China	CJ Changchun Feed Co., Ltd.	Newly incorporated
Included	China	CJ Liaocheng Feed Co., Ltd.	Newly incorporated
Included	U.S.A	CJ Bio America Inc.	Newly incorporated
Included	Malaysia	CJ Bio Malaysia Sdn. Bhd.	Newly incorporated
Included	China	Korea Express Shanghai Co., Ltd.	Newly acquired
Included	China	Korea Express Tianjin Co., Ltd.	Newly acquired
Included	U.S.A.	Korea Express U.S.A Inc.	Newly acquired
Included	Japan	Korea Express Japan Co., Ltd.	Newly acquired
Included	Hong Kong	Korea Express Hong Kong Co., Ltd.	Newly acquired
Included	Germany	Korea Express Europe GmbH.	Newly acquired
Included	U.S.A	Water Pipeline Works Ltd.	Newly acquired
Included	China	Kumho Logistics Shanghai	Newly acquired
Included	Korea	Wooseong Co., Ltd.	Newly acquired
Included	Korea	Youngwoo Frozen Foods Co., Ltd.	Newly acquired
Included	Korea	Korea Express Co., Ltd.	Newly acquired
Included	Korea	Korea Express Busan Container Terminal Co., Ltd.	Newly acquired
Included	Korea	PNCT New Container Terminal	Newly acquired
Included	Korea	Korea Express Busan Newport Distripark Co., Ltd.	Newly acquired
Included	Korea	Korea Integrated Freight Terminal Co., Ltd.	Newly acquired
Included	Korea	Jung-Bu Integrated Freight Terminal Co., Ltd.	Newly acquired
Included	Korea	Incheon Container Terminal Co., Ltd.	Newly acquired
Excluded	Korea	Shindongbang CP Corporation	Merger
Excluded	Korea	Hasunjung General Food Co., Ltd.	Merger

CJ CheilJedang Corporation and Subsidiaries

Notes to Consolidated Financial Statements

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

2. Significant Accounting Policies

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

2.1 Basis of Preparation

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

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

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

The consolidated financial statements of the Group were prepared in accordance with Korean IFRS and are subject to Korean IFRS1101, 'First-time Adoption of Korean IFRS'. The transition date, according to Korean IFRS1101, from the previous accounting principles generally accepted in the Republic of Korea (the previous K-GAAP) to Korean IFRS is January 1, 2010. Reconciliations and descriptions of the effect of the transition from previous K-GAAP to Korean IFRS on the Group's equity, comprehensive income and cash flows are described in Note 4.

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

CJ CheilJedang Corporation and Subsidiaries

Notes to Consolidated Financial Statements

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

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

- Amendments to Korean IFRS 1101, *Hyperinflation and Removal of Fixed Dates for first-time adopters*

As an exception to retrospective application requirements, this amendment to Korean IFRS 1101 allows a prospective application of derecognition of financial assets for transactions occurring on or after the date of transition to Korean IFRS, instead of fixed date (January 1, 2004). Accordingly, the Group is not required to restate and recognize those assets or liabilities that were derecognized as a result of a transaction that occurred before the dated of transition to Korean IFRS. This amendment is effective for the Group as of July 1, 2011. The Group expects that the application of this amendment would not have material impact on its consolidated financial statements.

- Amendments to Korean IFRS 1012, *Income Taxes*

According to the amendments to Korean IFRS 1012, Income Taxes, for the investment property that is measured using the fair value model, the measurement of deferred tax liability and deferred tax asset should reflect the tax consequences of recovering the carrying amount of the investment property entirely through sale, unless evidences support otherwise. This amendment is effective for the Group as of January 1, 2012. The Group expects that the application of this amendment would not have material impact on its consolidated financial statements.

- Amendments to Korean IFRS 1019, *Employee Benefits*

According to the amendments to Korean IFRS1019, Employee Benefits, use of a 'corridor' approach is no longer permitted, and therefore all actuarial gains and losses incurred are immediately recognized in other comprehensive income. All past service costs incurred from changes in pension plan are immediately recognized, and expected returns on interest costs and plan assets that used to be separately calculated are now changed to calculating net interest expense(income) by applying discount rate used in measuring defined benefit obligation in net defined benefit liabilities(assets). This amendment will be effective for the Group as of January 1, 2013, and the Group is assessing the impact of application of the amended Korean IFRS1019 on its consolidated financial statements as of the report date.

- Amendments to Korean IFRS 1107, *Financial Instruments: Disclosures*

According to the amendment, an entity should provide the required disclosures of nature, carrying amount, risk and rewards associated with all transferred financial instruments that are not derecognized from an entity's financial statements. In addition, an entity is required to disclose additional information related to transferred and derecognized financial instruments for any continuing involvement in transferred assets. This amendment is effective for the Group as of January 1, 2012. The Group is assessing the impact of application of the amended Korean IFRS 1107 on its consolidated financial statements as of the report date.

CJ CheilJedang Corporation and Subsidiaries

Notes to Consolidated Financial Statements

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

- Enactment of Korean IFRS 1113, *Fair value measurement*

Korean IFRS 1113, Fair value measurement, aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Korean IFRSs. Korean IFRS 1101 does not extend the use of fair value accounting but provides guidance on how it should be applied where its use is already required or permitted by other standards within Korean IFRSs. This amendment will be effective for the Group as of January 1, 2013, and the Group expects that it would not have a material impact on the Group.

2.2 Consolidation

The Group has prepared the consolidated financial statements in accordance with Korean IFRS 1027, Consolidated and Separate Financial Statements.

(a) Subsidiaries

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

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

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

Acquisition-related costs are expensed as incurred.

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

CJ CheilJedang Corporation and Subsidiaries

Notes to Consolidated Financial Statements

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

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with Korean IFRS1039, either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

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

Intercompany transactions, balances, income and expenses on transactions between Group companies are eliminated. Unrealized losses are also eliminated after recognizing impairment of transferred assets.

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

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

(c) Disposal of subsidiaries

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

(d) Associates

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

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

CJ CheilJedang Corporation and Subsidiaries

Notes to Consolidated Financial Statements

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

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

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount as 'impairment loss on investment in an associate' in the income statement.

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

(e) Joint ventures

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

2.3 Foreign Currency Translation

(a) Functional and presentation currency

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

CJ CheilJedang Corporation and Subsidiaries

Notes to Consolidated Financial Statements

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the comprehensive income statement.

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

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

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

(c) Translation to presentation currency

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

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

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

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

2.4 Cash and Cash Equivalents

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

CJ CheilJedang Corporation and Subsidiaries

Notes to Consolidated Financial Statements

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

2.5 Financial Assets

2.5.1 Classification

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

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

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

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

(c) Available-for-sale financial assets

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

2.5.2 Recognition and Measurement

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

Gains or losses arising from changes in the fair value of the financial assets carried at fair value through profit or loss are presented in the comprehensive income statements within 'other operating income or expenses' and 'financial income or expenses' in the period in which they arise.

CJ CheilJedang Corporation and Subsidiaries

Notes to Consolidated Financial Statements

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

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

Interest on available-for-sale financial assets calculated using the effective interest method is recognized in the comprehensive income statements as part of 'financial income'. Dividends income from available-for-sale financial assets is recognized in the comprehensive income statement as part of 'financial income' when the Group's right to receive dividend payments is established.

2.5.3 Offsetting financial instruments

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

2.5.4 Derecognition

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

2.5.5 Impairment of Financial Assets

(a) Assets carried at amortized cost

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

CJ CheilJedang Corporation and Subsidiaries

Notes to Consolidated Financial Statements

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

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

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

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

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

(b) Assets classified as available-for-sale

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

CJ CheilJedang Corporation and Subsidiaries

Notes to Consolidated Financial Statements

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

2.6 Trade Receivables

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

2.7 Derivative Financial Instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The resulting gain or loss recognized in 'other operating income and expenses' or 'financial income and expenses' according to the nature of transactions.

2.8 Inventories

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

2.9 Biological Asset

Hogs, poultry and other biological assets are measured at net fair value. Their fair value is determined based on the market value of biological assets with similar age and breed.

2.10 Non-current Assets Held for Sale

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

2.11 Property, Plant and Equipment

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

CJ CheilJedang Corporation and Subsidiaries

Notes to Consolidated Financial Statements

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

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

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

Buildings	8 ~ 40 years
Structures	4 ~ 30 years
Machinery	4 ~ 8 years
Vehicles	4 years
Tools and equipment	3 ~ 6 years
Ships	13 ~ 20 years
Heavy equipment	5 ~ 15 years
Gardens	4 ~ 30 years

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

2.12 Borrowing Costs

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

2.13 Government Grants

Grants from a government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to property, plant and equipment are presented as a deduction of related assets and are credited to depreciation over the expected lives of the related assets. Government grants relating to costs are deferred and recognized in the comprehensive income statement over the period necessary to match them with the costs that they are intended to compensate.

CJ CheilJedang Corporation and Subsidiaries

Notes to Consolidated Financial Statements

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

2.14 Intangible Assets

(a) Goodwill

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

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or group of CGUs, that is expected to benefit from the synergies of the combination.

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

(b) Membership rights and trademarks

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

(c) Patents and software

Patents and software are stated at cost less accumulated amortization. Amortization on the assets is calculated using the straight-line method to allocate their cost over their estimated useful lives of 5-10 years.

(d) Development expenses

Research and development projects of the Group are largely separated into two divisions which are research project and commercialization project. Costs related to research project are recognized as expenses when it incurred and costs related to commercialization project recognized as intangible assets when it satisfy the conditions below.

- it is technically feasible to complete the intangible assets so that it will be available for use;
- management intends to complete the intangible assets and use or sell it;
- there is an ability to use or sell the intangible assets;
- it can be demonstrated how the intangible assets will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible assets are available; and
- the expenditure attributable to the intangible assets during its development can be reliably measured.

CJ CheilJedang Corporation and Subsidiaries

Notes to Consolidated Financial Statements

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

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

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

Development costs of commercialization project recognized as assets are amortized by straight-line method over their estimated useful lives (5 years).

(e) Brand, rights of using wharf and registration plate of transporters

Brand, rights of using wharf and registration plate of transporters which were acquired through business combination is recognized at fair value at the acquisition date. They are regarded as intangible assets with indefinite useful life and not amortized because there is no foreseeable limit to the period over which the asset is expected to be utilized.

(f) Service concession arrangement

The Group is building the cargo terminals with its own financing on the land which is owned by the Korea Rail Network Authority and the Ministry of Land, Transport and Maritime Affairs. The Group will provide a service as an operator for the period of the contract which is under discussion. The Group recognizes service concession arrangement as intangible asset.

(g) Contractual customer relationships

Contractual customer relationships acquired in a business combination are recognized at fair value at the acquisition date. Contractual customer relationships have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of contractual customer relationships over their estimated useful lives of 8 to 16 years.

2.15 Investment Property

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

CJ CheilJedang Corporation and Subsidiaries

Notes to Consolidated Financial Statements

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

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

Land held for investment is not depreciated. Investment property, except for land, is depreciated using straight-line method over their useful lives in 30 years.

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

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

The fair value of investment property disclosed in Note 14 reflects market conditions at the end of the reporting period, with adjustment that reflects specific asset's characteristics, condition and location. The book value for financial reporting purpose is determined based on the evaluation of the investment property by an independent valuer, who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

2.16 Impairment of Non-financial Assets

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

2.17 Financial Liabilities

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

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

CJ CheilJedang Corporation and Subsidiaries

Notes to Consolidated Financial Statements

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

(b) Financial liabilities carried at amortized cost

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

2.18 Trade Payables

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

2.19 Borrowings and Debentures

Borrowings and debentures are recognized initially at fair value, net of transaction costs incurred. Borrowings and debentures are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the comprehensive income statement over the period of the borrowings and debentures using the effective interest method. The Group recognizes borrowings and debentures as current assets unless it has an unconditional right to delay the settlement of the borrowing and debenture.

2.20 Provisions

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

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

2.21 Current and Deferred Income Tax

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

CJ CheilJedang Corporation and Subsidiaries

Notes to Consolidated Financial Statements

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

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

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

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

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

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

2.22 Employee Benefits

(a) Defined benefit liability

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

CJ CheilJedang Corporation and Subsidiaries

Notes to Consolidated Financial Statements

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

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise and immediately reclassified to retained earnings.

(b) Incentive for long-term performance

The Group operates incentive plan for long-term performance of executive management. The expected cost of this plan is accrued over the period of employment using the same accounting methodology as used for defined benefit plan.

(c) Share-based payments

The Group operates the share-based payments in which the terms of the arrangement provide it with the choice of whether it settles the transaction in cash or by equity instruments.

In case of cash-settled compensation plans, the fair value of the employee services received in exchange for the grant of the options over the vesting period is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted. Until the liability is settled, the Group remeasures the fair value of the liability at each reporting date and at the date of settlement, with any changes in fair value recognized in profit or loss for the period.

In case of equity-settled compensation plans, the fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted with considerations to market performance conditions and non-vesting conditions.

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the comprehensive income statement, with a corresponding adjustment to equity.

2.23 Share Capital

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

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

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

2.24 Revenue Recognition

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

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

(a) Sales of goods

The group manufactures and sells refined sugar, wheat flour, food seasonings, processed meat, processed soy-bean food, animal feed, medicines and others. Sales of goods are recognized when the Group has delivered products to the customer. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The products are often sold with volume discounts and customers have a right to return faulty products. Accumulated experience is used to estimate and provide for the discounts and returns. The volume discounts are assessed based on anticipated annual purchases. The Group recognizes provisions for sales returns based on reasonable expectation reflecting sales return rates incurred historically.

(b) Rendering of services

When the outcome of a construction contract can be estimated reliably, revenue is recognized by reference to the stage of completion. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

(c) Interest income

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

(d) Dividend income

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

CJ CheilJedang Corporation and Subsidiaries

Notes to Consolidated Financial Statements

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

2.25 Lease

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

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

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

2.26 Dividend Distribution

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

2.27 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

3. Critical Accounting Estimates and Judgments

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

(a) Estimated impairment of goodwill

The Company tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 2.16. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 13).

CJ CheilJedang Corporation and Subsidiaries

Notes to Consolidated Financial Statements

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

(b) Income taxes

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

(c) Fair value of financial instruments

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

If the discount rates used to measure the present value of available-for-sale financial assets differ 10% from the assumption of the management, it will be ₩ 162 million lesser or ₩ 169 million greater.

(d) Defined benefit liability

The present value of the defined benefit liability depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of the defined benefit liability. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that is used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit liability. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the pension benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability. Other key assumptions for defined benefit liability are based in part on current market conditions. Additional information is disclosed in Note 19.

4. Transition to the Korean IFRS

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

In preparing consolidated financial statements in accordance with the Korean IFRS 1101(First-time Adoption of Korean International Financial Reporting Standards), the Group has applied the mandatory exceptions and certain optional exemptions allowed by the Korean IFRS.

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

4.1 Exemption options under Korean-IFRS 1101

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

(1) Business combinations

The Group elected to apply the exemption for business combinations allowed under Korean IFRS 1101 and has not retrospectively applied Korean IFRS 1103 to past business combinations that occurred before the transition date.

(2) Deemed cost

The Group has elected to measure certain land at fair value as of January 1, 2010, the date of transition to Korean IFRS and uses that fair value as its deemed cost at that date. And the Group has elected to measure certain property, plant and equipment at the carrying amounts reported under K-GAAP.

The land used the fair values as its deemed cost is as follows:

(In thousands of Korean won)

Reported amount under previous K-GAAP	Adjusted amount	Fair value as of the transition date
614,888,710	(109,640,180)	505,248,530

(3) Capitalization of borrowing costs

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

(4) Cumulative translation differences

The Company elected to deem the cumulative translation differences for all foreign operations to be zero at January 1, 2010, in accordance with Korean IFRS 1101.

4.2 Mandatory Exceptions to Retroactive Application of Other Korean IFRS

Exceptions to other Korean IFRS applied by the Group are as follows:

(1) Exception for estimates

The Company's Korean IFRS estimates at the transition date are consistent with the estimates as at the same date made in accordance with the previous K-GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

CJ CheilJedang Corporation and Subsidiaries

Notes to Consolidated Financial Statements

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

4.3 Significant differences in accounting policies

Significant differences between the accounting policies chosen by the Group under Korean IFRS and under K-GAAP are as follows:

(1) Employee benefits

Under the severance policy pursuant to K-GAAP, accrued severance benefits represent the amount which would be payable assuming all eligible employees and directors were to terminate their employment as of the end of the reporting period. However, under Korean IFRS, the liability is determined based on the present value of expected future payments calculated and reported using actuarial assumptions.

(2) Changes in useful life of trademarks from finite to indefinite

Trademarks are amortized over five years after the time they are incurred under the K-GAAP. However, under Korean IFRS, the Group does not amortize the trademarks because trademarks can be renewed every ten years without significant cost.

(3) Deferred Tax

Under K-GAAP, deferred tax assets and liabilities were classified as either current or non-current based on the classification of their underlying assets and liabilities. If there are no corresponding assets or liabilities, deferred tax assets and liabilities were classified based on the periods the temporary differences were expected to reverse. Under Korean IFRS, deferred tax assets and liabilities are all classified as non-current in the statement of financial position.

In addition, there is a difference between Korean IFRS and K-GAAP in terms of recognition of deferred tax assets or liabilities relating to investments in subsidiaries. Under K-GAAP, there are specific criteria as to when deferred tax assets and liabilities relating to investments in subsidiaries should be recognized. Whereas under Korean IFRS, the related deferred tax assets or liabilities are recognized according to the sources of reversal of the temporary differences.

Under K-GAAP, the Group does not recognize deferred income tax liability for gain on revaluation of land previously revalued that has remote possibility of disposal. However, the Group recognizes deferred income tax liability on the advance depreciation provision for land previously revalued in Korean IFRS, because there is no exception.

(4) Goodwill or bargain purchase arising from business combinations

Under K-GAAP, the Group amortizes goodwill or recognizes a gain in relation to bargain purchase (negative goodwill) acquired as a result of business combinations on a straight-line method over reasonable period within 20 years from the year of acquisition. Under Korean IFRS, goodwill is not amortized but reviewed for impairment annually. Bargain purchase is recognized immediately in the comprehensive income statement.

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

(5) Derecognition of financial assets

Under K-GAAP, when the Group transfers a financial asset to financial institutions and the control over the asset has been transferred, the Group derecognizes the financial asset. Under Korean IFRS, if the Group retains substantially all the risks and rewards of ownership of the asset, the asset is not derecognized but instead the related cash proceeds are recognized as financial liabilities.

4.4 Changes in Scope of Consolidation

At the date of transition, changes in the scope of consolidation as a result of adoption of Korean IFRS are as follows:

Changes	Description	Name of Entity
Newly included	Under the former 'Act on External Audit of Stock companies' in the Republic of Korea, companies those whose total assets are less than 10 billion Korean won were not subject to consideration, but they are subject to consolidation under Korean IFRS.	CJ 4th Asset Securitization Specialty Co., Beijing Hasunjung General Food Co., Ltd., CJ Omni Inc., Annie Chun's Inc., CJ Pacific Corp., CJ International Trading Co.,Ltd
Excluded	Under the former 'Act on External Audit of Stock companies' in the Republic of Korea, the largest investor company which exceeds 30% of shareholdings included in the scope of consolidation, but it is excluded as a result of adoption of Korean IFRS.	CJ Toyota Tsusho Philippines Inc.

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

4.5 Reconciliation between the previous K-GAAP and the Korean IFRS

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

<i>(In millions of Korean won)</i>	Assets	Liabilities	Equity
Reported amount under previous K-GAAP	<u>4,877,276</u>	<u>3,039,674</u>	<u>1,837,602</u>
Adjustments:			
Change useful life of intangible asset	(498)	1,086	(1,584)
Estimation on biological assets	(936)	-	(936)
Present value estimation on financial instrument	(25)	-	(25)
Recognition of deferred income tax on advance gain on revaluation of land	-	23,840	(23,840)
Application deemed cost to land	(109,640)	(24,121)	(85,519)
Reclassification of sale transaction to borrowing transaction on accounts receivable	257,747	257,747	-
Recognition of financial guarantee contracts as liability	1,676	1,676	-
Recognition of accumulating compensated absences as liability	-	3,080	(3,080)
Actuarial estimation on defined benefit obligation	(180)	(5,526)	5,346
Deferred income tax on subsidiaries	4,406	47,182	(42,776)
Change in scope of consolidation	16,255	15,575	680
Total	<u>168,805</u>	<u>320,539</u>	<u>(151,734)</u>
Adjusted amount under Korean IFRS	<u>5,046,081</u>	<u>3,360,213</u>	<u>1,685,868</u>

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

- 2) Effects of the Korean IFRS adoption on the Group's total assets, liabilities and equity as of December 31, 2010, and its net income and comprehensive income for the year then ended, are as follow :

<i>(In millions of Korean won)</i>	Assets	Liabilities	Equity	Net income	Comprehensive income
Reported amount under previous K-GAAP	6,123,900	3,244,422	2,879,478	685,740	1,053,119
Adjustments:					
Change in useful life of intangible asset	11,644	1,086	10,558	12,142	12,142
Estimation on biological assets	(542)	-	(542)	393	393
Present value estimation on financial instrument	(34)	-	(34)	(9)	(9)
Recognition of deferred income tax on gain on revaluation of land	-	23,830	(23,830)	-	-
Application deemed cost to land	(109,640)	(24,121)	(85,519)	(168)	10
Reclassification of sale transaction to borrowing transaction on accounts receivable	116	116	-	-	-
Recognition of financial guarantee contracts as liability	1,132	1,132	-	-	-
Recognition of accumulating compensated absences as liability	-	-	-	3,080	3,080
Actuarial estimation on defined benefit obligation	100	292	(192)	9,894	(13,704)
Cancelation of hedge accounting	-	-	-	2,542	-
Deferred income tax on subsidiaries	(1,812)	93,587	(95,399)	(52,623)	(52,623)
Change in scope of consolidation	(22,301)	(9,329)	(12,972)	(1,234)	8,655
Total	(121,337)	86,593	(207,930)	(25,983)	(42,056)
Adjusted amount under Korean IFRS	<u>6,002,563</u>	<u>3,331,015</u>	<u>2,671,548</u>	<u>659,757</u>	<u>1,011,063</u>

3) Effects on the cash flows

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

Cash flows from operating and financing activities are adjusted due to certain transfers of trade receivables that were derecognized under the previous K-GAAP but are treated as collateralized borrowings under Korean-IFRS. Also, other Korean-IFRS transition effects are reflected on cash flows where they have an effect on cash flows.

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

5. Financial Instruments by Category

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

<i>(in thousands of Korean won)</i>	December 31, 2011			
	Assets at fair value through profit and loss	Loans and receivables	Available-for-sale financial assets	Total
Assets				
Cash and cash equivalents	-	478,739,784	-	478,739,784
Short-term financial instruments ¹	-	175,335,807	-	175,335,807
Short-term loans receivable	-	35,556,161	-	35,556,161
Trade receivables	-	1,230,261,455	-	1,230,261,455
Other current financial assets	14,186,527	143,331,294	1,339,925	158,857,746
Other non-current financial assets	-	218,595,917	640,317,750	858,913,667
	<u>14,186,527</u>	<u>2,281,820,418</u>	<u>641,657,675</u>	<u>2,937,664,620</u>

¹As of December 31, 2011, short-term financial instruments amounting to ₩ 11,903 million are pledged as collaterals for long-term borrowings (Note 18).

<i>(in thousands of Korean won)</i>	December 31, 2010			
	Assets at fair value through profit and loss	Loans and receivables	Available-for-sale financial assets	Total
Assets				
Cash and cash equivalents	-	306,599,108	-	306,599,108
Short-term financial instruments	-	227,188,115	-	227,188,115
Short-term loans receivable	-	26,564,840	-	26,564,840
Trade receivables	-	625,517,765	-	625,517,765
Other current financial assets	49,810,302	59,700,875	1,278,385	110,789,562
Other non-current financial assets	-	26,364,329	510,253,435	536,617,764
	<u>49,810,302</u>	<u>1,271,935,032</u>	<u>511,531,820</u>	<u>1,833,277,154</u>

<i>(in thousands of Korean won)</i>	January 1, 2010			
	Assets at fair value through profit and loss	Loans and receivables	Available-for-sale financial assets	Total
Assets				
Cash and cash equivalents	-	225,966,555	-	225,966,555
Short-term financial instruments	-	336,378,415	-	336,378,415
Short-term loans receivable	-	33,944,262	-	33,944,262
Trade receivables	-	635,749,567	-	635,749,567
Other current financial assets	13,268,400	41,990,372	1,166,491	56,425,263
Other non-current financial assets	16,904,251	32,687,631	31,073,572	80,665,454
	<u>30,172,651</u>	<u>1,306,716,802</u>	<u>32,240,063</u>	<u>1,369,129,516</u>

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

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

	December 31, 2011		
	Liabilities at fair value through profit and loss	Financial liabilities measured at amortized cost	Total
<i>(in thousands of Korean won)</i>			
Liabilities			
Trade payables	-	466,575,116	466,575,116
Short-term borrowings	-	1,892,711,909	1,892,711,909
Other payables	-	323,531,739	323,531,739
Current portion of long-term borrowings and debentures	-	647,393,223	647,393,223
Other current financial liabilities	13,354,380	270,933,861	284,288,241
Debentures	-	914,996,972	914,996,972
Long-term borrowings	-	1,153,752,239	1,153,752,239
Other non-current financial liabilities	-	73,505,716	73,505,716
	<u>13,354,380</u>	<u>5,743,400,775</u>	<u>5,756,755,155</u>
	December 31, 2010		
	Liabilities at fair value through profit and loss	Financial liabilities measured at amortized cost	Total
<i>(in thousands of Korean won)</i>			
Liabilities			
Trade payables	-	260,739,680	260,739,680
Short-term borrowings	-	1,065,015,226	1,065,015,226
Other payables	-	232,985,145	232,985,145
Current portion of long-term borrowings and debentures	-	438,237,689	438,237,689
Other current financial liabilities	30,358,533	159,146,720	189,505,253
Debentures	-	249,511,151	249,511,151
Long-term borrowings	-	170,866,548	170,866,548
Other non-current financial liabilities	-	9,333,514	9,333,514
	<u>30,358,533</u>	<u>2,585,835,673</u>	<u>2,616,194,206</u>

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

<i>(in thousands of Korean won)</i>	January 1, 2010		Total
	Liabilities at fair value through profit and loss	Financial liabilities measured at amortized cost	
Liabilities			
Trade payables	-	146,693,284	146,693,284
Short-term borrowings	-	952,794,588	952,794,588
Other payables	-	203,777,306	203,777,306
Current portion of long-term borrowings and debentures	-	389,484,426	389,484,426
Other current financial liabilities	23,007,333	159,120,842	182,128,175
Debentures	-	662,782,355	662,782,355
Long-term borrowings	-	418,239,303	418,239,303
Other non-current financial liabilities	2,217,742	411	2,218,153
	<u>25,225,075</u>	<u>2,932,892,515</u>	<u>2,958,117,590</u>

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

<i>(in thousands of Korean won)</i>	2011	2010
Available-for-sale financial assets		
Gain(loss) on valuation, net (Other comprehensive income(loss))	(193,531,982)	370,946,311
Dividend income	13,709,907	13,534,735
Gain on disposal	129,614,063	542,245,937
Loans and receivables		
Interest income	10,609,877	11,393,828
Foreign exchange loss, net	(3,762,665)	(7,227,907)
Impairment / Reversal	(884,838)	221,045
Financial assets at fair value through profit or loss		
Gain(loss) on valuation, net	(3,355,061)	28,046,675
Gain(loss) on transaction, net	(44,652,160)	(813,939)
Financial liabilities at fair value through profit or loss		
Gain(loss) on valuation, net	3,362,073	(8,801,453)
Gain(loss) on transaction, net	41,736,963	(43,848)
Financial liabilities carried at amortized cost		
Interest expense	(73,134,411)	(72,161,174)
Foreign exchange gain(loss) , net	(40,503,925)	31,941,907

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

6. Trade and Other Receivables

Trade and other receivables as of December 31, 2011 and 2010, and January 1, 2010, are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2011		December 31, 2010		January 1, 2010	
	Current	Non-current	Current	Non-current	Current	Non-current
Trade receivables	1,255,620,563	-	647,609,021	9,090,888	649,643,226	9,839,406
Less: provision for impairment of trade receivables	(25,359,108)	-	(22,091,256)	(8,988,131)	(13,893,659)	(9,839,406)
Loans receivables	38,302,654	11,938,993	27,816,927	14,452,750	35,596,986	16,225,782
Less: provision for impairment of loan receivables	(2,746,493)	-	(1,252,087)	(8,223,018)	(1,652,724)	(8,000,383)
Other receivables	123,413,096	124,141,116	38,521,170	12,276,475	29,546,396	12,276,475
Less: provision for impairment of other receivables	(6,724,615)	-	(3,824,505)	(12,276,475)	(2,633,233)	(12,276,475)
Accrued income	4,914,516	479,981	1,284,372	278,612	4,618,245	278,612
Less: provision for impairment of accrued income	-	-	-	-	(4,388)	-
Long-term financial instruments	21,728,297	79,104,199	23,719,838	19,730,228	10,463,352	24,160,620
Guarantee deposits	-	2,931,628	-	23,000	-	23,000
	<u>1,409,148,910</u>	<u>218,595,917</u>	<u>711,783,480</u>	<u>26,364,329</u>	<u>711,684,201</u>	<u>32,687,631</u>

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

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

<i>(in thousands of Korean won)</i>	December 31, 2011		December 31, 2010		January 1, 2010	
	Trade receivables	Non-trade Other receivables	Trade receivables	Non-trade Other receivables	Trade receivables	Non-trade Other receivables
Receivables not past due	1,217,193,934	403,141,858	609,591,669	113,838,933	574,257,832	107,793,516
Past due but not impaired						
Up to 3 months	13,925,812	4,725	3,450,398	53,342	41,479,321	253,529
3 to 6 months	453,294	77,782	1,158,310	104,400	3,917,564	73,640
6 months to 1 year	1,629,543	169,952	699,352	31,682	4,737,911	336,932
Over 1 year	2,972,922	376,637	3,228,101	985,873	3,653,212	767,284
	18,981,571	629,096	8,536,161	1,175,297	53,788,008	1,431,385
Impaired						
Up to 3 months	2,153,513	-	3,126,460	-	3,278,118	-
3 to 6 months	520,206	1,895,666	2,310,090	-	969,533	-
6 months to 1 year	1,599,742	10,975	5,420,241	2,083,487	1,438,225	-
Over 1 year	15,171,597	1,276,885	27,715,288	21,005,655	25,750,916	23,964,567
	19,445,058	3,183,526	38,572,079	23,089,142	31,436,792	23,964,567
	1,255,620,563	406,954,480	656,699,909	138,103,372	659,482,632	133,189,468

Movements on the provision for impairment of trade and other receivables for the years ended December 31, 2011 and 2010, are as follows:

<i>(in thousands of Korean won)</i>	2011	2010
Beginning	56,655,472	48,300,268
Provision for receivables impairment	5,144,869	2,213,548
Receivables written off during the year as uncollectible	(33,911,689)	(4,341,609)
Unused amounts reversed	(4,260,031)	(1,992,503)
Changes of consolidated subsidiaries	11,176,038	12,535,148
Effect of foreign currency translation	25,557	(59,380)
Ending	34,830,216	56,655,472

The individually impaired receivables amounting to ₩ 22,629 million as of December 31, 2011 (2010: ₩ 61,661 million), mainly relate to manufacturers and retailers, which are in unexpectedly difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered.

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

7. Other Financial Assets and Liabilities

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

<i>(In thousands of Korean won)</i>	December 31, 2011	December 31, 2010	January 1, 2010
Other financial assets			
Other current financial assets			
Other receivables	116,688,481	34,696,665	26,913,163
Guarantee deposits	21,728,297	23,719,838	10,463,352
Derivatives	14,186,527	49,810,302	13,268,400
Other financial assets	6,254,441	2,562,757	5,780,348
	<u>158,857,746</u>	<u>110,789,562</u>	<u>56,425,263</u>
Other non-current financial assets			
Available-for-sale financial assets	640,317,750	510,253,435	31,073,572
Guarantee deposits	79,104,199	19,730,228	24,160,620
Long-term other receivables	124,141,116	-	-
Derivatives	-	-	16,904,251
Other financial assets	15,350,602	6,634,101	8,527,011
	<u>858,913,667</u>	<u>536,617,764</u>	<u>80,665,454</u>
	<u>1,017,771,413</u>	<u>647,407,326</u>	<u>137,090,717</u>
	December 31, 2011	December 31, 2010	January 1, 2010
Other financial liabilities			
Other current financial liabilities			
Leasehold deposits	12,680,839	14,312,509	11,680,031
Derivatives	13,354,380	30,358,533	23,007,333
Accrued expenses	254,709,947	143,702,530	145,765,077
Finance lease liabilities	3,543,075	-	-
Other financial Liabilities	-	1,131,681	1,675,734
	<u>284,288,241</u>	<u>189,505,253</u>	<u>182,128,175</u>
Other non-current financial liabilities			
Long-term accrued expenses	19,102,651	9,333,514	-
Leasehold deposits	30,965,113	-	-
Finance lease liabilities	20,172,431	-	-
Derivatives	-	-	2,217,742
Other financial liabilities	3,265,521	-	411
	<u>73,505,716</u>	<u>9,333,514</u>	<u>2,218,153</u>
	<u>357,793,957</u>	<u>198,838,767</u>	<u>184,346,328</u>

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

Non-current available-for-sale financial assets as of December 31, 2011 and 2010, and January 1, 2010, consist of the following:

(1) *Changes in available-for-sale financial assets*

<i>(in thousands of Korean won)</i>	2011	2010
Balance at January 1	510,253,435	31,073,572
Acquisitions ¹	373,611,435	4,124,676
Changes of consolidated subsidiaries	122,870,569	-
Disposals	(272,400,000)	(405,112)
Valuation	(94,017,689)	475,460,299
Balance at December 31	<u>640,317,750</u>	<u>510,253,435</u>

¹ The Company acquired 4,394,340 shares of Samsung Life Insurance Co., Ltd. for ₩ 373,541 million from CJ Corporation according to the decision of Board of Directors on August 31, 2011 and disposed 3,000,000 shares of that entity for ₩ 256,500 million according to the decision of Board of Directors on October 17, 2011.

(2) *Details of available-for-sale financial assets*

	<u>December 31, 2011</u>			<u>December 31,</u>	<u>January 1,</u>
	Acquisition			2010	2010
	cost	Fair value	Book value	Book value	Book value
Marketable investments					
(excluding investments in jointly controlled entities and associates)	348,682,257	590,340,916	590,340,916	480,676,856	6,405,145
Non-marketable investments					
(excluding investments in jointly controlled entities and associates)	100,351,655	50,795,432	49,976,834	29,576,579	24,668,427
	<u>449,033,912</u>	<u>641,136,348</u>	<u>640,317,750</u>	<u>510,253,435</u>	<u>31,073,572</u>

As of December 31, 2011, shares of Samsung Life Insurance Co., Ltd. are pledged as collaterals for borrowings (Notes 15 and 18).

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

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

<i>(in thousands of Korean won)</i>	December 31, 2011		December 31, 2010		January 1, 2010	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Current						
Commodity future	-	-	755,988	-	953,637	3,904,396
Commodity option	10,160,248	11,187,329	31,740,494	27,018,549	11,779,764	8,676,730
Foreign currency forward	2,300,403	848,323	4,028,357	1,856,837	426,539	2,833,270
Foreign currency option	1,725,876	1,318,728	111,265	758,111	43,772	1,831,727
Foreign currency and interest rate swap	-	-	13,174,198	725,036	64,688	5,761,210
	<u>14,186,527</u>	<u>13,354,380</u>	<u>49,810,302</u>	<u>30,358,533</u>	<u>13,268,400</u>	<u>23,007,333</u>
Non – current						
Foreign currency forward	-	-	-	-	-	2,217,742
Foreign currency and interest rate swap	-	-	-	-	16,904,251	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,904,251</u>	<u>2,217,742</u>
	<u>14,186,527</u>	<u>13,354,380</u>	<u>49,810,302</u>	<u>30,358,533</u>	<u>30,172,651</u>	<u>25,225,075</u>

The Group holds all derivatives above for trading.

Finance lease liabilities as of December 31, 2011, is as follows:

<i>(in thousands of Korean won)</i>	Minimum Lease Payment	Present Value of Minimum Lease Payments
Within 1 year	5,113,742	3,543,075
1 to 5 years	22,943,085	20,172,431
	<u>28,056,827</u>	<u>23,715,506</u>
Less: Present value discount	<u>(4,341,321)</u>	
	<u>23,715,506</u>	

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

8. Other Assets

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

<i>(In thousands of Korean won)</i>	December 31, 2011	December 31, 2010	January 1, 2010
Other current assets			
Advance payments	54,812,527	29,783,851	20,481,461
Prepared expenses	34,198,321	14,986,927	18,028,833
Prepaid taxes	66,156,269	47,514,517	10,333,563
Others	1,728,271	3,279,294	249,314
	<u>156,895,388</u>	<u>95,564,589</u>	<u>49,093,171</u>
Other non-current assets			
Long-term prepared expenses	214,963,155	53,412,132	47,615,381
Others	809,115	1,595,426	818,406
	<u>215,772,270</u>	<u>55,007,558</u>	<u>48,433,787</u>
	<u>372,667,658</u>	<u>150,572,147</u>	<u>97,526,958</u>

9. Inventories

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

<i>(In thousands of Korean won)</i>	December 31, 2011	December 31, 2010	January 1, 2010
Finished goods and merchandise	345,350,900	259,990,387	181,047,050
By-products	659,514	275,899	606,323
Work in process	57,557,891	35,234,350	32,283,379
Raw materials	291,577,335	193,097,326	140,538,400
By-materials	31,014,172	20,031,813	11,842,530
Stored goods	44,722,130	27,367,194	20,096,124
Materials-in-transit	310,442,560	255,097,725	179,561,588
Less: Allowance for inventory valuation	(6,144,955)	(4,316,060)	(3,153,730)
	<u>1,075,179,547</u>	<u>786,778,634</u>	<u>562,821,664</u>

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

10. Biological Assets

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

<i>(In thousands of Korean won)</i>	December 31, 2011	December 31, 2010	January 1, 2010
Consumable biological assets			
Hog	6,255,082	5,558,328	3,601,961
Broiler	4,387,658	4,515,699	-
	<u>10,642,740</u>	<u>10,074,027</u>	<u>3,601,961</u>
Bearer biological assets			
Hog	545,719	908,512	-
Laying (Hen)	8,159,491	7,627,843	-
	<u>8,705,210</u>	<u>8,536,355</u>	<u>-</u>
	<u>19,347,950</u>	<u>18,610,382</u>	<u>3,601,961</u>

Changes in consumable biological assets as of December 31, 2011 and 2010, are as follows:

<i>(In thousands of Korean won)</i>	2011		2010	
	Hog	Broiler	Hog	Broiler
Balance at January 1	5,558,328	4,515,699	3,601,961	-
Purchase	24,350,992	102,437,332	27,394,397	51,455,020
Sale	(23,564,950)	(102,510,748)	(25,330,600)	(46,910,786)
Gain(loss) of valuation	656,145	(106,026)	-	-
Effect of foreign currency translation	(194,597)	51,401	(107,430)	(28,535)
Reclassification	(550,836)	-	-	-
Balance at December 31	<u>6,255,082</u>	<u>4,387,658</u>	<u>5,558,328</u>	<u>4,515,699</u>

Changes in bearer biological assets as of December 31, 2011 and 2010, are as follows:

<i>(In thousands of Korean won)</i>	2011		2010	
	Hog	Laying (Hen)	Hog	Laying (Hen)
Balance at January 1	908,512	7,627,843	-	-
Purchase	447,270	1,478,621	77,179	863,247
Sale	(383,017)	(989,952)	(182,947)	(1,410,481)
Gain(loss) of valuation	-	10,091	-	-
Change of consolidated subsidiaries	-	-	1,010,788	8,014,911
Effect of foreign currency translation	(64,039)	32,888	3,492	(73,288)
Reclassification	(363,007)	-	-	233,454
Balance at December 31	<u>545,719</u>	<u>8,159,491</u>	<u>908,512</u>	<u>7,627,843</u>

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

11. Investments in Jointly Controlled Entities and Associates

Changes in investments in jointly controlled entities and associates for the year ended December 31, 2011, is as follows:

<i>(in thousands of Korean won)</i>	Beginning	Acquisition	Business combination	Disposals	Share of Profit(loss), net¹	Others²	Ending
Associate							
Beijing Ershang CJ Food Co., Ltd.	6,609,311	-	-	-	(137,579)	374,701	6,846,433
CJ Toyota Tsusho Philippines Inc.	5,676,551	-	-	-	(476,446)	52,343	5,252,448
CJ Pharma Research India Pvt. Ltd.	960,595	-	-	-	-	(138,308)	822,287
CJ&Haci Foodtech Co., Ltd.	16,704,466	-	-	-	(1,027,839)	903,358	16,579,985
Lucky Union Foods Co., Ltd.	6,237,217	-	-	-	873,669	(1,450,567)	5,660,319
Phil-Kor Holdings Co., Ltd.	3,577	-	-	-	(1,751)	(86)	1,740
PT. CJ PIA	1,301,080	-	-	-	397,898	10,892	1,709,870
Darby CJ Genetics Co., Ltd.	238,186	-	-	-	255,142	(66,152)	427,176
Ebara CJ Fresh Food Inc.	-	3,364,250	-	-	(765,538)	297,011	2,895,723
Sichuan Jixiangiu Food Co., Ltd.	-	23,723,315	-	-	687,673	(66,640)	24,344,348
Gumbo DDF	-	4,760,000	-	-	-	-	4,760,000
CJ Food Europe Ltd.	-	923,148	-	-	-	(34,528)	888,620
CJ Venture Investment No.13 New Wave Fund	-	2,000,000	-	-	-	-	2,000,000
Incheon North Port Bulk Terminal	-	-	2,320,564	-	-	-	2,320,564
Dong Seok Logistics	-	-	446,938	-	-	-	446,938
Ulsan Port Operating Co., Ltd.	-	-	22,889	-	-	-	22,889
Terminal Operating Co., Ltd. of Masan Port-Pier 4	-	-	101,821	-	-	-	101,821
Gwangyang West Container Terminal Co., Ltd.	-	-	139,791	-	-	-	139,791
Incheon South Port Operating Co., Ltd.	-	-	1,271,828	-	-	-	1,271,828
CNK World Logistics Co., Ltd.	-	-	113,651	-	-	-	113,651
Shanghai Incheon Int'l Ferry Co., Ltd.	-	-	1,728,367	-	-	-	1,728,367
The 8th Terminal of Incheon Port Operating Co., Ltd.	-	-	160,482	-	-	-	160,482
Pohang Port 8th Terminal Operating Co., Ltd.	-	-	57,991	-	-	-	57,991
Gunsan Container Terminal DCT Co., Ltd.	-	-	2,124,108	-	-	-	2,124,108
IC Logistics Co., Ltd.	-	-	150,210	-	-	-	150,210
IC Logistics Co., Ltd.	-	-	112,545	-	-	-	112,545
Hi Won Ltd.	-	-	164,304	-	-	-	164,304
Ke-Cati Logistics Co., Ltd.	-	-	291,740	-	-	-	291,740

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

<i>(in thousands of Korean won)</i>	Beginning	Acquisition	Business combination	Disposals	Share of		Ending
					Profit(loss) , net ¹	Others ²	
The 7th Terminal of Gunsan Port Operating Co., Ltd.	-	-	160,337	-	-	-	160,337
Pohang Yeongilman Port Operating Co., Ltd.	-	-	233,885	-	-	-	233,885
Daesan Port Operating Co., Ltd.	-	-	253,300	-	-	-	253,300
Kumho Resort Co., Ltd.	-	-	83,498,449	-	-	-	83,498,449
Korea Express Packsimex Co., Ltd.	-	-	852,176	-	-	-	852,176
Korea Express -Saigon Logistics Co., Ltd.	-	-	1,348,046	-	-	-	1,348,046
Korea Express Saigon Port Co., Ltd.	-	-	2,501,081	-	-	-	2,501,081
	<u>37,730,983</u>	<u>34,770,713</u>	<u>98,054,503</u>	<u>-</u>	<u>(194,771)</u>	<u>(117,976)</u>	<u>170,243,452</u>

Changes in investments in jointly controlled entities and associates for the year ended December 31, 2010, is as follows:

<i>(in thousands of Korean won)</i>	Beginning	Acquisition	Business combination	Disposals	Share of		Ending
					Profit(loss) , net ¹	Others ²	
Associate							
Beijing Ershang CJ Food Co., Ltd.	6,969,339	-	-	-	(414,642)	54,615	6,609,312
CJ Toyota Tsusho Philippines Inc.	7,073,884	-	-	(766,206)	(485,930)	(145,197)	5,676,551
CJ Pharma Research India Pvt. Ltd.	1,139,154	-	-	-	(193,163)	14,604	960,595
CJ&HACL Foodtech Co., Ltd.	12,863,348	4,355,455	-	-	(693,052)	178,715	16,704,466
Lucky Union Foods Co., Ltd.	5,800,026	-	-	-	264,774	172,417	6,237,217
Phil-Kor Holdings Co., Ltd.	-	-	2,250	-	1,324	2	3,576
PT. CJ PIA	-	-	1,368,426	-	(46,349)	(20,997)	1,301,080
Darby CJ Genetics Co., Ltd.	-	-	313,453	-	(77,835)	2,568	238,186
	<u>33,845,751</u>	<u>4,355,455</u>	<u>1,684,129</u>	<u>(766,206)</u>	<u>(1,644,873)</u>	<u>256,727</u>	<u>37,730,983</u>

¹The Group's share of the profit (loss) of jointly controlled entities and associates represents an amount net of taxes and non-controlling interests.

²Others mainly consist of effect of foreign currency translation.

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

Investments in jointly controlled entities and associates as of December 31, 2011 and 2010, and January 1, 2010, consist of the following:

<i>(in thousands of Korean won, except percent of ownership)</i>	December 31, 2011		December 31, 2010	January 1, 2010
	Percentage of Ownership (%)	Book Value	Book Value	Book Value
Associate				
CJ Pharma Research India Pvt. Ltd. ¹	100.00	822,287	960,595	1,139,154
Incheon North Port Bulk Terminal	28.00	2,320,564	-	-
Dong Seok logistics ¹	50.00	446,938	-	-
Ulsan Port Operating Co., Ltd. ¹	51.54	22,889	-	-
Terminal Operating Co., Ltd. of Masan Port-Pier 4 ¹	45.96	101,821	-	-
Gwangyang West Container Terminal Co., Ltd.	20.00	139,791	-	-
Incheon South Port Operating Co., Ltd.	40.00	1,271,828	-	-
CNK World Logistics Co., Ltd.	49.00	113,651	-	-
Shanghai Incheon Int'l Ferry Co., Ltd.	24.50	1,728,367	-	-
The 8th Terminal of Incheon Port Operating Co., Ltd.	26.00	160,482	-	-
Pohang Port 8th Terminal Operating Co., Ltd.	45.00	57,991	-	-
Gunsan Container Terminal	24.11	2,124,108	-	-
DCT Co., Ltd.	33.33	150,210	-	-
IC Logistics Co., Ltd.	35.60	112,545	-	-
Hi Won Ltd.	29.00	164,304	-	-
Ke-Cati Logistics Co., Ltd. ¹	83.33	291,740	-	-
The 7th Terminal of Gunsan Port Operating Co., Ltd.	35.00	160,337	-	-
Pohang Yeongilman Port Operating Co., Ltd. ¹	51.00	233,885	-	-
Daesan Port Operating Co., Ltd. ¹	51.00	253,300	-	-
CJ Venture Investment No.13 New Wave Fund	50.00	2,000,000	-	-
Jointly controlled entities				
Lucky Union Foods Co., Ltd.	20.00	5,660,318	6,237,217	5,800,026
Beijing Ershang CJ Food Co., Ltd.	49.00	6,846,433	6,609,312	6,969,339
CJ&HACL Foodtech Co., Ltd.	49.00	16,579,986	16,704,466	12,863,348
CJ Toyota Tsusho Philippines Inc.	44.87	5,252,448	5,676,551	7,073,884
PHIL-KOR Holdings Co., Inc.	40.00	1,740	3,577	-
Darby CJ Genetics Co., Ltd.	33.17	427,176	238,186	-
PT. CJ PIA	50.00	1,709,869	1,301,079	-
Ebara CJ Fresh Foods Inc.	50.00	2,895,723	-	-
Sichuan Jixiangiu Food Co., Ltd.	49.00	24,344,349	-	-
Kumho Resort Co., Ltd	50.00	83,498,449	-	-
Korea Express Packsimex Co., Ltd.	60.00	852,176	-	-
Korea Express-Saigon Logistics Co., Ltd.	66.25	1,348,046	-	-
Gumbo DDF	49.00	4,760,000	-	-
CJ Food Europe Ltd.	50.00	888,620	-	-
Korea Express Saigon Port Co., Ltd.	50.00	2,501,081	-	-
		170,243,452	37,730,983	33,845,751

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

Investments in jointly controlled entities and associates are all unlisted shares.

¹Although the companies are controlled by the Group, but they are excluded from subsidiaries for consolidation because they are not significant.

Financial information of jointly controlled entities and associates as of December 31, 2011 and 2010, are as follows:

<i>(in thousands of Korean won)</i>	Sales		Net income (loss)		Assets		Liabilities	
	2011	2010	2011	2010	2011	2010	2011	2010
Associate								
CJ Pharma Research India Pvt. Ltd.	-	-	-	-	822,287	960,595	-	-
Incheon North Port Bulk Terminal	2,518,289	-	(6,610,800)	-	98,633,552	-	90,345,823	-
Dong Seok Logistics	3,805,049	-	133,522	-	4,183,307	-	3,289,431	-
Ulsan Port Operating Co., Ltd. Terminal Operating Co., Ltd. of Masan Port-Pier 4	12,769,469	-	(2,703)	-	1,003,327	-	958,918	-
Gwangyang West Container Terminal Co., Ltd.	16,980,227	-	104,864	-	2,412,080	-	2,190,536	-
Incheon South Port Operating Co., Ltd.	250,000	-	145,134	-	711,179	-	12,224	-
CNK World Logistics Co., Ltd.	11,952,995	-	1,894,266	-	5,131,093	-	1,951,524	-
Shanghai Incheon Int'l Ferry Co., Ltd.	-	-	(87,208)	-	244,934	-	108,932	-
The 8th Terminal of Incheon Port Operating Co., Ltd.	183,193	-	1,248,306	-	12,765,047	-	5,601,688	-
Pohang Port 8th Terminal Operating Co., Ltd.	6,840,715	-	10,744	-	1,668,427	-	1,051,191	-
Gunsan Container Terminal DCT Co., Ltd.	3,727,139	-	2,980	-	278,536	-	149,667	-
IC Logistics Co., Ltd.	261,672	-	(53,585)	-	3,845,520	-	864,788	-
Hi Won Ltd.	960,330	-	62,904	-	896,819	-	1,250,035	-
Ke-Cati Logistics Co., Ltd.	-	-	(20,745)	-	516,807	-	202,735	-
The 7th Terminal of Gunsan Port Operating Co., Ltd.	1,152,606	-	(46,447)	-	7,762,153	-	7,237,403	-
Pohang Yeongilman Port Operating Co., Ltd.	-	-	(4,674)	-	350,103	-	-	-
Daesan Port Operating Co., Ltd.	2,238,041	-	809	-	2,298,303	-	1,840,196	-
CJ Venture Investment No.13 New Wave Fund	-	-	(41,402)	-	463,598	-	5,000	-
	64,010	-	(3,333)	-	967,420	-	470,752	-

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

<i>(in thousands of Korean won)</i>	Sales		Net income (loss)		Assets		Liabilities	
	2011	2010	2011	2010	2011	2010	2011	2010
Jointly controlled entities								
Lucky Union Foods Co., Ltd.	46,882,000	37,731,192	5,345,940	2,365,985	62,526,494	51,313,574	20,380,031	20,127,489
Beijing Ershang CJ Food Co., Ltd.	27,575,003	25,332,197	(280,774)	(846,211)	21,226,132	19,847,067	7,253,779	6,358,635
CJ&Haci Foodtech Co., Ltd.	12,946,194	9,295,486	(2,097,629)	(1,399,305)	46,000,810	41,754,393	12,164,105	7,663,647
CJ Toyota Tsusho Philippines Inc.	-	-	(1,061,748)	(1,082,884)	71,929,690	53,235,490	60,224,726	40,585,424
PHIL-KOR Holdings Co., Inc.	-	-	(4,378)	2,357	1,380,320	882,403	1,377,081	874,230
Darby CJ Genetics Co., Ltd.	4,829,536	1,693,461	769,123	(1,072,423)	3,990,621	4,142,583	2,432,656	3,318,922
PT. CJ PIA	3,754,957	3,329,530	795,795	530,915	4,975,472	4,591,293	1,603,649	2,029,789
Ebara CJ Fresh Foods Inc.	3,335,474	-	(1,531,077)	-	7,805,058	-	2,013,613	-
Sichuan Jixiangiu Food Co., Ltd.	36,935,052	-	4,759,105	-	42,353,877	-	24,708,791	-
Kumho Resort Co., Ltd.	87,022,504	-	(1,402,856)	-	529,895,269	-	403,713,582	-
Korea Express Packsimex Co., Ltd.	280,537	-	21,936	-	1,575,487	-	155,193	-
Korea Express -Saigon Logistics Co., Ltd.	1,036,246	-	41,427	-	4,397,682	-	470,421	-
Gumbo DDF	288,098	-	15,084	-	4,272,406	-	1,141,242	-
CJ Food Europe Ltd.	-	-	-	-	1,777,240	-	-	-
Korea Express Saigon Port Co., Ltd.	3,429,817	-	97,251	-	3,690,504	-	260,688	-

As of December 31, 2011, investments in jointly controlled entities and associates amounting to ₩5,660 million are pledged as collaterals for short-term borrowings (Note 15).

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

12. Property, Plant and Equipment

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

<i>(In thousands of Korean won)</i>	2011					
	Land	Buildings	Structures	Machinery	Vehicles	Tools and Equipment
Balance at January 1	1,401,954,576	422,588,250	66,700,237	680,372,400	5,823,316	68,534,598
Acquisitions	547,700	29,003,530	6,240,181	104,397,530	4,882,671	68,301,279
Transfers	2,980,251	63,613,627	12,947,579	175,219,751	113,972	15,073,448
Disposals	(8,750,569)	(3,016,599)	(864,257)	(2,517,036)	(523,089)	(115,163)
Depreciation	-	(31,678,411)	(5,896,792)	(107,326,482)	(2,668,176)	(29,639,138)
Change in scope of consolidation	819,275,327	368,067,557	55,288,530	66,399,416	82,048,702	20,173,245
Effect of foreign currency translation	(114,548)	3,972,217	73,418	9,150,873	61,085	681,185
Others	1,203,954	605,714	(747,295)	4,734,346	331,908	1,141,327
Balance at December 31	<u>2,217,096,691</u>	<u>853,155,885</u>	<u>133,741,601</u>	<u>930,430,798</u>	<u>90,070,389</u>	<u>144,150,781</u>
Acquisition cost	2,221,692,729	1,267,394,339	255,294,328	1,919,662,751	231,772,197	500,484,307
Accumulated depreciation	-	(406,342,803)	(119,479,332)	(988,988,526)	(141,686,084)	(355,693,822)
Government grants	(4,596,038)	(7,895,651)	(2,073,395)	(243,427)	(15,724)	(639,704)
Balance at December 31	<u>2,217,096,691</u>	<u>853,155,885</u>	<u>133,741,601</u>	<u>930,430,798</u>	<u>90,070,389</u>	<u>144,150,781</u>

<i>(In thousands of Korean won)</i>	2011					
	Biological assets	Ships	Heavy equipment	Others	Construction - in-progress	Total
Balance at January 1	8,536,355	-	-	229,156	156,891,815	2,811,630,703
Acquisitions	1,925,892	-	-	9,800	510,497,838	725,806,421
Transfers	-	-	-	-	(269,948,628)	-
Disposals	(1,372,969)	-	-	(2,100)	(7,216,107)	(24,377,889)
Depreciation	-	-	-	(4,068)	-	(177,213,067)
Change in scope of consolidation	-	10,553,539	88,746,071	1,007,134	136,713,592	1,648,273,113
Effect of foreign currency translation	(31,152)	-	-	616	15,837,996	29,631,690
Others	(352,916)	-	-	(222,242)	(228,741)	6,466,055
Balance at December 31	<u>8,705,210</u>	<u>10,553,539</u>	<u>88,746,071</u>	<u>1,018,296</u>	<u>542,547,765</u>	<u>5,020,217,026</u>
Acquisition cost	8,705,210	12,801,310	174,634,704	3,360,499	543,530,991	7,139,333,365
Accumulated depreciation	-	(2,247,771)	(85,888,633)	(2,342,203)	-	(2,102,669,174)
Government grants	-	-	-	-	(983,226)	(16,447,165)
Balance at December 31	<u>8,705,210</u>	<u>10,553,539</u>	<u>88,746,071</u>	<u>1,018,296</u>	<u>542,547,765</u>	<u>5,020,217,026</u>

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

<i>(In thousands of Korean won)</i>	2010				
	Land	Buildings	Structures	Machinery	Vehicles
Balance at January 1	1,373,507,058	402,782,834	58,767,676	613,997,699	3,601,503
Acquisitions	11,192,865	17,580,768	5,840,048	83,218,029	2,712,358
Transfers	16,933,014	8,372,546	1,260,826	59,465,742	87,439
Disposals	(430,474)	(5,179,046)	(448,407)	(5,153,287)	(323,604)
Depreciation	-	(24,738,543)	(4,706,595)	(88,181,009)	(1,823,520)
Change in scope of consolidation	-	27,145,721	7,091,950	18,891,258	1,571,890
Effect of foreign currency translation	220,550	1,220,863	(283,817)	(1,810,176)	(15,463)
Others	531,563	(4,596,893)	(821,444)	(55,856)	12,713
Balance at December 31	<u>1,401,954,576</u>	<u>422,588,250</u>	<u>66,700,237</u>	<u>680,372,400</u>	<u>5,823,316</u>
Acquisition cost	1,401,954,576	699,004,835	126,080,849	1,498,334,657	20,459,474
Accumulated depreciation	-	(276,416,585)	(59,380,612)	(817,962,257)	(14,636,158)
Balance at December 31	<u>1,401,954,576</u>	<u>422,588,250</u>	<u>66,700,237</u>	<u>680,372,400</u>	<u>5,823,316</u>

<i>(In thousands of Korean won)</i>	2010				
	Tools and Equipment	Biological assets	Others	Construction-in-progress	Total
Balance at January 1	60,490,365	-	934,958	136,812,890	2,650,894,983
Acquisitions	24,397,237	940,426	3,266	112,998,328	258,883,325
Transfers	3,179,164	-	-	(89,298,731)	-
Disposals	(1,916,866)	(1,593,428)	(684,282)	(4,316,765)	(20,046,159)
Depreciation	(21,789,679)	-	(24,013)	-	(141,263,359)
Change in scope of consolidation	3,912,184	9,025,699	-	1,346,924	68,985,626
Effect of foreign currency translation	9,863	(69,796)	(842)	(249,018)	(977,836)
Others	252,330	233,454	69	(401,813)	(4,845,877)
Balance at December 31	<u>68,534,598</u>	<u>8,536,355</u>	<u>229,156</u>	<u>156,891,815</u>	<u>2,811,630,703</u>
Acquisition cost	375,255,047	8,536,355	156,891,815	156,891,815	4,443,409,423
Accumulated depreciation	(306,720,449)	-	(156,662,659)	-	(1,631,778,720)
Balance at December 31	<u>68,534,598</u>	<u>8,536,355</u>	<u>229,156</u>	<u>156,891,815</u>	<u>2,811,630,703</u>

Depreciation cost for the years ended December 31, 2011 and 2010, is classified as follows:

<i>(in thousands of Korean won)</i>	2011	2010
Cost of sales	138,525,079	110,058,140
Selling, general and administrative expenses	33,753,925	31,205,219
Development cost(asset)	4,934,063	-
	<u>177,213,067</u>	<u>141,263,359</u>

As of December 31, 2011, the Group's certain lands and buildings are pledged as collaterals for borrowings up to ₩730,802 million (2010: ₩209,006 million) (Note 15 and 18).

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

13. Intangible Assets

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

<i>(in thousands of Korean won)</i>	2011				
	Goodwill	Industrial Property Rights	Development Costs	Other Membership	Service Concession Arrangement
Balance at January 1	54,121,140	14,582,144	-	35,578,113	-
Acquisitions	-	3,674	48,429,499	1,346,170	-
Transfers	-	3,878,807	-	-	-
Disposals	-	(742,147)	-	(1,025,195)	-
Amortization	-	(1,444,821)	-	-	-
Change in scope of consolidation	220,175,911	1,237	-	3,360,810	377,538,370
Effect of foreign currency translation	-	4,863	-	20,279	-
Others	-	33,445	4,934,064	(677)	-
Balance at December 31	<u>274,297,051</u>	<u>16,317,202</u>	<u>53,363,563</u>	<u>39,279,500</u>	<u>377,538,370</u>
Acquisition cost	288,797,983	24,836,232	53,363,563	39,279,500	502,859,404
Accumulated amortization	(14,500,932)	(8,519,030)	-	-	(119,389,354)
Government grants	-	-	-	-	(5,931,680)
Balance at December 31	<u>274,297,051</u>	<u>16,317,202</u>	<u>53,363,563</u>	<u>39,279,500</u>	<u>377,538,370</u>

<i>(in thousands of Korean won)</i>	2011			
	Brand	Others	Construction-in-progress	Total
Balance at January 1	-	42,159,660	8,263,229	154,704,286
Acquisitions	-	23,750,663	5,307,692	78,837,698
Transfers	-	-	(3,878,807)	-
Disposals	-	(91,711)	-	(1,859,053)
Amortization	-	(3,166,930)	-	(4,611,751)
Change in scope of consolidation	220,560,000	151,363,749	191,954,269	1,164,954,346
Effect of foreign currency translation	-	2,656,685	-	2,681,827
Others	-	848,697	(5,554)	5,809,975
Balance at December 31	<u>220,560,000</u>	<u>217,520,813</u>	<u>201,640,829</u>	<u>1,400,517,328</u>
Acquisition cost	220,560,000	234,511,793	222,321,638	1,586,530,113
Accumulated amortization	-	(16,990,980)	-	(159,400,296)
Government grants	-	-	(20,680,809)	(26,612,489)
Balance at December 31	<u>220,560,000</u>	<u>217,520,813</u>	<u>201,640,829</u>	<u>1,400,517,328</u>

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

<i>(in thousands of Korean won)</i>	2010					Total
	Goodwill	Industrial Property Rights	Other Membership	Others	Construction - in-progress	
Balance at January 1	54,121,140	12,759,717	36,303,083	21,718,849	7,111,738	132,014,527
Acquisitions	-	15,728	371,609	17,268,576	4,364,195	22,020,108
Transfers	-	2,983,131	-	-	(2,983,131)	-
Disposals	-	(1,238)	(571,556)	(6,413)	-	(579,207)
Amortization	-	(1,208,938)	-	(2,076,318)	-	(3,285,256)
Change in scope of consolidation	-	57,857	(493,791)	4,994,492	-	4,558,558
Effect of foreign currency translation	-	(11,312)	(34,850)	86,068	-	39,906
Others	-	(12,801)	3,618	174,406	(229,573)	(64,350)
Balance at December 31	<u>54,121,140</u>	<u>14,582,144</u>	<u>35,578,113</u>	<u>42,159,660</u>	<u>8,263,229</u>	<u>154,704,286</u>
Acquisition cost	68,622,072	21,773,512	35,578,113	54,854,853	8,263,229	189,091,779
Accumulated amortization	<u>(14,500,932)</u>	<u>(7,191,368)</u>	-	<u>(12,695,193)</u>	-	<u>(34,387,493)</u>
Balance at December 31	<u>54,121,140</u>	<u>14,582,144</u>	<u>35,578,113</u>	<u>42,159,660</u>	<u>8,263,229</u>	<u>154,704,286</u>

Amortization cost for the years ended December 31, 2011 and 2010, is classified as follows:

<i>(in thousands of Korean won)</i>	2011	2010
Cost of sales	730,279	694,728
Selling, general and administrative expenses	<u>3,881,472</u>	<u>2,590,528</u>
	<u>4,611,751</u>	<u>3,285,256</u>

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

13.1 Impairment tests for goodwill

Goodwill is allocated by the management at the cash-generating units. The Group used the same goodwill allocation method for the years ended December 31, 2011 and 2010.

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

<i>(in thousands of Korean won)</i>	December 31, 2011	December 31, 2010	January 1, 2010
Haechandle Co., Ltd.	2,957,556	2,957,556	2,957,556
Brand Egg	575,517	575,517	575,517
Shindongbang CP Corporation	30,146,906	30,146,906	30,146,906
Hasunjung General Food Co., Ltd.	9,695,640	9,695,640	9,695,640
CJ Seafood Corporation	7,977,356	7,977,356	7,977,356
CJ Omni Inc.	1,173,226	1,173,226	1,173,226
Annie Chun's Inc.	1,594,939	1,594,939	1,594,939
Youngwoo Frozen Foods Co., Ltd.	3,797,358	-	-
Wooseong Co., Ltd.	1,190,096	-	-
Korea Express Co., Ltd.	215,188,457	-	-
	<u>274,297,051</u>	<u>54,121,140</u>	<u>54,121,140</u>

Goodwill impairment reviews are undertaken annually. Impairment test suggests that, there are no units where the carrying value of cash generating units does not exceed the recoverable amount. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the zero percent rate. The key assumptions used for value-in-use calculations in 2011 are as follows:

<i>(in thousands of Korean won)</i>	Gross Margin	Growth Rate	Pre- Tax Discount Rate
Haechandle Co., Ltd.	17.40%	10.10%	10.37%
Shindongbang CP Corporation	8.70%	1.20%	7.58%
Hasunjung General Food Co., Ltd.	8.00%	19.80%	8.10%
CJ Seafood Corporation	10.95%	17.09%	7.73%
Youngwoo Frozen Foods Co., Ltd.	4.64%	4.34%	7.38%

The Consolidated Company determined budgeted gross margin rate based on past performance and its expectations of market development.

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

13.2 Service concession arrangement

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

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

14. Investment Property

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

<i>(in thousands of Korean won)</i>	2011	2010
Balance at January 1	196,239,317	175,428,211
Acquisitions	2,472,555	2,237,791
Disposals	(231,347)	(3,239,234)
Depreciation	(4,085,637)	(3,761,315)
Change in scope of consolidation	144,284,209	21,783,718
Effect foreign currency translation	82,475	-
Others	(7,657,463)	3,790,146
Balance at December 31	<u>331,104,109</u>	<u>196,239,317</u>
Acquisition cost	361,617,633	209,730,651
Accumulated depreciation	(30,207,532)	(13,491,334)
Accumulated impairment	(305,992)	-
Balance at December 31	<u>331,104,109</u>	<u>196,239,317</u>

The fair value of the investment properties as of December 31, 2011, is ₩ 359,552 million (2010: ₩217,623 million). Rent income from investment property during the year ended December 31, 2011, is ₩13,468 million (2010: ₩10,873 million) and operating expenses directly related to those investment property is ₩3,694 million(2010: ₩3,688 million).

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

15. Short-term Borrowings

Short-term borrowings as of December 31, 2011 and 2010, and January 1, 2010, consist of the following:

<i>(in thousands of Korean won)</i>	Creditor	Annual Interest Rates (%)	December 31, 2011	December 31, 2010	January 1, 2010
Local currency loans					
General loans	Kookmin Bank and others	4.00-7.52	543,121,650	43,365,847	77,331,812
Short-term CP	Woori Bank and others	6.6	100,000,000	-	-
Policy loans	Korea Agro-Fisheries Trade Corporation and others	3.00-4.00	17,301,000	20,120,000	-
Others	Hana Bank and others	1.35-7.09	104,779,770	10,729,859	1,006,805
Foreign currency loans, in Korean won equivalent					
General loans	Bank of America and others	1.11 - 7.00	427,725,293	201,857,150	421,319,710
Loans for working capital	Export Import Bank of Korea and others	1.35 - 16.00	175,634,591	361,512,499	-
Loan for facilities	Korea Development Bank	5.74	11,692,700	15,689,816	-
Usance financing	Woori Bank and others	0.02 - 2.65	512,456,905	411,740,055	453,136,261
			<u>1,892,711,909</u>	<u>1,065,015,226</u>	<u>952,794,588</u>

As of December 31, 2011, the Group's certain portion of available-for-sale financial assets, investment in jointly controlled entities and property, plant and equipment are pledged as collaterals for short-term borrowings above (Note 7, 11 and 12). Also, as of December 31, 2011, the Group has bank overdraft agreements of up to a maximum of ₩122,678 million with six banks, including Woori Bank.

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

16. Other Liabilities

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

<i>(in thousands of Korean won)</i>	December 31, 2011	December 31, 2010	January 1, 2010
Other current liabilities			
Advance receipts	51,786,380	39,707,255	23,388,363
Withholdings	36,100,425	21,925,907	20,152,826
Others	2,252,170	2,760,716	4,423,982
	<u>90,138,975</u>	<u>64,393,878</u>	<u>47,965,171</u>
Other non-current liabilities			
Others	8,012,358	344,746	-
	<u>8,012,358</u>	<u>344,746</u>	<u>-</u>
	<u>98,151,333</u>	<u>64,738,624</u>	<u>47,965,171</u>

17. Debentures

Debentures as of December 31, 2011 and 2010, and January 1, 2010, consist of the following:

<i>(in thousands of Korean won)</i>	Annual Interest Rates (%) 2011	December 31, 2011	December 31, 2010	January 1, 2010
Local currency bonds				
Non-guaranteed public bonds	4.02 - 7.54	1,000,000,000	250,000,000	490,000,000
Less: Discounts		(3,872,298)	(488,849)	(927,171)
Current portion of debentures		<u>(279,841,567)</u>	<u>-</u>	<u>-</u>
		<u>716,286,135</u>	<u>249,511,151</u>	<u>489,072,829</u>
Foreign currency bonds, in Korean won equivalent				
Non-guaranteed public bonds	1.33	200,760,148	170,835,000	268,548,000
Less: Discounts		(2,049,311)	(494,079)	(1,583,283)
Current portion of debentures		<u>-</u>	<u>(170,340,921)</u>	<u>(93,255,191)</u>
		<u>198,710,837</u>	<u>-</u>	<u>173,709,526</u>
		<u>914,996,972</u>	<u>249,511,151</u>	<u>662,782,355</u>

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

18. Long-Term Borrowings

Long-term borrowings as of December 31, 2011 and 2010, and January 1, 2010, consist of the following:

<i>(in thousands of Korean won)</i>	Creditor	Annual Interest Rates (%) 2011	December 31, 2011	December 31, 2010	January 1, 2010
Local currency loans					
General loans	Nonghyup and others	3.28 – 6.00	563,518,196	214,000	804,000
Policy loans	Nonghyup and others	3.00 - 4.00	14,614,800	10,785,000	5,000,000
Loans for facilities	Kookmin Bank and others	5.28	343,892,100	34,893,060	21,379,650
Long-term CP	Shinhan Bank and others	6.80	12,500,000	-	200,000,000
Foreign currency loans, in Korean won equivalent					
GSM	Woori Bank	0.65 - 1.50	262,158,176	240,046,888	268,072,122
Loan for facilities	-	-	-	1,895,680	-
General loans	Korea Development Bank and others	1.25 - 2.98	324,620,623	150,928,688	219,212,766
			<u>1,521,303,895</u>	<u>438,763,316</u>	<u>714,468,538</u>
	Less: Current portion		<u>(367,551,656)</u>	<u>(267,896,768)</u>	<u>(296,229,235)</u>
			<u>1,153,752,239</u>	<u>170,866,548</u>	<u>418,239,303</u>

As of December 31, 2011, the Group's certain portion of short-term financial instruments, available-for-sale financial assets and property, plant and equipment are pledged as collaterals for long-term borrowings above (Note 5, 7 and 12).

The properties of Korea Express Co., Ltd., Korea Integrated Freight Terminal Co., Ltd., Jung-Bu Integrated Freight Terminal Co., Ltd., Korea Express Busan Newport Distripark Co., Ltd., Korea Express Busan Container Terminal Co., Ltd. and PNCT New Container Terminal are pledged as collateral for borrowings of up to ₩ 966,388 million.

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

19. Defined Benefit Liabilities

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

<i>(in thousands of Korean won)</i>	December 31, 2011	December 31, 2010	January 1, 2010
Present value of funded defined benefit liability	198,907,630	104,647,724	102,915,365
Fair value of plan assets	<u>(88,600,976)</u>	<u>(71,149,605)</u>	<u>(70,257,450)</u>
Liability on the statement of financial position	<u>110,306,654</u>	<u>33,498,119</u>	<u>32,657,915</u>

Changes in the present value of funded defined benefit obligations for the years ended December 31, 2011 and 2010, are as follows:

<i>(in thousands of Korean won)</i>	2011	2010
Balance at January 1	104,647,724	102,915,365
Current service cost	25,192,726	20,720,290
Interest expense	5,178,803	5,826,215
Net transfer in	71,739	2,419,018
Benefits paid	(15,948,884)	(46,570,518)
Change in scope of consolidation	71,465,780	1,877,158
Effect of foreign currency translation and others	45,156	123,453
Actuarial gains and losses	<u>8,254,586</u>	<u>17,336,743</u>
Balance at December 31	<u>198,907,630</u>	<u>104,647,724</u>

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

<i>(in thousands of Korean won)</i>	2011	2010
Balance at January 1	71,149,605	70,257,450
Expected return on plan assets	3,473,939	3,053,536
Employer contribution	21,003,811	21,147,819
Net transfer in	(256,025)	(16,594)
Benefits paid	(8,652,206)	(23,268,596)
Change in scope of consolidation	2,169,212	-
Others	(2,493)	(7,326)
Actuarial gains and losses	<u>(284,867)</u>	<u>(16,684)</u>
Balance at December 31	<u>88,600,976</u>	<u>71,149,605</u>

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

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

<i>(in thousands of Korean won)</i>	2011	2010
Current service cost	25,192,726	20,720,290
Interest expenses	5,178,803	5,826,215
Expected return on plan assets	<u>(3,473,939)</u>	<u>(3,053,536)</u>
	<u>26,897,590</u>	<u>23,492,969</u>

The amount including total expenses for the years ended December 31, 2011 and 2010, are as follows:

<i>(in thousands of Korean won)</i>	2011	2010
Cost of sales	10,601,322	9,229,865
Selling, general and administrative expenses	<u>16,296,268</u>	<u>14,263,104</u>
	<u>26,897,590</u>	<u>23,492,969</u>
Actuarial gains and losses	<u>8,539,453</u>	<u>17,353,427</u>

The principal actuarial assumptions as of December 31, 2011 and 2010, and January 1, 2010, are as follows:

	December 31, 2011	December 31, 2010	January 1, 2010
Discount rate	5.00% ~ 14.00%	5.25% ~ 9.00%	6.25% ~ 11.00%
Expected return on plan assets	5.00% ~ 8.00%	3.50% ~ 5.75%	3.50% ~ 5.75%
Future salary increases including inflation rate	4.50% ~ 10.00%	4.50% ~ 10.25%	4.50% ~ 10.25%

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

<i>(in thousands of Korean won)</i>	December 31, 2011		December 31, 2010	
	Amount	Composition	Amount	Composition
Equity instruments	5,028,134	6%	22,548,887	32%
Debt instruments	26,485,216	30%	28,401,781	40%
Others	57,087,626	64%	20,198,937	28%
	<u>88,600,976</u>	<u>100%</u>	<u>71,149,605</u>	<u>100%</u>

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

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

<i>(in thousands of Korean won)</i>	2011	2010
Present value of defined benefit liability	198,907,630	104,647,724
Fair value of plan assets	(88,600,975)	(71,149,604)
Deficit(Surplus) of the funded plans	110,306,655	33,498,120
Defined benefit liability adjustments	3,037,888	13,059,742
Defined benefit asset adjustments	(284,867)	(16,684)

20. Deferred Income Tax

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

<i>(in thousands of Korean won)</i>	December 31, 2011	December 31, 2010	January 1, 2010
Deferred tax assets			
Deferred tax asset to be recovered after more than 12 months	68,938,152	34,496,598	39,231,224
Deferred tax asset to be recovered within 12 months	68,304,564	13,699,944	11,255,208
	<u>137,242,716</u>	<u>48,196,542</u>	<u>50,486,432</u>
Deferred tax liabilities			
Deferred tax liability to be recovered after more than 12 months	(722,175,633)	(497,411,848)	(329,412,277)
Deferred tax liability to be recovered within 12 months	(154,403)	(265,217)	(6,439,258)
	<u>(722,330,036)</u>	<u>(497,677,065)</u>	<u>(335,851,535)</u>
Deferred tax assets(liabilities), net	<u>(585,087,320)</u>	<u>(449,480,523)</u>	<u>(285,365,103)</u>

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

<i>(in thousands of Korean won)</i>	2011	2010
Balance at January 1	(449,480,523)	(285,365,103)
Income statement charge (Note 31)	(26,642,553)	(64,268,693)
Tax charge(credit) relating to components of other comprehensive income (Note 31)	50,030,392	(100,760,551)
Change in scope of consolidation	(164,911,210)	31,278
Effect of foreign currency translation	(1,612,780)	882,546
Others	7,529,354	-
Balance at December 31	<u>(585,087,320)</u>	<u>(449,480,523)</u>

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

The movements in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

<i>(in thousands of Korean won)</i>	January 1, 2011	Income statement	Other comprehensive income	Change in scope of consolidation	Effect of foreign currency translation	Other	December 31, 2011
Deferred tax arising from temporary differences							
Special reserves							
appropriated for tax							
purpose	(29,260,000)	(10,718,400)	-	-	-	-	(39,978,400)
Adjustment of foreign							
exchange rate	54,129	(1,451)	-	-	(1)	-	52,677
Allowance for doubtful							
accounts	6,210,538	(1,903,392)	-	1,420,497	9,421	-	5,737,064
Defined benefit liabilities	5,346,440	18,441	2,040,163	12,174,945	17,444	-	19,597,433
Depreciation	(38,450,173)	(1,871,668)	-	(6,636,872)	(537,123)	7,529,354	(39,966,482)
Amortization	(1,084,266)	(110,037)	-	-	-	-	(1,194,303)
Gain on revaluation of							
property, plant and							
equipment	(214,268,230)	(29,210,976)	-	(88,451,960)	-	-	(331,931,166)
Gains(loss) on valuation							
of derivatives	(8,257,626)	8,280,218	-	-	-	-	22,592
Gains(loss) on valuation							
of inventory	700,425	262,559	-	-	(1,033)	-	961,951
Loss on impairment of							
investment assets	11,551,357	(1,460,180)	-	18,320,133	-	-	28,411,310
Accrued income	(265,217)	166,471	-	(55,657)	-	-	(154,403)
Accrued expenses	5,753,500	4,167,220	-	45,417,579	9,679	-	55,347,978
Available-for-sale assets	(104,581,455)	-	47,990,229	(4,735,998)	-	-	(61,327,224)
Goodwill	1,360,450	(1,360,450)	-	-	-	-	-
Foreign currency							
translation	981,351	5,223,545	-	-	-	-	6,204,896
Others	2,584,156	2,019,387	-	(1,641,855)	(5,655)	-	2,956,033
	<u>(361,624,621)</u>	<u>(26,498,713)</u>	<u>50,030,392</u>	<u>(24,189,188)</u>	<u>(507,268)</u>	<u>7,529,354</u>	<u>(355,260,044)</u>
Deferred tax arising from							
tax deficit carryforwards	11,104,924	(16,791)	-	715,147	(1,090,144)	-	10,713,136
Deferred tax arising from							
tax credit	2,549,271	(1,853,252)	-	6,548,033	(6,404)	-	7,237,648
Allowance for evaluation	(18,783,871)	15,947,757	-	-	(8,962)	-	(2,845,076)
Deferred tax arising from							
consolidated adjustment	(82,726,226)	(14,221,554)	-	(147,985,204)	-	-	<u>(244,932,984)</u>
Deferred income tax assets without taking into consideration the offsetting of balances within the same tax jurisdiction							<u>137,242,716</u>
Deferred income tax liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction							<u>(722,330,036)</u>

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

<i>(in thousands of Korean won)</i>	January 1, 2010	Income statement	Other comprehensive income	Change in scope of consolidation	Effect of foreign currency translation	December 31, 2010
Deferred tax arising from temporary differences						
Special reserves						
appropriated for tax						
purpose	(9,533,333)	(19,726,667)	-	-	-	(29,260,000)
Adjustment of foreign						
exchange rate	51,298	-	-	2,831	-	54,129
Allowance for doubtful						
accounts	6,508,190	(2,045,260)	-	1,749,283	(1,675)	6,210,538
Defined benefit liabilities	1,387,510	(460,674)	3,865,331	565,944	(11,671)	5,346,440
Depreciation	(36,033,066)	(2,334,447)	-	(1,035,877)	953,216	(38,450,174)
Amortization	(1,086,061)	1,795	-	-	-	(1,084,266)
Gain on revaluation of						
property, plant and						
equipment	(214,148,363)	(119,866)	-	-	-	(214,268,229)
Gains(loss) on valuation						
of derivatives	(4,567,790)	(3,689,836)	-	-	-	(8,257,626)
Gains(loss) on valuation						
of inventory	741,398	40,262	-	(81,235)	-	700,425
Loss on impairment of						
investment assets	12,300,899	(749,542)	-	-	-	11,551,357
Accrued income	(392,828)	127,611	-	-	-	(265,217)
Accrued expenses	3,954,322	1,655,500	-	143,678	-	5,753,500
Available-for-sale assets	44,427	-	(104,625,882)	-	-	(104,581,455)
Goodwill	2,318,433	(957,983)	-	-	-	1,360,450
Foreign currency						
translation	(6,046,430)	7,027,781	-	-	-	981,351
Others	186,050	2,403,120	-	-	(5,014)	2,584,156
	<u>(244,315,344)</u>	<u>(18,828,206)</u>	<u>(100,760,551)</u>	<u>1,344,624</u>	<u>934,856</u>	<u>(361,624,621)</u>
Deferred tax arising from						
tax deficit carryforwards	17,194,376	(6,916,513)	-	862,481	(35,420)	11,104,924
Deferred tax arising from						
tax credit	5,799,529	(3,233,370)	-	-	(16,888)	2,549,271
Allowance for evaluation	(20,637,718)	4,029,674	-	(2,175,827)	-	(18,783,871)
Deferred tax arising from						
consolidated adjustment	(43,405,948)	(39,320,278)	-	-	-	<u>(82,726,226)</u>
deferred income tax assets without taking into consideration the offsetting of balances within the same tax jurisdiction						<u>48,196,542</u>
deferred income tax liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction						<u>(497,677,065)</u>

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

21. Commitments and Contingencies

As of December 31, 2011, loan agreements with financial institutions are as follows:

<i>(in millions of Korean won)</i>	2011
Corporate purchase card	75,465
Collateral loan facilities on accounts receivable	617,373
Trade notes receivable discounting facilities	119,844
General loan agreements	1,422,423
Bank overdraft	122,687
Banker's usance borrowing agreements	2,097,172
Others	20,000

As of December 31, 2011, the Group is a party to various legal claims and proceedings amounting to ₩22,912 million as the plaintiff, and ₩41,010 million as the defendant. The Group's management believes that, although the outcome of these cases is uncertain, the ultimate resolution of these cases will not have a material adverse effect on the operations or financial position of the Group.

As of December 31, 2011, 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, 2011, with respect to these agreements amounted to approximately ₩13,224 million.

As of December 31, 2011, six blank check and one check amounting to ₩200 million are held as collateral by Korea Agricultural Trade Corporation and financial institutions to guarantee certain contractual obligations.

As of December 31, 2011, in connection with performance guarantees, the Group is provided with payment guarantees of ₩33,550 million from Seoul Guarantee Insurance Company. The Group's exports are insured for up to ₩33,123 million by Korea Export insurance Corporation.

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

22. Capital Stock

Under its Articles of Incorporation, the Company is authorized to issue 50 million shares of capital stock with a par value of ₩5,000 per share. As of December 31, 2011, 13,078,897 shares of common stock and 1,327,433 shares of preferred stock are issued and outstanding. Also, the Company may, among the authorized number of shares, issue 10 million shares of non-voting, cumulative and participating preferred stock. The Board of Directors of the Company may decide on the dividend rate of preferred shares if the shares are issued at a dividend rate of greater than 9% of the par value.

Details of the preferred stock the Company has issued as of December 31, 2011, are as follows:

	Preferred Stock
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 of common share

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

The Company may grant 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.

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

The changes in the number of shares, for the years ended December 31, 2011 and 2010, are as follows:

<i>(In thousands of Korean won)</i>	Number of outstanding shares of common stock	Number of outstanding shares of preferred stock	Total	Capital stock	Additional paid-in capital	Total
January 1, 2010	11,895,072	1,638,714	13,533,786	68,406,050	690,363,606	758,769,656
Transfer of preferred stock	312,405	(312,405)	-	-	-	-
Exercise of stock option	29,672	-	29,672	-	-	-
Investment in kind	421,171	-	421,171	2,105,855	89,482,430	91,588,285
Acquisition of treasury stock	(89,551)	(1)	(89,552)	-	-	-
December 31, 2010	12,568,769	1,326,308	13,895,077	70,511,905	779,846,036	850,357,941
Acquisition of treasury stock	(110,462)	-	(110,462)	-	-	-
Exercise of stock option	13,191	-	13,191	-	-	-
Increase due to merger	502	-	502	1,519,745	111,260,118	112,779,863
December 31, 2011	<u>12,472,000</u>	<u>1,326,308</u>	<u>13,798,308</u>	<u>72,031,650</u>	<u>891,106,154</u>	<u>963,137,804</u>

In 2011, the Company issued 303,949 shares of common stock for merger and acquired 413,909 shares of treasury stock for merger with subsidiaries and stabilization of stock price. Also, 13,191 shares of treasury stock decreased due to exercise of stock option.

23. Other Cumulative Comprehensive Income and Others

Other cumulative comprehensive income and others as of December 31, 2011 and 2010, and January 1, 2010, are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2011	December 31, 2010	January 1, 2010
Other capital surplus	2,670,042	2,030,069	1,391,812
Stock option compensation	16,774,348	15,096,727	13,787,914
Treasury stocks	(170,285,708)	(37,576,578)	(23,111,085)
Loss on disposal of treasury stocks	(6,844,764)	(2,302,041)	(788,932)
Gain(loss) on valuation of available-for-sale financial assets	177,256,814	370,788,796	(157,515)
Foreign-currency translation differences	27,935,131	(6,330,271)	-
Gain on valuation of equity method investees	1,491,540	264,897	-
Other capital adjustments	(136,555,960)	(137,925,700)	(59,068,053)
	<u>(87,558,557)</u>	<u>204,045,899</u>	<u>(67,945,859)</u>

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

On September 1, 2007, the Company assumed certain stock options which have been granted before September 1, 2007 and outstanding as of September 1, 2007. 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					
	March 11, 2003	April 8, 2004	March 8, 2005	March 13, 2006	February 12, 2008	March 9, 2009
Options transferred ¹	19,111	11,507	14,615	46,500	-	-
Options granted	-	-	-	-	86,000	16,500
Exercised	16,485	7,550	8,022	29,200	-	-
Forfeited	-	-	-	-	-	-
Options outstanding						
as of December 31, 2011	2,626	3,957	6,593	17,300	86,000	16,500
Exercise price per share ²	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	4~10 years	4~10 years

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

² The exercise price can be adjusted in the case of the issuance of new shares, share dividends, share splits, or share mergers.

The fair value of options granted during the period using the Black-Scholes valuation model is determined as follows:

	Date of the grant					
	March 11, 2003	April 8, 2004	March 8, 2005	March 13, 2006	February 12, 2008	March 9, 2009
Risk-free interest rate	4.69%	4.56%	4.12%	4.93%	5.09%	4.57%
Expected exercise period	3 years	3 years	3 years	3 years	5 years	5 years
Price volatility	54.81%	38.48%	35.73%	36.34%	56.59%	71.66%
Expected forfeiture rate	1.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Fair value of stock option per share at the grant date	12,593	19,769	20,269	32,557	138,427	78,256

As of December 31, 2011, the Company holds 606,897 common shares and 1,125 preferred shares as treasury stock, and intends to dispose of the remaining treasury shares depending on the market conditions.

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

24. Retained Earnings

Retained earnings as of December 31, 2011 and 2010, and January 1, 2010, consist of the following:

<i>(in thousands of Korean won)</i>	December 31, 2011	December 31, 2010	January 1, 2010
Legal reserves			
Earned surplus reserve ¹	11,705,927	6,141,265	1,397,808
Discretionary reserve			
Reserves for research and human resource development ²	870,988,257	245,713,094	25,752,005
Unappropriated retained earnings	<u>961,584,893</u>	<u>1,352,782,988</u>	<u>953,785,567</u>
	<u>1,844,279,077</u>	<u>1,604,637,347</u>	<u>980,935,380</u>

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

²The Company appropriates a certain portion of its retained earnings as reserves for research and human resource development which are provided in order to obtain tax benefits under the Special Tax Treatment Control Law.

25. Expenses by Nature

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

<i>(in thousands of Korean won)</i>	2011	2010
Changes in inventories	(238,030,601)	(99,881,414)
Purchase of raw materials and merchandise	3,972,083,977	3,525,280,034
Wages and salaries	456,467,040	463,080,543
Depreciation	176,364,642	145,024,674
Amortization	4,611,751	3,285,256
Transportation expenses	226,900,955	343,654,567
Commission expenses	400,141,575	350,499,481
Sales commissions	110,243,967	93,724,125
Sales promotional expenses	101,912,494	83,957,052
Advertising expenses	75,439,341	68,119,949
Other expenses	<u>793,525,306</u>	<u>348,665,449</u>
	<u>6,079,660,447</u>	<u>5,325,409,716</u>

Total amount is sum of cost of sales and selling, general and administrative expenses in statements of comprehensive income.

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

26. Selling, General and Administrative Expenses

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

<i>(in thousands of Korean won)</i>	2011	2010
Wages and salaries	259,762,109	248,537,111
Severance benefits	16,296,268	14,263,104
Employee benefits	28,657,349	25,541,621
Office equipment expenses	1,240,707	1,306,748
Conference expenses	10,610,286	12,962,469
Event expenses	45,256,464	32,179,161
Travel expenses	33,988,207	28,174,024
Taxes and dues	23,012,802	18,335,916
Survey and research expenses	32,622,467	30,404,404
Rental expenses	33,802,396	20,663,840
Depreciation	33,753,925	31,205,219
Amortization	3,881,472	2,590,528
Insurance premium	6,877,596	5,861,481
Commission expenses	312,600,003	277,631,393
Training expenses	12,823,695	8,689,856
Transportation expenses	218,863,432	329,143,515
Advertising expenses	75,439,341	68,119,949
Promotional expenses	101,912,494	83,957,052
Others	56,285,745	46,765,937
	<u>1,307,686,758</u>	<u>1,286,333,328</u>

27. Other Operating Income and Expenses

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

<i>(in thousands of Korean won)</i>	2011	2010
Other operating income		
Gains on settlement of derivatives	80,218,860	74,898,570
Gains on valuation of derivatives	7,017,384	24,554,316
Others	19,938,798	13,816,375
	<u>107,175,042</u>	<u>113,269,261</u>
Other operating expenses		
Losses on settlement of derivatives	81,935,645	68,024,766
Losses on valuation of derivatives	8,833,919	7,265,181
Others	20,843,868	37,390,401
	<u>111,613,432</u>	<u>112,680,348</u>

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

28. Classification of Operating Income and Expenses

(1) Material items of operating income (loss)

Operating income (loss) is calculated as gross profit net of selling and administrative expenses, other operating incomes and other operating expenses (Notes 26 and 27).

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

Under previous K-GAAP, operating income (loss) was calculated as gross profit net of selling and administrative expenses. However, in accordance with Korean-IFRS, operating income (loss) is calculated as gross profit net of selling and administrative expenses, other operating income and other operating expenses. Therefore, operating income (loss) amount differs between Previous K-GAAP and Korean-IFRS by the amount of other operating income and expenses (Note 26 and 27).

29. Financial Income and Expenses

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

<i>(in thousands of Korean won)</i>	2011	2010
Finance income		
Interest income	10,609,877	11,393,828
Realized foreign exchange gains	109,250,194	81,888,822
Unrealized foreign exchange gains	11,975,451	17,176,111
Dividend income	13,709,907	13,534,735
Gain on disposal of available-for-sale financial assets	129,614,063	542,247,808
Gain on settlement of derivatives	16,709,356	5,428,873
Gain on valuation of derivatives	4,169,930	6,668,366
	<u>296,038,778</u>	<u>678,338,543</u>
Finance expenses		
Interest expense	73,134,411	72,161,174
Realized foreign exchange losses	87,649,869	63,751,817
Unrealized foreign exchange losses	77,842,366	10,599,116
Loss on disposal of available-for-sale financial assets	-	1,871
Loss on settlement of derivatives	17,907,768	13,160,464
Losses on valuation of derivatives	2,346,382	4,712,279
	<u>258,880,796</u>	<u>164,386,721</u>
Net financial income	<u>37,157,982</u>	<u>513,951,822</u>

30. Other Non-operating Expenses

Other non-operating expenses of the Group represent donations not related to the operations of the business.

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

31. Income Tax

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

<i>(in thousands of Korean won)</i>	2011	2010
Current tax:		
Current tax on profits for the year	163,284,662	311,921,901
Adjustments in respect of prior years	10,705,767	92,618
Total current tax	<u>173,990,429</u>	<u>312,014,519</u>
Deferred tax (Note 20)		
Origination and reversal of temporary differences	<u>(26,642,553)</u>	<u>(64,268,693)</u>
Income tax expense	<u>147,347,876</u>	<u>247,745,826</u>

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

<i>(in thousands of Korean won)</i>	2011	2010
Profit before tax	<u>461,370,466</u>	<u>907,503,060</u>
Tax calculated at domestic tax rates applicable to profits in the respective countries	106,253,558	229,223,847
Tax effects of:		
Income not subject to tax	(2,483,094)	(13,836,658)
Expenses not deductible for tax purposes	3,128,507	6,843,034
Tax credit	(14,209,747)	(5,645,855)
Additional payment of income tax	11,355,957	92,618
Deferred tax arising from consolidated adjustment	26,258,461	39,168,632
Re-measurement of deferred tax-change in the Korean tax rate	23,689,462	-
Others	(6,645,228)	(8,099,792)
Adjustment in respect of prior years	<u>41,094,318</u>	<u>18,521,979</u>
Income Tax expense	<u>147,347,876</u>	<u>247,745,826</u>

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

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

<i>(in thousands of Korean won)</i>	December 31, 2011			December 31, 2010			January 1, 2010		
	Before tax	Tax credit (charge)	After tax	Before tax	Tax credit (charge)	After tax	Before tax	Tax credit (charge)	After tax
Fair value gains(losses) from available-for-sale financial assets	233,848,040	(56,591,226)	177,256,814	475,370,252	(104,581,455)	370,788,796	(201,942)	44,427	(157,515)
Actuarial loss on retirement benefit obligations	(26,121,311)	5,905,494	(20,215,817)	(17,569,688)	3,865,331	(13,704,357)	-	-	-
	<u>207,726,729</u>	<u>(50,685,732)</u>	<u>157,040,997</u>	<u>457,800,564</u>	<u>(100,716,124)</u>	<u>357,084,439</u>	<u>(201,942)</u>	<u>44,427</u>	<u>(157,515)</u>

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

32. Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of common shares in issue during the period, excluding common shares purchased by the Company and held as treasury stock.

Basic earnings per share of common stock

<i>(in thousands of Korean won, except earnings per share data)</i>	2011	2010
Net income available for common stock ¹	272,450,040	594,681,953
÷ Weighted-average number of common shares in issue ²	12,466,974	12,568,769
Basic earnings per share (in Korean won)	21,854	47,314

Basic earnings per share of preferred stock

<i>(in thousands of Korean won, except earnings per share data)</i>	2011	2010
Net income available for preferred stock ¹	29,039,430	62,819,591
÷ Weighted-average number of preferred shares in issue ³	1,326,308	1,326,308
Basic earnings per share (in Korean won)	21,895	47,364

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

¹The calculation of earnings per share for common stock and preferred stock as of December 31, 2011 and 2010, is as follows:

<i>(in thousands of Korean won)</i>	2011	2010
Net income	301,489,470	657,501,544
Dividends for common stock	22,449,600	50,275,076
Dividends for preferred stock	<u>2,453,670</u>	<u>5,371,547</u>
Residual net income	276,586,200	601,854,921
Undeclared participating common stock dividend	250,000,440	544,406,877
Undeclared participating preferred stock dividend	<u>26,585,760</u>	<u>57,448,044</u>
Net income available for common stock	272,450,040	594,681,953
Net income available for preferred stock	<u>29,039,430</u>	<u>62,819,591</u>

²Weighted average number of common shares is calculated as follows:

	Number of shares	No. of days	Weighted average
Common shares at beginning date	12,774,948	365	4,662,856,020
Treasury stock at beginning date	(206,179)	365	(75,255,335)
Acquisition of treasury stock	(413,909)	-	(92,676,917)
Exercise of stock options	7,633	206	1,572,398
Merger with Shindongbang CP Corporation	286,020	184	52,627,680
Merger with Hasunjung General Food Co., Ltd.	17,929	61	1,093,669
Exercise of stock options	5,558	41	227,878
			<u>4,550,445,393</u>

Weighted-average number of shares of common stock for 2011: 4,550,445,393 ÷ 365 days = 12,466,974 shares

(Weighted-average number of shares of common stock for 2010: 4,587,600,685 ÷ 365 days = 12,568,769 shares)

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

³Weighted-average number of preferred shares is calculated as follows:

	Number of shares	No. of days	Weighted-average
Preferred shares at beginning date	1,327,433	365	484,513,045
Treasury stock at beginning date	(1,125)	365	(410,625)
			<u>484,102,420</u>

Weighted-average number of shares of preferred stock for 2011: $484,102,420 \div 365 \text{ days} = 1,326,308 \text{ shares}$

(Weighted-average number of shares of preferred stock for 2010: $484,102,420 \div 365 \text{ days} = 1,326,308 \text{ shares}$)

Diluted earnings per share of common stock

<i>(in thousands of Korean won, except earnings per share data)</i>	2011	2010
Net income available for common stock	272,450,040	594,681,953
Adjustments	66,779	190,488
Diluted net income available for common stock	272,516,819	594,872,441
÷ Weighted-average number of common shares outstanding and dilutive potential common shares ¹	12,498,851	12,611,076
Diluted earnings per share (in Korean won)	21,803	47,171

¹Weighted-average number of dilutive potential common shares is calculated as follows:

	Number of shares	No. of days	Weighted-average
Unexercised stock options	25,889	365	9,449,485
Exercised stock options	5,933	160	949,280
Exercised stock options	3,804	325	1,236,300
			<u>11,635,065</u>

Weighted-average number of shares of dilutive potential common stock for 2011: $11,635,065 \div 365 \text{ days} = 31,877 \text{ shares}$

(Weighted-average number of shares of dilutive potential common stock for 2010: $15,442,124 \div 365 \text{ days} = 42,307 \text{ shares}$)

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

Diluted earnings per share of preferred stock

<i>(in thousands of Korean won, except earnings per share data)</i>	2011	2010
Net income available for preferred shares	29,039,430	62,819,591
Adjustments	(66,779)	(190,488)
Diluted net income available for preferred shares	28,972,651	62,629,103
÷ Weighted-average number of preferred shares outstanding	1,326,308	1,326,308
Diluted earnings per share (in Korean won)	21,845	47,221

33. Dividends

The dividends paid in 2011 and 2010 were ₩ 55,647 million (₩ 4,000 per common share and ₩ 4,050 per preferred share) and ₩ 47,435 million (₩ 3,500 per common share, ₩ 3,550 per preferred share and ₩ 3,550 per 3rd preferred share), respectively. A dividend in respect of the year ended December 31, 2011, of ₩ 1,800 per common share, amounting to a total dividend of ₩ 22,449 million to shareholders of common share and ₩ 1,850 per preferred share, amounting to a total dividend of ₩ 2,454 million to shareholders of preferred share are to be proposed at the annual general meeting on March 30, 2012. These financial statements do not reflect this dividend payable.

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

34. Cash Generated from Operations

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

<i>(in thousands of Korean won)</i>	2011	2010
Net income	314,022,590	659,757,234
Adjustments for:		
Income tax expense	147,347,876	247,745,826
Financial income	(296,038,778)	(678,338,543)
Financial expenses	258,880,796	164,386,721
Depreciation	176,364,642	145,024,674
Amortization	4,611,751	3,285,256
Stock compensation expenses	2,573,909	2,573,909
Severance benefits	26,897,590	23,492,969
Obsolescence and scrapping of inventories	22,011,323	19,747,118
Bad debts expense	5,144,869	2,213,548
Others	(7,721,179)	(2,535,071)
Changes in assets and liabilities:		
Decrease in trade receivables	292,849,751	278,605,439
Increase in inventories	(293,375,436)	(175,417,551)
Decrease (increase) in other receivables	(278,986,264)	59,548,063
Decrease (increase) in advances	(10,409,553)	21,699,854
Decrease in trade payables	(206,474,533)	(274,232,827)
Decrease in other payables	(200,468,024)	(49,752,996)
Decrease in withholdings	(4,048,638)	(10,469,987)
Decrease (increase) in accrued expenses	(5,108,462)	4,462,378
Others	(36,399,959)	(28,478,894)
Cash generated from (used in) operations	<u>(88,325,729)</u>	<u>413,317,120</u>

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

<i>(in thousands of Korean won)</i>	2011	2010
Reclassification of construction-in-progress to property, plant and equipment	269,948,628	89,298,731
Reclassification of current maturities of long-term debts	647,393,223	438,237,689
Changes in other cumulative comprehensive income due to valuation and disposal of available-for-sale assets, and others	(241,522,212)	475,572,194

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

35. Segment Information

The business segments of the Group are the strategic business units that manufacture different products. Each business segment has been operated separately since each requires different technology and marketing strategies. The major products and services for each business segments as of December 31, 2011, are as follows:

Business segments	Major products and services
Food	Refined sugar, wheat flour, cooking oil, others
Bioengineering	Pharmaceuticals, others
Distribution	Transportation, storage, shipping and discharging

Segment information provided to the chief operating decision-maker for the reportable segments for the year ended December 31, 2011, is as follows:

<i>(in thousands of Korean won)</i>	Foods	Bioengineering	Inter-segment Sales	Total
Gross sales	5,432,374,612	2,716,587,347	(1,610,753,885)	6,538,208,074
Inter-segment sales	(635,822,300)	(974,931,585)	1,610,753,885	-
Net sales	<u>4,796,552,312</u>	<u>1,741,655,762</u>	-	<u>6,538,208,074</u>
Depreciation and amortization	<u>114,770,354</u>	<u>66,206,039</u>	-	<u>180,976,393</u>
Operating income	<u>179,359,458</u>	<u>274,749,779</u>	-	<u>454,109,237</u>

Since the distribution segment is included in the consolidated financial statements at the end of the year, the gross sales and the operating income from distribution segment are excluded.

Segment information provided to the chief operating decision-maker for the reportable segments for the year ended December 31, 2010, is as follows:

<i>(in thousands of Korean won)</i>	Foods	Bioengineering	Inter-segment Sales	Total
Gross sales	5,878,500,863	2,583,840,371	(2,684,560,461)	5,777,780,773
Inter-segment sales	(1,560,747,985)	(1,123,812,476)	2,684,560,461	-
Net sales	<u>4,317,752,878</u>	<u>1,460,027,895</u>	-	<u>5,777,780,773</u>
Depreciation and amortization	<u>105,340,387</u>	<u>42,969,543</u>	-	<u>148,309,930</u>
Operating income	<u>246,023,969</u>	<u>206,936,001</u>	-	<u>452,959,970</u>

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

The regional segment information is as follows:

<i>(in thousands of Korean won)</i>	Net sales		Non-current Assets¹	
	2011	2010	December 31, 2011	December 31, 2010
Korea	4,400,679,109	3,944,762,926	5,871,887,914	2,445,095,322
Asia	1,417,768,657	1,187,498,054	1,079,571,953	634,478,482
America	243,520,076	213,892,486	21,754,325	13,182,688
Europe	369,109,744	331,309,492	176,026	107,564
Others	107,130,488	100,317,815	161,493,045	162,175,876
	<u>6,538,208,074</u>	<u>5,777,780,773</u>	<u>7,134,883,263</u>	<u>3,255,039,932</u>

¹Financial instruments, deferred tax assets and defined benefit assets are excluded.

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

36. Financial Risk Management

Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department under policies approved by the Board of Directors. The Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

CJ CheilJedang Corporation and Subsidiaries

Notes to Consolidated Financial Statements

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

Management has set up a policy to require Group companies to manage their foreign exchange risk against their functional currency. The Group companies hedge their foreign exchange risk exposure with the Company treasury. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

At December 31, 2011, if the currency had weakened/strengthened by 10% against the US dollar with all other variables held constant, post-tax profit for the year would have been ₩ 119,650 million (2010: ₩ 73,757 million) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated short-term financial assets, trade receivables, borrowings, debentures and others. Profit is more sensitive to movement in currency/US dollar exchange rates in 2011 than 2010 because of the increased amount of US dollar-denominated borrowings, debentures and others.

ii) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated statement of financial position as available-for-sale financial assets. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

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

The impact of increases/decreases of the two equity indexes and increases/decreases of prices of unlisted stocks on the Group's post-tax equity for the year is ₩ 38,111 million. The analysis is based on the assumption that the equity indexes had increased/decreased by 30% with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index, and on the assumption that the unlisted stock prices had uniformly increased/decreased by 30%.

iii) Cash flow interest rate risk

The Group's cash flow interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates.

At December 31, 2011, if interest rates on Korean won-denominated borrowings had been 100 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been ₩ 5,902,522 thousand (2010: ₩ 5,166,766 thousand) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

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

(b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. If wholesale customers are independently rated, these ratings are used. If there is no independent rating, the credit quality of the customer is evaluated taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilization of credit limits is regularly monitored.

The maximum exposure to credit risk as of December 31, 2011 and 2010, and January 1, 2010, is as follows:

<i>(in thousands of Korean won)</i>	December 31, 2011	December 31, 2010	January 1, 2010
Cash and cash equivalents	478,739,784	306,599,108	225,966,555
Short-term financial instruments	175,335,807	227,188,115	336,378,415
Short-term loans receivable	35,556,161	26,564,840	33,944,262
Trade receivables	1,230,261,455	625,517,765	635,749,567
Other financial assets	1,017,771,413	647,407,326	137,090,717

As of December 31, 2011, the Group provides guarantees to related parties for up to ₩41,474 million.

(c) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group in and aggregated by Group finance. The Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets and, if applicable external regulatory or legal requirements – for example, currency restrictions.

The Group treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

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

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

<i>(In thousands of Korean won)</i>	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Trade payables	466,575,116	-	-	-	466,575,116
Non-trade payables	323,531,739	-	-	-	323,531,739
Other current liabilities	338,537,663	-	-	-	338,537,663
Short-term borrowings	2,088,658,104	-	-	-	2,088,658,104
Current portion of debentures and long-term borrowings	675,406,146	-	-	-	675,406,146
Long-term borrowings	153,021,762	222,005,494	674,442,584	228,206,300	1,277,676,140
Debentures	719,749	738,452	1,023,672,361	-	1,025,130,562
Other non-current financial liabilities	4,516,627	3,873,280	78,764,324	-	87,154,231
Financial guarantee contracts	41,474,481	-	-	-	41,474,481
	<u>4,092,441,387</u>	<u>226,617,226</u>	<u>1,776,879,269</u>	<u>228,206,300</u>	<u>6,324,144,182</u>

The amounts disclosed in the table above are undiscounted and include interests to be paid.

Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the debt to equity ratio. This ratio is calculated as total debt divided by total capital. The total debt and total capital is calculated as disclosed number in consolidated statement of financial position.

The debt to equity ratios as of December 31, 2011 and 2010, and January 1, 2010, are as follows:

<i>(In thousands of Korean won)</i>	December 31, 2011	December 31, 2010	January 1, 2010
Total liabilities	6,643,045,604	3,331,015,031	3,360,213,125
Total equity	<u>4,696,473,696</u>	<u>2,671,548,117</u>	<u>1,685,868,320</u>
Debt to equity ratio	<u>141.45%</u>	<u>124.68%</u>	<u>199.32%</u>

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

Fair Value Estimation

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

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

The following table presents the Group's financial assets and financial liabilities that are measured at fair value as of December 31, 2011:

<i>(In thousands of Korean won)</i>	Level 1	Level 2	Level 3	Level 4
Assets				
Available-for-sale financial assets				
Equity securities	590,340,916	-	23,759,599	614,100,515
Debt investments	-	7,339,925	-	7,339,925
Financial assets at fair value through profit or loss				
Derivatives	-	14,186,527	-	14,186,527
	<u>590,340,916</u>	<u>21,526,452</u>	<u>23,759,599</u>	<u>635,626,967</u>
Liabilities				
Financial liabilities at fair value through profit or loss				
Derivatives	-	13,354,380	-	13,354,380
	<u>-</u>	<u>13,354,380</u>	<u>-</u>	<u>13,354,380</u>

The following table presents the Group's assets and liabilities that are measured at fair value as of December 31, 2010:

<i>(In thousands of Korean won)</i>	Level 1	Level 2	Level 3	Level 4
Assets				
Available-for-sale financial assets				
Equity securities	480,676,856	-	13,701,946	494,378,802
Debt investments	-	1,278,385	-	1,278,385
Financial assets at fair value through profit or loss				
Derivatives	-	49,810,302	-	49,810,302
	<u>480,676,856</u>	<u>51,088,687</u>	<u>13,701,946</u>	<u>545,467,489</u>
Liabilities				
Financial liabilities at fair value through profit or loss				
Derivatives	-	30,358,533	-	30,358,533
	<u>-</u>	<u>30,358,533</u>	<u>-</u>	<u>30,358,533</u>

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

The following table presents the Group's assets and liabilities that are measured at fair value as of January 1, 2010:

<i>(In thousands of Korean won)</i>	Level 1	Level 2	Level 3	Level 4
Assets				
Available-for-sale financial assets				
Equity securities	6,405,145	-	-	6,405,145
Debt investments	-	1,166,491	-	1,166,491
Financial assets at fair value through profit or loss				
Derivatives	-	30,172,651	-	30,172,651
	<u>6,405,145</u>	<u>31,339,142</u>	<u>-</u>	<u>37,744,287</u>
Liabilities				
Financial liabilities at fair value through profit or loss				
Derivatives	-	25,225,075	-	25,225,075
	<u>-</u>	<u>25,225,075</u>	<u>-</u>	<u>25,225,075</u>

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

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

Specific valuation techniques used to value financial instruments include:

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

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

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

Available-for-sale financial assets recorded as historical cost as of December 31, 2011 and 2010:

<i>(In thousands of Korean won)</i>	2011	2010
Gunjang New Port Terminal Co., Ltd.	3,315,000	-
Construction Guarantee	604,165	-
Yang San ICD Co., Ltd.	600,000	-
Hotel Sorak Park Co., Ltd.	422,930	-
Kyeong In ICD Co., Ltd.	344,000	-
Incheon Northport Total Logistics Co., Ltd.	330,000	-
Others	2,030,587	847,378
	<u>7,646,682</u>	<u>847,378</u>

Above-mentioned equities are unlisted, and the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed and therefore, these instruments are measured at cost. The Group does not have any plans to dispose of the above-mentioned equities in the near future. These will be measured at fair value when the Group can develop a reliable estimate of the fair value.

37. Construction Contract

<i>(In thousands of Korean won)</i>	Remaining balance		
	of contract amount	Overbilled amount	Unbilled amount
Gunjang port	360,007	302,110	-
Ulsan new port	108,649	-	28,774,647
Ulsan port for coal and drainage ditch	748,085	-	11,171,165
Mang Won Greenway	3,112,771	-	55,497
Warehouse of Donghae west port	-	-	9,159,620
Central pier of Donghae port	8,567,414	-	401,210
Yeongdeungpo learning center	817,992	-	1,871
Kim-Po terminal of Kyeong-In port	8,901,200	-	11,313,500
	<u>22,616,118</u>	<u>302,110</u>	<u>60,877,510</u>

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

38. Related Parties

The Company's related parties as of the end of reporting period are as follows:

Parent Company

CJ Corporation

Local jointly controlled entities and associates

Gumbo DDF, CJ Venture Investment No.13 New Wave Fund, Kumho Resort Co., Ltd.,
 North Port Bulk Terminal, Hi Won Ltd., Incheon South Port Operating Co., Ltd.,
 Gunsan Container Terminal, Dong Seok logistics, Terminal Operating Co., Ltd of Masan Port-pier 4,
 The 8th Terminal of Incheon Port Operating Co., Ltd.,
 The 7th Terminal of Gunsan Port Operating Co., Ltd., CNK World Logistics Co., Ltd.,
 Gwangyang West Container Terminal Co., Ltd., Ulsan Port Operating Co. Ltd.,
 IC Logistics Co., Ltd., Pohang Port 8th Terminal Operating Co., Ltd.,
 Pohang Yeongilman Port Operating Co., Ltd., DCT, Daesan Port Operating Co., Ltd.,
 Incheon North Port Bulk Terminal, Hi Won Ltd.

Foreign jointly controlled entities and associates

CJ Pharma Research India Pvt. Ltd., Lucky Union Foods Co., Ltd.,
 Beijing Ershang CJ Food Co., Ltd., CJ&Hacl Foodtech Co., Ltd.,
 CJ Toyota Tsusho Philippines Inc., Phil-Kor Holdings Co., Ltd.,
 Darby CJ Genetics Co., Ltd., PT. CJ Pia, Ebara CJ Fresh Foods Inc.,
 Sichuan Jixiangiu Food Co., Ltd., CJ Food Europe Ltd.,
 Shanghai Inchon Int'l Ferry Co., Ltd., Korea Express Saigon Logistics Co., Ltd.,
 Korea Express Packsimex Co., Ltd., Korea Express Saigon Port Co., Ltd.

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

<i>(in thousands of Korean won)</i>	2011		2010	
	Sales	Purchases	Sales	Purchases
Parent Company	958,228	18,814,103	647,478	17,502,993
Jointly controlled entities and associates	2,444,266	5,147,528	2,592,080	36,916,332
Other related parties	450,171,830	428,685,790	272,823,735	333,440,259
	<u>453,574,324</u>	<u>452,647,421</u>	<u>276,063,293</u>	<u>387,859,584</u>

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

<i>(in thousands of Korean won)</i>	December 31, 2011		December 31, 2010		January 1, 2010	
	Receivables	Payables	Receivables	Payables	Receivables	Payables
Parent Company	238,639	2,204,161	237,925	2,123,864	55,802	1,554,574
Jointly controlled entities and associates	14,020,981	3,559,086	492,967	905,349	399,692	60,482
Other related parties	163,868,595	93,526,536	101,344,182	77,225,240	77,223,634	88,210,304
	<u>178,128,215</u>	<u>99,289,783</u>	<u>102,075,074</u>	<u>80,254,453</u>	<u>77,679,128</u>	<u>89,825,360</u>

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

<i>(In thousands of Korean won)</i>	2011	2010
Salaries and other short-term employee benefits	35,641,923	35,931,506
Long-term benefits	68,688	723,181
Retirement and severance benefits	4,387,931	4,484,710
Stock compensation	9,401,488	10,135,772
	<u>49,500,030</u>	<u>51,275,169</u>

The Group provided guarantees to indebtedness of related parties as of December 31, 2011 and 2010, and January 1, 2010, are as follows:

<i>(in thousands of Korean won)</i>		Financial institutions	Loan amounts		
Provider	Beneficiary	December 31, 2011	December 31, 2011	December 31, 2010	January 1, 2010
	CJ International Asia Pte. Ltd.	Korea Development Bank and other	-	21,893,075	19,292,255
	CJ Beijing Bakery Co., Ltd.	Bank of America	-	1,852,990	8,935,598
Parent Company	CJ Bakery Inc.	Bank of America	-	5,159,217	5,838,000
	CJ Toyota Tsusho Philippines Inc.	Export Import Bank of Korea	35,707,981	26,142,311	-
	Sichuan Jixiangiu Food Co., Ltd.	Export Import Bank of Korea	5,766,500	-	-
Korea Express Co., Ltd.	Hi Won Ltd.	Woori Bank	-	-	-
			<u>41,474,481</u>	<u>55,047,593</u>	<u>34,065,853</u>

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

(in thousands of Korean won)

Provider	Beneficiary	Guarantee amounts		
		December 31, 2011	December 31, 2010	January 1, 2010
	CJ International Asia Pte. Ltd.	-	125,279,000	58,380,000
	CJ Beijing Bakery Co., Ltd.	-	8,974,532	8,935,598
Parent Company	CJ Bakery Inc.	-	5,694,500	5,838,000
	CJ Toyota Tsusho Philippines Inc.	41,775,986	26,142,311	-
	Sichuan Jixiangiu Food Co., Ltd.	5,766,500	-	-
Korea Express Co., Ltd.	Hi Won Ltd.	9,000,000	-	-
		<u>56,542,486</u>	<u>166,090,343</u>	<u>73,153,598</u>

The Group is providing guarantees employees' borrowings amounting to ₩2,392 million as of December 31, 2011.

39. Business Combination

(1) CJ Global Holdings Ltd.

The Company acquired 100% of CJ Global Holdings Ltd. shares in investment in kind method from the CJ Corporation, with a payment date of September 28, 2010. The shares issued as investment in kind are measured by their fair value, and capital stock and paid-in capital in excess of par value increased by ₩2,106 million and ₩89,484 million, respectively. The combination is a business combination under common control and was accounted for using the consolidated carrying amount instead of acquisition method. The difference of ₩(-)57,613 million between the consolidated net asset and fair value of issued shares was recorded as other capital adjustments.

(2) Shindongbang CP Corporation

The Company merged with Shindongbang CP Corporation (percentage of shareholding: 99.72%) on July 1, 2011, the date of the merger, to improve shareholder value through cost reduction and enhancement of business efficiency in the food business.

(3) Wooseong Co., Ltd.

CJ Seafood Corporation, a subsidiary of the Company, acquired 100% of Wooseong Co., Ltd. shares for ₩5,467 million with the approval of its Board of Directors on April 26, 2011. The goodwill of ₩1,190 million generated from the acquisition of Wooseong Co., Ltd. is due to economy of scale and its prospective market.

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

The recognized goodwill is not accepted as a deduction for tax purposes. The consideration transferred and the acquired assets and assumed liabilities at the acquisition date of Wooseong Co., Ltd. are as follows:

<i>(in thousands of Korean won)</i>	<u>2011</u>
Consideration transferred	
Cash	5,466,740
	<u>5,466,740</u>
Acquired assets and assumed liabilities	
Cash and cash equivalents	4,073
Short-term financial instruments	175,000
Trade receivables and other receivables	1,023,651
Other current assets	7,554
Inventories	2,918,334
Long-term financial instruments	24,132
Property, plant and equipment	9,368,944
Intangible assets	1,237
Long-term trade receivables and other receivables	90,522
Trade payables and other payables	(1,836,801)
Short-term borrowings	(6,571,259)
Other current liabilities	(92,279)
Defined benefit liabilities	(194,010)
Deferred tax liabilities	(642,455)
Fair value of identifiable net assets	<u>4,276,643</u>
Goodwill	<u>1,190,097</u>
	<u>5,466,740</u>

(4) Youngwoo Frozen Foods Co., Ltd.

The Company acquired 97.25% of Youngwoo Frozen Foods Co., Ltd. shares for ₩14,760 million on August 22, 2011. The goodwill of ₩3,797 million generated from the acquisition of Youngwoo Frozen Foods Co., Ltd. is due to economy of scale and its prospective market.

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

The recognized goodwill is not accepted as a deduction for tax purposes. The consideration transferred and the acquired assets and assumed liabilities at the acquisition date of Youngwoo Frozen Foods Co., Ltd. are as follows:

<i>(in thousands of Korean won)</i>	<u>2011</u>
Consideration transferred	
Cash	14,760,250
	<u>14,760,250</u>
Acquired assets and assumed liabilities	
Cash and cash equivalents	154,943
Short-term financial instruments	663,750
Trade receivables and other receivables	12,436,215
Other current assets	221,155
Inventories	2,961,430
Property, plant and equipment	12,819,659
Intangible assets	41,289
Other assets	358,279
Trade payables and other payables	(5,616,713)
Short-term borrowings	(9,375,504)
Other current liabilities	(646,180)
Defined benefit liabilities	(1,824,588)
Long-term borrowings	(932,640)
Other non-current liabilities	(45,861)
Fair value of identifiable net assets	<u>11,215,234</u>
Non-controlling interest	(252,342)
Goodwill	<u>3,797,358</u>
	<u>14,760,250</u>

Sales and net income would have been ₩ 52,080 million and ₩ 99 million, respectively, in comprehensive income statement for the year ended December 31, 2011, if it were acquired on January 1, 2011.

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

(5) Hasunjung General Food Co., Ltd.

The Company merged with Hasunjung General Food Co., Ltd. (percentage of shareholding : 100%) on November 1, 2011, the date of the merger, with the approval of the Board of Directors on August 8, 2011, to improve shareholder value through advancement of profitability and reinforcement of core competitiveness in the sauce-making business.

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

(6) Korea Express Co., Ltd.

The Company acquired 26.35% of Korea Express Co., Ltd. shares for ₩888,542 million on December 30, 2011. The goodwill of ₩215,188 million generated from the acquisition of Korea Express Co., Ltd. is due to economy of scale and its prospective market.

The recognized goodwill is not accepted as a deduction for tax purposes. The consideration transferred, and the acquired assets and assumed liabilities at the acquisition date of Korea Express Co., Ltd. are as follows:

<i>(in thousands of Korean won)</i>	<u>2011</u>
Consideration transferred	
Cash	888,542,443
	<u>888,542,443</u>
Acquired assets and assumed liabilities	
Cash and cash equivalents	231,786,893
Short-term financial instruments	15,925,157
Trade receivables and other receivables	534,267,008
Other current assets	55,872,637
Inventories	14,577,496
Property, plant and equipment	1,626,084,510
Intangible assets	944,735,999
Jointly controlled entities and associates	98,054,503
Investment properties	144,284,209
Available-for-sale financial asset	122,870,374
Long-term other receivables	124,045,953
Other assets	229,104,566
Trade payables and other payables	(291,353,189)
Short-term borrowings	(110,050,462)
Other current liabilities	(232,137,151)
Defined benefit liabilities	(67,277,970)
Long-term borrowings	(535,486,055)
Debentures	(68,781,859)
Deferred income tax liabilities	(172,796,361)
Other liabilities	(41,909,409)
Fair value of identifiable net assets	<u>2,621,816,849</u>
Non-controlling interest	(1,948,462,862)
Goodwill	<u>215,188,456</u>
	<u>888,542,443</u>
Acquisition-related costs	
(recorded as selling, general and administrative expense in comprehensive income statement for the year ended December 31, 2011)	2,914,830

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

Sales and net income would have been ₩2,587,848 million and ₩80,994 million, respectively, in comprehensive income statement for the year ended December 31, 2011, if it were acquired on January 1, 2011.

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

40. Events after the Reporting Period

The Company issued exchangeable bond with a face value of ₩166,840 million and which can be exchanged into common shares of Korea Express Co., Ltd. with the approval of the Board of Directors on February 16, 2012. Also, the Company issued exchangeable bond with a face value of ₩86,710 million and which can be exchanged into treasury stock of the Company with the approval of the Board of Directors on March 14, 2012.