

CJ CheilJedang Corporation and Subsidiaries

Consolidated Financial Statements

December 31, 2012 and 2011

CJ CheilJedang Corporation and Subsidiaries

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December 31, 2012 and 2011

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Report of Independent Auditors

To the Board of Directors and Shareholders 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, 2012 and 2011, and the related consolidated statements of comprehensive income, changes in equity and the cash flows for the years then ended, 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 CJ Korea Express Co., Ltd. and certain other subsidiaries, whose financial statements represent 50% of the Group's consolidated total assets as of December 31, 2012 (2011: 50%), and 48% of the Group's consolidated total sales for the year then ended (2011: 37%). 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 CJ Korea Express Co., Ltd. and certain other subsidiaries, is based solely on the reports of the other auditors.

We conducted our audits of these statements 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 consolidated 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, 2012 and 2011, and their financial performance and cash flows for the years then ended, in accordance with International Financial Reporting Standards as adopted by the Republic of Korea.

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

Samil PricewaterhouseCoopers

Seoul, Korea
March 14, 2013

This report is effective as of March 14, 2013, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

CJ CheilJedang Corporation and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2012 and 2011

<i>(in thousands of Korean won)</i>	Notes	2012	2011
Assets			
Current assets			
Cash and cash equivalents	4	₩ 556,793,987	₩ 478,739,784
Short-term financial instruments	4	65,133,069	175,335,807
Short-term loans receivable	4,5	30,912,018	35,556,161
Trade accounts receivables	4,5	1,164,446,237	1,230,261,455
Inventories	8	1,139,255,403	1,075,179,547
Other current financial assets	4,5,6	171,477,293	158,857,746
Other current assets	7	219,306,511	156,895,388
Biological assets	9	12,606,346	10,642,740
Total current assets		3,359,930,864	3,321,468,628
Assets held for sale		3,564,947	3,564,947
Non-current assets			
Investments in jointly controlled entities and associates	10	150,832,060	170,243,452
Property, plant and equipment	11	5,575,156,974	4,990,814,918
Intangible assets	12	1,605,607,962	1,400,517,328
Investment properties	13	330,723,715	331,104,109
Finance lease assets	11	88,610,337	29,402,108
Other non-current financial assets	4,5,6	951,872,015	858,913,667
Other non-current assets	7	280,032,594	215,772,270
Deferred tax assets	19	17,551,192	17,717,873
Total non-current assets		9,000,386,849	8,014,485,725
Total assets		₩ 12,363,882,660	₩ 11,339,519,300

CJ CheilJedang Corporation and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2012 and 2011

<i>(in thousands of Korean won)</i>	Notes	2012	2011
Liabilities			
Current liabilities			
Trade accounts payables	4	₩ 638,530,062	₩ 466,575,116
Short-term borrowings	4,14	1,642,298,568	1,892,711,909
Other accounts payables	4	348,152,911	323,531,739
Income taxes payables		24,589,572	72,383,042
Current provision		2,902,354	2,644,227
Current portion of debentures and long-term borrowings	4,16,17	369,828,245	647,393,223
Current portion of finance lease liabilities	4,6	8,034,582	3,543,076
Other current financial liabilities	4,6	258,341,518	280,745,165
Other current liabilities	15	96,680,984	90,138,975
Total current liabilities		3,389,358,796	3,779,666,472
Non-current liabilities			
Debentures	4,16	1,676,133,538	914,996,972
Long-term borrowings	4,17	1,168,824,144	1,153,752,239
Finance lease liabilities	4,6	74,547,874	20,172,431
Defined benefit liabilities	18	69,048,422	110,306,654
Other non-current financial liabilities	4,6	49,896,622	53,333,285
Other non-current liabilities	15	12,312,166	8,012,358
Deferred tax liabilities	19	702,726,154	602,805,193
Total non-current liabilities		3,753,488,920	2,863,379,132
Total liabilities		7,142,847,716	6,643,045,604
Equity attributable to owners of the Parent Company			
Capital stock	21	72,062,330	72,031,650
Additional paid-in capital	21	892,146,629	891,106,154
Accumulated other comprehensive income and other components of equity	22	(41,412,667)	(87,558,557)
Retained earnings	23	2,051,688,703	1,844,279,077
		2,974,484,995	2,719,858,324
Non-controlling interest	24,38	2,246,549,949	1,976,615,372
Total equity		5,221,034,944	4,696,473,696
Total liabilities and equity		₩ 12,363,882,660	₩ 11,339,519,300

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, 2012 and 2011

<i>(in thousands of Korean won, except per share amounts)</i>	Notes	2012	2011
Sales	33	₩9,877,532,183	₩6,538,208,074
Cost of sales	25	<u>7,696,632,173</u>	<u>4,771,973,689</u>
Gross profit		2,180,900,010	1,766,234,385
Selling, general and administrative expenses	25,26	1,565,371,343	1,306,313,434
Operating income		<u>615,528,667</u>	<u>459,920,951</u>
Other income	27	100,640,712	105,801,718
Other expenses	27	159,772,227	141,315,414
Financial income	28	196,248,588	296,038,778
Financial expenses	28	315,022,955	258,880,796
Loss from jointly controlled entities and associates, net	10	<u>(12,614,500)</u>	<u>(194,771)</u>
Profit before income taxes		425,008,285	461,370,466
Income tax expenses	29	114,292,615	147,347,876
Profit for the year		<u>₩ 310,715,670</u>	<u>₩ 314,022,590</u>
Profit for the year attributable to equity holders of the parent company		₩ 254,879,243	₩ 301,489,470
Profit for the year attributable to non-controlling interest		₩ 55,836,427	₩ 12,533,120
Other comprehensive income (loss) for the year, after taxes			
Gain (loss) on valuation of available-for-sale financial assets, net	4	57,823,568	(193,531,982)
Accumulated other comprehensive gain (loss) from jointly controlled entities and associates, net		(2,789,155)	1,045,244
Actuarial loss on post employment benefit obligations		(26,803,347)	(6,511,460)
Foreign currency translation adjustments		<u>(79,103,817)</u>	<u>32,710,688</u>
Total comprehensive income for the year		<u>₩ 259,842,919</u>	<u>₩ 147,735,080</u>
Comprehensive income for the year attributable to equity holders of the parent company		₩ 209,161,549	₩ 135,925,115
Comprehensive income for the year attributable to non-controlling interest		₩ 50,681,370	₩ 11,809,965
Earnings per share attributable to the equity holders of the parent company for the year			
Basic earnings per share of common stock	30	₩ 18,369	₩ 21,854
Basic earnings per share of preferred stock	30	₩ 18,419	₩ 21,895
Diluted earnings per share of common stock	30	₩ 18,322	₩ 21,803
Diluted earnings per share of preferred stock	30	₩ 18,372	₩ 21,845

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, 2012 and 2011

	Attributable to equity holders of the Parent Company						
	Capital Stock	Additional paid-in capital	Accumulated other cumulative comprehensive income and other components of equity	Retained Earnings	Total	Non-controlling Interest	Total Equity
<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 year	-	-	-	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 post employment benefit obligations	-	-	-	(6,201,117)	(6,201,117)	(310,343)	(6,511,460)
Foreign currency translation adjustments	-	-	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 options exercised	-	-	1,347,169	-	1,347,169	-	1,347,169
Stock compensation	-	-	2,573,909	-	2,573,909	-	2,573,909
Change in ownership interest over subsidiaries	-	-	(435,419)	-	(435,419)	3,743,145	3,307,726
Change in non-controlling interest over 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>

CJ CheilJedang Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
Years Ended December 31, 2012 and 2011

	Attributable to equity holders of the Parent Company						Non-controlling Interest	Total Equity
	Capital Stock	Additional paid-in capital	Accumulated other cumulative comprehensive income and other components of equity	Retained Earnings	Total			
<i>(in thousands of Korean won)</i>								
Balance at January 1, 2012	₩72,031,650	₩891,106,154	₩ (87,558,557)	₩1,844,279,077	₩2,719,858,324	₩1,976,615,372	₩4,696,473,696	
Comprehensive income								
Profit for the year	-	-	-	254,879,243	254,879,243	55,836,427	310,715,670	
Gain on valuation of available-for-sale financial assets, net	-	-	57,202,802	-	57,202,802	620,766	57,823,568	
Other comprehensive loss from jointly controlled entities and associates, net	-	-	(2,681,046)	-	(2,681,046)	(108,109)	(2,789,155)	
Actuarial loss on post employment benefit obligations	-	-	-	(22,566,347)	(22,566,347)	(4,237,000)	(26,803,347)	
Foreign currency translation adjustments	-	-	(77,673,104)	-	(77,673,104)	(1,430,713)	(79,103,817)	
Transactions with equity holders of the Company								
Acquisition of treasury stock	-	-	(1,840)	-	(1,840)	-	(1,840)	
Disposal of treasury stock	-	-	65,977,089	-	65,977,089	-	65,977,089	
Dividends	-	-	-	(24,903,270)	(24,903,270)	-	(24,903,270)	
Stock options exercised	30,680	1,040,475	3,994,132	-	5,065,287	-	5,065,287	
Stock compensation	-	-	627,892	-	627,892	-	627,892	
Change in ownership interest over subsidiaries	-	-	557,583	-	557,583	11,486,526	12,044,109	
Change in non-controlling interest over business combination	-	-	-	-	-	9,337,066	9,337,066	
Non-controlling interest of new subsidiaries	-	-	-	-	-	6,245,257	6,245,257	
Issuance of hybrid bond	-	-	(1,857,618)	-	(1,857,618)	200,000,000	198,142,382	
Distribution of hybrid bond	-	-	-	-	-	(7,815,643)	(7,815,643)	
Balance at December 31, 2012	<u>₩72,062,330</u>	<u>₩892,146,629</u>	<u>₩ (41,412,667)</u>	<u>₩2,051,688,703</u>	<u>₩2,974,484,995</u>	<u>₩2,246,549,949</u>	<u>₩5,221,034,944</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, 2012 and 2011

<i>(in thousands of Korean won)</i>	Notes	2012	2011
Cash flows from operating activities			
Cash generated from (used in) operations	32	₩ 909,409,244	₩ (88,325,729)
Income tax paid		<u>(104,357,467)</u>	<u>(200,055,353)</u>
Net cash provided by (used in) operating activities		<u>805,051,777</u>	<u>(288,381,082)</u>
Cash flows from investing activities			
Interest received		18,137,933	17,586,173
Dividends received		15,987,418	13,707,118
Decrease in short-term financial instruments, net		104,341,687	88,404,693
Proceeds from disposal of property, plant and equipment		82,172,904	15,108,484
Acquisition of property, plant and equipment	11	(1,052,873,109)	(725,806,421)
Proceeds from disposal of intangible assets		266,712	1,692,178
Acquisition of intangible assets	12	(160,695,078)	(78,837,698)
Settlement of derivative instruments		(19,489,911)	20,140,585
Proceeds from disposal of jointly controlled entities and associates		202,600	-
Acquisition of jointly controlled entities and associates		(9,868,756)	(34,770,713)
Proceeds from disposal of subsidiaries		3,618,047	-
Business combination		(134,234,844)	(676,823,524)
Proceeds from disposal of available-for-sale financial assets		22,814,045	254,448,000
Acquisition of available-for-sale financial assets		(4,682,520)	(373,611,435)
Increase in short-term loan receivables		(76,825,900)	(178,853,246)
Decrease in short-term loan receivables		72,175,911	138,764,043
Increase in long-term loan receivables		(5,693,940)	(34,859,650)
Decrease in long-term loan receivables		4,427,313	159,549,058
Others, net		<u>(16,091,990)</u>	<u>(25,944,872)</u>
Net cash used in investing activities		<u>(1,156,311,478)</u>	<u>(1,420,107,227)</u>
Cash flows from financing activities			
Interest paid		(158,390,301)	(63,181,065)
Increase (decrease) in short-term borrowings, net		(225,085,896)	688,282,019
Proceeds from long-term borrowings		868,137,532	935,944,172
Proceeds from debentures		857,062,905	837,903,948
Repayment of current portion of long-term debt		(509,468,769)	(438,732,860)
Acquisition of treasury stock		(1,840)	(23,106,886)
Proceeds from disposal of treasury stock		67,345,575	-
Repayment of long-term borrowings		(598,280,681)	-
Exercise of stock options		4,840,687	895,649
Repayment of debentures		(30,000,000)	-
Increase in non-controlling interest		15,781,336	-
Decrease in non-controlling interest		(168,382)	-

CJ CheilJedang Corporation and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2012 and 2011

<i>(in thousands of Korean won)</i>	Notes	2012	2011
Payment of cash dividends	31	(24,903,270)	(55,646,623)
Proceeds from hybrid bond		198,142,382	-
Distribution of hybrid bond		(7,815,643)	-
Others, net		(1,060,648)	(3,940,417)
Net cash provided by financing activities		<u>456,134,987</u>	<u>1,878,417,937</u>
Net increase in cash and cash equivalents		104,875,286	169,929,628
Effect of exchange rate on cash and cash equivalents		(26,821,083)	2,211,048
Cash and cash equivalents			
Beginning of the period		<u>478,739,784</u>	<u>306,599,108</u>
End of the period		<u>₩ 556,793,987</u>	<u>₩ 478,739,784</u>

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

CJ CheilJedang Corporation and Subsidiaries

Notes to Consolidated Financial Statements

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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, 2012, 14,412,466 shares are issued and outstanding and the Company's major shareholder is CJ Corporation, who owns 33.55% of the outstanding shares, including preferred shares.

Consolidated Subsidiaries

Subsidiaries	Location	Percentage of ownership (%)
		2012
Shinuido Solar Salt Corporation	Korea	88.03
CJ Dondonfarm Co., Ltd. (formerly, Superfeed Co., Ltd.) ¹	Korea	99.99
CJ Seafood Corporation ²	Korea	46.51
CJ MD1 Co., Ltd.	Korea	100.00
Youngwoo Frozen Foods Co., Ltd.	Korea	100.00
Won Ji Co., Ltd.	Korea	100.00
Han Won Co., Ltd.	Korea	100.00
CJ Korea Express Corporation	Korea	26.35
CJ Korea Express Busan Container Terminal Co., Ltd.	Korea	66.04
PNCT New Container Terminal	Korea	90.00
CJ 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
CJ 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
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 Nanjing Feed Co., Ltd.	China	100.00
CJ Chengdu Feed Co., Ltd.	China	100.00

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Subsidiaries	Location	Percentage of
		ownership (%)
		2012
CJ Changchun Feed Co., Ltd.	China	100.00
CJ(Shenyang) 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 Ltd.	China	100.00
CJ Yihai(Kunshan) Foodstuffs Co.,Ltd. ⁴	China	50.00
PT CJ CheilJedang Lestari	Indonesia	75.00
CJ Act Pty., Ltd.	Australia	74.91
CJ Korea Express Dongguan Co., Ltd.	China	100.00
CJ CheilJedang Mexico	Mexico	100.00
TMI Trading Corp	U.S.A	80.00
Twin Marquis Inc.	U.S.A	80.00
Chef One Corporation	U.S.A	80.00
CJ 500 South State College, Inc.	U.S.A	100.00

CJ CheilJedang Corporation and Subsidiaries
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- ¹ Superfeed Co., Ltd., one of the Group's subsidiaries, merged with another subsidiary, Dondonfarm Co., Ltd. and changed its name to CJ Dondonfarm Co., Ltd. during the reporting period.
- ² While the Group owns less than half of the voting interest of an entity, the percentage of ownership in the Group is significantly higher than those owned by other shareholders. It is determined that the Group has control as it exercises the majority voting rights in the subsidiary's decision-making process.
- ³ Included as subsidiary since the Group is entitled to over more than half of the voting rights of CJ Korean Express Corporation by virtue of an agreement with other investors although the Group does not hold a majority voting interest of the entity.
- ⁴ Included as subsidiary since the Group is able to exercise its voting rights by holding additional potential voting right of 1% although the Group does not hold a majority voting interest of the entity established during the year.

Financial information of primary subsidiaries as of and for the year ended December 31, 2012, is as follows:

<i>(in millions of Korean won)</i>	Assets	Liabilities	Equity	Sales	Net income (loss)
Shinuido Solar Salt Corporation	₩ 10,880	₩ 8,270	₩ 2,610	₩ 3,051	₩ (961)
CJ Dondonfarm Co., Ltd. (formerly Superfeed Co., Ltd.)	32,658	6,839	25,819	83,962	(861)
CJ Seafood Corporation	84,020	45,001	39,019	166,841	5,696
CJ MD1 Co., Ltd.	17,268	18,719	(1,451)	106,978	1,567
Youngwoo Frozen Foods Co., Ltd.	41,235	33,439	7,796	50,855	(3,723)
Won Ji Co., Ltd.	60,163	40,452	19,711	50,919	2,260
Han Won Co., Ltd.	2,743	627	2,116	2,325	219
CJ Korea Express Corporation	2,970,388	679,337	2,291,051	2,492,867	71,864
CJ Korea Express Busan Container Terminal Co., Ltd.	95,261	50,232	45,029	98,891	(16,695)
PNCT New Container Terminal	76,670	79,401	(2,731)	23,432	(3,842)
Korea Express Busan Newport Distripark Co., Ltd.	25,104	14,353	10,751	10,851	592
Korea Integrated Freight Terminal Co., Ltd.	578,198	412,213	165,985	137,298	12,695
Jung-Bu Integrated Freight Terminal Co., Ltd.	124,646	100,392	24,254	8,590	(4,372)
Korea Express Incheon Container Terminal Co., Ltd.	11,648	45	11,603	-	(204)
CJ Changsha Feed Co., Ltd.	3,288	5,730	(2,442)	12,774	(781)
CJ Shenyang Feed Co., Ltd.	17,878	9,196	8,682	37,940	1,630
CJ Tianjin Feed Co., Ltd.	7,116	3,061	4,055	25,279	652
CJ Harbin Feed Co., Ltd.	3,028	3,306	(278)	13,160	(134)
CJ Qingdao Feed Co., Ltd.	7,855	1,916	5,939	33,485	1,398
CJ Beijing Beverage Co., Ltd.	20,226	11,932	8,294	14,333	(817)
CJ Qingdao Foods Co., Ltd.	23,316	39,814	(16,498)	57,943	(6,107)
CJ Liaocheng Biotech Co., Ltd.	368,865	125,150	243,715	354,192	35,048
CJ Zhengzhou Feed Co., Ltd.	2,836	1,775	1,061	16,741	316
CJ Nanjing Feed Co., Ltd.	5,060	2,351	2,709	26,201	606
CJ Chengdu Feed Co., Ltd.	2,583	3,695	(1,112)	16,256	(550)
CJ Changchun Feed Co., Ltd.	12,478	6,780	5,698	4,851	(350)
CJ (Shenyang) Biotech Co., Ltd.	634,155	486,384	147,771	138,124	(8,262)

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<i>(in millions of Korean won)</i>	Assets	Liabilities	Equity	Sales	Net income (loss)
CJ Nutracon Pty., Ltd.	₩ 23,427	₩ 12,139	₩ 11,288	₩ 16,514	₩ 1,422
CJ Philippines Inc.	38,578	9,934	28,644	62,299	4,682
PT Cheil Jedang Indonesia	941,667	340,881	600,786	815,102	94,120
PT Cheil Jedang Superfeed	127,409	106,689	20,720	203,011	5,992
PT CJ Feed Jombang	84,044	61,740	22,304	198,283	9,425
PT Agrobis Panca Ekatama	6,270	3,980	2,290	8,261	503
PT Super Unggas Jaya	39,011	54,981	(15,970)	103,425	(3,802)
CJ Vina Agri Co., Ltd.	59,904	27,336	32,568	190,716	8,823
CJ Omni Inc.	23,943	16,215	7,728	39,179	(457)
CJ Feed India Private Ltd.	147	-	147	109	(105)
CJ Vina Food Co., Ltd.	5,969	6,018	(49)	11,907	(1,086)
CJ America Inc.	150,083	132,118	17,965	259,770	118
CJ Europe Gmbh.	140,149	130,262	9,887	370,707	685
CJ China Ltd.	469,841	457,531	12,310	409,091	890
CJ Global Holdings Ltd.	244,386	215,915	28,471	-	(1,012)
CJ International Trading Co., Ltd.	20,182	9,764	10,418	21,685	3,293
CJ Do Brasil Ind. Com. Prod. Alim. Ltda.	228,905	205,824	23,081	204,575	(5,289)
CJ Se Asia Pte. Ltd.	1,960	464	1,496	4,584	86
Liaocheng Lantian Cogenerations Plant Co., Ltd.	52,717	20,687	32,030	50,414	8,884
CJ DCH Guangdong Frozen Food Co., Ltd.	7,314	828	6,486	166	(1,056)
CJ Liaocheng Feed Co., Ltd.	12,056	6,340	5,716	6,316	269
CJ Bio America Inc.	270,182	255,595	14,587	-	(2,058)
CJ Bio Malaysia Sdn. Bhd.	76,068	11,634	64,434	-	(1,149)
Korea Express Sanhhai Co., Ltd.	10,999	1,554	9,445	34,500	921
Korea Express Tianjin Co., Ltd.	10,429	6,583	3,846	30,654	616
Korea Express U.S.A Inc.	23,356	19,612	3,744	84,425	(312)
Korea Express Japan Co., Ltd.	13,367	2,612	10,755	27,187	566
Korea Express Hong Kong Co., Ltd.	5,438	2,819	2,619	13,652	(535)
Korea Express Europe Gmbh.	2,764	1,497	1,267	11,177	44
Water Pipeline Works Ltd.	6,444	-	6,444	-	-
Kumho Logistics Shanghai	5,156	3,586	1,570	21,687	119
CJ Yihai(Kunshan) Foodstuffs Co., Ltd.	9,681	203	9,478	-	(281)
PT CJ Cheiljedang Lestari	3,429	15	3,414	-	168
CJ Act Pty., Ltd.	14,210	1,214	12,996	-	(651)
CJ Korea Express Dongguan Co., Ltd.	961	436	525	1,176	(381)
CJ Cheiljedang Mexico	266	229	37	247	(46)
TMI Trading Corp	10,265	6,647	3,618	4,534	297
Twin Marquis Inc.	11,295	4,352	6,943	2,340	454
Chef One Corporation	3,224	886	2,338	915	63
CJ 500 South State College, Inc.	9,038	8,856	182	-	(90)

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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
CJ Korea Express Corporation	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	-	-
CJ Korea Express Busan Container Terminal Co., Ltd.	108,575	46,919	61,656	-	-
CJ Korea Express Busan Newport Distripark Co., Ltd.	26,143	15,991	10,152	-	-
CJ 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)
CJ (Shenyang) 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
PT CJ Feed Jombang	66,561	51,006	15,555	161,886	5,027
PT Agrobis Panca Ekata	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	-	-

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<i>(in millions of Korean won)</i>	Assets		Liabilities		Equity		Sales		Net income (loss)	
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

Changes in Consolidated Subsidiaries

The subsidiaries newly included in or excluded from the consolidated financial statements for the year ended December 31, 2012, are as follows:

Category	Location	Name of subsidiaries	Remark
Excluded	China	Beijing Hasunjung General Food Co., Ltd.	Disposal
Excluded	Korea	Dondonfarm Co., Ltd.	Merger
Excluded	Korea	Wooseong Co., Ltd.	Merger
Included	Korea	Won Ji Co., Ltd.	Newly acquired
Included	Korea	Han Won Co., Ltd.	Newly acquired
Included	China	CJ Yihai(Kunshan) Foodstuffs Co., Ltd.	Newly incorporated
Included	Indonesia	PT CJ Cheiljedang Lestari	Newly incorporated
Included	Australia	CJ Act Pty., Ltd.	Newly incorporated
Included	China	CJ Korea Express Dongguan Co., Ltd.	Newly acquired
Included	Mexico	CJ Cheiljedang Mexico	Newly incorporated
Included	U.S.A	TMI Trading Corp	Newly acquired
Included	U.S.A	Twin Marquis Inc.	Newly acquired
Included	U.S.A	Chef One Corporation	Newly acquired
Included	U.S.A	CJ 500 South State College, Inc.	Newly incorporated

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2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years 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 preparation of the consolidated 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.

2.2 Changes in Accounting Policy and Disclosures

(a) New and amended standards adopted by the Group

The Group changed its accounting policy to present the operating income after deducting cost of sales, and selling and administrative expenses from revenue, in accordance with the amendment of Korean IFRS 1001, *Presentation of Financial Statements*.

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The Group applies the accounting policy retroactively in accordance with the amended standards and the comparative consolidated statement of the comprehensive income is restated by reflecting adjustments resulting from the retrospective application. As a result of the changes in the accounting policy, other income and expenses of ₩ 99,516 million and ₩ 100,490 million, respectively, for the year ended December 31, 2012 (2011: ₩ 105,802 million and ₩ 111,613 million, respectively), which include gain (loss) on settlement of derivatives, gain (loss) on valuation of derivatives and gain (loss) on disposal of property and others, classified as operating income under the previous standard, were excluded from operating income. Consequently, operating income for the years ended December 31, 2012 and 2011, was higher by ₩ 974 million and ₩ 5,811 million, respectively, as compared to the amounts under the previous standard. However, there is no material impact on net income and earnings per share for the years ended December 31, 2012 and 2011.

(b) New standards and interpretations not yet adopted

New standards, amendments and interpretations issued but not effective for the financial year beginning January 1, 2012, and not early adopted by the Group are as follows:

- Amendment of Korean IFRS 1001, *Presentation of Financial Statements*

Korean-IFRS 1001, *Presentation of Financial Statements*, requires other comprehensive income items to be presented into two groups on the basis of whether they are potentially reclassifiable to profit or loss subsequently. This is effective for annual periods beginning on or after July 1, 2012, with early adoption permitted. The Group expects that the application of this amendment would not have a material impact on its consolidated financial statements.

- Amendments to Korean IFRS 1019, *Employee Benefits*

According to the amendments to Korean IFRS 1019, *Employee Benefits*, the 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 annual periods beginning on or after January 1, 2013, and the Group is assessing the impact of application of the amended Korean IFRS 1019 on its consolidated financial statements as of the report date.

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- 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 1113 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 the Korean IFRSs. This amendment will be effective for annual periods beginning on or after January 1, 2013, and the Group expects that the application of this enactment would not have a material impact on its consolidated financial statements.

- Enactment of Korean IFRS 1110, *Consolidated Financial Statements*

Korean IFRS 1110, *Consolidated Financial Statements*, builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included in the consolidated financial statements of the Parent Company. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This enactment will be effective for annual periods beginning on or after January 1, 2013, and the Group is reviewing the impact of this standard.

- Enactment of Korean IFRS 1111, *Joint Arrangements*

Korean IFRS 1111, *Joint Arrangements*, aims to reflect the substance of joint arrangements by focusing on the contractual rights and obligations that each party to the arrangement has rather than its legal form. Joint arrangements are classified as either joint operations or joint ventures. A joint operation is when joint operators have rights to the assets and obligations for the liabilities, and account for the assets, liabilities, revenues and expenses, while parties to the joint venture have rights to the net assets of the arrangement and account for their interest in the joint venture using the equity method. This enactment will be effective for annual periods beginning on or after January 1, 2013, and the Group is reviewing the impact of this standard.

- Enactment of Korean IFRS 1112, *Disclosures of Interests in Other Entities*

Korean IFRS 1112, *Disclosures of Interests in Other Entities*, provides the disclosure requirements for all forms of interests in other entities, including a subsidiary, a joint arrangement, an associate, a consolidated structured entity and an unconsolidated structured entity. This enactment will be effective for annual periods beginning on or after January 1, 2013, and the Group is reviewing the impact of this standard.

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2.3 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 the 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.

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.

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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 the 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.

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

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

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 profit or loss.

(e) Joint ventures

A joint venture is a contractual arrangement whereby two or more parties (co-venturers) exercise joint control. As with associates, investments in jointly controlled entities are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in jointly controlled entities includes goodwill identified on acquisition, net of accumulated impairment loss. The Group does not recognize its share of profits or losses from the 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 Company's functional and presentation currency.

(b) Transactions and balances

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

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

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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 statement of income 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 statement of comprehensive income. When the Company ceases to control the subsidiary, exchange differences that were recorded in equity are recognized in the statement of comprehensive income 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. Exchange differences arising are recognized other comprehensive income.

2.5 Cash and Cash Equivalents

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

2.6 Financial Assets

2.6.1 Classification

The Group classifies its financial assets in the following categories: financial assets 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 and the nature of the assets. Management determines the classification of its financial instruments at initial recognition.

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

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

2.6.2 Recognition and Measurement

Regular purchases and sales of financial assets are recognized on the trade date. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the statements of comprehensive income. 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 statements of comprehensive income within 'other income or expenses' and 'financial income or expenses' in the period in which they arise.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognized in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are reported in the statement of comprehensive income as 'financial income or expense'.

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

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2.6.3 Offsetting financial instruments

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

2.6.4 Derecognition

Financial assets are derecognized when the contractual rights to receive cash from the investments have expired or have been transferred, and the Group has substantially transferred all risks and rewards of ownership or when the risk and rewards of ownership of transferred assets have not been substantially retained or transferred and the Group has not retained control over these assets.

Collaterals (trade receivables and other) provided in transactions of discount and factoring of trade receivables do not meet the requirements for asset derecognition if risks and rewards do not substantially transfer in the event the debtor defaults. Financial liabilities recognized in relation to these transactions are included as 'short-term borrowings' in the Group's statement of financial position.

2.6.5 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.

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.

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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 at the financial asset's original 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 statement of comprehensive income. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. 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 statement of comprehensive income.

(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 statement of comprehensive income. Impairment losses recognized in the consolidated statement of income on equity instruments are not reversed through the statement of comprehensive income. 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 statement of comprehensive income.

2.7 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.

2.8 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 income (expenses)' or 'finance income (expenses)' according to the nature of transactions.

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2.9 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.

2.10 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.

2.11 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.

2.12 Property, Plant and Equipment

All property, plant and equipment are stated at historical cost or deemed cost less depreciation and accumulated impairment loss. Historical cost includes expenditures directly attribute to the acquisition of the items. When the deemed cost is applied, the revaluation amount of property, plant and equipment is considered as fair value at the date of transition to Korean IFRS or as fair value at the date of the revaluation under the previous standard.

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 statement of comprehensive income 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

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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 income (expenses), net' in the statement of comprehensive income.

2.13 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.

2.14 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 related to assets are presented as a deduction of related assets and are credited to depreciation over the expected lives of the related assets. Government grants related to income are deferred and recognized in the statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

2.15 Intangible Assets

(a) Goodwill

Goodwill is measured as explained in Note 2.3 and goodwill arising from the acquisition of subsidiaries, associates and business is 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.

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(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

Separately acquired patents and software are shown at historical cost. Patents and software 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 patents and software over their estimated useful lives of five to ten years.

(d) Capitalized development costs

Research and development projects of the Group are classified as 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.

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 of five 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.

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(f) Service concession arrangement

The Group is building 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 eight to 16 years.

2.16 Investment Property

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

Subsequent costs are include in the asset's carrying amount or recognized as a separate asset, 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 statement of comprehensive income 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 income (expenses), net' in the statement of comprehensive incomes.

The fair value of investment property disclosed in Note 13 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.

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2.17 Impairment of Non-financial Assets

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

2.18 Financial Liabilities

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

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

(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, financial guarantee contracts and financial assets that arise when a transfer of financial asset does not qualify for derecognition, as financial liabilities carried at amortized cost. Financial liabilities carried at amortized cost are included in non-current liabilities, except for liabilities with maturities within 12 months after the end of the reporting period, which are classified as current liabilities.

2.19 Trade Accounts 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.

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2.20 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 statement of comprehensive income over the period of the borrowings and debentures using the effective interest method. Borrowings and debentures are classified as current liabilities unless the Group has on unconditional to defer the settlement of the borrowings and debentures for at least 12 months after the end of the reporting period.

2.21 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 consists of current and deferred tax. Tax is recognized in the statement of comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity.

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

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.

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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.

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 share-based compensation plans that the Group can choose either equity-settled or cash-settled, under which the Group receives services from employees as consideration for equity instruments of the Group or consideration for the cash payment of the difference between the market value and exercise value of the option granted. The Group accounts for the share-based compensation plan as a cash-settled share-based payment transaction, if and to the extent that the Company has incurred liabilities to settle with cash or other assets, or as an equity-settled share-based payment transaction, if and to the extent that no such liabilities have been incurred.

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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 statement of comprehensive income, with a corresponding adjustment to equity.

The Group either issues new shares or uses shares held in treasury when the options are exercised. When new shares are issued, the proceeds received net of any directly attributable transaction costs are recognized as share capital (nominal value) and share premium; and when treasury shares are distributed, the amount that the sum of the proceeds received due to exercise of the options, and the amount previously recognized as equity related to corresponding options less the carrying amount of treasury shares, is recognized as gain or loss on disposal of treasury stock.

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.

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.

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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 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, monosodium glutamate, nucleic acid, lysine, threonine 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 recognized 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.

2.26 Lease

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

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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 'financial lease liabilities'. The interest element of the finance cost is charged to the statement of comprehensive income 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.

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 statement of comprehensive income on a straight-line basis over the period of the lease.

2.27 Dividend Distribution

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

2.28 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.

2.29 Approval of Issuance of the Financial Statements

The issuance of the December 31, 2012 consolidated financial statements of the Company was approved by the Board of Directors on February 7, 2013.

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.

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(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 2.15. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 12).

(b) Income taxes

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

(c) Fair value of financial instruments

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

The carrying amount of available-for-sale financial assets would have been ₩ 448 million lower or ₩ 449 million higher if the discount rate used in the discount cash flow analysis differed by 10% from management's estimates.

(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 18.

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4. Financial Instruments by Category

Categorizations of financial assets as of December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012			
	Assets at fair value through profit and loss	Loans and receivables	Available-for-sale financial assets	Total
Cash and cash equivalents	₩ -	₩ 556,793,987	₩ -	₩ 556,793,987
Short -term financial instruments ¹	-	65,133,069	-	65,133,069
Short-term loans receivable	-	30,912,018	-	30,912,018
Trade accounts receivables	-	1,164,446,237	-	1,164,446,237
Other current financial assets	6,050,349	164,028,381	1,398,563	171,477,293
Other non-current financial assets	8,937,942	241,224,621	701,709,452	951,872,015
	<u>₩ 14,988,291</u>	<u>₩2,222,538,313</u>	<u>₩703,108,015</u>	<u>₩2,940,634,619</u>

¹As of December 31, 2012, short-term financial instruments amounting to ₩3,371 million and ₩500 million are pledged as collaterals for short-term and long-term borrowings (Notes 14 and 17).

<i>(in thousands of Korean won)</i>	2011			
	Assets at fair value through profit and loss	Loans and receivables	Available-for-sale financial assets	Total
Cash and cash equivalents	₩ -	₩ 478,739,784	₩ -	₩ 478,739,784
Short -term financial instruments	-	175,335,807	-	175,335,807
Short-term loans receivable	-	35,556,161	-	35,556,161
Trade accounts 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>

CJ CheilJedang Corporation and Subsidiaries
Notes to Consolidated Financial Statements
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Categorizations of financial liabilities as of December 31, 2012 and 2011, are as follows:

	2012		
	Liabilities at fair value through profit and loss	Financial liabilities measured at amortized cost	Total
<i>(in thousands of Korean won)</i>			
Trade accounts payable	₩ -	₩ 638,530,062	₩ 638,530,062
Short-term borrowings	-	1,642,298,568	1,642,298,568
Other accounts payable	-	348,152,911	348,152,911
Current portion of debentures and long-term borrowings	-	369,828,245	369,828,245
Current portion of financial lease liabilities	-	8,034,582	8,034,582
Other current financial liabilities	18,166,456	240,175,062	258,341,518
Debentures	-	1,676,133,538	1,676,133,538
Long-term borrowings	-	1,168,824,144	1,168,824,144
Financial lease liabilities	-	74,547,874	74,547,874
Other non-current financial liabilities	4,575,646	45,320,976	49,896,622
	<u>₩ 22,742,102</u>	<u>₩ 6,211,845,962</u>	<u>₩ 6,234,588,064</u>

	2011		
	Liabilities at fair value through profit and loss	Financial liabilities measured at amortized cost	Total
<i>(in thousands of Korean won)</i>			
Trade accounts payable	₩ -	₩ 466,575,116	₩ 466,575,116
Short-term borrowings	-	1,892,711,909	1,892,711,909
Other accounts payable	-	323,531,739	323,531,739
Current portion debentures and of long-term borrowings	-	647,393,223	647,393,223
Current portion of financial lease liabilities	-	3,543,076	3,543,076
Other current financial liabilities	13,354,380	267,390,785	280,745,165
Debentures	-	914,996,972	914,996,972
Long-term borrowings	-	1,153,752,239	1,153,752,239
Financial lease liabilities	-	20,172,431	20,172,431
Other non-current financial liabilities	-	53,333,285	53,333,285
	<u>₩ 13,354,380</u>	<u>₩ 5,743,400,775</u>	<u>₩ 5,756,755,155</u>

CJ CheilJedang Corporation and Subsidiaries
Notes to Consolidated Financial Statements
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Income and loss of financial instruments by category for the years ended December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012	2011
Available-for-sale financial assets		
Gain (loss) transfer from equity, net	₩ 6,930,562	₩ 147,566,063
Gain (loss) transfer to equity, net	76,284,391	(241,583,752)
Dividend income	16,565,092	13,709,907
Gain on disposal	3,816,506	129,614,063
Loans and receivables		
Interest income	29,140,411	10,609,877
Gain (loss) on disposal, net	(5,449,572)	-
Foreign exchange loss, net	(32,353,780)	(3,762,665)
Impairment / Reversal	3,292,760	(884,838)
Financial assets at fair value through profit or loss		
Gain (loss) on valuation, net	(2,961,966)	(3,355,061)
Gain (loss) on transaction, net	(129,242)	(44,652,160)
Financial liabilities at fair value through profit or loss		
Gain (loss) on valuation, net	(3,199,360)	3,362,073
Gain (loss) on transaction, net	(17,625,273)	41,736,963
Financial liabilities carried at amortized cost		
Interest expense	(164,722,450)	(73,134,411)
Loss on repayment	(671,241)	-
Foreign exchange gain (loss), net	55,725,299	(40,503,925)

5. Trade and Other Accounts Receivables

Trade and other accounts receivables as of December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012		2011	
	Current	Non-current	Current	Non-current
Trade accounts receivables	₩1,183,513,521	₩ -	₩1,255,620,563	₩ -
Less: provision for impairment of trade receivables	(19,067,284)	-	(25,359,108)	-
Loans receivables	32,463,739	12,454,058	38,302,654	11,938,993
Less: provision for impairment of loan receivables	(1,551,721)	-	(2,746,493)	-
Other receivables	141,032,142	138,004,627	123,413,096	124,141,116
Less: provision for impairment of other receivables	(5,868,496)	-	(6,724,615)	-
Accrued income	1,782,335	454,631	4,914,516	479,981
Guarantee deposits	27,082,399	86,831,253	21,728,297	79,104,199
	<u>₩1,359,386,635</u>	<u>₩237,744,569</u>	<u>₩1,409,148,910</u>	<u>₩215,664,289</u>

CJ CheilJedang Corporation and Subsidiaries
Notes to Consolidated Financial Statements
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The aging analyses of trade and other accounts receivables as of December 31, 2012 and 2011, are as follows:

	2012		2011	
	Trade accounts receivables	Non-trade Other receivables	Trade accounts receivables	Non-trade Other receivables
<i>(in thousands of Korean won)</i>				
Receivables not past due	₩1,111,174,436	₩ 430,833,116	₩1,217,193,934	₩ 400,210,230
Past due but not impaired				
Up to 3 months	41,265,146	13,604	13,925,812	4,725
3 to 6 months	5,509,704	477,184	453,294	77,782
6 months to 1 year	3,562,763	5,461,374	1,629,543	169,952
Over 1 year	7,071,063	1,089,568	2,972,922	376,637
	<u>57,408,676</u>	<u>7,041,730</u>	<u>18,981,571</u>	<u>629,096</u>
Impaired				
Up to 3 months	381,736	164,524	2,153,513	-
3 to 6 months	428,616	15,000	520,206	1,895,666
6 months to 1 year	3,206,282	-	1,599,742	10,975
Over 1 year	10,913,775	2,050,814	15,171,597	1,276,885
	<u>14,930,409</u>	<u>2,230,338</u>	<u>19,445,058</u>	<u>3,183,526</u>
	<u>₩1,183,513,521</u>	<u>₩ 440,105,184</u>	<u>₩1,255,620,563</u>	<u>₩ 404,022,852</u>

Movements on the provision for impairment of trade and other accounts receivables for the years ended December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012	2011
Beginning	₩ 34,830,216	₩ 56,655,472
Provision for receivables impairment	2,441,258	5,144,869
Receivables written off during the year as uncollectible	(4,860,177)	(33,911,689)
Unused amounts reversed	(5,734,018)	(4,260,031)
Changes of consolidated subsidiaries	289,297	11,176,038
Effect of foreign currency translation	(479,075)	25,557
Ending	<u>₩ 26,487,501</u>	<u>₩ 34,830,216</u>

The individually impaired receivables amounting to ₩ 17,160 million as of December 31, 2012 (2011: ₩ 22,629 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
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6. Other Financial Assets and Liabilities

Other financial assets and liabilities as of December 31, 2012 and 2011, are as follows:

<i>(In thousands of Korean won)</i>	2012	2011
Other financial assets		
Other current financial assets		
Other receivables	₩ 135,163,646	₩ 116,688,481
Guarantee deposits	27,082,399	21,728,297
Derivatives	6,046,379	14,186,527
Others	3,184,869	6,254,441
	<u>171,477,293</u>	<u>158,857,746</u>
Other non-current financial assets		
Available-for-sale financial assets	701,709,452	640,317,750
Guarantee deposits	86,831,253	79,104,199
Long-term other receivables	138,004,627	124,141,116
Derivatives	8,937,942	-
Others	16,388,741	15,350,602
	<u>951,872,015</u>	<u>858,913,667</u>
	<u>₩ 1,123,349,308</u>	<u>₩ 1,017,771,413</u>

<i>(In thousands of Korean won)</i>	2012	2011
Other financial liabilities		
Other current financial liabilities		
Leasehold deposits	₩ 9,832,589	₩ 12,680,839
Derivatives	18,166,456	13,354,380
Accrued expenses	230,342,473	254,709,947
	<u>258,341,518</u>	<u>280,745,165</u>
Other non-current financial liabilities		
Long-term accrued expenses	9,699,304	19,102,651
Leasehold deposits	32,573,602	30,965,113
Derivatives	4,575,646	-
Others	3,048,070	3,265,521
	<u>49,896,622</u>	<u>53,333,285</u>
	<u>₩ 308,238,140</u>	<u>₩ 334,078,450</u>

CJ CheilJedang Corporation and Subsidiaries
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Non-current available-for-sale financial assets as of December 31, 2012 and 2011, consist of the following:

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

<i>(in thousands of Korean won)</i>	2012		2011	
Balance at January 1	₩	640,317,750	₩	510,253,435
Acquisitions ¹		4,682,520		373,611,435
Changes of consolidated subsidiaries		138,650		122,870,569
Disposals		(25,928,101)		(272,400,000)
Gain (loss) transfer from equity, net		6,930,562		147,566,063
Gain (loss) transfer to equity, net		76,284,391		(241,583,752)
Effect of foreign currency translation		(716,320)		-
Balance at December 31	₩	<u>701,709,452</u>	₩	<u>640,317,750</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 of 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

	2012		2011	
	Acquisition cost	Fair value	Book value	Book value
Marketable investments (excluding investments in jointly controlled entities and associates)	₩ 322,947,986	₩ 658,607,963	₩ 658,607,963	₩ 590,340,916
Non-marketable investments (excluding investments in jointly controlled entities and associates)	<u>95,003,989</u>	<u>43,947,008</u>	<u>43,101,489</u>	<u>49,976,834</u>
	<u>₩ 417,951,975</u>	<u>₩ 702,554,971</u>	<u>₩ 701,709,452</u>	<u>₩ 640,317,750</u>

CJ CheilJedang Corporation and Subsidiaries
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Derivatives as of December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012		2011	
	Assets	Liabilities	Assets	Liabilities
Current				
Commodity option	₩ 6,046,379	₩ 8,642,883	₩ 10,160,248	₩ 11,187,329
Foreign currency forward	-	9,510,183	2,300,403	848,323
Foreign currency option	-	-	1,725,876	1,318,728
Interest rate swap	-	13,390	-	-
	<u>6,046,379</u>	<u>18,166,456</u>	<u>14,186,527</u>	<u>13,354,380</u>
Non – current				
Treasury stocks option	8,901,462	-	-	-
Exchange right exchangeable bonds	-	1,323,194	-	-
Option on exchangeable bonds	-	3,242,694	-	-
Foreign currency swap	36,480	-	-	-
Interest rate swap	-	9,758	-	-
	<u>8,937,942</u>	<u>4,575,646</u>	<u>-</u>	<u>-</u>
	<u>₩ 14,984,321</u>	<u>₩ 22,742,102</u>	<u>₩ 14,186,527</u>	<u>₩ 13,354,380</u>

The Group holds all derivatives above for trading.

Financial lease liabilities as of December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012		2011	
	Minimum Lease Payment	Present Value of Minimum Lease Payments	Minimum Lease Payment	Present Value of Minimum Lease Payments
Within one year	₩ 9,361,652	₩ 8,034,582	₩ 5,113,742	₩ 3,543,076
One to five years	97,204,336	74,547,874	22,943,085	20,172,431
	<u>106,565,988</u>	<u>₩ 82,582,456</u>	<u>28,056,827</u>	<u>₩ 23,715,507</u>
Less: present value discount	<u>(23,983,532)</u>		<u>(4,341,321)</u>	
	<u>₩ 82,582,456</u>		<u>₩ 23,715,506</u>	

CJ CheilJedang Corporation and Subsidiaries
Notes to Consolidated Financial Statements
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7. Other Assets

Other assets as of December 31, 2012 and 2011, are as follows:

<i>(In thousands of Korean won)</i>	2012	2011
Other current assets		
Advance payments	₩ 48,066,945	₩ 54,812,527
Prepared expenses	55,444,977	34,198,321
Prepaid taxes	113,216,841	66,156,269
Others	2,577,748	1,728,271
	<u>219,306,511</u>	<u>156,895,388</u>
Other non-current assets		
Long-term prepared expenses	264,976,012	214,963,155
Deferred losses	10,410,705	-
Others	4,645,877	809,115
	<u>280,032,594</u>	<u>215,772,270</u>
	<u>₩ 499,339,105</u>	<u>₩ 372,667,658</u>

8. Inventories

Inventories as of December 31, 2012 and 2011, are as follows:

<i>(In thousands of Korean won)</i>	2012	2011
Finished goods and merchandise	₩ 366,371,340	₩ 345,350,900
By-products	1,361,913	659,514
Work in process	60,474,971	57,557,891
Raw materials	326,337,921	291,577,335
By-materials	35,878,205	31,014,172
Stored goods	48,174,963	44,722,130
Materials-in-transit	306,966,536	310,442,560
Less: Allowance for inventory valuation	(6,310,446)	(6,144,955)
	<u>₩ 1,139,255,403</u>	<u>₩ 1,075,179,547</u>

CJ CheilJedang Corporation and Subsidiaries
Notes to Consolidated Financial Statements
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9. Biological Assets

Biological assets as of December 31, 2012 and 2011, are as follows:

<i>(In thousands of Korean won)</i>	2012		2011	
Consumable biological assets				
Hogs	₩	6,171,988	₩	6,255,082
Broilers		6,434,358		4,387,658
		<u>12,606,346</u>		<u>10,642,740</u>
Bearer biological assets				
Hogs		778,087		545,719
Layer chickens		8,975,013		8,159,491
		<u>9,753,100</u>		<u>8,705,210</u>
	₩	<u>22,359,446</u>	₩	<u>19,347,950</u>

Changes in consumable biological assets for the years ended December 31, 2012 and 2011, are as follows:

<i>(In thousands of Korean won)</i>	2012		2011	
	Hogs	Broilers	Hogs	Broilers
Balance at January 1	₩6,255,082	₩4,387,658	₩5,558,328	₩4,515,700
Purchase	97,834,453	188,229,745	97,874,895	102,437,332
Sale	(97,550,494)	(185,213,680)	(97,088,853)	(102,510,748)
Gain (loss) of valuation	(141,179)	-	656,145	(106,026)
Effect of foreign currency translation	(224,593)	(797,281)	(194,597)	17,615
Reclassification	(1,281)	(172,084)	(550,836)	33,786
Balance at December 31	<u>₩6,171,988</u>	<u>₩6,434,358</u>	<u>₩6,255,082</u>	<u>₩4,387,659</u>

Changes in bearer biological assets for the years ended December 31, 2012 and 2011, are as follows:

<i>(In thousands of Korean won)</i>	2012		2011	
	Hogs	Layer chickens	Hogs	Layer chickens
Balance at January 1	₩ 545,719	₩8,159,491	₩ 908,512	₩7,627,843
Purchase	813,120	11,583,074	447,270	1,478,621
Sale	(534,034)	(9,584,487)	(383,017)	(989,952)
Gain (loss) of valuation	-	-	-	10,091
Effect of foreign currency translation	(46,718)	(1,183,065)	(64,039)	32,888
Reclassification	-	-	(363,007)	-
Balance at December 31	<u>₩ 778,087</u>	<u>₩8,975,013</u>	<u>₩ 545,719</u>	<u>₩8,159,491</u>

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10. Investments in Jointly Controlled Entities and Associates

Changes in investments in jointly controlled entities and associates for the year ended December 31, 2012, are as follows:

<i>(in thousands of Korean won)</i>	Beginning	Acquisition	Disposals	Share of Profit(loss) ¹	Others ²	Ending
Associates						
CJ Pharma Research India Pvt. Ltd.	₩ 822,287	₩ -	₩ -	₩ -	₩ (84,647)	₩ 737,640
Incheon North Port Bulk Terminal	2,320,564	-	-	(1,823,349)	-	497,215
Dong Seok Logistics	446,938	-	-	9,313	-	456,251
Ulsan Port Operating Co., Ltd.	22,889	-	-	3,070	-	25,959
Terminal Operating Co., Ltd Of Masan Port-Pier 4	101,821	-	-	67,609	(45,960)	123,470
Gwangyang West Container Terminal Co., Ltd.	139,791	-	-	94,654	(91,940)	142,505
Incheon South Terminal Operation Co., Ltd.	1,271,828	-	-	2,349,396	693,349	4,314,573
CNK World Logistics Co., Ltd	113,651	-	(113,651)	-	-	-
Shanghai Incheon Int'l Ferry Co., Ltd.	1,728,367	-	-	737,743	(279,035)	2,187,075
The 8th Terminal of Incheon Port Operating Co., Ltd.	160,482	-	-	2,854	-	163,336
Pohang Port 8th Terminal Operating Co., Ltd.	57,991	-	-	607	-	58,598
Gunsan Container Terminal	2,124,108	-	-	(432,750)	-	1,691,358
DCT Co., Ltd. ⁴	150,210	-	-	(150,210)	-	-
IC Logistics Co., Ltd.	112,545	-	-	(2,886)	-	109,659
Hi Won Ltd.	164,304	-	-	13,840	1,381	179,525
Ke-Cati Logistics Co., Ltd	291,740	-	(291,740)	-	-	-
The 7th Terminal of Gunsan Port Operating Co., Ltd.	160,337	-	-	20,109	-	180,446
Pohang Yeongilman Port Operating Co., Ltd.	233,885	1,122,000	-	7	-	1,355,892
Daesan Port Operating Co., Ltd.	253,300	-	-	(126,722)	-	126,578
CJ Venture Investment No.13 New Wave Fund	2,000,000	2,000,000	-	(183,790)	-	3,816,210
Arkema Thiochemicals Malaysia Sdn. Bhd.	-	4,182,249	-	(3,319)	(722,165)	3,456,765
Jointly controlled entities						
Lucky Unionfoods Co., Ltd.	5,660,319	-	-	1,127,665	(478,191)	6,309,793
Beijing Ershang CJ Food Co., Ltd.	6,846,433	2,004,805	-	124,888	(512,207)	8,463,919
CJ&HACL Foodtech Co., Ltd. ³	16,579,985	-	-	(3,579,794)	(13,000,191)	-
CJ Toyota Tsusho Philippines Inc. ⁴	5,252,448	-	-	(5,148,458)	(103,990)	-
Phil-Kor Holdings Co., Inc.	1,740	-	-	232	(132)	1,840
Darby CJ Genetics Co., Ltd.	427,176	559,702	-	(148,264)	(75,207)	763,407
PT. CJ Pia	1,709,870	-	-	376,484	(351,861)	1,734,493
Ebara CJ Fresh Foods Inc.	2,895,723	-	-	(2,208,642)	(204,499)	482,582
Sichuan Jixiangiu Food Co., Ltd.	24,344,348	-	-	2,367,854	(592,416)	26,119,786
Kumho Resort Co., Ltd	83,498,449	-	-	(5,880,044)	957,410	78,575,815
Korex Packsimex Co., Ltd	852,176	-	-	108,784	(231,343)	729,617
Korex Saigon Logistics Co., Ltd	1,348,046	-	-	404,309	(396,013)	1,356,342
Gumbo DDF Co., Ltd.	4,760,000	-	-	(11,209)	-	4,748,791
CJ Food Europe Ltd. ⁴	888,620	-	-	(893,459)	4,839	-
Korea Express Siagon Port Co., Ltd.	2,501,081	-	-	168,978	(747,439)	1,922,620
	<u>₩170,243,452</u>	<u>₩9,868,756</u>	<u>₩(405,391)</u>	<u>₩(12,614,500)</u>	<u>₩(16,260,257)</u>	<u>₩150,832,060</u>

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

<i>(in thousands of Korean won)</i>	Beginning	Acquisition	Business combination	Share of Profit(loss) ¹	Others ²	Ending
Associates						
CJ Pharma Research India Pvt. Ltd.	₩ 960,595	₩ -	₩ -	₩ -	₩ (138,308)	₩ 822,287
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 Terminal Operation 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	-	-	2,124,108	-	-	2,124,108
DCT 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
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
CJ Venture Investment No.13 New Wave Fund	-	2,000,000	-	-	-	2,000,000
Jointly controlled entities						
Lucky Unionfoods Co., Ltd.	6,237,217	-	-	873,669	(1,450,567)	5,660,319
Beijing Ershang CJ Food Co., Ltd.	6,609,311	-	-	(137,579)	374,701	6,846,433
CJ&HACL Foodtech Co., Ltd.	16,704,466	-	-	(1,027,839)	903,358	16,579,985
CJ Toyota Tsusho Philippines Inc.	5,676,551	-	-	(476,446)	52,343	5,252,448
Phil-Kor Holdings Co., Inc.	3,577	-	-	(1,751)	(86)	1,740
Darby CJ Genetics Co., Ltd.	238,186	-	-	255,142	(66,152)	427,176
PT. CJ Pia	1,301,080	-	-	397,898	10,892	1,709,870
Ebara CJ Fresh Foods 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
Kumho Resort Co., Ltd	-	-	83,498,449	-	-	83,498,449
Korex Packsimex Co., Ltd	-	-	852,176	-	-	852,176
Korex Saigon Logistics Co., Ltd	-	-	1,348,046	-	-	1,348,046
Gumbo DDF Co., Ltd.	-	4,760,000	-	-	-	4,760,000
CJ Food Europe Ltd.	-	923,148	-	-	(34,528)	888,620
Korea Express Siagon 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>₩ (194,771)</u>	<u>₩ (117,976)</u>	<u>₩170,243,452</u>

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

² Others mainly consist of the effects of foreign currency translation.

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³ The Group recognized ₩ 12,169 million as impairment loss on investment in jointly controlled entities and associates for CJ&HACL Foodtech Co., Ltd. as 'other expenses' during the year (Note 27).

⁴ As of December 31, 2012, unrecognized accumulated loss and equity components due to discontinued use of equity method for CJ Toyota Tsusho Philippines Inc. and other two companies is ₩ 507 million.

Investments in jointly controlled entities and associates as of December 31, 2012 and 2011, consist of the following:

<i>(in thousands of Korean won, except percentage of ownership)</i>	2012			2011
	Percentage of Ownership (%)	Location	Book Value	Book Value
Associates				
CJ Pharma Research India Pvt. Ltd. ¹	100.00	India	₩ 737,640	₩ 822,287
Incheon North Port Bulk Terminal	28.00	Korea	497,215	2,320,564
Dong Seok logistics ¹	50.00	Korea	456,251	446,938
Ulsan Port Operating Co., Ltd. ¹	51.54	Korea	25,959	22,889
Terminal Operating Co., Ltd. of Masan Port-Pier 4 ¹	45.96	Korea	123,470	101,821
Gwangyang West Container Terminal Co., Ltd.	20.00	Korea	142,505	139,791
Incheon South Port Operating Co., Ltd.	40.00	Korea	4,314,573	1,271,828
CNK World Logistics Co., Ltd.	-	Korea	-	113,651
Shanghai Incheon Int'l Ferry Co., Ltd.	24.50	China	2,187,075	1,728,367
The 8th Terminal of Incheon Port Operating Co., Ltd.	26.00	Korea	163,336	160,482
Pohang Port 8th Terminal Operating Co., Ltd.	45.00	Korea	58,598	57,991
Gunsan Container Terminal	24.11	Korea	1,691,358	2,124,108
DCT Co., Ltd.	33.33	Korea	-	150,210
IC Logistics Co., Ltd.	35.60	Korea	109,659	112,545
Hi Won Ltd.	29.00	Korea	179,525	164,304
Ke-Cati Logistics Co., Ltd.	-	Korea	-	291,740
The 7th Terminal of Gunsan Port Operating Co., Ltd.	35.00	Korea	180,446	160,337
Pohang Yeongilman Port Operating Co., Ltd. ¹	51.00	Korea	1,355,892	233,885
Daesan Port Operating Co., Ltd. ¹	51.00	Korea	126,578	253,300
CJ Venture Investment No.13 New Wave Fund	50.00	Korea	3,816,210	2,000,000
Arkema Thiochemicals Malaysia Sdn. Bhd. ²	14.00	Malaysia	3,456,765	-

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<i>(in thousands of Korean won, except percentage of ownership)</i>	2012			2011
	Percentage of Ownership (%)	Location	Book Value	Book Value
Jointly controlled entities				
Lucky Union Foods Co., Ltd.	20.00	Thailand	6,309,793	5,660,318
Beijing Ershang CJ Food Co., Ltd.	49.00	China	8,463,919	6,846,433
CJ&HACL Foodtech Co., Ltd.	49.00	Korea	-	16,579,986
CJ Toyota Tsusho Philippines Inc.	44.87	Philippines	-	5,252,448
PHIL-KOR Holdings Co., Inc.	40.00	Philippines	1,840	1,740
Darby CJ Genetics Co., Ltd.	33.17	Vietnam	763,407	427,176
PT. CJ PIA	50.00	Indonesia	1,734,493	1,709,869
Ebara CJ Fresh Foods Inc.	50.00	Japan	482,582	2,895,723
Sichuan Jixiangiu Food Co., Ltd.	49.00	China	26,119,786	24,344,349
Kumho Resort Co., Ltd	50.00	Korea	78,575,815	83,498,449
Korex Packsimex Co., Ltd. ¹	60.00	Vietnam	729,617	852,176
Korex Saigon Logistics Co., Ltd. ¹	66.25	Vietnam	1,356,342	1,348,046
Gumbo DDF Co., Ltd.	49.00	Korea	4,748,791	4,760,000
CJ Food Europe Ltd.	50.00	England	-	888,620
Korea Express Saigon Port Co., Ltd.	50.00	Vietnam	1,922,620	2,501,081
			<u>₩150,832,060</u>	<u>₩170,243,452</u>

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

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

² Although the rate of ownership is less than 20%, it is classified as an associate because the Group can exercise its voting rights in the board of directors.

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Financial information of jointly controlled entities and associates as of and for the years ended December 31, 2012 and 2011, is as follows:

<i>(in thousands of Korean won)</i>	Sales		Net income (loss)		Assets		Liabilities		
	2012	2011	2012	2011	2012	2011	2012	2011	
Associates									
CJ Pharma Research India Pvt. Ltd.	₩ -	₩ -	₩ -	₩ -	₩ 737,640	₩ 822,287	₩ -	₩ -	
Incheon North Port Bulk Terminal	3,023,142	2,518,289	(6,511,961)	(6,610,800)	94,719,824	98,633,552	92,944,057	90,345,823	
Dong Seok Logistics	3,781,601	3,805,049	18,626	133,522	3,912,765	4,183,307	3,000,263	3,289,431	
Ulsan Port Operating Co., Ltd.	5,956	12,769,469	5,956	(2,703)	926,165	1,003,327	875,800	958,918	
Terminal Operating Co., Ltd. of Masan Port-Pier 4	19,058,927	16,980,227	147,103	104,864	3,060,485	2,412,080	2,791,837	2,190,536	
Gwangyang West Container Terminal Co., Ltd.	250,000	250,000	460,077	145,134	724,689	711,179	12,162	12,224	
Incheon South Port Operating Co., Ltd.	13,068,375	11,952,995	2,517,210	1,894,266	5,807,930	5,131,093	1,661,150	1,951,524	
CNK World Logistics Co., Ltd.	-	-	-	(87,208)	-	244,934	-	108,932	
Shanghai Incheon Int'l Ferry Co., Ltd.	3,011,197	183,193	3,011,197	1,248,306	18,200,003	12,765,047	7,717,243	5,601,688	
The 8th Terminal of Incheon Port Operating Co., Ltd.	6,094,288	6,840,715	10,979	10,744	1,390,989	1,668,427	762,776	1,051,191	
Pohang Port 8th Terminal Operating Co., Ltd.	3,991,462	3,727,139	1,350	2,980	314,747	278,536	184,528	149,667	
Gunsan Container Terminal	2,001,391	261,672	(1,794,666)	(53,585)	2,364,638	3,845,520	1,178,572	864,788	
DCT Co., Ltd.	388,386	960,330	(785,857)	62,904	214,349	896,819	1,353,421	1,250,035	
IC Logistics Co., Ltd.	-	-	(8,106)	(20,745)	395,610	516,807	89,644	202,735	
Hi Won Ltd.	1,340,530	1,152,606	47,653	(46,447)	7,209,553	7,762,153	6,637,150	7,237,403	
Ke-Cati Logistics Co., Ltd.	-	-	-	(4,674)	-	350,103	-	-	
The 7th Terminal of Gunsan Port Operating Co., Ltd.	6,794,593	2,238,041	57,454	809	2,483,000	2,298,303	1,967,438	1,840,196	
Pohang Yeongilman Port Operating Co., Ltd.	1,960,767	-	15	(41,402)	4,603,317	463,598	1,944,705	5,000	
Daesan Port Operating Co., Ltd.	514,636	64,010	(248,474)	(3,333)	610,470	967,420	362,277	470,752	
CJ Venture Investment No.13 New Wave Fund	155,521	-	(367,580)	-	7,785,523	400,000	153,103	-	
Arkema Thiochemicals Malaysia Sdn. Bhd.	-	-	(23,715)	-	40,778,635	-	14,398,468	-	
Jointly controlled entities									
Lucky Union Foods Co., Ltd.	49,525,276	46,882,000	5,638,325	5,345,940	68,729,196	62,526,494	37,180,231	20,380,031	
Beijing Ershang CJ Food Co., Ltd.	31,399,530	27,575,003	254,875	(280,774)	21,457,623	21,226,132	4,184,269	7,253,779	
CJ&HACL Foodtech Co., Ltd.	3,554,546	12,946,194	(7,305,703)	(2,097,629)	36,130,127	46,000,810	11,295,792	12,164,105	
CJ Toyota Tsusho Philippines Inc.	12,750,781	-	(12,172,174)	(1,061,748)	61,107,104	71,929,690	61,806,056	60,224,726	
PHIL-KOR Holdings Co., Inc.	-	-	580	(4,378)	913,490	1,380,320	909,716	1,377,081	
Darby CJ Genetics Co., Ltd.	3,992,971	4,829,536	(446,369)	769,123	3,795,167	3,990,621	1,080,286	2,432,656	
PT. CJ PIA	3,874,356	3,754,957	752,968	795,795	4,158,457	4,975,472	505,068	1,603,649	
Ebara CJ Fresh Foods Inc.	14,570,455	3,335,474	(4,417,284)	(1,531,077)	3,746,912	7,805,058	2,781,748	2,013,613	
Sichuan Jixiangiu Food Co., Ltd.	44,098,835	36,935,052	4,832,354	4,759,105	48,712,379	42,353,877	27,443,950	24,708,791	
Kumho Resort Co., Ltd.	91,014,579	87,022,504	(11,760,088)	(1,402,856)	527,582,207	529,895,269	415,705,077	403,713,582	
Korex Packsimex Co., Ltd.	3,420,534	280,537	449,890	21,936	1,490,456	1,575,487	274,427	155,193	
Korex Saigon Logistics Co., Ltd.	14,556,438	1,036,246	631,299	41,427	4,147,081	4,397,682	2,089,478	470,421	
Gumbo DDF Co., Ltd.	1,499,619	288,098	(7,553)	15,084	4,599,128	4,272,406	1,490,839	1,141,242	
CJ Food Europe Ltd.	1,269,671	-	(1,836,144)	-	4,337,546	1,777,240	4,501,941	-	
Korea Express Saigon Port Co., Ltd.	4,199,358	3,429,817	794,097	97,251	3,809,184	3,690,504	469,718	260,688	

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11. Property, Plant and Equipment

Changes in property, plant and equipment for the years ended December 31, 2012 and 2011, are as follows:

2012						
<i>(In thousands of Korean won)</i>	Land	Buildings	Structures	Machinery	Vehicles	Tools and Equipment
Balance at January 1	₩2,217,096,691	₩ 853,155,885	₩ 133,741,601	₩ 991,227,698	₩ 90,070,389	₩ 140,692,524
Acquisitions	1,399,333	39,748,423	6,418,526	83,809,816	12,897,505	44,669,179
Transfers	-	123,095,660	24,994,018	464,577,143	2,291,325	7,262,921
Disposals	(27,503,074)	(32,197,027)	(14,512,548)	(8,154,948)	(2,198,004)	(274,395)
Depreciation	-	(48,333,801)	(13,475,943)	(140,353,209)	(17,083,348)	(44,275,225)
Change in scope of consolidation ¹	16,312,136	14,054,163	2,094,839	31,887,011	149,113	2,178,794
Effect of foreign currency translation	(842,172)	(18,827,060)	(2,505,134)	(59,761,254)	(516,177)	(1,975,623)
Others	(5,193,150)	(242,247)	11,390	(2,427,960)	105,932	(3,945,762)
Balance at December 31	<u>₩2,201,269,764</u>	<u>₩ 930,453,996</u>	<u>₩ 136,766,749</u>	<u>₩ 1,360,804,297</u>	<u>₩ 85,716,735</u>	<u>₩ 144,332,413</u>
Acquisition cost	₩2,205,865,802	₩1,385,674,321	₩ 269,991,640	₩ 2,508,425,331	₩ 233,486,788	₩ 540,166,585
Accumulated depreciation	-	(447,548,322)	(131,413,713)	(1,143,942,268)	(147,760,225)	(395,066,930)
Accumulated impairment	-	-	-	(3,193,154)	-	-
Government grants	(4,596,038)	(7,672,003)	(1,811,178)	(485,612)	(9,828)	(767,242)
Balance at December 31	<u>₩2,201,269,764</u>	<u>₩ 930,453,996</u>	<u>₩ 136,766,749</u>	<u>₩ 1,360,804,297</u>	<u>₩ 85,716,735</u>	<u>₩ 144,332,413</u>

2012						
<i>(In thousands of Korean won)</i>	Biological assets	Ships	Heavy equipment	Others	Construction- in-progress	Total
Balance at January 1	₩ 8,705,210	₩ 10,553,539	₩ 2,005,320	₩ 1,018,296	₩ 542,547,765	₩ 4,990,814,918
Acquisitions	12,396,194	1,254,158	2,658,160	399,732	802,694,249	1,008,345,275
Transfers	-	63,632,023	1,421,518	-	(687,274,608)	-
Disposals	(10,118,522)	(1)	(1,083,449)	(547,281)	(317,616)	(96,906,865)
Depreciation	-	(2,342,930)	(2,192,810)	(5,302)	-	(268,062,568)
Change in scope of consolidation ¹	-	-	-	-	-	66,676,056
Effect of foreign currency translation	(1,229,782)	-	(2,567)	76,799	(26,431,523)	(112,014,493)
Others	-	-	(172,498)	(471,644)	(1,359,410)	(13,695,349)
Balance at December 31	<u>₩ 9,753,100</u>	<u>₩ 73,096,789</u>	<u>₩ 2,633,674</u>	<u>₩ 470,600</u>	<u>₩ 629,858,857</u>	<u>₩ 5,575,156,974</u>
Acquisition cost	₩ 9,753,100	₩ 76,920,141	₩ 35,004,876	₩ 1,021,458	₩ 632,262,436	₩ 7,898,572,478
Accumulated depreciation	-	(3,823,352)	(32,371,202)	(550,858)	-	(2,302,476,870)
Accumulated impairment	-	-	-	-	-	(3,193,154)
Government grants	-	-	-	-	(2,403,579)	(17,745,480)
Balance at December 31	<u>₩ 9,753,100</u>	<u>₩ 73,096,789</u>	<u>₩ 2,633,674</u>	<u>₩ 470,600</u>	<u>₩ 629,858,857</u>	<u>₩ 5,575,156,974</u>

¹ The amount in the changes in consolidation scope includes the changes due to subsidiaries included in or excluded from the consolidation and due to the acquisition of business segments.

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2011

<i>(In thousands of Korean won)</i>	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	-	(31,179,548)	(5,838,630)	(106,952,419)	(2,668,176)	(25,645,427)
Change in scope of consolidation	819,275,327	368,067,557	55,288,530	127,196,316	82,048,702	16,714,988
Effect of foreign currency translation	(114,548)	3,972,217	73,418	9,150,873	61,085	681,185
Others	1,203,954	106,851	(805,457)	4,360,283	331,908	(2,852,384)
Balance at December 31	₩ 2,217,096,691	₩ 853,155,885	₩ 133,741,601	₩ 991,227,698	₩ 90,070,389	₩ 140,692,524
Acquisition cost	₩ 2,221,692,729	₩ 1,267,394,339	₩ 255,294,328	₩ 2,030,429,646	₩ 231,772,197	₩ 496,711,663
Accumulated depreciation	-	(406,342,803)	(119,479,332)	(1,038,958,521)	(141,686,084)	(355,379,435)
Government grants	(4,596,038)	(7,895,651)	(2,073,395)	(243,427)	(15,724)	(639,704)
Balance at December 31	₩ 2,217,096,691	₩ 853,155,885	₩ 133,741,601	₩ 991,227,698	₩ 90,070,389	₩ 140,692,524

2011

<i>(In thousands of Korean won)</i>	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)	-	(172,279,003)
Change in scope of consolidation	-	10,553,539	2,005,320	1,007,134	136,713,592	1,618,871,005
Effect of foreign currency translation	(31,152)	-	-	616	15,837,996	29,631,690
Others	(352,916)	-	-	(222,242)	(228,741)	1,531,991
Balance at December 31	₩ 8,705,210	₩ 10,553,539	₩ 2,005,320	₩ 1,018,296	₩ 542,547,765	₩ 4,990,814,918
Acquisition cost	₩ 8,705,210	₩ 12,801,310	₩ 37,364,029	₩ 3,360,499	₩ 543,530,991	₩ 7,109,056,941
Accumulated depreciation	-	(2,247,771)	(35,358,709)	(2,342,203)	-	(2,101,794,858)
Government grants	-	-	-	-	(983,226)	(16,447,165)
Balance at December 31	₩ 8,705,210	₩ 10,553,539	₩ 2,005,320	₩ 1,018,296	₩ 542,547,765	₩ 4,990,814,918

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Depreciation cost for the years ended December 31, 2012 and 2011, is classified as follows:

<i>(in thousands of Korean won)</i>	2012	2011
Cost of sales	₩ 217,534,978	₩ 138,525,079
Selling, general and administrative expenses	50,527,590	33,753,925
Development cost(asset)	5,357,121	4,934,063
	<u>₩ 273,419,689</u>	<u>₩ 177,213,067</u>

As of December 31, 2012, the Group's certain property, plant and equipment are pledged as collaterals for borrowing agreements up to ₩724,404 million (2011: ₩720,262 million) (Notes 14 and 17).

During the year, the Group has capitalized borrowing costs amounting to ₩10,226 million (2011: ₩6,771 million) on qualifying assets. Borrowing costs were capitalized at the weighted average rate of its general borrowings of 3.23% ~ 3.47% (2011: 3.37% ~ 8.16%).

Finance lease

Details relating to the finance lease assets for the year ended December 31, 2012, are as follows:

<i>(In thousands of Korean won)</i>	Land	Building	Structure	Tools and Equipment	Heavy equipment	Total
Cost - Capitalized finance lease	₩ 30,146,251	₩ 21,695,191	₩ 10,417,151	₩ 3,772,644	₩ 26,503,780	₩ 92,535,017
Accumulated depreciation	-	(614,180)	(319,851)	(1,068,916)	(1,921,733)	(3,924,680)
Balance at December 31, net	<u>₩ 30,146,251</u>	<u>₩ 21,081,011</u>	<u>₩ 10,097,300</u>	<u>₩ 2,703,728</u>	<u>₩ 24,582,047</u>	<u>₩ 88,610,337</u>
Deferred income (loss)	<u>₩ 9,190,525</u>	<u>₩ (7,033,503)</u>	<u>₩ (3,377,202)</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ (1,220,180)</u>
Total proceeds from sale	₩ 30,146,251	₩ 21,695,191	₩ 10,417,151	₩ -	₩ -	₩ 62,258,593
Book value	19,906,503	29,531,663	14,179,907	-	-	63,618,073
Gain (loss) on disposal	<u>₩ 10,239,748</u>	<u>₩ (7,836,472)</u>	<u>₩ (3,762,756)</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ (1,359,480)</u>

Details relating to the finance lease assets for the years ended December 31, 2011, are as follows:

<i>(In thousands of Korean won)</i>	Tools and Equipment	Heavy equipment	Total
Cost - Capitalized finance lease	₩ 3,772,644	₩ 26,503,780	₩ 30,276,424
Accumulated depreciation	(314,387)	(559,929)	(874,316)
Balance at December 31, net	<u>₩ 3,458,257</u>	<u>₩ 25,943,851</u>	<u>₩ 29,402,108</u>

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The Company sold certain property, plant and equipment to Woori Bank, the trust company of 42th Hana Daol Land Chip Real Estate Investment Trust ("Investment Trust"), and has entered into an irrevocable finance lease agreement with the lease term of five years with Woori Bank for the relevant assets during the reporting period. The difference between carrying amounts and disposal price will be deferred and recognized over the lease term of five years according to the above lease agreement. No purchase options exist on the lease agreement and there are no restrictions imposed by the lease agreement such as those concerning dividends, additional debt and further leasing.

CJ Corporation, the parent company, has entered into a contract to re-purchase a beneficiary certificate on June 29, 2017, from a shareholder of the Investment Trust.

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12. Intangible Assets

Changes in intangible assets for the years ended December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012								
	Goodwill	Industrial Property Rights	Development Costs	Other Memberships	Service Concession Arrangements	Brand	Others	Construction-in-progress	Total
Balance at January 1	₩274,297,051	₩ 16,317,202	₩ 53,363,563	₩39,279,500	₩377,538,370	₩ 220,560,000	₩217,520,813	₩201,640,829	₩1,400,517,328
Acquisitions	-	3,714,878	48,432,168	10,261,207	67,127,024	-	25,146,807	6,012,994	160,695,078
Transfers	-	2,939,554	-	-	35,228,443	-	447,022	(38,615,019)	-
Disposals	-	-	-	(13,250)	-	-	(368,486)	-	(381,736)
Amortization	-	(1,850,412)	(5,842,035)	-	(10,925,346)	-	(15,697,454)	-	(34,315,247)
Change in scope of consolidation ¹	44,554,608	14,807	-	312,965	-	-	35,313,807	-	80,196,187
Effect of foreign currency translation	-	(5,851)	-	(121,037)	-	-	(4,676,501)	-	(4,803,389)
Others	-	861	7,246,789	8,784,153	802,662	-	(8,190,085)	(4,944,639)	3,699,741
Balance at December 31	<u>₩318,851,659</u>	<u>₩ 21,131,039</u>	<u>₩103,200,485</u>	<u>₩58,503,538</u>	<u>₩469,771,153</u>	<u>₩ 220,560,000</u>	<u>₩249,495,923</u>	<u>₩164,094,165</u>	<u>₩1,605,607,962</u>
Acquisition cost	₩333,352,591	₩ 31,497,433	₩109,042,520	₩58,603,182	₩606,017,533	₩ 220,560,000	₩297,637,539	₩189,719,614	₩1,846,430,412
Accumulated amortization	(14,500,932)	(10,366,394)	(5,842,035)	(99,644)	(130,809,261)	-	(48,141,616)	-	(209,759,882)
Government grants	-	-	-	-	(5,437,119)	-	-	(25,625,449)	(31,062,568)
Balance at December 31	<u>₩318,851,659</u>	<u>₩ 21,131,039</u>	<u>₩103,200,485</u>	<u>₩58,503,538</u>	<u>₩469,771,153</u>	<u>₩ 220,560,000</u>	<u>₩249,495,923</u>	<u>₩164,094,165</u>	<u>₩1,605,607,962</u>

¹ The amount in the changes in consolidation scope includes the changes due to subsidiaries included in or excluded from the consolidation and due to the acquisition of business segments.

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	2011								
	Goodwill	Industrial Property Rights	Development Costs	Other Memberships	Service Concession Arrangements	Brand	Others	Construction- in-progress	Total
<i>(in thousands of Korean won)</i>									
Balance at January 1	₩ 54,121,140	₩ 14,582,144	₩ -	₩ 35,578,113	₩ -	₩ -	₩ 42,159,660	₩ 8,263,229	₩ 154,704,286
Acquisitions	-	3,674	48,429,499	1,346,170	-	-	23,750,663	5,307,692	78,837,698
Transfers	-	3,878,807	-	-	-	-	-	(3,878,807)	-
Disposals	-	(742,147)	-	(1,025,195)	-	-	(91,711)	-	(1,859,053)
Amortization	-	(1,444,821)	-	-	-	-	(3,166,930)	-	(4,611,751)
Change in scope of consolidation	220,175,911	1,237	-	3,360,810	₩377,538,370	220,560,000	151,363,749	191,954,269	1,164,954,346
Effect of foreign currency translation	-	4,863	-	20,279	-	-	2,656,685	-	2,681,827
Others	-	33,445	4,934,064	(677)	-	-	848,697	(5,554)	5,809,975
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>	<u>₩ 220,560,000</u>	<u>₩ 217,520,813</u>	<u>₩ 201,640,829</u>	<u>₩1,400,517,328</u>
Acquisition cost	₩ 288,797,983	₩ 24,836,232	₩ 53,363,563	₩ 39,279,500	₩502,859,404	₩ 220,560,000	₩ 234,511,793	₩ 222,321,638	₩1,586,530,113
Accumulated amortization	(14,500,932)	(8,519,030)	-	-	(119,389,354)	-	(16,990,980)	-	(159,400,296)
Government grants	-	-	-	-	(5,931,680)	-	-	(20,680,809)	(26,612,489)
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>	<u>₩ 220,560,000</u>	<u>₩ 217,520,813</u>	<u>₩ 201,640,829</u>	<u>₩1,400,517,328</u>

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Amortization cost for the years ended December 31, 2012 and 2011, is classified as follows:

<i>(in thousands of Korean won)</i>	2012		2011	
Cost of sales	₩	14,961,281	₩	730,279
Selling, general and administrative expenses		<u>19,353,966</u>		<u>3,881,472</u>
	₩	<u>34,315,247</u>	₩	<u>4,611,751</u>

During 2012, the Group has capitalized borrowing costs amounting to ₩8,110 million on qualifying assets. Borrowing costs were capitalized at the weighted average rate of its general borrowings of 3.55%.

12.1 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, 2012 and 2011.

Goodwill allocated according to cash-generating units as of December 31, 2012 and 2011, consists of the following:

<i>(in thousands of Korean won)</i>	2012		2011	
Haechandle Co., Ltd.	₩	2,957,556	₩	2,957,556
Brand Egg		575,517		575,517
Shindongbang CP Corporation		30,146,906		30,146,906
Hasunjung General Food Co., Ltd.		9,695,640		9,695,640
CJ Seafood Corporation		7,977,356		7,977,356
CJ Omni Inc.		1,173,225		1,173,225
Annie Chun's Inc.		1,594,939		1,594,939
Youngwoo Frozen Foods Co., Ltd.		3,797,358		3,797,358
Wooseong Co., Ltd.		1,586,860		1,190,096
CJ Korea Express Corporation		215,041,646		215,188,457
Won Ji Co., Ltd.		9,256,157		-
Infusion solution		19,990,448		-
CJ Korea Express Dongguan Co., Ltd.		340,715		-
TMI Trading Corp and other two companies		<u>14,717,336</u>		<u>-</u>
	₩	<u>318,851,659</u>	₩	<u>274,297,051</u>

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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 2012 are as follows:

<i>(in thousands of Korean won)</i>	Gross Margin	Growth Rate	Pre- Tax Discount Rate
Haechandle Co., Ltd.	15.66%	12.89%	6.31%
Shindongbang CP Corporation	7.67%	0.59%	5.67%
Hasunjung General Food Co., Ltd.	20.74%	0.45%	6.00%
CJ Seafood Corporation	3.04%	3.36%	5.56%
Youngwoo Frozen Foods Co., Ltd.	2.87%	16.79%	5.75%
CJ Korea Express Corporation	7.67%	3.97%	10.30%
Won Ji Co., Ltd.	9.35%	53.84%	8.39%
Infusion solution	16.41%	11.95%	5.99%

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

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12.2 Impairment tests for brand

Brand allocated according to cash-generating units as of December 31, 2012 and 2011, is as follows:

<i>(in thousands of Korean won)</i>	2012	2011
CJ Korea Express Corporation	₩220,560,000	₩220,560,000

Brand 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 2012 are as follows:

<i>(in thousands of Korean won)</i>	Gross Margin	Growth Rate	Pre- Tax Discount Rate
CJ Korea Express Corporation	7.67%	3.97%	10.30%

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

12.3 Service concession arrangements

Service concession arrangements as of December 31, 2012, are as follows:

	Gunpo	Yangsan
Contents of agreement	On the real estate owned by Korea Rail Network Authority, the Group builds a cargo terminal with its own fund. The Group operates the cargo terminal for a certain period and contributes the cargo terminal and its operating rights to the government at the end of the period.	On the real estate owned by the Ministry of Land, Transport and Maritime Affairs, the Group builds a cargo terminal with its own fund. The Group operates the cargo terminal for a certain period and contributes the cargo terminal and its operating rights to the government at the end of the period.
Classification of Private investment business	Build-Operate-Transfer	Build-Operate-Transfer
Transfer period of operating rights	Under discussion with Ministry of Land, Transport and Maritime Affairs	Under discussion with the Ministry of Land, Transport and Maritime Affairs
Applicable accounting standards	Application of 2112 <i>Service concession arrangement</i>	Application of 2112 <i>Service concession arrangement</i>
Related account	Intangible assets	Intangible assets

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13. Investment Property

Changes in investment property for the years ended December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012			
	Land	Building	Structure	Total
Balance at January 1	₩ 213,727,330	₩ 117,266,427	₩ 110,352	₩ 331,104,109
Acquisitions	1,297,850	79,612	-	1,377,462
Disposals	(717,457)	-	-	(717,457)
Depreciation	-	(4,120,224)	(11,616)	(4,131,840)
Effect of foreign currency translation	(1,355,201)	(508,683)	-	(1,863,884)
Others	5,040,928	(85,603)	-	4,955,325
Balance at December 31	<u>₩ 217,993,450</u>	<u>₩ 112,631,529</u>	<u>₩ 98,736</u>	<u>₩ 330,723,715</u>
Acquisition cost	₩ 217,993,450	₩ 148,186,588	₩ 369,682	₩ 366,549,720
Accumulated depreciation	-	(35,142,537)	(270,946)	(35,413,483)
Accumulated impairment	-	(412,522)	-	(412,522)
Balance at December 31	<u>₩ 217,993,450</u>	<u>₩ 112,631,529</u>	<u>₩ 98,736</u>	<u>₩ 330,723,715</u>

<i>(in thousands of Korean won)</i>	2011			
	Land	Building	Structure	Total
Balance at January 1	₩ 93,286,378	₩ 102,836,779	₩ 116,160	₩ 196,239,317
Acquisitions	2,336,325	136,230	-	2,472,555
Disposals	(231,347)	-	-	(231,347)
Depreciation	-	(4,079,829)	(5,808)	(4,085,637)
Change in scope of consolidation	125,912,961	18,371,248	-	144,284,209
Effect of foreign currency translation	80,476	1,999	-	82,475
Others	(7,657,463)	-	-	(7,657,463)
Balance at December 31	<u>₩ 213,727,330</u>	<u>₩ 117,266,427</u>	<u>₩ 110,352</u>	<u>₩ 331,104,109</u>
Acquisition cost	₩ 213,727,330	₩ 147,520,621	₩ 369,682	₩ 361,617,633
Accumulated depreciation	-	(29,948,202)	(259,330)	(30,207,532)
Accumulated impairment	-	(305,992)	-	(305,992)
Balance at December 31	<u>₩ 213,727,330</u>	<u>₩ 117,266,427</u>	<u>₩ 110,352</u>	<u>₩ 331,104,109</u>

The fair value of the investment properties as of December 31, 2012, is ₩428,894 million (2011: ₩359,552 million). Rent income from investment property during the year ended December 31, 2012, is ₩14,168 million (2011: ₩13,468 million) and operating expenses directly related to those investment property is ₩4,132 million (2011: ₩4,086 million).

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14. Short-term Borrowings

Short-term borrowings as of December 31, 2012 and 2011, consist of the following:

<i>(in thousands of Korean won)</i>	Creditor	Annual Interest Rates (%)	2012	2011
Local currency loans				
General loans	Korea Development Bank and others	3.00 - 5.97	₩ 124,240,943	₩ 543,121,650
Short-term CP	Meritz Securities Co., Ltd. and others	3.05 - 3.52	240,000,000	100,000,000
Governmental funds	Korea Agro-Fisheries & Food Trade Corporation and others	3.00 - 4.00	15,836,000	17,301,000
Loans for working capital	Industrial Bank of Korea and others	4.60 - 7.00	20,486,628	104,779,770
Foreign currency loans, in Korean won equivalent				
General loans	Sumitomo Mitsui Banking Corporation and others	1.24 - 6.60	552,910,730	427,725,293
Loans for working capital	Sumitomo Mitsui Banking Corporation and others	1.55 - 11.00	329,514,384	175,634,591
Loan for facilities	Sumitomo Mitsui Banking Corporation	4.86 - 4.88	11,114,300	11,692,700
Usance financing	Woori Bank and others	1.27 - 2.02	348,195,583	512,456,905
			<u>₩ 1,642,298,568</u>	<u>₩ 1,892,711,909</u>

As of December 31, 2012, a certain portion of the Group's short-term financial instruments and property, plant and equipment are pledged as collaterals for short-term borrowings above (Notes 4, 11 and 20).

15. Other Liabilities

Other liabilities as of December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012	2011
Other current liabilities		
Advance receipts	₩ 43,385,939	₩ 51,786,380
Withholdings	49,666,468	36,100,425
Others	3,628,577	2,252,170
	<u>96,680,984</u>	<u>90,138,975</u>
Other non-current liabilities		
Deferred Income	9,190,525	-
Others	3,121,641	8,012,358
	<u>12,312,166</u>	<u>8,012,358</u>
	<u>₩ 108,993,150</u>	<u>₩ 98,151,333</u>

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16. Debentures

Debentures as of December 31, 2012 and 2011, consist of the following:

<i>(in thousands of Korean won)</i>	Annual Interest	2012	2011
	Rates (%)		
	2012		
Local currency bonds			
Non-guaranteed public bonds	3.27 - 5.87	₩1,080,000,000	₩1,000,000,000
Exchangeable bonds	1.80 - 3.20	253,550,000	-
Call premium on bonds		15,230,490	-
Less: Discounts		(26,677,269)	(3,872,298)
Less: Current portion of debentures		(68,262,438)	(279,841,567)
		<u>1,253,840,783</u>	<u>716,286,135</u>
Foreign currency bonds, in Korean won equivalent			
Non-guaranteed public bonds	0.33 - 2.67	423,502,035	200,760,148
Less: Discounts		(1,209,280)	(2,049,311)
		<u>422,292,755</u>	<u>198,710,837</u>
		<u>₩1,676,133,538</u>	<u>₩ 914,996,972</u>

Details of local currency bonds issued by the Company during the year ended December 31, 2012, are as follows:

	13th Non-guaranteed exchangeable bonds	14th Non-guaranteed exchangeable bonds
Total face amount	₩ 166,840,000 thousand	₩ 86,710,000 thousand
Maturity date	February 17, 2015	March 14, 2017
Coupon rate	3.2%	1.8%
Interest rate at maturity	6.0%	1.8%
Exchange rate	100.0%	100.0%
Exchange price	₩ 208,550 per share	₩ 433,550 per share ¹
Shares to be exchanged	800,000 registered common stock of CJ Korea Express Corporation	200,000 registered common stock of CJ CheilJedang Corporation
Exchange period	From March 17, 2012 to January 17, 2015	From April 14, 2012 to February 14, 2017
Early redemption right	Not applicable	A debenture holder can request the early redemption for all or certain portion of debentures on March 14, 2015, the day after three years from the issuing date.

¹ The exchange price can be adjusted in case of issuance of stock, stock dividends, capital increase without consideration and cash dividends with more than 80% against its par value per share.

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As of December 31, 2012, the registered common stock of 800,000 shares of CJ Korea Express Corporation and 200,000 shares of the Company, which are subject to exchange of the debentures, are deposited with Korea Securities Depository.

Details of foreign currency bonds issued by CJ Bio America Inc., a subsidiary of the Company, for the year ended December 31, 2012, are as follows:

Total face amount	USD 220,000,000
Maturity date	April 1, 2022
Coupon rate	0.33%

17. Long-Term Borrowings

Long-term borrowings as of December 31, 2012 and 2011, consist of the following:

<i>(in thousands of Korean won)</i>	Creditor	Annual Interest	2012	2011
		Rates (%) 2012		
Local currency loans				
General loan	Korea Development Bank and others	3.09 - 5.38	₩ 20,220,000	₩ 324,328,295
Governmental funds	Nonghyup and others	2.00 - 4.00	20,657,000	14,614,800
Loan for facilities	Korea Development Bank and others	2.81 - 11.40	373,334,608	343,892,100
Treasury funds	Korea Development Bank and others	3.53 - 6.00	267,574,200	239,189,901
Long-term CP	Woori Investment & Securities Co., Ltd. and others	3.17 - 3.78	350,000,000	12,500,000
Foreign currency loans, in Korean won equivalent				
Governmental funds	The Export Import Bank of Korea and others	0.91 - 2.50	196,192,434	262,158,176
Loan for facilities	The Export Import Bank of Korea and others	2.86- 6.50	140,823,547	-
General loan	Korea Finance Corporation and others	1.75 - 4.19	101,588,162	324,620,623
			<u>1,470,389,951</u>	<u>1,521,303,895</u>
Less: Current portion			<u>(301,565,807)</u>	<u>(367,551,656)</u>
			<u>₩1,168,824,144</u>	<u>₩1,153,752,239</u>

As of December 31, 2012, a certain portion of the Group's short-term financial instruments, property, plant and equipment, investment in subsidiaries and intangible assets are pledged as collaterals for long-term borrowings above (Notes 4, 11 and 21).

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18. Defined Benefit Liabilities

Defined benefit liabilities recognized on the statements of financial position as of December 31, 2012 and 2011 are as follows:

<i>(in thousands of Korean won)</i>	2012	2011
Present value of defined benefit liability	₩ 245,631,107	₩ 198,907,630
Fair value of plan assets	<u>(176,582,685)</u>	<u>(88,600,976)</u>
Defined benefit liabilities	<u>₩ 69,048,422</u>	<u>₩ 110,306,654</u>

Changes in the present value of defined benefit obligations for the years ended December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012	2011
Balance at January 1	₩ 198,907,630	₩ 104,647,724
Current service cost	54,897,045	25,192,726
Interest expense	8,821,697	5,178,803
Net transfer in	3,541,110	71,739
Benefits paid	(55,710,017)	(15,823,035)
Change in scope of consolidation	1,100,740	71,465,780
Effect of foreign currency translation and others	(569,255)	45,156
Actuarial gains and losses	<u>34,642,157</u>	<u>8,128,737</u>
Balance at December 31	<u>₩ 245,631,107</u>	<u>₩ 198,907,630</u>

The movements in the fair value of plan assets for the years ended December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012	2011
Balance at January 1	₩ 88,600,976	₩ 71,149,605
Expected return on plan assets	4,404,159	3,473,939
Employer contribution	93,735,419	21,003,811
Net transfer out	(1,540,443)	(256,025)
Benefits paid	(7,965,744)	(8,652,206)
Change in scope of consolidation	553,523	2,169,212
Actuarial gains and losses	(562,136)	(284,867)
Others	<u>(643,069)</u>	<u>(2,493)</u>
Balance at December 31	<u>₩ 176,582,685</u>	<u>₩ 88,600,976</u>

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The amounts recognized on the statements of comprehensive income for the years ended December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012	2011
Current service cost	₩ 54,897,045	₩ 25,192,726
Interest expenses	8,821,697	5,178,803
Expected return on plan assets	(4,404,159)	(3,473,939)
	<u>₩ 59,314,583</u>	<u>₩ 26,897,590</u>

The amounts included in the total expenses for the years ended December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012	2011
Cost of sales	₩ 31,506,436	₩ 10,601,322
Selling, general and administrative expenses	25,918,478	16,296,268
Development cost	1,889,669	-
Total	<u>₩ 59,314,583</u>	<u>₩ 26,897,590</u>
Actuarial gains and losses	<u>₩ 35,204,293</u>	<u>₩ 8,413,604</u>

The principal actuarial assumptions as of December 31, 2012 and 2011, are as follows:

	2012	2011
Discount rate	3.40% ~ 14.00%	5.00% ~ 14.00%
Expected return on plan assets	3.68% ~ 8.00%	5.00% ~ 8.00%
Future salary increases including inflation rate	4.16% ~ 20.00%	4.50% ~ 10.00%

Plan assets as of December 31, 2012 and 2011, consist of the following:

<i>(in thousands of Korean won)</i>	2012		2011	
	Amount	Composition	Amount	Composition
Bank deposit	₩105,474,028	59.73%	₩ 37,834,413	42.70%
Beneficiary certificate	29,067,209	16.46%	18,188,615	20.53%
Debt instruments	32,265,160	18.27%	19,908,753	22.47%
Others	9,776,288	5.54%	12,669,195	14.30%
	<u>₩176,582,685</u>	<u>100.00%</u>	<u>₩ 88,600,976</u>	<u>100.00%</u>

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Adjustments for the differences between initial assumptions and actual figures as of December 31, 2012, 2011 and 2010, are as follows:

<i>(in thousands of Korean won)</i>	2012	2011	2010
Present value of defined benefit liability	₩ 245,631,107	₩ 198,907,630	₩ 104,647,724
Fair value of plan assets	(176,582,685)	(88,600,976)	(71,149,604)
Deficit(Surplus) of the funded plans	69,048,422	110,306,654	33,498,120
Defined benefit liability adjustments	(11,077,631)	3,037,888	13,059,742
Defined benefit asset adjustments	(528,457)	(284,867)	(16,684)

19. Deferred Income Tax

The analyses of deferred tax assets and deferred tax liabilities as of December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012	2011
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	₩ 43,637,871	₩ 68,938,152
Deferred tax asset to be recovered within 12 months	11,271,251	68,304,564
	<u>54,909,122</u>	<u>137,242,716</u>
Deferred tax liabilities		
Deferred tax liability to be recovered after more than 12 months	(739,447,571)	(722,175,633)
Deferred tax liability to be recovered within 12 months	(636,513)	(154,403)
	<u>(740,084,084)</u>	<u>(722,330,036)</u>
Deferred tax liabilities, net	<u>₩ (685,174,962)</u>	<u>₩ (585,087,320)</u>

The gross movements on the deferred income tax account for the years ended December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012	2011
Balance at January 1	₩ (585,087,320)	₩ (449,480,523)
Tax charged to the statement of income	(84,983,202)	(26,642,553)
Tax charge (credit) relating to components of other comprehensive income	(16,844,186)	63,689,399
Change in scope of consolidation	(1,350,580)	(178,570,219)
Effect of foreign currency translation	3,090,326	(1,612,780)
Others	-	7,529,354
Balance at December 31	<u>₩ (685,174,962)</u>	<u>₩ (585,087,320)</u>

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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, 2012	Statement of income	Other comprehensive income	Change in scope of consolidation	Effect of foreign currency translation	December 31, 2012
Deferred tax arising from temporary differences						
Special reserves appropriated for tax purpose	₩ (39,978,400)	₩ (13,713,333)	₩ -	₩ -	₩ -	₩ (53,691,733)
Adjustment of foreign exchange rate	52,677	(1,398)	-	-	19	51,298
Allowance for doubtful accounts	5,737,064	(2,401,915)	-	20,159	(99,349)	3,255,959
Defined benefit liabilities	19,597,433	(18,230,371)	1,616,637	114,335	(168,641)	2,929,393
Depreciation	(39,966,482)	(6,048,429)	-	(184,587)	3,248,556	(42,950,942)
Amortization	(1,194,303)	1,307,751	-	-	(5,632)	107,816
Gain on revaluation of property, plant and equipment	(324,178,876)	4,114,103	-	-	231,383	(319,833,390)
Gains (loss) on valuation of derivatives	22,592	(818,664)	-	-	-	(796,072)
Gains (loss) on valuation of inventory	961,951	(326,877)	-	61,188	51,766	748,028
Loss on impairment of investment assets	17,813,944	1,266,615	-	-	-	19,080,559
Accrued income	(154,403)	(147,038)	-	(1,304)	-	(302,745)
Accrued expenses	55,347,978	(48,160,373)	-	29,278	(917)	7,215,966
Available-for-sale assets	(61,327,224)	-	(18,460,823)	-	-	(79,788,047)
Foreign currency translation	6,204,896	(6,546,924)	-	8,260	-	(333,768)
Others	2,956,033	9,874,354	-	403,174	(41,838)	13,191,723
	<u>₩(358,105,120)</u>	<u>₩ (79,832,499)</u>	<u>₩ (16,844,186)</u>	<u>₩ 450,503</u>	<u>₩ 3,215,347</u>	<u>₩ (451,115,955)</u>
Deferred tax arising from tax loss carryforwards	<u>₩ 10,713,136</u>	<u>₩ (6,535,697)</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ (86,100)</u>	<u>₩ 4,091,339</u>
Deferred tax arising from tax credit	<u>₩ 7,237,648</u>	<u>₩ (2,961,686)</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ (38,921)</u>	<u>₩ 4,237,041</u>
Deferred tax arising from consolidated adjustment	<u>₩(244,932,984)</u>	<u>₩ 4,346,678</u>	<u>₩ -</u>	<u>₩ (1,801,081)</u>	<u>₩ -</u>	<u>₩ (242,387,387)</u>
Deferred income tax assets without taking into consideration the offsetting of balances within the same tax jurisdiction						<u>₩ 54,909,122</u>
Deferred income tax liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction						<u>₩ (740,084,084)</u>

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<i>(in thousands of Korean won)</i>	January 1, 2011	Statement of income	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	1,902,144	12,312,964	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	(216,444,057)	(19,273,897)	-	(88,451,960)	(8,962)	-	(324,178,876)
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	(12,057,546)	-	18,320,133	-	-	17,813,944
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)	-	61,787,255	(18,533,024)	-	-	(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>₩(363,800,448)</u>	<u>₩(27,159,000)</u>	<u>₩ 63,689,399</u>	<u>₩ (37,848,195)</u>	<u>₩ (516,230)</u>	<u>₩7,529,354</u>	<u>₩(358,105,120)</u>
Deferred tax arising from tax loss 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
Valuation allowance	₩ (16,608,044)	₩16,608,044	₩ -	₩ -	₩ -	₩ -	₩ -
Deferred tax arising from consolidated adjustment	₩ (82,726,226)	₩(14,221,554)	₩ -	₩(147,985,204)	₩ -	₩ -	₩(244,932,984)
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>

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20. Commitments and Contingencies

As of December 31, 2012, loan agreements with financial institutions are as follows:

<i>(in thousands of Korean won)</i>	2012
Corporate purchase card	₩ 262,695,200
Trade notes receivable discounting facilities	624,000,000
General loan agreements	1,538,324,773
Bank overdraft	196,616,920
Letter of credit line	2,090,880,600
Others	57,644,783

As of December 31, 2012, the Group is involved in 25 lawsuits amounting to ₩31,357 million as the plaintiff and in 44 lawsuits amounting to ₩44,366 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, 2012, the Company has 19 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, 2012, with respect to these agreements amounted to approximately ₩12,506 million.

As of December 31, 2012, five blank promissory notes and one promissory note amounting to ₩200 million are held as collateral by Korea Agro-Fisheries & Food Trade Corporation and financial institutions to guarantee certain contractual obligations.

As of December 31, 2012, in connection with performance guarantees, the Group is provided with payment guarantees of ₩69,822 million from Seoul Guarantee Insurance Company. The Group's exports are insured for up to ₩59,239 million by Korea Export Insurance Corporation. In addition, the Group provides 349,294 shares of CJ Korean Express Corporation as collaterals in relation to the performance guarantees.

As of December 31, 2012, the Group provides guarantees of ₩3,500 million and US\$ 85,000,000 in relation to the borrowings for Yang San ICD Co., Ltd. and Kumho Tire Co., Inc.

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Details of assets which the Group provides as collaterals in relation to the long-term and short-term borrowings as of December 31, 2012, are as follows:

<i>(in thousands of Korean won)</i>	Collateral amount	
Short-term borrowings		
Short -term financial instruments	₩	3,371,000
Property, Plant and Equipment		125,350,845
		<u>128,721,845</u>
Long-term borrowings		
Short -term financial instruments		600,000
Property, Plant and Equipment		599,053,281
Usage rights of donation assets		213,200,000
		<u>812,853,281</u>
	₩	<u>941,575,126</u>

In addition, the Group provides 297,352 shares of Korea Integrated Freight Terminal Co., Ltd. and ₩17,166 million of a certificate of insurance as collaterals in relation to the certain borrowings. Meanwhile, Korea Integrated Freight Terminal Co., Ltd., a subsidiary of the Company, provides construction-in-progress as collateral in connection with Gunpo terminal extension work.

21. 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, 2012, 13,085,033 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, 2012, 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

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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 changes in the number of shares, for the years ended December 31, 2012 and 2011, are as follows:

<i>(In thousands of Korean won, except number of shares)</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, 2011	12,821,179	1,327,433	14,148,612	₩70,511,905	₩779,846,036	₩850,357,941
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	12,834,872	1,327,433	14,162,305	72,031,650	891,106,154	963,137,804
Exercise of stock option	30,161	-	30,161	30,680	1,040,475	1,071,155
Disposal of treasury stock	220,000	-	220,000	-	-	-
December 31, 2012	<u>13,085,033</u>	<u>1,327,433</u>	<u>14,412,466</u>	<u>₩72,062,330</u>	<u>₩892,146,629</u>	<u>₩964,208,959</u>

22. Accumulated Other Cumulative Comprehensive Income and Other Components of Equity

Accumulated other cumulative comprehensive income and other components of equity as of December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012	2011
Other capital surplus	₩ 3,219,766	₩ 2,670,042
Stock option compensation	14,813,245	16,774,348
Treasury stock	(101,859,970)	(170,285,708)
Loss on disposal of treasury stock	(3,261,850)	(6,844,764)
Gain (loss) on valuation of available-for-sale financial assets	234,459,616	177,256,814
Foreign-currency translation adjustments	(49,737,973)	27,935,131
Gain on valuation of equity method investees	(1,189,505)	1,491,540
Other capital adjustments	(137,855,996)	(136,555,960)
	<u>₩ (41,412,667)</u>	<u>₩ (87,558,557)</u>

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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
Options outstanding as of December 31, 2011	2,626	3,957	6,593	17,300	86,000	16,500
Exercised for the year ended December 31, 2012	2,626	3,957	2,928	9,350	11,300	-
Forfeited for the year ended December 31, 2012	-	-	-	-	-	-
Options outstanding as of December 31, 2012	-	-	3,665	7,950	74,700	16,500
Exercise price per share ²	₩ 41,000	₩ 69,000	₩ 71,000	₩ 120,000	₩ 277,000	₩ 136,000

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.

Movements in the number of share options outstanding and their related weighted average exercise prices for the years ended December 31, 2012 and 2011, are as follows:

	Options		Average exercise price in Korean won per share option	
	2012	2011	2012	2011
Beginning	132,976	146,167	₩ 218,015	₩ 204,468
Exercised	(30,161)	(13,191)	₩ 160,495	₩ 67,898
Ending	102,815	132,976	₩ 234,889	₩ 218,015

30,161 shares of options were exercised during 2012 and the related weighted average share price at the time of exercise was ₩335,098 per share.

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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

The Company disposed of the 220,000 treasury shares at a price of ₩307,500 per share during 2012. Also the Company entered into three years maturity call-spread contract for the aforementioned sold 220,000 treasury shares (long position of call option to buy 220,000 shares at ₩307,500 and short position of call option to sell 220,000 shares at ₩399,750) and recorded as derivatives.

In this regard, the valuation gain of ₩127 million is recognized as financial income.

As of December 31, 2012, the Company holds 362,880 common shares and 1,125 preferred shares as treasury stock, and intends to dispose of the remaining treasury shares depending on the market conditions.

As of December 31, 2012, the 200,000 treasury shares are deposited with Korea Securities Depository in relating to the issue of 14th Non-guaranteed exchangeable bonds (Note 16).

23. Retained Earnings

Retained earnings as of December 31, 2012 and 2011, consist of the following:

<i>(in thousands of Korean won)</i>	2012	2011
Legal reserve ¹	₩ 14,196,254	₩ 11,705,927
Discretionary reserve		
Reserves for research and human resource development ²	1,427,027,213	870,988,257
Unappropriated retained earnings	<u>610,465,236</u>	<u>961,584,893</u>
	<u>₩2,051,688,703</u>	<u>₩1,844,279,077</u>

¹ The Commercial Code of the Republic of Korea requires the Company to appropriate as a legal reserve, an amount equal to a minimum of 10% of cash dividends 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 an appropriate resolution by the Company's Board of Directors or used to reduce accumulated deficit, if any, through an appropriate resolution by the Company's shareholders.

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² The 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.

24. Non-controlling Interests

In 2012, PT Cheil Jedang Indonesia, a subsidiary of the Company, issued ₩200,000 million aggregate principal amount of hybrid bond due April 26, 2042 at an annual interest rate of 5.82% with an early redemption right of the issuer.

The Group has no contractual obligation to pay the principal and interest of the above bond, and accordingly, the bond is classified as equity. The Company provides guarantee to the subsidiary in relation to the above hybrid bond.

25. Expenses by Nature

Expenses by nature for the years ended December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012	2011
Changes in inventories	₩ (373,946,543)	₩ (238,030,601)
Purchase of raw materials and merchandise	5,447,999,343	3,972,083,977
Wages and salaries	820,974,310	456,467,040
Depreciation	271,112,931	172,279,003
Depreciation of investment properties	4,131,840	4,085,637
Amortization	34,315,247	4,611,751
Transportation expenses	1,126,087,671	226,900,955
Rental expenses for the heavy equipment	896,506,066	-
Commission expenses	323,243,312	400,141,575
Sales commissions	121,863,627	110,243,967
Sales promotional expenses	123,420,555	101,912,494
Advertising expenses	71,759,448	75,439,341
Others	394,535,709	792,151,984
	<u>₩ 9,262,003,516</u>	<u>₩ 6,078,287,123</u>

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

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26. Selling, General and Administrative Expenses

Selling, general and administrative expenses for the years ended December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012		2011	
Wages and salaries	₩	334,979,216	₩	259,762,109
Severance benefits		25,918,478		16,296,268
Employee benefits		45,521,679		28,657,349
Office equipment expenses		1,114,919		1,240,707
Conference expenses		8,739,348		10,610,286
Event expenses		40,305,791		45,256,464
Travel expenses		40,086,699		33,988,207
Taxes and dues		29,381,838		23,012,802
Survey and research expenses		34,900,583		32,622,467
Rental expenses		41,566,882		33,802,396
Depreciation		54,849,995		33,753,925
Amortization		19,353,966		3,881,472
Insurance premium		7,687,072		6,877,596
Commission expenses		234,786,342		312,600,003
Training expenses		15,952,185		12,823,695
Transportation expenses		261,105,930		218,863,432
Advertising expenses		70,819,699		75,439,341
Promotional expenses		118,168,727		101,912,494
Others		180,131,994		54,912,421
	₩	<u>1,565,371,343</u>	₩	<u>1,306,313,434</u>

27. Other Income and Expenses

Other income and expenses for the years ended December 31, 2012 and 2011, consist of the following:

<i>(in thousands of Korean won)</i>	2012		2011	
Other income				
Gains on settlement of derivatives	₩	58,923,636	₩	80,218,860
Gains on valuation of derivatives		4,222,588		7,017,384
Gains on disposal of property, plant and equipment		3,350,321		2,299,805
Gains on disposal of investment in subsidiaries		1,115,975		-
Others		33,028,192		16,265,669
	₩	<u>100,640,712</u>	₩	<u>105,801,718</u>

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<i>(in thousands of Korean won)</i>	2012	2011
Other expenses		
Losses on settlement of derivatives	₩ 59,052,878	₩ 81,935,645
Losses on valuation of derivatives	7,184,554	8,833,919
Losses on disposal of property, plant and equipment	8,135,014	2,563,308
Impairment loss on investment in jointly controlled entities and associates	12,168,824	-
Donations	34,732,703	29,701,982
Others	38,498,254	18,280,560
	<u>₩ 159,772,227</u>	<u>₩ 141,315,414</u>

28. Financial Income and Expenses

Financial income and expenses for the years ended December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012	2011
Finance income		
Interest income	₩ 29,140,411	₩ 10,609,877
Realized foreign exchange gains	76,463,536	109,250,194
Unrealized foreign exchange gains	54,106,792	11,975,451
Dividend income	16,565,092	13,709,907
Gain on disposal of available-for-sale financial assets	9,155,044	129,614,063
Gain on settlement of derivatives	4,469,915	16,709,356
Gain on valuation of derivatives	6,347,798	4,169,930
	<u>196,248,588</u>	<u>296,038,778</u>
Finance expenses		
Interest expense	164,722,450	73,134,411
Loss on disposal of trade receivables	5,449,572	-
Loss on repayment of long-term borrowings	671,241	-
Realized foreign exchange losses	57,026,160	87,649,869
Unrealized foreign exchange losses	50,172,648	77,842,366
Loss on disposal of available-for-sale financial assets	5,338,538	-
Loss on settlement of derivatives	22,095,188	17,907,768
Losses on valuation of derivatives	9,547,158	2,346,382
	<u>315,022,955</u>	<u>258,880,796</u>
Net financial income (expense)	<u>₩ (118,774,367)</u>	<u>₩ 37,157,982</u>

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29. Income Tax

Income tax expenses for the years ended December 31, 2012 and 2011, consists of the following:

<i>(in thousands of Korean won)</i>	2012	2011
Current tax:		
Current tax on profits for the year	₩ 48,045,577	₩ 109,999,556
Adjustments in respect of prior years	(18,736,164)	10,705,767
Total current tax	<u>29,309,413</u>	<u>120,705,323</u>
Deferred tax (Note 19)		
Origination and reversal of temporary differences	<u>84,983,202</u>	<u>26,642,553</u>
Income tax expenses	<u>₩ 114,292,615</u>	<u>₩ 147,347,876</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>	2012	2011
Profit before tax	<u>₩ 425,008,285</u>	<u>₩ 461,370,466</u>
Tax calculated at domestic tax rates applicable to profits in the respective countries	₩ 128,239,245	₩ 106,253,558
Tax effects of:		
Income not subject to tax	(5,373,746)	(2,483,094)
Expenses not deductible for tax purposes	10,757,950	3,128,507
Tax credit	(24,470,506)	(14,209,747)
Deferred tax arising from consolidated adjustment	2,834,068	26,258,461
Re-measurement of deferred tax-change in the Korean tax rate	-	23,689,462
Others	2,305,604	4,710,729
Adjustment in respect of prior years	<u>(13,946,630)</u>	<u>41,094,318</u>
Income tax expenses	<u>₩ 114,292,615</u>	<u>₩ 147,347,876</u>

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The income tax credited (charged) directly to equity as of December 31, 2012 and 2011, is as follows:

	2012			2011		
	Before tax	Tax credit (charge)	After tax	Before tax	Tax credit (charge)	After tax
<i>(in thousands of Korean won)</i>						
Fair value gain (loss) from available-for-sale financial assets	₩76,284,391	₩ (18,460,823)	₩57,823,568	₩ (255,319,237)	₩61,787,255	₩ (193,531,982)
Actuarial loss on retirement benefit obligations	(35,204,293)	8,400,946	(26,803,347)	(8,413,604)	1,902,144	(6,511,460)
Gain (loss) on disposal of treasury stock	4,726,799	(1,143,885)	3,582,914	-	-	-
	<u>₩45,806,897</u>	<u>₩ (11,203,762)</u>	<u>₩34,603,135</u>	<u>₩ (263,732,841)</u>	<u>₩63,689,399</u>	<u>₩ (200,043,442)</u>

30. 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>	2012	2011
Net income available for common stock ¹	₩ 230,449,630	₩ 272,450,040
Weighted-average number of common shares in issue ²	12,545,395	12,466,974
Basic earnings per share	₩ 18,369	₩ 21,854

Basic earnings per share of preferred stock

<i>(in thousands of Korean won, except earnings per share data)</i>	2012	2011
Net income available for preferred stock ¹	₩ 24,429,613	₩ 29,039,430
Weighted-average number of preferred shares in issue ³	1,326,308	1,326,308
Basic earnings per share	₩ 18,419	₩ 21,895

¹The calculation of earnings per share for common stock and preferred stock as of December 31, 2012 and 2011, is as follows:

<i>(in thousands of Korean won)</i>	2012	2011
Net income	₩ 254,879,243	₩ 301,489,470
Dividends for common stock	22,581,711	22,449,600
Dividends for preferred stock	2,453,670	2,453,670
Residual net income	<u>₩ 229,843,862</u>	<u>₩ 276,586,200</u>
Undeclared participating common stock dividend	₩ 207,867,919	₩ 250,000,440
Undeclared participating preferred stock dividend	21,975,943	26,585,760
Net income available for common stock	<u>₩ 230,449,630</u>	<u>₩ 272,450,040</u>
Net income available for preferred stock	<u>₩ 24,429,613</u>	<u>₩ 29,039,430</u>

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

	Number of shares	No. of days	Weighted average
Common stock at beginning date	13,078,897	365	4,773,797,405
Treasury stock at beginning date	(606,897)	365	(221,517,405)
Acquisition of treasury stock	(8)	52	(416)
Disposal of treasury stock	220,000	97	21,340,000
Exercise of stock options ¹	30,161		5,449,865
			<u>4,579,069,449</u>

¹Stock options exercised a number of times for the year

Weighted-average number of common stock for 2012: $4,579,069,449 \div 365 \text{ days} = 12,545,395$ shares

(Weighted-average number of common stock for 2011: $4,550,445,393 \div 365 \text{ days} = 12,466,974$ shares)

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

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

Weighted-average number of preferred stock for 2012: $484,102,420 \div 365 \text{ days} = 1,326,308$ shares

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

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Diluted earnings per share of common stock

<i>(in thousands of Korean won, except earnings per share data)</i>	2012	2011
Net income available for common stock	₩ 230,449,630	₩ 272,450,040
Adjustments	62,533	66,779
Diluted net income available for common stock	230,512,163	272,516,819
Weighted-average number of common stock outstanding and dilutive potential common stock ¹	12,581,091	12,498,851
Diluted earnings per share	₩ 18,322	₩ 21,803

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

	Number of shares	No. of days	Weighted-average
Unexercised stock options	28,201	365	10,293,365
Exercised stock options	15,323		2,735,848
			<u>13,029,213</u>

Weighted-average number of dilutive potential common stock for 2012: 13,029,213 ÷ 365 days = 35,696 shares

(Weighted-average number of dilutive potential common stock for 2011: 11,635,065 ÷ 365 days = 31,877 shares)

Diluted earnings per share of preferred stock

<i>(in thousands of Korean won, except earnings per share data)</i>	2012	2011
Net income available for preferred stock	₩24,429,613	₩29,039,430
Adjustments	(62,533)	(66,779)
Diluted net income available for preferred stock	24,367,080	28,972,651
Weighted-average number of preferred stock outstanding	1,326,308	1,326,308
Diluted earnings per share	₩ 18,372	₩ 21,845

31. Dividends

The dividends paid in 2012 and 2011 were ₩24,903 million (₩1,800 per common stock and ₩1,850 per preferred stock) and ₩55,467 million (₩4,000 per common stock, ₩4,050 per preferred stock), respectively. A dividend in respect of the year ended December 31, 2012, of ₩1,800 per common stock, amounting to a total dividend of ₩22,900 million to shareholders of common stock and ₩1,850 per preferred stock, amounting to a total dividend of ₩2,454 million to shareholders of preferred stock are to be proposed at the annual general meeting on March 22, 2013. These consolidated financial statements do not reflect this dividend payable.

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32. Cash Generated from Operations

Cash generated from operations for the years ended December 31, 2012 and 2011, is as follows:

<i>(in thousands of Korean won)</i>	2012	2011
Net income	₩ 310,715,670	₩ 314,022,590
Adjustments for		
Income tax expenses	114,292,616	147,347,876
Financial income	(196,248,588)	(296,038,778)
Financial expenses	315,022,955	258,880,796
Depreciation	271,112,931	172,279,003
Depreciation of investment properties	4,131,840	4,085,637
Amortization	34,315,247	4,611,751
Stock compensation expenses	627,892	2,573,909
Severance benefits	59,314,583	26,897,590
Obsolescence and scrapping of inventories	22,305,785	22,011,323
Bad debts expense	(3,292,760)	884,838
Impairment loss on investment in jointly controlled entities and associates	12,168,824	-
Gain(loss) on investment in jointly controlled entities and associates	12,614,500	194,771
Others	5,415,938	(3,655,917)
Changes in assets and liabilities		
Decrease in trade accounts receivables	1,708,460	292,849,751
Increase in inventories	(83,204,885)	(293,375,436)
Increase in long-term prepaid expenses	(20,920,288)	(5,653,865)
Increase in other receivables	(32,449,988)	(278,986,264)
Decrease (increase) in advance payment	6,843,485	(10,409,553)
Increase (decrease) in trade accounts payables	193,628,743	(206,474,533)
Increase (decrease) in other accounts payables	34,761,731	(200,468,024)
Increase (decrease) in withholdings	16,658,044	(4,048,638)
Decrease in accrued expenses	(20,586,973)	(5,108,462)
Severance benefits paid	(47,744,273)	(7,296,678)
Increase in pension plan assets	(84,736,120)	(18,804,274)
Others	(17,046,125)	(4,645,142)
Cash generated from (used in) operations	<u>₩ 909,409,244</u>	<u>₩ (88,325,729)</u>

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Significant transactions not affecting cash flows for the years ended December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012	2011
Reclassification of construction-in-progress to property, plant and equipment	₩ 690,727,327	₩ 269,948,628
Reclassification of current maturities of long-term debts	(252,352,013)	647,393,223
Changes in other cumulative comprehensive income due to valuation and disposal of available-for-sale assets, and others	76,284,391	(255,319,237)
Changes in financial lease assets and liabilities	62,258,592	-
Changes in actuarial loss on post employment benefit obligations	(35,204,293)	(8,413,604)

33. 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, 2012, 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, 2012, is as follows:

<i>(in thousands of Korean won)</i>	Foods	Bioengineering	Distribution	Inter-segment Sales	Total
Gross sales	₩ 4,391,175,573	₩ 4,510,804,462	₩ 2,996,388,116	₩ (2,020,835,968)	₩ 9,877,532,183
Inter-segment sales	(506,160,894)	(1,288,281,733)	(226,393,341)	2,020,835,968	-
Net sales	<u>₩ 3,885,014,679</u>	<u>₩ 3,222,522,729</u>	<u>₩ 2,769,994,775</u>	<u>₩ -</u>	<u>₩ 9,877,532,183</u>
Depreciation and amortization	₩ 123,790,329	₩ 106,944,891	₩ 78,824,798	₩ -	₩ 309,560,018
Operating income	<u>₩ 206,159,860</u>	<u>₩ 294,949,837</u>	<u>₩ 114,418,970</u>	<u>₩ -</u>	<u>₩ 615,528,667</u>

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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	₩	4,151,619,699	₩	3,997,342,260	₩	(1,610,753,885)	₩	6,538,208,074
Inter-segment sales		(503,859,986)		(1,106,893,899)		1,610,753,885		-
Net sales	₩	<u>3,647,759,713</u>	₩	<u>2,890,448,361</u>	₩	<u>-</u>	₩	<u>6,538,208,074</u>
Depreciation and amortization	₩	106,698,361	₩	74,278,032	₩	-	₩	180,976,393
Operating income	₩	<u>149,773,204</u>	₩	<u>310,147,747</u>	₩	<u>-</u>	₩	<u>459,920,951</u>

The comparative financial statements have been restated, in accordance with the amendment of Korean IFRS 1001, *Presentation of Financial Statements*, and the changes in the business segments of the Group.

The regional segment information is as follows:

<i>(in thousands of Korean won)</i>	Net sales		Non-current Assets¹	
	2012	2011	December 31, 2012	December 31, 2011
Korea	₩7,248,513,549	₩4,400,679,109	₩6,178,383,308	₩5,703,783,248
Asia	1,793,267,158	1,417,768,657	1,360,983,108	161,493,045
America	329,086,213	243,520,076	206,547,917	21,754,325
Europe	375,701,503	369,109,744	159,765	1,080,404,089
Others	130,963,760	107,130,488	134,057,484	176,026
	<u>₩9,877,532,183</u>	<u>₩6,538,208,074</u>	<u>₩7,880,131,582</u>	<u>₩6,967,610,733</u>

¹ Financial instruments, deferred tax assets and investment in jointly controlled entities and associates are excluded.

There is no customer who attributes to more than 10% of the total sales of the Group for the years ended December 31, 2012 and 2011.

34. 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.

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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.

Management has set up a policy to require Group companies to manage their foreign exchange risk against their functional currency. 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, 2012, 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 ₩115,873 million (2011: ₩90,695 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 2012 than 2011 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.

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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 ₩21,414 million. The analysis is based on the assumption that the equity indexes had increased/decreased by 10% 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 10%.

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, 2012, 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 ₩5,836 million (2011: ₩5,903 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

(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, 2012 and 2011, is as follows:

<i>(in thousands of Korean won)</i>	2012	2011
Cash and cash equivalents	₩ 556,793,987	₩ 478,739,784
Short-term financial instruments	65,133,069	175,335,807
Short-term loans receivable	30,912,018	35,556,161
Trade receivables	1,164,446,237	1,230,261,455
Other financial assets	420,241,292	376,113,738

As of December 31, 2012, the Group provides guarantees to related parties for up to ₩160,064 million.

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(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.

The analysis of the Group's liquidity risk as of December 31, 2012, 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 accounts payable	₩ 638,530,062	₩ -	₩ -	₩ -	₩ 638,530,062
Other accounts payable	348,152,911	-	-	-	348,152,911
Other current liabilities	248,884,291	-	-	-	248,884,291
Currency forward exchange contract assets	(231,850,928)	-	-	-	(231,850,928)
Currency forward exchange contract liabilities	241,361,110	-	-	-	241,361,110
Short-term borrowings	1,666,585,540	-	-	-	1,666,585,540
Current portion of debentures and long-term borrowings	382,150,150	-	-	-	382,150,150
Current portion of financial lease liabilities	9,361,652	-	-	-	9,361,652
Long-term borrowings	153,562,127	207,921,183	734,522,586	298,377,111	1,394,383,007
Debentures	51,516,385	451,788,576	970,493,952	400,605,663	1,874,404,576
Financial lease liabilities	-	15,294,670	81,909,666	-	97,204,336
Other non-current financial liabilities	35,984,742	4,715,371	9,865,943	103,512	50,669,568
Financial guarantee contracts	160,064,019	-	-	-	160,064,019
	<u>₩3,704,302,061</u>	<u>₩679,719,800</u>	<u>₩1,796,792,147</u>	<u>₩ 699,086,286</u>	<u>₩6,879,900,294</u>

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

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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 accounts payable	₩ 466,575,116	₩ -	₩ -	₩ -	₩ 466,575,116
Other accounts payable	323,531,739	-	-	-	323,531,739
Other current liabilities	332,575,598	-	-	-	332,575,598
Currency forward exchange contract assets	(73,109,658)	-	-	-	(73,109,658)
Currency forward exchange contract liabilities	73,957,981	-	-	-	73,957,981
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
Current portion of financial lease liabilities	5,113,742	-	-	-	5,113,742
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
Financial lease liabilities	-	4,991,746	17,951,339	-	22,943,085
Other non-current financial liabilities	4,516,627	3,873,280	55,821,239	-	64,211,146
Financial guarantee contracts	41,474,481	-	-	-	41,474,481
	<u>₩4,092,441,387</u>	<u>₩231,608,972</u>	<u>₩1,771,887,523</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 debts divided by total capital. The total debts and total capital are based on the consolidated statement of financial position.

The debt to equity ratios as of December 31, 2012 and 2011, are as follows:

<i>(In thousands of Korean won)</i>	2012	2011
Total liabilities	₩ 6,520,920,660	₩ 5,988,970,013
Total equity	<u>5,221,034,944</u>	<u>4,696,473,696</u>
Debt-to-equity ratio	<u>124.90%</u>	<u>127.52%</u>

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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, 2012:

	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale financial assets				
Equity securities	₩658,607,963	₩ -	₩18,733,019	₩677,340,982
Debt investments	7,415,774	-	-	7,415,774
Financial assets at fair value through profit or loss				
Derivatives	6,046,379	8,937,942	-	14,984,321
	<u>₩672,070,116</u>	<u>₩ 8,937,942</u>	<u>₩18,733,019</u>	<u>₩699,741,077</u>
Liabilities				
Financial liabilities at fair value through profit or loss				
Derivatives	₩ 8,642,884	₩14,099,219	₩ -	₩ 22,742,103

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

(In thousands of Korean won)

	Level 1	Level 2	Level 3	Total
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	3,492,414	10,694,113	-	14,186,527
	<u>₩601,173,255</u>	<u>₩10,694,113</u>	<u>₩23,759,599</u>	<u>₩635,626,967</u>
Liabilities				
Financial liabilities at fair value through profit or loss				
Derivatives	₩ 2,167,051	₩11,187,329	₩ -	₩ 13,354,380

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The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, an entity 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.

Available-for-sale financial assets recorded as historical cost as of December 31, 2012 and 2011:

<i>(In thousands of Korean won)</i>	2012		2011	
Virdia Inc	₩	4,284,400	₩	-
Gunjang New Port Terminal Co., Ltd.		3,315,000		3,315,000
Construction Guarantee		604,165		604,165
Yang San ICD Co., Ltd.		600,000		600,000
Hotel Sorak Park Co., Ltd.		422,930		422,930
Uiwang ICD Co., Ltd.		344,000		344,000
Incheon Northport Total Logistics Co., Ltd.		330,000		330,000
Others		8,450,765		11,921,290
	₩	18,351,260	₩	17,537,385

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.

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35. Construction Contracts

<i>(In thousands of Korean won)</i>	Remaining balance		
	of contract amount	Overbilled amount	Unbilled amount
Mang Won Greenway	₩ 2,339,766	₩ 12,518	₩ -
Kim-Po terminal of Kyeong-In port	189,926	-	20,857,474
Gunsan port for soft coal	18,676,803	-	22,467,402
Warehouse of Daebul Wharf in Port of Mokpo	1,748,340	-	259,160
	₩ 22,954,835	₩ 12,518	₩ 43,584,036

36. Related Party Transactions

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 Co., Ltd., CJ Venture Investment No.13 New Wave Fund, Kumho Resort Co., Ltd., Incheon 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 Co., Ltd., Daesan Port Operating Co., 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 Incheon Int'l Ferry Co., Ltd., Korex Saigon Logistics Co., Ltd., Korex Packsimex Co., Ltd., Korea Express Saigon Port Co., Ltd. Arkema Thiochemicals Malaysia SDN. BHD.

Other related parties

Other CJ Group affiliates

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Transactions with related parties for the years ended December 31, 2012 and 2011, and the related receivables and payables as of December 31, 2012 and 2011, are as follows:

<i>(in thousands of Korean won)</i>	2012		2011	
	Sales	Purchases	Sales	Purchases
Parent Company	₩ 445,453	₩ 21,684,693	₩ 958,228	₩ 18,814,103
Jointly controlled entities and associates	19,906,495	37,034,149	2,444,266	5,147,528
Other related parties	527,714,240	531,948,908	450,171,830	428,685,790
	<u>₩548,066,188</u>	<u>₩590,667,750</u>	<u>₩453,574,324</u>	<u>₩452,647,421</u>

<i>(in thousands of Korean won)</i>	2012		2011	
	Receivables	Payables	Receivables	Payables
Parent Company	₩ 41,818	₩ 2,178,821	₩ 238,639	₩ 2,204,161
Jointly controlled entities and associates	15,269,933	5,355,151	14,020,981	3,559,086
Other related parties	185,635,545	138,613,611	163,868,595	93,526,536
	<u>₩200,947,296</u>	<u>₩146,147,583</u>	<u>₩178,128,215</u>	<u>₩ 99,289,783</u>

Key management compensation

The compensation paid or payable to key management for employee services for the years ended December 31, 2012 and 2011, consists of:

<i>(In thousands of Korean won)</i>	2012	2011
Salaries and other short-term employee benefits	₩ 38,129,827	₩ 35,641,923
Long-term benefits	3,088,627	9,401,488
Retirement and severance benefits	4,707,064	4,387,931
Stock compensation	627,892	2,573,909
	<u>₩ 46,553,410</u>	<u>₩ 52,005,251</u>

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The Group provided guarantees to indebtedness of related parties as of December 31, 2012 and 2011, are as follows:

(in thousands of Korean won)

Provider	Beneficiary	Financial institutions	Loan amounts		Guarantee amounts	
		2012	2012	2011	2012	2011
Parent Company	CJ Toyota Tsusho Philippines Inc.	Export Import Bank of Korea	₩ 37,012,409	₩ 35,707,981	₩ 38,797,997	₩ 41,775,986
	Sichuan Jixiangiu Food Co., Ltd.	Export Import Bank of Korea	5,355,500	5,766,500	5,355,500	5,766,500
	CJ Food Europe	Bank of America and other	4,327,375	-	5,192,850	-
CJ Korea Express Corporation	Hi Won Ltd.	Woori Bank	-	-	9,000,000	9,000,000
			<u>₩ 46,695,284</u>	<u>₩ 41,474,481</u>	<u>₩ 58,346,347</u>	<u>₩ 56,542,486</u>

In addition to the above guarantees, the Group is providing guarantees in relation to employees' borrowings amounting to ₩7,174 million as of December 31, 2012.

37. Business Combination

The Group acquired production business of medical infusion solution from Medipharmaplan Co., Ltd. for ₩52,500 million on July 10, 2012. As a result of the acquisition, the Group is expected to enhance its competitive edge in these markets.

The Group acquired 100% of Won Ji Co., Ltd. shares for ₩29,889 million on April 26, 2012. The goodwill of ₩9,866 million arising from the acquisition is attributable to acquired customer base and economies of scale expected from combining the operations of the Group and Won Ji Co., Ltd.

The Group acquired 100% of Han Won Co., Ltd. shares for ₩ 1,863 million on April 26, 2012.

On November 30, 2012, the Group acquired 80% of the share capital of Tmi Trading Corp, Twin Marquis Inc and Chef one Corporation for ₩52,066 million. The goodwill of ₩14,717 million arising from the acquisition is attributable to acquired customer base and economies of scale expected from combining the operations of the Group and Tmi Trading Corp, Twin Marquis Inc and Chef One Corporation. The fair value of the identifiable assets is provisional pending receipt of the final valuations for those assets.

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The following table summarizes the consideration paid for each business combination, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date:

<i>(In thousands of Korean won)</i>	Medical Infusion solution	Won Ji Co., Ltd.	Han Won Co., Ltd.	Tmi Trading Corp and other 2 companies	Total
Consideration transferred					
Cash	₩ 52,500,000	₩ 29,888,759	₩ 1,863,175	₩ 52,065,600	₩ 136,317,534
Total consideration	<u>₩ 52,500,000</u>	<u>₩ 29,888,759</u>	<u>₩ 1,863,175</u>	<u>₩ 52,065,600</u>	<u>₩ 136,317,534</u>
Acquired assets and assumed liabilities					
Cash and cash equivalents	₩ -	₩ 1,627,685	₩ 295,582	₩ 1,166,529	₩ 3,089,796
Property, plant and equipment	32,509,552	22,240,164	3,647,474	10,464,919	68,862,109
Intangible assets	-	4,300,228	965	31,340,386	35,641,579
Available-for-sale financial assets	-	202,690	-	-	202,690
Inventories	-	6,008,330	-	4,514,121	10,522,451
Trade and other receivables	-	8,391,838	293,475	5,665,371	14,350,684
Other assets	-	808,974	274,634	472,142	1,555,750
Trade and other accounts payable	-	(9,641,737)	(276,055)	(4,183,185)	(14,100,977)
Retirement benefit obligations	-	(785,567)	(1,100,502)	-	(1,886,069)
Borrowings	-	(11,430,070)	-	(2,754,953)	(14,185,023)
Deferred tax liabilities	-	(1,089,933)	(260,647)	-	(1,350,580)
Fair value of identifiable net assets	<u>₩ 32,509,552</u>	<u>₩ 20,632,602</u>	<u>₩ 2,874,926</u>	<u>₩ 46,685,330</u>	<u>₩ 102,702,410</u>
Non-controlling interest	<u>₩ -</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ (9,337,066)</u>	<u>₩ (9,337,066)</u>
Goodwill (Bargain purchase profit)	<u>₩ 19,990,448</u>	<u>₩ 9,256,157</u>	<u>₩ (1,011,751)</u>	<u>₩ 14,717,336</u>	<u>₩ 42,952,190</u>

The recognized goodwill is not accepted as a deduction for tax purposes. The Group recognizes a bargain purchase profit of ₩1,011 million from the acquisition of Han Won Co., Ltd. as other income in the consolidated statement of comprehensive income.

The revenue and net profit included in the consolidated statement of comprehensive income since the acquisition date are as follows:

<i>(In millions of Korean won)</i>	Won Ji Co., Ltd.	Han Won Co., Ltd.	Tmi Trading Corp and other 2 companies
Revenue	₩ 32,060	₩ 321	₩ 4,572
Net income(loss)	2,128	(96)	815

If these were acquired on January 1, 2012, the revenue and net profit included in the consolidated statement of comprehensive income would have been as follows:

<i>(In millions of Korean won)</i>	Medical Infusion solution	Won Ji Co., Ltd.	Han Won Co., Ltd.	Tmi Trading Corp and other 2 companies
Revenue	₩ 22,658	₩ 11,268	₩ 681	₩ 43,346
Net income(loss)	(1,988)	776	(22)	8,027

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38. Transactions with Non-controlling Interests

(1) Incorporation of a subsidiary

In March 2012, the Group established CJ Yihai (Kunshan) Foodstuffs Co., Ltd., and invested in 50% of the equity shares of CJ Yihai(Kunshan) Foodstuffs Co., Ltd. This resulted in an increase in non-controlling interests of ₩5,074 million.

(2) Acquisition of additional interest in a subsidiary

In November 2012, the Group acquired the 80% of the issued shares of Tmi Trading Corp, Twin Marquis Inc and Chef One Corporation, for a purchase consideration of ₩52,606 million (Note 37). This resulted in an increase in non-controlling interests of ₩9,337 million.

(3) Changes in percentage of ownership of a subsidiary

Due to its participation in the paid-in capital increase of CJ Bio Malaysia Sdn. Bhd., the Group's percentage of ownership in CJ Bio Malaysia Sdn. Bhd. decreased from 100% to 86%. This resulted in an increase in non-controlling interests of ₩ 8,563 million.