

CJ CGV CO., LTD. AND SUBSIDIARIES

Consolidated Financial Statements

December 31, 2015 and 2014

(With Independent Auditors' Report Thereon)

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Independent Auditors' Report

Based on a report originally issued in Korean

The Board of Directors and Shareholders
CJ CGV Co., Ltd.:

We have audited the accompanying consolidated financial statements of CJ CGV Co., Ltd. and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Korean International Financial Reporting Standards, and for such internal control as management determined is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Korean Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2015 and 2014 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Korean International Financial Reporting Standards.

Other Matter

The procedures and practices utilized in the Republic of Korea to audit such consolidated financial statements may differ from those generally accepted and applied in other countries.



KPMG Samjong Accounting Corp.

KPMG Samjong Accounting Corp.
Seoul, Korea
February 29, 2016

This report is effective as of February 29, 2016, 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 the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

CJ CGV CO., LTD. AND SUBSIDIARIES
 Consolidated Statements of Financial Position

As of December 31, 2015 and 2014

<i>(In won)</i>	<u>Note</u>	<u>2015</u>	<u>2014</u>
Assets			
Cash and cash equivalents	3,4,5 ₩	139,298,957,540	108,793,088,420
Trade receivables	3,4,7,32	116,797,735,069	105,723,894,536
Inventories	3,8	13,587,028,385	11,050,981,230
Other current financial assets	3,4,9,32	51,032,443,884	49,138,421,261
Other current assets	10	34,628,676,738	30,593,202,829
Current assets		<u>355,344,841,616</u>	<u>305,299,588,276</u>
Investments in equity method investees	3,11	77,223,209,458	69,421,406,919
Investment property	12,33	17,923,175,621	18,341,630,615
Property and equipment	3,6,13,15,32	676,417,558,645	588,228,910,012
Intangible assets	3,6,14,32	114,546,732,478	100,707,021,414
Deferred tax assets	3,29	7,456,972,299	5,083,684,457
Non-current trade receivables	3,4,7	597,121,638	619,253,853
Other non-current financial assets	3,4,9,32	71,664,239,440	79,044,009,330
Other non-current assets	10	96,403,575,562	88,173,418,016
Non-current assets		<u>1,062,232,585,141</u>	<u>949,619,334,616</u>
Total assets		₩ <u>1,417,577,426,757</u>	<u>1,254,918,922,892</u>

See accompanying notes to the consolidated financial statements.

CJ CGV CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Financial Position, Continued

As of December 31, 2015 and 2014

<i>(In won)</i>	<u>Note</u>	<u>2015</u>	<u>2014</u>
Liabilities			
Trade payables	3,4,32 ₩	84,234,647,119	89,245,121,665
Other payables	3,4,19,32	107,603,828,585	101,168,239,891
Short-term borrowings	3,4,17	67,056,728,854	58,551,340,893
Current portion of debentures	3,4,17	29,965,659,505	69,967,953,722
Current portion of long-term borrowings	3,4,17	29,012,276,801	26,000,000,000
Current tax liabilities		9,000,940,237	10,459,225,953
Other current financial liabilities	3,4,15	17,239,370,708	16,855,041,850
Other current liabilities	16,18	102,613,320,721	101,547,435,341
Current liabilities		<u>446,726,772,530</u>	<u>473,794,359,315</u>
Long-term debentures	3,4,17	249,417,548,705	179,537,621,372
Long-term borrowings	3,4,17	203,696,198,171	133,138,817,386
Long-term other payables	3,4,18,19	27,259,140,026	32,765,743,372
Employee benefits	3,18	7,842,888,645	10,397,633,680
Deferred tax liabilities	3,29	17,369,491,247	12,089,271,099
Other non-current financial liabilities	3,4,15	587,714,834	1,688,870,745
Other non-current liabilities	16,18	19,507,492,798	20,327,646,269
Non-current liabilities		<u>525,680,474,426</u>	<u>389,945,603,923</u>
Total liabilities		<u>972,407,246,956</u>	<u>863,739,963,238</u>
Shareholders' equity			
Common stock	1,3,20	10,580,656,500	10,580,656,500
Capital surplus	21	89,157,245,168	89,157,245,168
Retained earnings	22	327,849,152,834	284,631,794,013
Other capital	23	(6,507,991,013)	(2,444,515,401)
Equity attributable to owners of the Parent Company		<u>421,079,063,489</u>	<u>381,925,180,280</u>
Non-controlling interests	24	<u>24,091,116,312</u>	<u>9,253,779,374</u>
Total shareholders' equity		<u>445,170,179,801</u>	<u>391,178,959,654</u>
Total liabilities and shareholders' equity	₩	<u>1,417,577,426,757</u>	<u>1,254,918,922,892</u>

See accompanying notes to the consolidated financial statements.

CJ CGV CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income

For the years ended December 31, 2015 and 2014

<i>(In won)</i>	<u>Note</u>	<u>2015</u>	<u>2014</u>
Revenue	3,6,32	₩ 1,193,516,367,213	1,039,295,973,405
Cost of sales	26,32	<u>(594,798,156,570)</u>	<u>(526,886,681,964)</u>
Gross profit		598,718,210,643	512,409,291,441
Selling, general and administrative expenses	25,26,32	<u>(531,818,811,622)</u>	<u>(460,326,563,013)</u>
Operating profit		66,899,399,021	52,082,728,428
Finance income	17,28	25,976,558,835	19,696,253,025
Finance costs	17,19,28	(26,667,343,959)	(32,330,491,482)
Other non-operating income	27	11,234,413,271	9,198,204,260
Other non-operating expenses	27	(12,596,734,847)	(18,443,787,199)
Gain on investments in associates	11	8,492,268,185	4,573,023,126
Loss on investments in associates	11	<u>(551,892,055)</u>	<u>(208,779,780)</u>
Income before income tax		72,786,668,451	34,567,150,378
Income tax expense	29	<u>(20,587,429,934)</u>	<u>(18,547,301,179)</u>
Net income	6	<u>52,199,238,517</u>	<u>16,019,849,199</u>
Other comprehensive income (loss)			
Items that will not be reclassified to profit or loss:			
Remeasurements of the defined benefit plan	3,18	(1,749,745,648)	(3,924,236,072)
Taxes on items that will not be reclassified to profit or loss	29	<u>420,576,096</u>	<u>880,819,143</u>
Total items that will not be reclassified to profit or loss		(1,329,169,552)	(3,043,416,929)
Items that are or may be reclassified subsequently to profit or loss:			
Net changes in fair value of available-for-sale financial assets	9,28,29	(113,753,100)	110,843,753
Change in equity of equity method investments	11,29	(37,450,377)	1,060,584,591
Foreign currency translation difference for foreign operations		<u>(2,709,245,246)</u>	<u>3,580,269,369</u>
Total items that are or may be reclassified subsequently to profit or loss:		<u>(2,860,448,723)</u>	<u>4,751,697,713</u>
Total comprehensive income		₩ <u>48,009,620,242</u>	<u>17,728,129,983</u>
Profit attributable to			
Owners of the Parent Company		₩ 51,943,906,729	16,657,220,156
Non-controlling interests		<u>255,331,788</u>	<u>(637,370,957)</u>
		₩ <u>52,199,238,517</u>	<u>16,019,849,199</u>
Total comprehensive income			
Owners of the Parent Company		₩ 47,638,440,922	18,156,526,878
Non-controlling interests		<u>371,179,320</u>	<u>(428,396,895)</u>
		₩ <u>48,009,620,242</u>	<u>17,728,129,983</u>
Earnings per share			
Basic earnings per share	3,30	₩ 2,455	787
Diluted earnings per share	3,30	2,455	787

See accompanying notes to the consolidated financial statements.

CJ CGV CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity

For the years ended December 31, 2015 and 2014

<i>(In won)</i>	<u>Common stock</u>	<u>Capital surplus</u>	<u>Retained earnings</u>	<u>Other capital</u>	<u>Non-controlling interest</u>	<u>Total</u>
Balance at January 1, 2014	₩ 10,580,656,500	89,157,245,168	278,368,178,892	(5,862,665,769)	6,388,981,945	378,632,396,736
Total comprehensive income (loss)						
Net income (loss)	-	-	16,657,220,156	-	(637,370,957)	16,019,849,199
Net changes in fair value of available-for-sale financial assets	-	-	-	75,502,393	35,341,360	110,843,753
Remeasurements of the defined benefit plan	-	-	(2,987,145,485)	-	(56,271,444)	(3,043,416,929)
Change in equity of equity method investments	-	-	-	1,060,584,591	-	1,060,584,591
Foreign currency translation difference for foreign operations	-	-	-	3,350,365,223	229,904,146	3,580,269,369
Total	<u>-</u>	<u>-</u>	<u>13,670,074,671</u>	<u>4,486,452,207</u>	<u>(428,396,895)</u>	<u>17,728,129,983</u>
Transactions with owners of the Parent Company, recognized directly in equity						
Dividends	-	-	(7,406,459,550)	-	-	(7,406,459,550)
Exercise of stock options	-	-	-	(164,840,000)	-	(164,840,000)
Acquisition of subsidiary	-	-	-	-	241,786,350	241,786,350
Paid-in capital increase of subsidiaries	-	-	-	-	1,319,229,402	1,319,229,402
Change in ownership in subsidiary	-	-	-	(903,461,839)	1,732,178,572	828,716,733
Total	<u>-</u>	<u>-</u>	<u>(7,406,459,550)</u>	<u>(1,068,301,839)</u>	<u>3,293,194,324</u>	<u>(5,181,567,065)</u>
Balance at December 31, 2014	₩ <u>10,580,656,500</u>	<u>89,157,245,168</u>	<u>284,631,794,013</u>	<u>(2,444,515,401)</u>	<u>9,253,779,374</u>	<u>391,178,959,654</u>
Balance at January 1, 2015	₩ 10,580,656,500	89,157,245,168	284,631,794,013	(2,444,515,401)	9,253,779,374	391,178,959,654
Total comprehensive income (loss)						
Net income (loss)	-	-	51,943,906,729	-	255,331,788	52,199,238,517
Net changes in fair value of available-for-sale financial assets	-	-	-	(122,071,380)	8,318,280	(113,753,100)
Remeasurements of the defined benefit plan	-	-	(1,320,088,358)	-	(9,081,194)	(1,329,169,552)
Change in equity of equity method investments	-	-	-	(37,450,377)	-	(37,450,377)
Foreign currency translation difference for foreign operations	-	-	-	(2,825,855,692)	116,610,446	(2,709,245,246)
Total	<u>-</u>	<u>-</u>	<u>50,623,818,371</u>	<u>(2,985,377,449)</u>	<u>371,179,320</u>	<u>48,009,620,242</u>
Transactions with owners of the Parent Company, recognized directly in equity						
Dividends	-	-	(7,406,459,550)	-	-	(7,406,459,550)
Change in ownership in subsidiary	-	-	-	(1,078,098,163)	(231,499,917)	(1,309,598,080)
Paid-in capital increase of subsidiaries	-	-	-	-	14,865,000,000	14,865,000,000
Dividends to non-controlling interests	-	-	-	-	(167,342,465)	(167,342,465)
Total	<u>-</u>	<u>-</u>	<u>(7,406,459,550)</u>	<u>(1,078,098,163)</u>	<u>14,466,157,618</u>	<u>5,981,599,905</u>
Balance at December 31, 2015	₩ <u>10,580,656,500</u>	<u>89,157,245,168</u>	<u>327,849,152,834</u>	<u>(6,507,991,013)</u>	<u>24,091,116,312</u>	<u>445,170,179,801</u>

See accompanying notes to the consolidated financial statements.

CJ CGV CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows

For the years ended December 31, 2015 and 2014

(In won)

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Net income	₩ 52,199,238,517	16,019,849,199
Adjustments for:		
Income tax expense	20,587,429,934	18,547,301,179
Expenses for employee	9,708,365,273	11,167,630,252
Depreciation	77,554,821,259	63,791,923,755
Amortization	31,324,703,230	18,682,710,868
Bad debt expenses	31,092,828	743,345,694
Other bad debt expenses	-	327,261,587
Foreign currency translation loss	4,960,667,888	3,452,096,415
Interest expense	18,896,561,143	20,184,228,365
Loss on disposal of inventories	26,678,760	-
Loss on valuation of derivative financial assets	112,732,870	6,057,430,821
Loss on transaction of derivative financial assets	61,457,534	1,282,594,440
Loss on disposal of available-for-sale financial assets	497,145	4,013,814
Impairment losses on available-for-sale financial assets	10,084,672	-
Loss on disposal of other financial assets	98,121,381	866,119,688
Loss on disposal of property and equipment	6,219,886,382	3,648,228,327
Loss on disposal of intangible assets	403,903,751	4,652,188,766
Loss on disposal of investments in associates	551,892,055	208,779,780
Other non-cash expenses	8,466,396,997	11,007,394,795
Interest income	(3,050,858,287)	(3,311,753,161)
Foreign currency translation gain	(2,694,330,254)	(1,417,509,673)
Gain on valuation of short-term financial instruments	-	(213,277,718)
Gain on transaction of short-term financial instruments	(433,703)	-
Gain on valuation of derivative financial assets	(13,101,113,588)	(11,877,544,646)
Gain on transaction of derivative financial assets	(5,085,708,891)	(1,554,164)
Gain on disposal of property and equipment	(8,864,305)	(603,451,840)
Gain on disposal of investments in associates	(8,492,268,185)	(4,573,023,126)
Gain on disposal of other financial assets	(1,398,931,638)	-
Reversal of other bad debt expenses	(35,693,042)	-
Reversal of valuation of inventories	(1,129,285)	(43,463,301)
Other non-cash income	(80,982,819)	(501,720,446)
	<u>145,064,979,105</u>	<u>142,079,950,471</u>
Changes in assets and liabilities:		
Trade receivables	(8,430,985,442)	(26,309,725,609)
Other current financial assets	32,445,520,937	(7,711,373,555)
Other current assets	(5,488,643,377)	(8,224,073,487)
Inventories	(2,860,498,953)	198,388,793
Other non-current financial assets	856,371,229	-
Other non-current assets	(10,214,481,229)	(3,494,091,410)
Trade payables	(5,025,580,619)	21,593,515,760
Other payables	(7,579,642,529)	29,730,929,818
Other current financial liabilities	1,808,694,619	(27,294,950)
Other current liabilities	574,574,730	15,102,566,363
Long-term other payables	(1,759,636,246)	(2,958,453,004)
Other non-current financial liabilities	122,000,000	189,000,000
Other non-current liabilities	1,405,746,082	843,421,290
Payment of retirement and severance benefits	(2,576,928,652)	(2,358,598,619)
Severance benefits from affiliated companies	(15,927,304)	120,435,323
Employee benefit plan assets	(11,420,000,000)	(8,830,000,000)
	<u>₩ (18,159,416,754)</u>	<u>7,864,646,713</u>

See accompanying notes to the consolidated financial statements.

CJ CGV CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows, Continued

For the years ended December 31, 2015 and 2014

(In won)

	<u>2015</u>	<u>2014</u>
Cash generated from operating activities	₩ 179,104,800,868	165,964,446,383
Interest received	4,172,915,389	2,434,960,230
Dividend received	1,820,801,634	1,154,621,660
Interest paid	(14,427,577,266)	(20,149,528,797)
Income taxes paid	(18,998,290,627)	(9,921,896,935)
Net cash from operating activities	<u>151,672,649,998</u>	<u>139,482,602,541</u>
Cash flows from investing activities		
Decrease of short-term financial assets	2,029,000,000	10,048,950,000
Proceeds from disposal of available-for-sale financial assets	23,077,855	98,956,474
Proceeds from disposal of short-term financial assets	3,590,033,703	-
Decrease of other financial assets	15,983,417,808	6,403,867,543
Proceeds from disposal of property and equipment	28,237,747	2,032,212,854
Increase of short-term financial assets	(1,212,200,000)	(302,500,000)
Increase of long-term financial assets	(149,340,000)	(326,540,000)
Acquisition of available-for-sale financial assets	(1,023,675,000)	(102,970,288)
Increase of other financial assets	(38,735,616,795)	(25,275,352,190)
Acquisition of investments in joint venture	(157,043,929)	(2,036,772,580)
Acquisition of investments in associates	(1,873,152,413)	(12,207,008,383)
Acquisition of property and equipment	(191,928,346,397)	(145,829,844,229)
Acquisition of intangible assets	(13,885,300,638)	(13,726,227,538)
Net cash used in investing activities	<u>(227,310,908,059)</u>	<u>(181,223,228,337)</u>
Cash flows from financing activities		
Proceeds from issue of debentures	99,633,010,000	149,559,200,000
Proceeds from short-term borrowings	119,369,552,357	175,945,154,381
Proceeds from long-term borrowings	90,406,782,123	76,921,897,714
Proceeds from issue of debentures from subsidiary	14,865,000,000	-
Proceeds from non-controlling interests on capital transactions	-	2,034,040,320
Repayment of debentures	(70,000,000,000)	(100,000,000,000)
Repayment of short-term borrowings	(112,596,487,522)	(175,471,564,348)
Repayment of current portion of long-term borrowings	(26,000,000,000)	(61,207,400,000)
Repayment of long-term borrowings	(48,966,203)	(16,716,954)
Dividends paid	(7,406,459,550)	(7,406,459,550)
Dividends to non-controlling interests	(120,000,000)	-
Exercise of stock options	-	(164,840,000)
Others, net	(282,219,404)	(274,800,526)
Payment to non-controlling interests on capital transactions	(1,320,000,000)	(1,280,914,000)
Net cash from financing activities	<u>106,500,211,801</u>	<u>58,637,597,037</u>
Net increase in cash and cash equivalents	30,861,953,740	16,896,971,241
Cash and cash equivalents at January 1	108,793,088,420	85,976,456,074
Effect of exchange rate fluctuations on cash held	(356,084,620)	5,919,661,105
Cash and cash equivalents at December 31	<u>₩ 139,298,957,540</u>	<u>108,793,088,420</u>

See accompanying notes to the consolidated financial statements.

CJ CGV CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

1. Reporting Entity

CJ CGV Co., Ltd. (the "Parent Company") was established for the purpose of being engaged in operating multiplex cinemas and screening films and its head office is located in World Cup Buk-ro, Mapo-gu, Seoul, Republic of Korea. On December 24, 2004, the Parent Company was listed on the Korea Exchange.

The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in associates and joint ventures.

As of December 31, 2015, the Group's major shareholders are as follows:

Shareholders	The number of shares	Ownership (%)
CJ Corp.	8,257,000	39.02
National pension service	2,494,213	11.79
Others	10,410,100	49.19
	21,161,313	100.00

(1) The list of subsidiaries as of December 31, 2015 and 2014 is as follows:

Parent Company	Subsidiaries	Location	Primary business	Effective ownership (%)	
				2015	2014
CJ CGV Co., Ltd.	CJ 4DPlex Co., Ltd.	Korea	Retail of equipment	93.66	93.66
	Simuline Inc.(*)	Korea	Equipment manufacturing	79.13	70.35
	CJ CGV America, Inc.	USA	Theater operation	100.00	100.00
	CGI Holdings Ltd.	Hong Kong	Theater operation	100.00	100.00
	Envoy Media Partners Ltd.	British Virgin Island	Theater operation	100.00	100.00
	Cross Junction Investment Co., Pte. Ltd.	Singapore	Foreign Investment	100.00	100.00
	Crown Jade Company Pte. Ltd.	Singapore	Foreign Investment	100.00	100.00
Simuline Inc.	SIMULINE(HONG KONG) LIMITED	Hong Kong	Equipment manufacturing	79.13	70.35
	SIMULINE(CHINA) LIMITED	China	Equipment manufacturing	79.13	70.35
	CJ CGV AMERICA LA, LLC.	USA	Theater operation	100.00	100.00
CJ CGV America, Inc.	UVD Enterprise Ltd.	Hong Kong	Theater operation	100.00	100.00
	CGI Holdings Ltd.	China	Theater operation	100.00	100.00
CJ CGV(Shanghai) Enterprise Management Co., Ltd.	Theater operation		100.00	100.00	
UVD Enterprise Ltd.	Vietnam Cinema 1 Company Ltd.	Vietnam	Theater operation	80.00	80.00
	CJ CGV (Shen Yang) Film International Cineplex Co., Ltd.	China	Theater operation	100.00	100.00
	PanJin CGV Cinema Co., Ltd.	China	Theater operation	100.00	100.00
	CJ CGV (Shang Hai) Film International Cineplex Co., Ltd.	China	Theater operation	100.00	100.00
	CJ CGV (Harbin) International Cinema Co., Ltd.	China	Theater operation	100.00	100.00
	CGV (Changsha) Cinema Co., Ltd.	China	Theater operation	100.00	100.00
	YANTAI CGV CINEMA CO., LTD.	China	Theater operation	100.00	100.00
	CGV (BEIJING) INTERNATIONAL CINEMA CO., LTD.	China	Theater operation	100.00	100.00
	ZIBO CGV CINEMA CO., LTD.	China	Theater operation	100.00	100.00
	CGV Orsun (WuHan) Cinema Co., Ltd.	China	Theater operation	70.00	70.00
	Wuhu CGV Cinema Co., Ltd.	China	Theater operation	100.00	100.00
	CGV (Tangshan) Cinema Co., Ltd.	China	Theater operation	100.00	100.00
	Liaoning CGV Cinema Co., Ltd.	China	Theater operation	100.00	100.00

CJ CGV CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

1. Reporting Entity, Continued

(1) The list of subsidiaries as of December 31, 2015 and 2014 are as follows, continued:

Parent Company	Subsidiaries	Location	Primary business	Effective ownership (%)	
				2015	2014
UVD Enterprise Ltd.	CGV (HuaiAn) Cinema Co., Ltd.	China	Theater operation	100.00	100.00
	CGV (TianJin) Cinema Co., Ltd.	China	Theater operation	100.00	100.00
	CGV (Chengdu) Cinema Co., Ltd.	China	Theater operation	100.00	100.00
	CGV (Chongqing) Cinema Co., Ltd.	China	Theater operation	100.00	100.00
	YuYao CGV Cinema Co., Ltd.	China	Theater operation	100.00	100.00
	CGV tianhe (wuhan) cinema Co., Ltd.	China	Theater operation	70.00	70.00
	Jiangmen CGV cinema Co., Ltd.	China	Theater operation	100.00	100.00
	Jiangsu CGV cinema Investment Co., Ltd.	China	Theater operation	100.00	100.00
	CGV (changzhou) cinema Co., Ltd.	China	Theater operation	100.00	100.00
	Henan CGV Cinema Co., Ltd.	China	Theater operation	100.00	100.00
	CGV (Qingdao) Cinema Co., Ltd.	China	Theater operation	100.00	100.00
	NEIMENGGU CGV CINEMA CO., LTD.	China	Theater operation	100.00	100.00
	DaLian CGV Cinema Co., Ltd.	China	Theater operation	100.00	100.00
	CJ CGV (Hubei) Cinema Co., Ltd.	China	Theater operation	100.00	100.00
	CGV (Xian) Cinema Co., Ltd.	China	Theater operation	100.00	-
	Ganzhou CGV Cinema Co., Ltd.	China	Theater operation	100.00	-
	Yanji CGV Cinema Co., Ltd.	China	Theater operation	100.00	-
	CJ CGV (Sichuan) Cinema Co., Ltd.	China	Theater operation	100.00	-
	Yunnan CGV Cinema Co., Ltd.	China	Theater operation	100.00	-
	CJ CGV(Shanghai) Enterprise Management Co., Ltd.	Fuzhou CGV Cinema Co., Ltd.	China	Theater operation	100.00
ShangHai C Media Co., Ltd.		China	Theater operation	100.00	100.00
Envoy Media Partners Ltd.	CJ CGV VIETNAM CO., LTD.	Vietnam	Theater operation	80.00	80.00
CJ 4DPlex Co., Ltd.	CJ 4DX (Beijing) Cinema Technology Co., Ltd.	China	Retail of equipment	93.66	93.66
	CJ 4DPLEX AMERICA, INC.	USA	Retail of equipment	93.66	93.66
CJ 4DPLEX AMERICA, INC.	CJ 4DPLEX AMERICAS, LLC.	USA	Retail of equipment	93.66	93.66

(*1) During 2015, the Group additionally obtained the stock of Simuline Inc. amounting to ₩1,320 million. As a result, the Group's interest in Simuline Inc. and its subsidiaries increased from 70.35% to 79.13%.

(2) Changes in subsidiaries

1) The list of subsidiaries that were newly included in consolidation for the year ended December 31, 2015 is as follows:

(In thousands of won, except ratio)

Subsidiaries	Reason	Dates of establishment and additional capital injections	Investment amount	Effective ownership (%)
CGV (Xian) Cinema Co., Ltd.	New investment	2015-02-11	₩ 3,734,378	100.00
Ganzhou CGV Cinema Co., Ltd.	New investment	2015-05-21	1,526,850	100.00
Yunnan CGV Cinema Co., Ltd.	New investment	2015-07-30	604,113	100.00
CJ CGV (Sichuan) Cinema Co., Ltd.	New investment	2015-08-20	2,019,720	100.00
Yanji CGV Cinema Co., Ltd.	New investment	2015-09-16	3,606,642	100.00
Fuzhou CGV Cinema Co., Ltd.	New investment	2015-11-30	6,368,965	100.00
			₩ <u>17,860,668</u>	

CJ CGV CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

1. Reporting Entity, Continued

(2) Changes in subsidiaries

2) The list of subsidiaries that were newly included in consolidation for the year ended December 31, 2015 is as follows:

(In thousands of won, except ratio)

Subsidiaries	Reason	Dates of additional capital injections	Investment amount	Effective ownership (%)
SIMULINE(HONG KONG) LIMITED	Additional paid-in capital	2015-05-15	₩ 60,036	79.13
DaLian CGV Cinema Co., Ltd.	Additional paid-in capital	2015-03-05	2,222,844	100.00
Henan CGV Cinema Co., Ltd.	Additional paid-in capital	2015-06-03	1,492,920	100.00
		2015-07-30	1,586,922	100.00
		2015-09-25	1,322,435	100.00
CGV (Qingdao) Cinema Co., Ltd.	Additional paid-in capital	2015-02-11	2,160,604	100.00
		2015-03-27	3,961,108	100.00
Jiangsu CGV Cinema Investment Co., Ltd.	Additional paid-in capital	2015-03-09	3,612,122	100.00
		2015-11-23	3,420,370	100.00
		2015-12-23	4,540,836	100.00
CGV (Chengdu) Cinema Co., Ltd.	Additional paid-in capital	2015-01-27	3,765,498	100.00
		2015-03-26	1,613,785	100.00
		2015-11-06	3,538,314	100.00
		2015-12-24	3,538,314	100.00
CGV (Chongqing) Cinema Co., Ltd.	Additional paid-in capital	2015-06-24	1,085,760	100.00
		2015-08-20	1,154,125	100.00
		2015-10-29	566,130	100.00
CGV(Changsha) Cinema Co., Ltd.	Additional paid-in capital	2015-01-21	1,867,189	100.00
		2015-05-29	1,266,720	100.00
		2015-08-20	1,154,126	100.00
		2015-09-23	1,154,126	100.00
		2015-11-25	1,509,681	100.00
CJ CGV America LA, LLC.	Additional paid-in capital	2015-01-28	663,000	100.00
		2015-03-09	331,500	100.00
		2015-07-14	203,065	100.00
		2015-08-24	298,625	100.00
		2015-11-12	351,600	100.00
CJ CGV(Shanghai) Enterprise Management Co., Ltd.	Additional paid-in capital	2015-12-29	234,400	100.00
		2015-02-10	2,222,844	100.00
UVD Enterprise Ltd.	Additional paid-in capital	2015-01-26	5,789,731	100.00
		2015-02-10	11,729,948	100.00
		2015-03-24	5,574,893	100.00
		2015-05-20	4,625,790	100.00
		2015-06-23	1,085,760	100.00
		2015-07-21	2,338,426	100.00
		2015-08-19	7,069,018	100.00
		2015-09-22	19,508,928	100.00
		2015-10-29	13,056,379	100.00
		2015-11-25	12,643,575	100.00
2015-12-30	17,734,886	100.00		

CJ CGV CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

1. Reporting Entity, Continued

(2) Changes in subsidiaries, continued

2) The list of subsidiaries in which the Parent Company additionally invested during 2015 is as follows, continued:

(In thousands of won, except ratio)

<u>Subsidiaries</u>	<u>Reason</u>	<u>Dates of additional capital injections</u>	<u>Investment amount</u>	<u>Effective ownership (%)</u>
CJ CGV America, Inc.	Additional paid-in capital	2015-08-21	₩ 2,377,400	100.00
Yunnan CGV Cinema Co., Ltd.	Additional paid-in capital	2015-09-16	3,423,304	100.00
Ganzhou CGV Cinema Co.,Ltd.	Additional paid-in capital	2015-08-21	1,622,989	100.00
CGV (Xian) Cinema Co., Ltd.	Additional paid-in capital	2015-09-30	2,163,985	100.00
CGV (TianJin) Cinema Co., Ltd.	Additional paid-in capital	2015-09-02	1,118,059	100.00
		2015-10-30	2,559,380	100.00
		2015-09-28	5,169,520	100.00
		2015-11-27	1,226,616	100.00
		2015-12-23	1,839,923	100.00
YANTAI CGV CINEMA CO., LTD.	Additional paid-in capital	2015-09-24	2,668,915	100.00
		2015-12-24	1,745,568	100.00
CGI Holdings Limited.	Additional paid-in capital	2015-10-01	15,235,000	100.00
		2015-10-28	13,141,963	100.00
		2015-11-26	14,770,000	100.00
		2015-12-21	15,206,000	100.00
CJ 4DPLEX AMERICA, INC.	Additional paid-in capital	2015-11-19	5,878,734	93.66
CJ 4DPLEX AMERICAS, LLC.	Additional paid-in capital	2015-12-07	1,758,000	93.66
CJ CGV (Sichuan) Cinema Co., Ltd.	Additional paid-in capital	2015-10-30	2,972,184	100.00
YuYao CGV Cinema Co.,Ltd	Additional paid-in capital	2015-12-23	3,538,314	100.00
CJ CGV (Harbin) International Cinema Co., Ltd.	Additional paid-in capital	2015-11-26	3,538,314	100.00
		2015-12-23	2,358,876	100.00
			₩ <u>256,369,377</u>	

CJ CGV CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

1. Reporting Entity, Continued

(3) Financial information of subsidiaries

1) Financial information of subsidiaries as of and for the year ended December 31, 2015 was as follows:

(In thousands of won)

Subsidiaries	Asset	Liability	Equity	Revenue	Net profit or loss	Total comprehensive income (loss)
CJ 4DPlex Co., Ltd.	₩ 60,358,266	21,825,793	38,532,473	47,647,606	6,238,049	6,153,516
Simuline Inc.	24,223,170	7,911,260	16,311,910	31,429,595	(1,962,956)	(1,979,906)
SIMULINE(HONG KONG) LIMITED	15,745	102,299	(86,554)	-	(264,728)	(262,276)
SIMULINE(CHINA) LIMITED	365	-	365	21,210	(1,244)	(1,222)
CJ CGV America, Inc.	13,067,465	3,283,929	9,783,536	-	(51,787)	378,405
CGI Holdings Ltd.	303,427,318	121,895,391	181,531,927	331,015	(4,053,962)	4,380,997
CJ CGV America LA, LLC.	6,438,422	3,718,684	2,719,738	5,575,754	(2,503,403)	(2,344,669)
Envoy Media Partners Ltd.	57,540,217	620,465	56,919,752	1,254,947	3,157,520	6,603,042
UVD Enterprise Ltd.	251,931,564	7,078,722	244,852,842	633,952	(849,695)	9,252,738
CJ CGV (Shanghai) Enterprise Management Co., Ltd.	55,448,881	32,838,125	22,610,756	19,912,910	1,277,872	1,414,848
Vietnam Cinema 1 Company Ltd.	758,043	1,509,326	(751,283)	98,828	(1,779,255)	(1,783,872)
CJ CGV (Shen Yang) Film International Cineplex Co., Ltd.	6,119,778	1,005,199	5,114,579	5,484,212	49,449	96,569
Pan Jin CGV Cinema Co., Ltd.	5,935,854	1,254,246	4,681,608	4,760,509	451,443	488,532
CJ CGV (Shanghai) Film International Cineplex Co., Ltd.	3,228,294	773,609	2,454,685	3,973,299	199,805	219,800
CJ CGV(Harbin) International Cinema Co., Ltd.	17,865,689	1,982,118	15,883,571	11,696,096	897,909	814,234
ShangHai C Media Co., Ltd.	307,059	1,844,112	(1,537,053)	1,788,485	(279,319)	(289,546)
CGV (Changsha) Cinema Co., Ltd.	15,546,455	3,626,336	11,920,119	9,250,030	848,857	642,867
YANTAI CGV CINEMA CO., Ltd.	8,031,913	1,047,581	6,984,332	2,910,417	(570,492)	(712,724)
CGV (BEIJING) INTERNATIONAL CINEMA CO., Ltd.	13,331,158	3,929,402	9,401,756	11,816,150	1,321,686	1,389,994
CJ CGV VIETNAM CO., LTD.	113,988,991	98,155,327	15,833,664	91,032,085	2,486,880	2,735,483
ZIBO CGV CINEMA CO., LTD.	3,016,400	1,698,104	1,318,296	1,397,698	(1,171,368)	(1,141,608)
CGV Orsun (WuHan) Cinema Co., Ltd.	8,395,654	1,244,223	7,151,431	5,730,950	211,454	275,222
Wuhu CGV Cinema Co., Ltd.	4,486,822	595,751	3,891,071	2,744,109	(625,450)	(579,738)
CGV (Tangshan) Cinema Co., Ltd.	3,692,043	937,577	2,754,466	3,891,296	(399,340)	(367,626)
Liaoning CGV Cinema Co., Ltd.	5,708,662	939,253	4,769,409	3,966,064	(536,533)	(483,925)
CGV (HuaiAn) Cinema Co., Ltd.	4,128,701	910,303	3,218,398	2,446,352	(597,006)	(558,011)
CGV (TianJin) Cinema Co., Ltd.	13,392,924	3,955,448	9,437,476	3,624,111	(468,987)	(802,312)
CGV (Chengdu) Cinema Co., Ltd.	29,379,562	6,934,946	22,444,616	15,855,415	(1,141,738)	(1,306,443)
CGV (Chongqing) Cinema Co., Ltd.	7,533,862	1,936,564	5,597,298	2,943,303	(619,428)	(701,437)
CJ 4DX (Beijing) Cinema Technology Co., Ltd.	11,044,430	9,201,165	1,843,265	5,396,090	(810,413)	(781,110)

CJ CGV CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

1. Reporting Entity, Continued

(3) Financial information of subsidiaries, continued

1) Financial information of subsidiaries as of and for the year ended December 31, 2015 as follows, continued:

(In thousands of won)

Subsidiaries	Asset	Liability	Equity	Revenue	Net profit or loss	Total comprehensive income (loss)
YuYao CGV Cinema Co., Ltd.	₩ 13,551,812	2,888,092	10,663,720	4,869,354	(1,809,813)	(1,787,899)
CGV tianhe (wuhan) cinema Co., Ltd.	6,603,131	978,041	5,625,090	5,690,403	410,440	456,967
Jiangmen CGV cinema Co., Ltd.	5,015,377	956,159	4,059,218	4,527,143	(288,987)	(246,706)
Jiangsu CGV cinema investment Co., Ltd.	19,555,927	4,984,757	14,571,170	4,184,266	(1,596,478)	(1,790,974)
CGV (changzhou) cinema Co., Ltd.	3,322,307	564,223	2,758,084	1,546,692	(1,021,014)	(980,019)
Henan CGV Cinema Co., Ltd.	5,517,638	752,213	4,765,425	186,372	(90,542)	(351,016)
CGV (Qingdao) Cinema Co., Ltd.	9,847,201	2,685,189	7,162,012	5,689,207	67,440	(11,196)
CJ 4DPLEX AMERICA, INC.	5,147,170	1,066,166	4,081,004	-	(4,201,142)	(4,199,497)
CJ 4DPLEX AMERICAS, LLC.	3,580,625	922,609	2,658,016	765,275	(602,518)	(529,418)
NEIMENGGU CGV CINEMA CO., LTD.	3,545,440	880,632	2,664,808	3,763,061	(149,138)	(122,101)
Cross Junction Investment Co., Pte. Ltd.	8,680,427	32,210	8,648,217	-	397,164	923,023
DaLian CGV Cinema Co., Ltd.	9,089,716	2,023,951	7,065,765	5,173,545	(1,517,317)	(1,475,723)
CJ CGV (Hubei) Cinema Co., Ltd.	4,706,834	622,655	4,084,179	5,495,818	79,634	116,664
Crown Jade Company Pte. Ltd.	1,603,817	3,786	1,600,031	-	(10,205)	(17,335)
CGV (Xian) Cinema Co., Ltd.	9,021,104	2,001,240	7,019,864	3,202,203	(171,650)	(391,953)
Ganzhou CGV Cinema Co., Ltd.	6,898,507	2,175,746	4,722,761	1,432,923	(334,683)	(591,064)
Yanji CGV Cinema Co., Ltd.	4,387,168	1,093,273	3,293,895	709,763	(118,158)	(312,746)
CJ CGV (Sichuan) Cinema Co., Ltd.	6,115,854	1,686,386	4,429,468	779,555	(344,734)	(562,436)
Yunnan CGV Cinema Co., Ltd.	5,354,417	1,578,830	3,775,587	76,500	(11,023)	(251,830)
Fuzhou CGV Cinema Co., Ltd.	7,852,007	1,737,173	6,114,834	27,840	(50,051)	(254,131)
	₩ <u>1,187,740,186</u>	<u>372,388,589</u>	<u>815,351,597</u>	<u>345,732,408</u>	<u>(12,908,955)</u>	<u>8,370,432</u>

CJ CGV CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

1. Reporting Entity, Continued

(3) Financial information of subsidiaries, continued

2) Financial information of subsidiaries as of and for the year ended December 31, 2014 as follows:

(In thousands of won)

Subsidiaries	Asset	Liability	Equity	Revenue	Net profit or loss	Total comprehensive income (loss)
CJ 4DPlex Co., Ltd.	₩ 52,662,096	20,283,139	32,378,957	34,397,335	358,704	358,704
Simuline Inc.	18,836,572	15,242,413	3,594,159	22,392,533	(3,810,861)	(3,810,861)
SIMULINE(HONG KONG) LIMITED	207,366	91,680	115,686	-	(12,231)	(7,695)
SIMULINE(CHINA) LIMITED	65,252	63,666	1,586	36,892	(52,946)	(53,901)
CJ CGV America, Inc.	10,218,808	3,191,076	7,027,732	-	(26,245)	254,378
CGI Holdings Ltd.	189,917,279	70,986,086	118,931,193	308,040	(8,345,792)	(2,675,763)
CJ CGV America LA, LLC.	5,845,358	2,863,141	2,982,217	4,193,879	(2,472,855)	(2,268,984)
Envoy Media Partners Ltd.	51,067,890	751,180	50,316,710	1,031,733	1,920,797	3,934,146
UVD Enterprise Ltd.	141,390,039	6,947,268	134,442,771	387,880	(597,695)	4,682,914
CJ CGV (Shanghai) Enterprise Management Co., Ltd.	33,042,238	14,069,175	18,973,063	14,429,499	691,179	1,021,560
Vietnam Cinema 1 Company Ltd.	1,739,617	707,028	1,032,589	108,769	(175,346)	(150,641)
CJ CGV (Shen Yang) Film International Cineplex Co., Ltd.	6,149,596	1,131,587	5,018,009	4,376,993	(51,755)	18,348
Pan Jin CGV Cinema Co., Ltd.	5,400,486	1,207,409	4,193,077	3,754,184	392,109	458,595
CJ CGV (Shanghai) Film International Cineplex Co., Ltd.	3,097,228	862,344	2,234,884	3,000,586	(60,570)	(34,964)
CJ CGV(Harbin) International Cinema Co., Ltd.	14,136,094	4,963,947	9,172,147	6,103,694	325,184	602,410
ShangHai C Media Co., Ltd.	1,905,024	3,152,532	(1,247,508)	2,431,158	(830,877)	(865,429)
CGV (Changsha) Cinema Co., Ltd.	5,325,146	999,734	4,325,412	3,626,330	(456,296)	(398,191)
YANTAI CGV CINEMA CO., Ltd.	4,399,449	1,116,877	3,282,572	3,195,434	(127,144)	(81,258)
CGV (BEIJING) INTERNATIONAL CINEMA CO., Ltd.	11,006,177	2,994,415	8,011,762	7,516,897	492,652	600,881
CJ CGV VIETNAM CO., LTD.	82,577,888	69,473,177	13,104,711	70,214,649	4,453,493	4,965,627
ZIBO CGV CINEMA CO., LTD.	3,148,460	688,556	2,459,904	72,487	(345,784)	(257,548)
CGV Orsun (WuHan) Cinema Co., Ltd.	8,569,370	1,693,161	6,876,209	4,493,921	217,250	327,048
Wuhu CGV Cinema Co., Ltd.	5,110,345	639,536	4,470,809	2,321,887	(708,637)	(652,959)
CGV (Tangshan) Cinema Co., Ltd.	4,198,559	1,076,467	3,122,092	2,346,427	(974,651)	(944,640)
Liaoning CGV Cinema Co., Ltd.	6,247,411	994,077	5,253,334	2,479,503	(534,833)	(463,905)
CGV (HuaiAn) Cinema Co., Ltd.	3,842,862	66,454	3,776,408	-	(5,818)	4,019
CGV (TianJin) Cinema Co., Ltd.	3,411,838	1,408,108	2,003,730	1,766,753	(1,122,159)	(1,112,085)
CGV (Chengdu) Cinema Co., Ltd.	15,087,911	3,792,763	11,295,148	4,826,406	(967,834)	(717,656)
CGV (Chongqing) Cinema Co., Ltd.	4,464,347	971,627	3,492,720	2,350,916	(548,500)	(508,024)
CJ 4DX (Beijing) Cinema Technology Co., Ltd.	8,645,833	6,021,457	2,624,376	4,273,632	(930,912)	(904,281)
YuYao CGV Cinema Co., Ltd.	12,491,721	3,578,415	8,913,306	819,770	(812,930)	(642,688)

CJ CGV CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

1. Reporting Entity, Continued

(3) Financial information of subsidiaries, continued

2) Financial information of subsidiaries as of and for the year ended December 31, 2014 was as follows, continued:

(In thousands of won)

Subsidiaries	Asset	Liability	Equity	Revenue	Net profit or loss	Total comprehensive income (loss)
CGV tianhe (wuhan) cinema Co., Ltd.	₩ 6,755,945	1,587,823	5,168,122	729,905	(274,582)	(35,263)
Jiangmen CGV cinema Co., Ltd.	5,408,313	1,102,388	4,305,925	865,461	(548,251)	(445,036)
Jiangsu CGV cinema investment Co., Ltd.	6,422,916	1,634,100	4,788,816	127,149	(360,417)	(306,967)
CGV (changzhou) cinema Co., Ltd.	5,169,588	1,431,484	3,738,104	6,670	(161,002)	(72,226)
Henan CGV Cinema Co., Ltd.	714,570	407	714,163	-	(1,361)	4,924
CGV (Qingdao) Cinema Co., Ltd.	1,051,495	-	1,051,495	-	(2,268)	6,978
CJ 4DPLEX AMERICA, INC.	4,000,244	1,598,477	2,401,767	-	(1,995,837)	(2,018,053)
CJ 4DPLEX AMERICAS, LLC.	2,247,819	818,384	1,429,435	276,155	(526,155)	(494,405)
NEIMENGGU CGV CINEMA CO., LTD.	4,115,208	1,333,180	2,782,028	10,777	(71,722)	(75,761)
Cross Junction Investment Co., Pte. Ltd.	7,725,193	-	7,725,193	-	(2,092)	398,472
DaLian CGV Cinema Co., Ltd.	6,392,395	73,750	6,318,645	-	(72,994)	(68,079)
CJ CGV (Hubei) Cinema Co., Ltd.	4,292,609	325,095	3,967,514	-	(16,940)	(62,699)
Crown Jade Company Pte. Ltd.	1,617,159	1,649	1,615,510	-	(214)	(55,012)
	<u>₩ 770,121,714</u>	<u>251,935,232</u>	<u>518,186,482</u>	<u>209,274,304</u>	<u>(19,155,138)</u>	<u>(2,545,970)</u>

2. Basis of Preparation

(1) Statement of compliance

The consolidated financial statements have been prepared in accordance with Korean International Financial Reporting Standards ("K-IFRS"), as prescribed in *the Act on External Audits of Corporations in the Republic of Korea*.

(2) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following material items in the statement of financial position:

- Derivative financial instruments are measured at fair value
- Available-for-sale financial assets are measured at fair value
- Liabilities for defined benefit plans are recognized at the net of the total present value of defined benefit obligations less the fair value of plan assets

CJ CGV CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

2. Basis of Preparation, Continued

(3) Functional and presentation currency

The financial statements of the parent and each subsidiary are prepared in functional currency of the respective operation. These consolidated financial statements are presented in Korean won, which is the Parent Company's functional currency and the currency of the primary economic environment in which the Group operates.

(4) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with K-IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period prospectively.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following note:

Note 12 – classification of investment property

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 14 – impairment test: key assumptions underlying recoverable amounts, including the recoverability of goodwill;

Note 16 and 19 – provisions and contingencies: key assumptions about likelihood and magnitude of an outflow of resources;

Note 18 - measurement of defined benefit obligations: key actuarial assumptions; and

Note 29– recognition of deferred tax assets: availability of future taxable profit against which carryforward tax losses can be used.

(5) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of K-IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

CJ CGV CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

2. Basis of Preparation, Continued

(5) Measurement of fair values, continued

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following note:

Note 4 – risk management

(6) Authorization date for issuance of the consolidated financial statements

The consolidated financial statements were authorized for issue by the Board of Directors on February 4, 2016, which will be submitted for approval to the shareholders' meeting to be held on March 18, 2016.

3. Significant Accounting Policies

The significant accounting policies applied by the Group in preparation of its consolidated financial statements are included below. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(1) Operating segment

The Group classifies reportable segments based on the internal report reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance. The Group has two strategic divisions, which are its reportable segments, as described in note 6. These divisions offer different products and services, and are managed separately because they require different technology and marketing strategies.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Parent Company's headquarters), head office expenses, and income tax assets and liabilities.

CJ CGV CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

3. Significant Accounting Policies, Continued

(2) Basis of consolidation

1) Business combination

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities according to K-IFRS No. 1032 and 1039. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

2) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

3) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

4) Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

CJ CGV CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

3. Significant Accounting Policies, Continued

(2) Basis of consolidation, continued

5) Interests in equity method investees

The Group's interests in equity method investees comprise interests in associates and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are recognized initially at cost, which includes transaction costs. The carrying amount of interests in equity method investees is increased or decreased to recognize the Group's share of the profit or loss and other comprehensive income of equity accounted investees after the date of acquisition. Distributions received from an investee reduce the carrying amount of interests in equity method investees.

6) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity method investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

7) Business combination under common control

A business combination involving entities or business under common control are accounted for by applying book value method, which accounted for assets and liabilities at carrying amounts recognized previously in the consolidated financial statements. The Group recognizes the difference between the consideration transferred in a business combination and net assets acquired as other surplus in other capital in equity.

(3) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Also, short term commitments that are subject to an insignificant risk of changes in fair value that liquidity is very high, and readily converted to cash amounts, are classified as cash and cash equivalents. Equity instruments are excluded from the cash assets, but redeemable preference shares having short period from the acquisition date to redemption date are considered substantially as cash equivalents, and are included as cash and cash equivalents.

CJ CGV CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

3. Significant Accounting Policies, Continued

(4) Inventories

The cost of inventories is based on the first-in first-out principle (equipment sales and manufacturing: specific identification or weighted-average method) and includes expenditures for acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Inventories are measured at the lower of cost and net realizable value. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, are recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

(5) Non-derivative financial assets

The Group recognizes and measures non-derivative financial assets by the following four categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The Group recognizes financial assets in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Upon initial recognition, non-derivative financial assets are measured at their fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the asset's acquisition or issuance.

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

A financial asset is classified as financial assets at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Upon initial recognition, transaction costs are recognized in profit or loss when incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

(ii) Held-to-maturity investments

A non-derivative financial asset with a fixed or determinable payment and fixed maturity, for which the Group has the positive intention and ability to hold to maturity, are classified as held-to-maturity investments. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method.

(iii) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method except for loans and receivables of which the effect of discounting is immaterial.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as financial assets at fair value through profit or loss, held-to-maturity investments or loans and receivables. Subsequent to initial recognition, they are measured at fair value, which changes in fair value, net of any tax effect, recorded in other comprehensive income in equity. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

CJ CGV CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

3. Significant Accounting Policies, Continued

(5) Non-derivative financial assets, continued

(v) De-recognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

In the case that the Group neither transfers nor retains all the risks and rewards of ownership of the financial asset, the Group derecognizes the financial asset if the Group has not retained control and the Group continues to recognize the financial asset to the extent of its continuing involvement in the financial assets if the Group has retained control.

If the Group retains substantially all the risks and rewards of ownership of the transferred financial assets, the Group continues to recognize the transferred financial assets and recognizes financial liabilities for the consideration received.

(v) Offsetting between financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated statement of financial position only when the Group currently has a legally enforceable right to offset the recognized amounts, and there is the intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

(6) Derivative financial instruments

Derivatives are initially recognized at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes in the fair value of derivative financial instrument not designated as a hedging instrument are recognized immediately in profit or loss.

Embedded derivatives are separated from the host contract and accounted for separately only if the following criteria has been met:

- (a) the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract;
- (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- (c) the hybrid instrument is not measured at fair value with changes in fair value recognized in profit or loss.

Changes in the fair value of separable embedded derivatives are recognized immediately in profit or loss.

CJ CGV CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

3. Significant Accounting Policies, Continued

(7) Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. However, losses expected as a result of future events, regardless of likelihood, are not recognized.

Objective evidences that a financial asset has been impaired are as follows:

- significant financial difficulty of the issuer
- breach of contract such as a delay or failure of principal repayment and interest payment
- inevitable relaxation of the initial borrowing conditions due to legal or economic related financial difficulties of the borrower
- borrower's bankruptcy or other financial restructuring are very likely
- disappearance of an active market for an asset due to financial difficulties, and
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since their initial recognition, although the decrease cannot yet be identified with the individual assets in the group

In addition, for an investment in available-for-sale financial assets, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

If financial assets have objective evidence that they are impaired, impairment losses are measured and recognized as below.

(i) Financial assets measured at amortized cost

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of its estimated future cash flows discounted at the asset's original effective interest rate. If it is not practicable to obtain the instrument's estimated future cash flows, impairment losses would be measured by using prices from any observable current market transactions. The Group can recognize impairment losses directly or establish a provision to cover impairment losses. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed either directly or by adjusting an allowance account.

(ii) Financial assets carried at cost

The amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

CJ CGV CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

3. Significant Accounting Policies, Continued

(7) Impairment of financial assets, continued

(iii) Available-for-sale financial assets

When a decline in the fair value of an available-for-sale financial asset has been recognized in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognized. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available-for-sale shall not be reversed through profit or loss. 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 shall be reversed, with the amount of the reversal recognized in profit or loss.

(8) Property and equipment

Property and equipment are initially measured at cost. The cost of property and equipment includes expenditures arising directly from the construction or acquisition of the asset, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent to initial recognition, property and equipment shall be carried at cost less accumulated depreciation and accumulated impairment losses.

Property and equipment, except for land, are depreciated on a straight-line basis over estimated useful lives that appropriately reflect the pattern in which the asset's future economic benefits are expected to be consumed.

A component that is significant compared to the total cost of property and equipment is depreciated over its separate useful life.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized in profit or loss.

The estimated useful lives of the Group's property and equipment are as follows:

	<u>Useful lives (years)</u>
Buildings	40
Structures	10~20
Tools and equipment	4
Vehicles	4

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting date and adjusted, if appropriate. The change is accounted for as a change in an accounting estimate.

CJ CGV CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

3. Significant Accounting Policies, Continued

(9) Intangible assets

Intangible assets are measured initially at cost and, subsequently, are carried at cost less accumulated amortization and accumulated impairment losses.

Amortization of intangible assets is calculated on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The residual value of intangible assets is zero. However, as there are no foreseeable limits to the periods over which certain intangible assets are expected to be available for use, these intangible assets are determined as having indefinite useful lives and not amortized.

	<u>Useful lives (years)</u>
Usage rights	12, 15
Capitalized development costs	5, 7, 10
Other intangible assets	1~10

Useful lives and the amortization methods for intangible assets with finite useful lives are reviewed at the end of each reporting period. The useful lives of intangible assets that are not being amortized are reviewed at the end of each reporting period to determine whether events and circumstances continue to support indefinite useful life assessments for those assets. Changes are accounted for as changes in accounting estimates.

(i) Research and development

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Other development expenditures are recognized in profit or loss as incurred.

(ii) Subsequent expenditures

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditures on internally generated goodwill and brands, are recognized in profit or loss as incurred.

(10) Investment Property

Property held for the purpose of earning rentals or benefiting from capital appreciation is classified as investment property. Investment property is initially measured at its cost. Transaction costs are included in the initial measurement. Subsequently, investment property is carried at depreciated cost less any accumulated impairment losses.

Subsequent costs are recognized in the carrying amount of investment property at cost or, if appropriate, as separate items if 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. The costs of the day-to-day servicing are recognized in profit or loss as incurred.

Investment property, except for land, are depreciated on a straight-line basis over 40 years as estimated useful lives.

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting date and adjusted, if appropriate. The change is accounted for as a change in an accounting estimate.

CJ CGV CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

3. Significant Accounting Policies, Continued

(11) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than assets arising from employee benefits, inventories and deferred tax assets, are reviewed at the end of the reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, irrespective of whether there is any indication of impairment, are tested for impairment annually by comparing their recoverable amount to their carrying amount.

The Group estimates the recoverable amount of an individual asset, if it is impossible to measure the individual recoverable amount of an asset, then the Group estimates the recoverable amount of cash-generating unit ("CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. The value in use is estimated by applying a discount rate that reflect current market assessments of the time value of money and the risks specific to the asset or CGU for which estimated future cash flows have not been adjusted, to the estimated future cash flows expected to be generated by the asset or CGU.

An impairment loss is recognized in profit or loss if the carrying amount of an asset or a CGU exceeds its recoverable amount.

Goodwill acquired in a business combination is allocated to each CGU that is expected to benefit from the synergies arising from the goodwill acquired. Any impairment identified at the CGU level will first reduce the carrying value of goodwill and then be used to reduce the carrying amount of the other assets in the CGU on a pro rata basis. Except for impairment losses in respect of goodwill which are never reversed, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(12) Leases

The Group classifies and accounts for leases as either a finance or operating lease, depending on the terms. Leases where the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

(i) Finance leases

At the commencement of the lease term, the Group recognizes as finance lease assets and finance lease liabilities in its consolidated statements of financial position, the lower amount of the fair value of the leased property and the present value of the minimum lease payments, each determined at the inception of the lease. Any initial direct costs are added to the amount recognized as an asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

The depreciable amount of a leased asset is allocated to each accounting period during the period of expected use on a systematic basis consistent with the depreciation policy the lessee adopts for depreciable assets that are owned. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life. The Group reviews to determine whether the leased asset may be impaired.

CJ CGV CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

3. Significant Accounting Policies, Continued

(12) Leases, continued

(ii) Operating leases

Payments made under operating leases (net of incentives received from the lessor) are recognized in profit or loss on a straight-line basis over the period of the lease. Incentives received under operating leases are recognized over period of the lease by being deducted from payment made under operating leases.

(iii) Determining whether an arrangement contains a lease

Determining whether an arrangement is, or contains, a lease shall be based on the substance of the arrangement and requires an assessment of whether fulfillment of the arrangement is dependent on the use of a specific asset or assets (the asset) and the arrangement conveys a right to use the asset.

At inception or reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a financial lease that it is impracticable to separate the payments reliably, the Group recognizes an asset and a liability at an amount equal to the fair value of the underlying asset that was identified as the subject of the lease. Subsequently, the liability shall be reduced as payments are made and an imputed finance charge on the liability recognized using the purchaser's incremental borrowing rate of interest.

(13) Non-derivative financial liabilities

The Group classifies non-derivative financial liabilities into financial liabilities at fair value through profit or loss or other financial liabilities in accordance with the substance of the contractual arrangement and the definitions of financial liabilities. The Group recognizes financial liabilities in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the financial liability.

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading or designated as such upon initial recognition. Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. Upon initial recognition, transaction costs that are directly attributable to the acquisition are recognized in profit or loss as incurred.

(ii) Other financial liabilities

Non-derivative financial liabilities other than financial liabilities at fair value through profit or loss are classified as other financial liabilities. At the date of initial recognition, other financial liabilities are measured at fair value minus transaction costs that are directly attributable to the acquisition. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method.

The Group derecognizes a financial liability from the consolidated statement of financial position when it is extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

CJ CGV CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

3. Significant Accounting Policies, Continued

(14) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are employee benefits that are expected to be settled within 12 months after the end of the annual reporting period in which the employees render the related service. When an employee has rendered service to the Group during an accounting period, the Group recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service.

(ii) Other long-term employee benefits.

Other long-term employee benefits include employee benefits that are expected to be settled beyond 12 months after the end of the annual reporting period in which the employees render the related service. The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

(iii) Retirement benefits: defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, discounting that amount and deducting the fair value of plan assets.

The calculation of defined benefit obligation is performed annually by an independent actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognizing immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

CJ CGV CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

3. Significant Accounting Policies, Continued

(15) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The risks and uncertainties that inevitably surround many events and circumstances are taken into account in reaching the best estimate of a provision. Where the effect of the time value of money is material, provisions are determined at the present value of the expected future cash flows.

Where some or all of the expenditures required to settle a provision are expected to be reimbursed by another party, the reimbursement is recognized when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is presented as a separate asset.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimates. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

A provision shall be used only for expenditures for which the provision was originally recognized.

(16) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency using the reporting date's exchange rate. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation of monetary items are recognized in profit or loss, except for differences resulting from the settlement of foreign currency transactions and differences resulting from monetary items that form part of a net investment in a foreign operation. If foreign currency differences arising on non-monetary items are recognized in other comprehensive profit or loss, related foreign exchange rate change effect are recognized in other comprehensive profit or loss. If foreign currency differences arising on non-monetary items are recognized in profit or loss, related foreign exchange rate change effect are recognized in profit or loss.

CJ CGV CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

3. Significant Accounting Policies, Continued

(16) Foreign currencies, continued

(ii) Foreign operations

If the presentation currency of the Group is different from a foreign operation's functional currency, the financial statements of the foreign operation are translated into the presentation currency using the following methods:

The assets and liabilities of foreign operations, whose functional currency is not the currency of a hyperinflationary economy, are translated to presentation currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to functional currency at average exchange rates for the reporting periods. Foreign currency differences are recognized in other comprehensive income.

When a foreign operation is disposed of, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to profit or loss.

(iii) Translation of net investment in a foreign operation

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in other comprehensive income in the translation reserve and reclassified to gain or loss on the disposal of the foreign operation.

(17) Equity capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

When the Group repurchases its share capital, the amount of the consideration paid is recognized as a deduction from equity and classified as treasury shares. The profits or losses from the purchase, disposal, reissue, or retirement of treasury shares are not recognized as current profit or loss. If the Group acquires and retains treasury shares, the consideration paid or received is directly recognized in equity.

(18) Share-based payment transactions

For equity-settled share-based payment transactions, if the Group cannot reliably estimate the fair value of the goods or services received, the Group measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For cash-settled share-based payment transactions, the Group measures the goods or services acquired and the liability incurred at the fair value of the liability. 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 changes in fair value recognized in profit or loss for the period.

CJ CGV CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

3. Significant Accounting Policies, Continued

(19) Revenue

(i) Recognition of revenues

Revenue from film screening is recognized when the movies are screened, and revenue from sale of goods is recognized when the goods are sold, and revenue of advertisement is recognized when the advertising service is completed. Revenue from the sale of goods or rendering of services are measured at the fair value of the consideration received or receivable, and sales returns, trade discounts and volume rebates are deducted.

(ii) Customer loyalty program

For customer loyalty program, the fair value of the consideration received or receivable in respect of the initial sale is allocated between the award credits ("points") and the other components of the sale. The Group supplies all of the awards, in respect of rendering film screening services. The amount allocated to the points is estimated by reference to the fair value of the film screening service for which they could be redeemed. The fair value of the service is estimated taking into account the expected redemption rate and the timing of such expected redemptions. Such amount is deferred and revenue is recognized only when the points are redeemed and the Group has fulfilled its obligations to supply the film screening service. The amount of revenue recognized in those circumstances is based on the number of points that have been redeemed in exchange for service, relative to the total number of points that is expected to be redeemed.

(iii) Rental income

Rental income from investment property, net of lease incentive granted, is recognized in profit or loss on a straight-line basis over the term of the lease.

(20) Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, gains on foreign currency transactions, and gains on foreign currency translation of monetary items. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise interest expense on borrowings, losses on foreign currency transactions, and losses on foreign currency translation of monetary items. Borrowing costs are recognized in profit or loss using the effective interest method.

(21) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

(i) Current tax

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the end of the reporting period and any adjustment to tax payable in respect of previous years. The taxable profit is different from the accounting profit for the period since the taxable profit is calculated excluding the temporary differences, which will be taxable or deductible in determining taxable profit (tax loss) of future periods, and non-taxable or non-deductible items from the accounting profit.

CJ CGV CO., LTD. AND SUBSIDIARIES
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For the years ended December 31, 2015 and 2014

3. Significant Accounting Policies, Continued

(21) Income taxes, continued

(ii) Deferred tax

Deferred tax is recognized, using the asset-liability method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The Group recognizes a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The Group recognizes a deferred tax asset for all deductible temporary differences arising from investments in subsidiaries and associates, to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset the related current tax liabilities and assets, and they relate to income taxes levied by the same tax authority and they intend to settle current tax liabilities and assets on a net basis. The Group recognizes additional tax arising from dividends payment upon recognition of dividends payable.

(22) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(23) New amendment not yet adopted

The following new amendment to existing standard has been published and is mandatory for the Group for annual periods beginning after January 1, 2015 and the Group has not early adopted it.

Management believes the impact of the amendment on the Group's consolidated financial statements is not significant.

CJ CGV CO., LTD. AND SUBSIDIARIES

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For the years ended December 31, 2015 and 2014

3. Significant Accounting Policies, Continued

(23) New amendment not yet adopted, continued

- (i) K-IFRS No. 1109 'Financial Instruments'
K-IFRS No. 1109, published in December 2015, replaces the existing guidance in K-IFRS No. 1039, Financial Instruments: Recognition and Measurement. K-IFRS 1109 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from K-IFRS No. 1039. K-IFRS 1109 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.
- (ii) K-IFRS No. 1115 'Revenue from Contracts with Customers'
K-IFRS No. 1115, published in January 2016, establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including K-IFRS No. 1018, Revenue, K-IFRS No. 1011, Construction Contracts and K-IFRS No. 2113, Customer Loyalty Programmes. K-IFRS No. 1115 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

4. Risk Management

The Group has exposure to the following risks from its use of financial instruments:

- ✓ credit risk
- ✓ liquidity risk
- ✓ market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

(1) Financial risk management

1) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

2) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Credit risk is not significant because the majority of Group's revenues are generated from individual customers. The Group limits credit risk by keeping most of cash and cash equivalents in banks with high credit ratings.

CJ CGV CO., LTD. AND SUBSIDIARIES
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For the years ended December 31, 2015 and 2014

4. Risk Management

(1) Financial risk management, continued

2) Credit risk, continued

(i) Exposure to credit risk

The carrying amount of financial assets stands for the exposure to credit risk. Considering the definition of credit risk, cash in hand and equity investments are not included in the exposure to credit risk.

Details of the Group's maximum exposure to credit risk as of December 31, 2015 and 2014 are as follows:

<i>(In thousands of won)</i>		<u>2015</u>	<u>2014</u>
Cash and cash equivalents	₩	137,088,260	104,926,822
Short-term financial instruments		-	3,536,200
Trade receivables		117,394,857	106,343,148
Other financial assets		107,465,300	112,266,934
Derivative financial assets		8,677,290	6,898,422
	₩	<u>370,625,707</u>	<u>333,971,526</u>

(ii) Impairment losses

The aging and impairment losses of loans and receivables, except for cash and cash equivalents, as of December 31, 2015 and 2014 are as follows:

<i>(In thousands of won)</i>		<u>2015</u>		
		<u>Not overdue</u>	<u>Overdue, but not impaired</u>	<u>Impaired</u>
Not past due	₩	217,027,344	-	2,038
0-3 months		-	5,425,484	4,931
4-6 months		-	283,867	7,400
7-12 months		-	704,577	37,549
Over one year		-	1,418,885	4,544,306
	₩	<u>217,027,344</u>	<u>7,832,813</u>	<u>4,596,224</u>

<i>(In thousands of won)</i>		<u>2014</u>		
		<u>Not overdue</u>	<u>Overdue, but not impaired</u>	<u>Impaired</u>
Not past due	₩	209,768,275	-	-
0-3 months		-	6,048,055	56,660
4-6 months		-	1,374,914	206,904
7-12 months		-	1,346,481	346,249
Over one year		-	72,357	6,011,072
	₩	<u>209,768,275</u>	<u>8,841,807</u>	<u>6,620,885</u>

The Group records an allowance for impairment that represents its estimate of incurred losses in respect of loans and receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

CJ CGV CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

4. Risk Management, Continued

(1) Financial risk management, continued

2) Credit risk, continued

(iii) Guarantees

As described in note 19 (3) and 32 (7), the Group provides financial guarantees to subsidiaries, joint ventures and others. As a result, the Group is exposed to credit risk to the extent of payment guarantee.

3) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors cash flow requirements with the extended plans and short-term strategies. The Group ensures that it has sufficient cash on demand to meet expected operational expenses; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

The contractual maturity of financial liabilities as of December 31, 2015 and 2014 including estimated interests payments and excluding the impact of netting agreements, are as follows:

(In thousands of won)

	Book value	Contractual cash outflow	2015		
			Less than one year	One to five years	Over five years
Trade payables	₩ 84,234,647	84,234,647	84,234,647	-	-
Other payables(*)	107,223,360	107,223,360	107,223,360	-	-
Debentures	279,383,209	299,022,000	37,195,000	261,827,000	-
Short-term borrowings	67,056,729	68,377,235	68,377,235	-	-
Long-term borrowings	232,708,475	249,301,787	34,243,485	181,197,531	33,860,771
Long-term other payables(*)	25,745,307	61,435,592	-	22,079,583	39,356,009
Other current financial liabilities	17,239,371	17,284,162	17,284,162	-	-
Other non-current financial liabilities	587,715	589,962	-	589,962	-
	₩ 814,178,813	887,468,745	348,557,889	465,694,076	73,216,780

(*) Other payables related to long-term officer compensation expense and reserve for restoration are not included.

The Group does not expect the above cash flows to be occurred in earlier period or to be materially different. As described in note 19 (3) and 32 (7), the Group provides subsidiaries and joint ventures with payment guarantee which is exposed to liquidity risk. The payment guarantee is not included in the book value or contractual cash outflow above.

CJ CGV CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

4. Risk Management, Continued

(1) Financial risk management, continued

3) Liquidity risk, continued

(In thousands of won)

	Book value	Contractual cash outflow	2014		
			Less than one year	One to five years	Over five years
Trade payables	₩ 89,245,122	89,245,122	89,245,122	-	-
Other payables(*)	100,811,404	100,811,404	100,811,404	-	-
Debentures	249,505,575	266,885,750	76,607,500	190,278,250	-
Short-term borrowings	58,551,341	59,614,467	59,614,467	-	-
Long-term borrowings	159,138,817	167,799,865	29,169,922	138,629,943	-
Long-term other payables(*)	31,506,353	57,673,999	-	24,403,321	33,270,678
Other current financial liabilities	16,855,041	16,876,879	16,876,879	-	-
Other non-current financial liabilities	1,688,871	1,810,537	-	1,810,537	-
	₩ <u>707,302,524</u>	<u>760,718,023</u>	<u>372,325,294</u>	<u>355,122,051</u>	<u>33,270,678</u>

(*) Other payables related to long-term officer compensation expense and reserve for restoration are not included.

4) Market risk

Market risk is the risk that changes in market prices will affect the value or the future cash flow of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group limits the exposure to currency risk and interest rate risk by the currency forward and interest swap contracts related to borrowings.

(i) Currency risk

The Group is exposed to currency risk on other receivables and borrowings that are denominated in a currency other than the functional currency of the Group. The currencies in which these transactions primarily are denominated are USD, VND, RMB and others.

The amount of the Group's exposure to currency risk as of December 31, 2015 and 2014 are as follows:

(In thousands of won)

	2015			2014		
	USD	VND	RMB, etc.	USD	VND	RMB, etc.
Cash and cash equivalents	₩ 4,900,589	3,841,869	54,960,555	3,485,077	4,185,983	38,605,064
Other receivables	14,586,056	22,932,124	56,127,389	15,807,847	21,641,304	39,940,965
Other payables	(5,088,271)	(16,364,295)	(46,050,011)	(3,692,600)	(15,010,113)	(30,057,418)
Finance lease liabilities	(185,023)	-	-	(436,426)	-	-
Borrowings	(189,205,393)	(12,319,200)	(36,158,979)	(117,036,296)	(8,995,000)	(19,100,310)
Total exposure	(174,992,042)	(1,909,502)	28,878,954	(101,872,398)	1,822,174	29,388,301
Currency forwards	70,320,000	-	-	54,960,000	-	-
Net exposure	₩ <u>(104,672,042)</u>	<u>(1,909,502)</u>	<u>28,878,954</u>	<u>(46,912,398)</u>	<u>1,822,174</u>	<u>29,388,301</u>

CJ CGV CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

4. Risk Management, Continued

(1) Financial risk management, continued

4) Market risk, continued

(i) Currency risk, continued

Significant exchange rates applied during the years ended December 31, 2015 and 2014 are as follows:

<i>(In won)</i>		Average rate		Reporting date spot rate	
		2015	2014	2015	2014
USD	₩	1,131.49	1,053.22	1,172.00	1,099.20
RMB		179.48	169.92	178.48	176.81
VND		0.05	0.05	0.05	0.05

Assuming that other variables such as interest rates do not change, the impact of changes in exchange rates of the won against foreign currencies on the profit or loss for the years ended December 31, 2015 and 2014 are as follows:

<i>(In thousands of won)</i>		2015		2014	
		10% strengthening	10% weakening	10% strengthening	10% weakening
USD	Total exposure	₩ (17,499,204)	17,499,204	(10,187,240)	10,187,240
	Currency forwards	7,032,000	(7,032,000)	5,496,000	(5,496,000)
	Net exposure	(10,467,204)	10,467,204	(4,691,240)	4,691,240
VND		(190,950)	190,950	182,217	(182,217)
RMB, etc.		2,887,895	(2,887,895)	2,938,830	(2,938,830)

(ii) Interest rate risk

Carrying amount of interest-bearing financial instruments held by the Group as of December 31, 2015 and 2014 are as follows:

<i>(In thousands of won)</i>		2015	2014
Fixed rate:			
Financial assets	₩	26,889,492	9,781,637
Financial liabilities		(391,990,479)	(338,573,817)
	₩	<u>(365,100,987)</u>	<u>(328,792,180)</u>
Variable rate:			
Financial assets	₩	136,153,411	103,917,822
Financial liabilities		(217,909,343)	(167,125,146)
	₩	<u>(81,755,932)</u>	<u>(63,207,324)</u>

- Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, the change in interest rates would not affect profit or loss.

CJ CGV CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

4. Risk Management, Continued

(1) Financial risk management, continued

4) Market risk, continued

(ii) Interest rate risk, continued

- Cash flow sensitivity analysis for variable rate instruments

Assuming that all other variables are constant, the impact of changes in interest rate on profit or loss as of December 31, 2015 and 2014 are as follows:

		2015		2014	
		0.5% Point increase	0.5% Point decrease	0.5% Point increase	0.5% Point decrease
	<i>(In thousands of won)</i>				
Variable rate instruments	₩	(408,780)	408,780	(316,037)	316,037
Interest rate swap		80,000	(80,000)	40,000	(40,000)
Cash flow sensitivity, net	₩	<u>(328,780)</u>	<u>328,780</u>	<u>(276,037)</u>	<u>276,037</u>

(iii) Other market price risk

Market price risk arises from available-for-sale financial assets held. Major investments within the portfolio are managed separately and the approval of the board of directors is necessary for important acquisition or sales decision.

The following indicates effects on other comprehensive income (gain or loss on valuation of available-for-sale securities) arising from fluctuations in price of quoted equity instruments among the available-for-sale financial assets that the Group possess as of December 31, 2015 and 2014.

		2015	2014
	<i>(In thousands of won)</i>		
5% increase	₩	18,818	16,412
5% decrease		(18,818)	(16,412)

CJ CGV CO., LTD. AND SUBSIDIARIES
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For the years ended December 31, 2015 and 2014

4. Risk Management, Continued

(1) Financial risk management, continued

5) Fair values

(i) The carrying amount and fair value of financial assets and liabilities as of December 31, 2015 and 2014 are as follows:

(In thousands of won)

	2015							
	Carrying amount				Fair value			
	Designated at fair value	Loans and receivables	Available- for-sale	Other	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value								
Available-for-sale: equity instruments	₩ -	-	376,362	-	376,362	376,362	-	-
Derivative financial assets(*3)	8,677,290	-	-	-	8,677,290	-	8,677,290	-
Subtotal	8,677,290	-	376,362	-	9,053,652	376,362	8,677,290	-
Financial assets not measured at fair value(*1)								
Cash and cash equivalents	-	139,298,958	-	-	139,298,958	-	-	-
Trade receivables	-	117,394,857	-	-	117,394,857	-	-	-
Available-for-sale: equity investments(*2)	-	-	6,177,731	-	6,177,731	-	-	-
Other financial assets	-	107,465,300	-	-	107,465,300	-	-	-
Subtotal	-	364,159,115	6,177,731	-	370,336,846	-	-	-
Total	₩ 8,677,290	364,159,115	6,554,093	-	379,390,498	376,362	8,677,290	-
Financial liabilities measured at fair value								
Derivative financial liabilities(*3)	₩ 112,733	-	-	-	112,733	-	112,733	-
Financial liabilities not measured at fair value(*1)								
Trade payables	-	-	-	84,234,647	84,234,647	-	-	-
Other payables	-	-	-	107,223,360	107,223,360	-	-	-
Borrowings and debentures	-	-	-	579,148,413	579,148,413	-	-	-
Long-term other payables	-	-	-	25,745,307	25,745,307	-	-	-
Other financial liabilities	-	-	-	17,714,353	17,714,353	-	-	-
Subtotal	-	-	-	814,066,080	814,066,080	-	-	-
Total	₩ 112,733	-	-	814,066,080	814,178,813	-	112,733	-

(*1) As the carrying amounts of financial assets and liabilities are a reasonable approximation of fair values, their fair values are not disclosed.

(*2) As equity investments do not have a quoted market price in an active market and their fair value cannot be reliably measured, they are measured at cost.

(*3) Fair value of derivative financial assets and liabilities are measured at discounted present value using the forward rate at the reporting date.

CJ CGV CO., LTD. AND SUBSIDIARIES
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For the years ended December 31, 2015 and 2014

4. Risk Management, Continued

(1) Financial risk management, continued

5) Fair values, continued

(In thousands of won)

	2014							
	Carrying amount				Fair value			
	Designated at fair value	Loans and receivables	Available- for-sale	Other	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value								
Financial assets held for trading ₩	3,536,200	-	-	-	3,536,200	-	3,536,200	-
Available-for-sale: equity instruments	-	-	328,240	-	328,240	328,240	-	-
Derivative financial assets(*3)	6,898,422	-	-	-	6,898,422	-	6,898,422	-
Subtotal	10,434,622	-	328,240	-	10,762,862	328,240	10,434,622	-
Financial assets not measured at fair value(*1)								
Cash and cash equivalents	-	108,793,088	-	-	108,793,088	-	-	-
Trade receivables	-	106,343,148	-	-	106,343,148	-	-	-
Available-for-sale: equity investments(*2)	-	-	5,152,634	-	5,152,634	-	-	-
Other financial assets	-	112,266,934	-	-	112,266,934	-	-	-
Subtotal	-	327,403,170	5,152,634	-	332,555,804	-	-	-
Total	₩ 10,434,622	327,403,170	5,480,874	-	343,318,666	328,240	10,434,622	-
Financial liabilities measured at fair value								
Derivative financial liabilities(*3) ₩	6,055,294	-	-	-	6,055,294	-	6,055,294	-
Financial assets not measured at fair value(*1)								
Trade payables	-	-	-	89,245,122	89,245,122	-	-	-
Other payables	-	-	-	100,811,404	100,811,404	-	-	-
Borrowings and debentures	-	-	-	467,195,733	467,195,733	-	-	-
Long-term other payables	-	-	-	31,506,353	31,506,353	-	-	-
Other financial liabilities	-	-	-	12,488,618	12,488,618	-	-	-
Subtotal	-	-	-	701,247,230	701,247,230	-	-	-
Total	₩ 6,055,294	-	-	701,247,230	707,302,524	-	6,055,294	-

(*1) As the carrying amounts of financial assets and liabilities are a reasonable approximation of values, their fair values are not disclosed.

(*2) As equity investments do not have a quoted market price in an active market and their fair value cannot be reliably measured, they are measured at cost.

(*3) Fair value of derivative financial assets and liabilities are measured at discounted present value using the forward rate at the reporting date.

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4. Risk Management, Continued

(1) Financial risk management, continued

6) Transfers of financial asset

Repurchasing amount of the leasehold deposits derecognized entirely is the fair value at the time of repurchase. The maturity analysis and undiscounted cash outflows of transferred leasehold deposits are as follows:

<i>(In thousands of won)</i>			
Type of continuing involvement		Maturity of continuing involvement	
		Less than 3 year	
Put option	₩		190,000,000

(2) Capital Management

The Group's policy is to maintain sustainability of going concern and the objective of the Group's capital management is to maximize the shareholders' profit by minimizing the cost of capital financing. The capital structure of the Group consists of net liabilities (total borrowings and debentures less cash and cash equivalents) and total equity. The Group's management periodically reviews the capital structure.

The Group's net liabilities to equity ratios at the end of the reporting period are as follows:

<i>(In thousands of won, except ratio)</i>		2015	2014
Total liabilities (a)	₩	972,407,247	863,739,963
Total equity (b)		445,170,180	391,178,960
Cash and cash equivalents (c)		139,298,958	108,793,088
Borrowings and debentures (d)		579,148,413	467,195,733
Borrowings and debentures, net (e)=(d)-(c)		439,849,455	358,402,645
Liabilities to equity ratio (f)=(a)÷(b)		218%	221%
Net debt to equity ratio (g)=(e)÷(b)		99%	92%

5. Cash and Cash Equivalents

Cash and cash equivalents as of December 31, 2015 and 2014 are as follows:

<i>(In thousands of won)</i>		2015	2014
Cash on hand	₩	2,210,698	3,866,266
Demand deposits		136,153,411	103,917,822
Other cash equivalents		934,849	1,009,000
	₩	139,298,958	108,793,088

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6. Operating Segments

The Group has two reportable segments: multiplex cinemas operation and equipment sales and manufacturing. Financial information for each reportable segment for the years ended December 31, 2015 and 2014 was as follows:

(1) Segment results and geographical information

(In thousands of won)

	2015			2014		
	Cinema operation	Equipment sales and manufacturing	Total	Cinema operation	Equipment sales and manufacturing	Total
Revenues:						
Domestic	₩ 896,671,385	52,682,019	949,353,404	864,382,598	36,063,807	900,446,405
Foreign:						
USA	5,555,662	765,275	6,320,937	4,146,185	276,155	4,422,340
China	143,448,795	3,298,463	146,747,258	60,523,545	3,618,851	64,142,396
Vietnam, etc.	91,094,768	-	91,094,768	70,284,832	-	70,284,832
	<u>1,136,770,610</u>	<u>56,745,757</u>	<u>1,193,516,367</u>	<u>999,337,160</u>	<u>39,958,813</u>	<u>1,039,295,973</u>
Net profit (loss)	53,597,875	(1,398,636)	52,199,239	21,934,381	(5,914,532)	16,019,849

(2) Revenue information

(In thousands of won)

	2015	2014
Admissions	₩ 759,853,497	684,127,278
Concession	175,287,473	164,130,262
Advertisement	108,614,052	91,919,950
Equipment sales and manufacturing	27,585,064	24,442,445
Others	122,176,281	74,676,038
	<u>₩ 1,193,516,367</u>	<u>1,039,295,973</u>

(3) Property and equipment and intangible assets

(In thousands of won)

	2015		2014	
	Property and equipment	Intangible assets	Property and equipment	Intangible assets
Domestic	₩ 425,897,616	91,029,126	418,193,640	92,716,293
Foreign	250,519,943	23,517,606	170,035,270	7,990,728
	<u>₩ 676,417,559</u>	<u>114,546,732</u>	<u>588,228,910</u>	<u>100,707,021</u>

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7. Trade Receivables

- (1) Trade receivables are presented on a net basis after deducting related allowance. As of December 31, 2015 and 2014, trade receivables and allowance for doubtful accounts are as follows:

<i>(In thousands of won)</i>	2015		2014	
	Current	Non-current	Current	Non-current
Trade receivables	₩ 117,371,288	597,122	106,756,956	619,254
Allowance for doubtful accounts	(573,553)	-	(1,033,062)	-
	₩ <u>116,797,735</u>	<u>597,122</u>	<u>105,723,894</u>	<u>619,254</u>

- (2) Changes in allowance for doubtful accounts for the years ended December 31, 2015 and 2014 are as follows:

<i>(In thousands of won)</i>	2015	2014
Balance at the beginning	₩ 1,033,062	1,769,121
Increase in allowance	31,093	743,346
Write-off	(483,776)	(1,480,552)
Changes in exchange rates	(6,826)	1,147
Balance at the end	₩ <u>573,553</u>	<u>1,033,062</u>

8. Inventories

- (1) Inventories as of December 31, 2015 and 2014 are as follows:

<i>(In thousands of won)</i>	2015	2014
Merchandise	₩ 3,188,668	3,251,866
Finished goods	2,099,562	961,538
Work in process	1,564,057	573,716
Raw materials	7,099,646	6,629,895
Provision for valuation of inventories	(364,905)	(366,034)
	₩ <u>13,587,028</u>	<u>11,050,981</u>

- (2) Reversal of valuation of inventories for the years ended December 31, 2015 and 2014 are as follows:

<i>(In thousands of won)</i>	2015	2014
Reversal of valuation of inventories	₩ 1,129	43,463

CJ CGV CO., LTD. AND SUBSIDIARIES
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For the years ended December 31, 2015 and 2014

9. Other Financial Assets

(1) Other financial assets as of December 31, 2015 and 2014 are as follows:

<i>(In thousands of won)</i>		2015		2014	
		Current	Non-current	Current	Non-current
Financial assets held for trading	₩	-	-	3,536,200	-
Financial institution deposits		470,733	644,610	1,047,294	737,820
Other receivables		21,606,476	4,271	34,846,656	-
Accrued revenues		323,825	-	218,432	-
Loans		25,787,650	-	215,623	7,794,400
Leasehold deposits		2,848,842	62,656,456	3,964,648	73,007,404
Present value discount		(5,082)	(6,872,481)	(8,856)	(9,556,487)
Derivative financial assets		-	8,677,290	5,318,424	1,579,998
Available-for-sale financial assets		-	6,554,093	-	5,480,874
	₩	<u>51,032,444</u>	<u>71,664,239</u>	<u>49,138,421</u>	<u>79,044,009</u>

(2) Other financial assets are presented on a net basis after deducting related allowance. As of December 31, 2015 and 2014, other financial assets and allowance for doubtful accounts are as follows:

<i>(In thousands of won)</i>		2015		2014	
		Current	Non-current	Current	Non-current
Other financial assets	₩	53,146,501	73,572,853	52,474,765	81,295,488
Allowance for doubtful accounts:					
Other receivables		(2,072,966)	-	(3,203,810)	-
Accrued revenues		(20,211)	-	(17,534)	-
Loans		(20,880)	(1,908,614)	(115,000)	(2,251,479)
Subtotal of allowance for doubtful accounts		<u>(2,114,057)</u>	<u>(1,908,614)</u>	<u>(3,336,344)</u>	<u>(2,251,479)</u>
Other financial assets, net	₩	<u>51,032,444</u>	<u>71,664,239</u>	<u>49,138,421</u>	<u>79,044,009</u>

(3) Changes in allowance for doubtful accounts for the years ended December 31, 2015 and 2014 are as follows:

<i>(In thousands of won)</i>		2015		2014	
		Current	Non-current	Current	Non-current
Balance at the beginning	₩	3,336,344	2,251,479	3,032,787	2,175,537
Increase in (reversal of) allowance		(74,268)	38,575	304,000	23,262
Write-off		(1,148,381)	(452,596)	(1,210)	-
Other		362	71,156	767	52,680
Balance at the end	₩	<u>2,114,057</u>	<u>1,908,614</u>	<u>3,336,344</u>	<u>2,251,479</u>

(4) Leasehold deposit measured at present value as of December 31, 2015 and 2014 are as follows:

<i>(In thousands of won)</i>		Effective interest rate (%)	Nominal values	Discounted present value	Present value discount
		December 31, 2015	1.8~5.6	₩ 65,505,298	58,627,735
December 31, 2014	2.2~6.8	76,972,052	67,406,709	(9,565,343)	

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9. Other Financial Assets, Continued

(5) Available-for-sale financial assets

① Available-for-sale financial assets as of December 31, 2015 and 2014 are as follows:

(In thousands of won)

	2015		2014	
	Acquisition cost	Book value	Acquisition cost	Book value
Equity securities:				
Phuong Nam Cultural Joint Stock Company	₩ 389,402	376,362	389,402	328,240
Foshan Property Investment Company	2,578,306	2,677,231	2,578,306	2,652,234
Multiplex Series No.1, LLC.	500	500	400	400
Banks Foundation for Young Entrepreneurs Cultural Contents Investment Association	2,500,000	2,500,000	2,500,000	2,500,000
Central Convergence Contents & Technology Fund	1,000,000	1,000,000	-	-
	₩ <u>6,468,208</u>	<u>6,554,093</u>	<u>5,468,108</u>	<u>5,480,874</u>

② Changes in available-for-sale financial assets for the years ended December 31, 2015 and 2014 are as follows:

(In thousands of won)

	2015	2014
Balance at the beginning	₩ 5,480,874	37,504,457
Acquisitions	1,023,675	102,970
Disposals	(23,575)	(16,316,770)
Loss on valuation of available-for-sale financial assets	(155,344)	(65,863)
Gain on valuation of available-for-sale financial assets	41,591	176,707
Others(*)	-	(16,034,345)
Changes in exchange rates	186,872	113,718
Balance at the end	₩ <u>6,554,093</u>	<u>5,480,874</u>

(*) During 2012, the Group agreed with a private investment company (the "Investor") to invest in PT Graha Layer Prima Tbk. (the "PT GLP") which is a theater operator in Indonesia and invested USD 15,250,000 in the convertible loans of PT GLP. During 2014, as PT GLP was listed on the Indonesia Exchange, the Group exercised the conversion right and obtained ownership of 14.75% and reclassified the carrying amounts of available-for-sale financial assets to investments in associates.

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10. Other Current Assets and Other Non-current Assets

Other current assets and other non-current assets as of December 31, 2015 and 2014 are as follows:

		2015		2014	
		Current	Non-current	Current	Non-current
(In thousands of won)					
Advance payments	₩	15,391,079	1,000,000	10,736,809	1,000,000
Allowance for doubtful accounts		(66,004)	-	(66,004)	-
Prepaid expenses		13,643,003	95,403,576	14,901,781	87,173,418
Prepaid value added tax		5,648,884	-	5,013,474	-
Prepaid taxes		11,715	-	7,143	-
	₩	<u>34,628,677</u>	<u>96,403,576</u>	<u>30,593,203</u>	<u>88,173,418</u>

11. Investment in Equity Method Investees

(1) Investments in equity method investees as of December 31, 2015 and 2014 are as follows:

Company	Location	Primary business	Ownership (%)	
			2015	2014
Associate:				
SSV Contents Investment Association	Korea	Investment fund	35.52	35.52
PT Graha Layar Prima Tbk.(*1)	Indonesia	Theater operation	14.75	14.75
CJ VIETNAM COMPANY LIMITED (formerly, Maritime Tower Co., Ltd.)(*2)	Vietnam	Foreign Investment	25.00	25.00
Foshan XingXing CJ Cinema Co., Ltd.(*3)	China	Theater operation	20.00	-
IBK Financial Group Union Contents Investment Fund(*4)	Korea	Investment fund	25.00	-
Joint venture:				
D-Cinema Korea Co., Ltd.	Korea	Leasing service	50.00	50.00
CJ XingXing (TJ) International Cinema Co., Ltd.	China	Theater operation	49.00	49.00
Myanmar Cineplex Co., Ltd.	Myanmar	Theater operation	50.00	50.00
ChangSha CJ XingXing Cinema Co., Ltd.	China	Theater operation	49.00	49.00
Zhongshan CJ Xingxing Cinema Co., Ltd.	China	Theater operation	49.00	49.00
Ningbo Culture Plaza CJ Cinema Co., Ltd.	China	Theater operation	45.00	45.00
CJ Xingxing (Shanghai) Cinema Co., Ltd.	China	Theater operation	49.00	49.00
CJ Xingxing (FSH) Cinema Co., Ltd.	China	Theater operation	49.00	49.00
CGV Empire SDN. BHD	Malaysia	Theater operation	25.00	25.00
Wuhan CJ XingXing Tiandi Cinema Co., Ltd.	China	Theater operation	49.00	49.00
Shanghai Shangying CGV Xinzhuang Cinema Co., Ltd.	China	Theater operation	49.00	49.00
Beijing CJ Xingxing Olympic International Cinema Co., Ltd.	China	Theater operation	49.00	49.00
Shanghai Shangying CGV Cinema Co., Ltd.	China	Theater operation	50.00	50.00

(*1) Although the Group owns less than 20%, the Group determined that it has significant influence over the associate through the board of directors. Therefore, the Group classified the interest in PT Graha Layar Prima Tbk. as investments in associates.

(*2) During 2015, Maritime Tower Co., Ltd. changed its name to CJ VIETNAM COMPANY LIMITED.

(*3) During 2015, the Group newly acquired 20% of the equity interest in Foshan XingXing CJ Cinema Co., Ltd. for ₩339 million. And the Group participated in paid-in capital increase of Foshan XingXing CJ Cinema Co., Ltd. and purchased additional shares amounting to ₩287 million. There is no change in the Group's percentage of ownership.

(*4) During 2015, the Group newly acquired 25% of the equity interest in IBK Financial Group Union Contents Investment Fund for ₩1,250 million.

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11. Investment in Equity Method Investees, Continued

(2) Condensed financial information of associates and joint ventures as of and for the years ended December 31, 2015 and 2014 is as follows:

(In thousands of won)

	2015							
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Net profit (loss)	Total comprehensive income (loss)	Dividends received
SSV Contents Investment Association	₩ 25,343,773	12,542,448	37,236	-	2,985,171	517,965	517,965	-
PT Graha Layar Prima Tbk.(*)	13,612,560	56,045,947	28,135,380	493,939	34,188,220	(3,275,148)	(4,550,355)	-
CJ VIETNAM COMPANY LIMITED (formerly, Maritime Tower Co., Ltd.)	7,833,113	46,285,826	182,328	1,455,267	6,090,181	2,288,648	3,084,089	-
Foshan XingXing CJ Cinema Co., Ltd.	994,850	3,705,075	1,992,907	-	505,774	(268,880)	(408,744)	-
IBK Financial Group Union Contents Investment Fund	4,940,345	-	-	-	12,478	(59,654)	(59,654)	-
D-Cinema Korea Co., Ltd.	25,784,276	9,289,247	12,971,654	18,651,006	22,747,460	6,930,636	6,930,636	-
CJ XingXing (TJ) International Cinema Co., Ltd.	6,961,812	5,389,414	3,879,079	35,845	10,083,795	1,381,891	1,440,270	-
Myanmar Cineplex Co., Ltd.	1,002,049	2,493,827	837,688	-	2,524,398	23,105	(476,876)	-
ChangSha CJ XingXing Cinema Co., Ltd.	1,495,383	2,724,737	2,796,983	-	3,240,491	221,642	223,650	-
Zhongshan CJ Xingxing Cinema Co., Ltd.	1,281,376	3,552,026	1,347,008	-	6,374,762	744,096	765,648	-
Ningbo Culture Plaza CJ Cinema Co., Ltd.	5,768,827	7,368,482	3,511,285	-	9,933,509	1,009,075	1,084,132	-
CJ Xingxing (Shanghai) Cinema Co., Ltd.	3,432,284	1,918,986	988,923	-	5,212,446	1,087,647	1,117,211	103,418
CJ Xingxing (FSH) Cinema Co., Ltd.	3,111,285	1,727,191	912,721	-	3,554,801	469,742	505,756	131,613
CGV Empire SDN. BHD	5,595	929,201	2,638,884	-	-	(650,743)	(446,469)	-
Wuhan CJ XingXing Tiandi Cinema Co., Ltd.	4,007,691	1,081,883	1,123,631	-	4,145,942	656,018	693,031	192,874
Shanghai Shangying CGV Xinzhuang Cinema Co., Ltd.	12,177,026	1,264,924	5,424,542	-	9,450,033	2,752,942	2,804,834	945,185
Beijing CJ Xingxing Olympic International Cinema Co., Ltd.	14,543,591	7,704,796	10,306,703	-	13,466,589	1,756,745	1,842,347	-
Shanghai Shangying CGV Cinema Co., Ltd.	9,200,110	1,854,006	4,358,168	-	8,673,088	2,200,835	2,244,763	758,230
₩	<u>141,495,946</u>	<u>165,878,016</u>	<u>81,445,120</u>	<u>20,636,057</u>	<u>143,189,138</u>	<u>17,786,562</u>	<u>17,312,234</u>	<u>2,131,320</u>

(*) Net loss and total comprehensive loss of PT Graha Layar Prima Tbk. are the amount attributed to owners of the Parent Company on the consolidated statement of comprehensive income of PT Graha Layar Prima Tbk.

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11. Investment in Equity Method Investees, Continued

(2) Condensed financial information of associates and joint ventures as of and for the years ended December 31, 2015 and 2014 is as follows, continued:

(In thousands of won)

	2014							
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Net profit (loss)	Total comprehensive income (loss)	Dividends received
SSV Contents Investment Association	₩ 17,848,777	19,482,243	-	-	3,872,856	2,702,714	2,702,714	-
PT Graha Layar Prima Tbk. (*)	31,451,223	31,192,594	16,219,783	844,616	24,635,727	(1,074,270)	(3,373,398)	-
CJ VIETNAM COMPANY LIMITED (formerly, Maritime Tower Co., Ltd.)	4,093,813	47,221,470	494,341	1,423,687	2,757,377	1,239,224	4,936,404	-
D-Cinema Korea Co., Ltd.	27,204,079	21,225,435	13,278,891	38,630,396	22,791,538	453,718	453,718	-
CJ XingXing (TJ) International Cinema Co., Ltd.	3,045,640	7,644,436	3,617,868	76,176	9,675,035	628,626	747,873	-
Myanmar Cineplex Co., Ltd.	3,676,376	-	541,314	-	322,287	(74,937)	(53,870)	-
ChangSha CJ XingXing Cinema Co., Ltd.	223,049	919,454	263,513	-	-	(26,159)	(23,679)	-
Zhongshan CJ Xingxing Cinema Co., Ltd.	1,213,945	3,950,740	2,443,938	-	4,455,074	367,683	416,335	-
Ningbo Culture Plaza CJ Cinema Co., Ltd.	3,604,082	8,241,671	3,303,861	-	8,791,394	1,173,123	1,317,051	-
CJ Xingxing (Shanghai) Cinema Co., Ltd.	1,502,433	3,097,079	1,145,927	-	3,259,114	143,365	198,113	47,152
CJ Xingxing (FSH) Cinema Co., Ltd.	1,175,800	3,284,236	774,757	-	2,731,701	278,219	336,508	162,115
CGV Empire SDN. BHD	5,760	725,364	1,988,743	-	-	(626,285)	(598,936)	-
Wuhan CJ XingXing Tiandi Cinema Co., Ltd.	1,970,428	2,851,372	1,140,003	-	3,547,083	428,827	492,066	237,568
Shanghai Shangying CGV Xinzhuang Cinema Co., Ltd.	10,218,726	1,448,911	4,549,707	-	7,794,564	2,027,506	2,218,924	606,701
Beijing CJ Xingxing Olympic International Cinema Co., Ltd.	2,912,472	10,321,645	3,134,780	-	9,727,600	163,348	321,733	-
Shanghai Shangying CGV Cinema Co., Ltd.	8,303,906	1,683,985	4,038,793	-	6,938,387	1,593,942	1,755,009	558,441
	₩118,450,509	163,290,635	56,936,219	40,974,875	111,299,737	9,398,644	11,846,565	1,611,977

(*) Net loss and total comprehensive loss of PT Graha Layar Prima Tbk. are the amount attributed to owners of the Parent Company on the consolidated statement of comprehensive income of PT Graha Layar Prima Tbk.

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11. Investment in Equity Method Investees, Continued

(3) The reconciliation of the investees' net assets to the carrying amount of the Group's interest in equity method investees as of December 31, 2015 and 2014 is as follows:

(In thousands of won)

	Net assets (a)	Owner- ship (b)	2015		Carrying amount
			Group's share of net assets (axb)	Goodwill	
SSV Contents Investment Association	₩ 37,848,985	35.52%	13,442,915	38,204	13,481,119
PT Graha Layar Prima Tbk. (*)	41,029,573	14.75%	6,053,342	9,113,504	15,166,846
CJ VIETNAM COMPANY LIMITED (formerly, Maritime Tower Co., Ltd.)	52,481,344	25.00%	13,120,336	620,312	13,740,648
Foshan XingXing CJ Cinema Co., Ltd.	2,707,018	20.00%	541,404	-	541,404
IBK Financial Group Union Contents Investment Fund	4,940,345	25.00%	1,235,086	-	1,235,086
D-Cinema Korea Co., Ltd.	3,450,863	50.00%	1,725,432	-	1,725,432
CJ XingXing (TJ) International Cinema Co., Ltd.	8,436,302	49.00%	4,133,788	-	4,133,788
Myanmar Cineplex Co., Ltd.	2,658,188	50.00%	1,329,094	-	1,329,094
ChangSha CJ XingXing Cinema Co., Ltd.	1,423,137	49.00%	697,337	-	697,337
Zhongshan CJ Xingxing Cinema Co., Ltd.	3,486,394	49.00%	1,708,333	-	1,708,333
Ningbo Culture Plaza CJ Cinema Co., Ltd.	9,626,024	45.00%	4,331,711	-	4,331,711
CJ Xingxing (Shanghai) Cinema Co., Ltd.	4,362,347	49.00%	2,137,550	-	2,137,550
CJ Xingxing (FSH) Cinema Co., Ltd.	3,925,755	49.00%	1,923,620	-	1,923,620
CGV Empire SDN. BHD	(1,704,088)	25.00%	(426,022)	-	-
Wuhan CJ XingXing Tiandi Cinema Co., Ltd.	3,965,943	49.00%	1,943,312	-	1,943,312
Shanghai Shangying CGV Xinzhuang Cinema Co., Ltd.	8,017,408	49.00%	3,928,530	-	3,928,530
Beijing CJ Xingxing Olympic International Cinema Co., Ltd.	11,941,684	49.00%	5,851,425	-	5,851,425
Shanghai Shangying CGV Cinema Co., Ltd.	6,695,948	50.00%	3,347,974	-	3,347,974
	₩				<u>77,223,209</u>

(*) Net assets of PT Graha Layar Prima Tbk. are the amount attributed to owners of the Parent Company on the consolidated statement of financial position of PT Graha Layar Prima Tbk.

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11. Investment in Equity Method Investees, Continued

(3) The reconciliation of the investees' net assets to the carrying amount of the Group's interest in equity method investees as of December 31, 2015 and 2014 is as follows, continued:

(In thousands of won)

	Net assets (a)	Owner- ship (b)	2014		Carrying amount
			Group's share of net assets (axb)	Goodwill	
SSV Contents Investment Association	₩ 37,331,020	35.52%	13,258,948	38,204	13,297,152
PT Graha Layar Prima Tbk. (*)	45,579,913	14.75%	6,724,681	9,113,504	15,838,185
CJ VIETNAM COMPANY LIMITED (formerly, Maritime Tower Co., Ltd.)	49,397,255	25.00%	12,349,314	620,312	12,969,626
D-Cinema Korea Co., Ltd.	(3,479,773)	50.00%	(1,739,887)	-	-
CJ XingXing (TJ) International Cinema Co., Ltd.	6,996,032	49.00%	3,428,056	-	3,428,056
Myanmar Cineplex Co., Ltd.	3,135,062	50.00%	1,567,531	-	1,567,531
ChangSha CJ XingXing Cinema Co., Ltd.	878,990	49.00%	430,705	-	430,705
Zhongshan CJ Xingxing Cinema Co., Ltd.	2,720,747	49.00%	1,333,166	-	1,333,166
Ningbo Culture Plaza CJ Cinema Co., Ltd.	8,541,892	45.00%	3,843,851	-	3,843,851
CJ Xingxing (Shanghai) Cinema Co., Ltd.	3,453,585	49.00%	1,692,257	-	1,692,257
CJ Xingxing (FSH) Cinema Co., Ltd.	3,685,279	49.00%	1,805,787	-	1,805,787
CGV Empire SDN. BHD	(1,257,619)	25.00%	(314,405)	-	-
Wuhan CJ XingXing Tiandi Cinema Co., Ltd.	3,681,797	49.00%	1,804,081	-	1,804,081
Shanghai Shangying CGV Xinzhuang Cinema Co., Ltd.	7,117,930	49.00%	3,487,786	-	3,487,786
Beijing CJ Xingxing Olympic International Cinema Co., Ltd.	10,099,337	49.00%	4,948,675	-	4,948,675
Shanghai Shangying CGV Cinema Co., Ltd.	5,949,098	50.00%	2,974,549	-	2,974,549
	₩				<u>69,421,407</u>

(*) Net assets of PT Graha Layar Prima Tbk. are the amount attributed to owners of the Parent Company on the consolidated statement of financial position of PT Graha Layar Prima Tbk.

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11. Investment in Equity Method Investees, Continued

(4) Changes in investments in equity method investees for the years ended December 31, 2015 and 2014 are as follows:

(In thousands of won)

	2015					
	Acquisition cost	Beginning balance	Acquisition	Equity income (loss)	Others (*1)	Ending balance
SSV Contents Investment Association	₩ 10,300,000	13,297,152	-	183,967	-	13,481,119
PT Graha Layar Prima Tbk.	16,335,800	15,838,185	-	(483,202)	(188,137)	15,166,846
CJ VIETNAM COMPANY LIMITED (formerly, Maritime Tower Co., Ltd.)	11,735,525	12,969,626	-	572,162	198,860	13,740,648
Foshan XingXing CJ Cinema Co., Ltd.	623,152	-	623,152	(53,776)	(27,972)	541,404
IBK Financial Group Union Contents Investment Fund	1,250,000	-	1,250,000	(14,914)	-	1,235,086
D-Cinema Korea Co., Ltd.	1,500,000	-	-	1,725,432	-	1,725,432
CJ XingXing (TJ) International Cinema Co., Ltd.	4,263,177	3,428,056	-	677,127	28,605	4,133,788
Myanmar Cineplex Co., Ltd.	1,594,465	1,567,531	-	11,552	(249,989)	1,329,094
ChangSha CJ XingXing Cinema Co., Ltd. (*2)	599,352	430,705	157,044	108,605	983	697,337
Zhongshan CJ Xingxing Cinema Co., Ltd.	1,283,807	1,333,166	-	364,607	10,560	1,708,333
Ningbo Culture Plaza CJ Cinema Co., Ltd.	3,148,068	3,843,851	-	454,084	33,776	4,331,711
CJ Xingxing (Shanghai) Cinema Co., Ltd.	1,587,903	1,692,257	-	532,947	(87,654)	2,137,550
CJ Xingxing (FSH) Cinema Co., Ltd.	1,661,627	1,805,787	-	230,173	(112,340)	1,923,620
CGV Empire SDN. BHD	9,067	-	-	-	-	-
Wuhan CJ XingXing Tiandi Cinema Co., Ltd.	1,601,700	1,804,081	-	321,448	(182,217)	1,943,312
Shanghai Shangying CGV Xinzhuang Cinema Co., Ltd.	1,820,123	3,487,786	-	1,348,941	(908,197)	3,928,530
Beijing CJ Xingxing Olympic International Cinema Co., Ltd.	5,297,164	4,948,675	-	860,805	41,945	5,851,425
Shanghai Shangying CGV Cinema Co., Ltd.	1,191,990	2,974,549	-	1,100,418	(726,993)	3,347,974
	<u>₩ 65,802,920</u>	<u>69,421,407</u>	<u>2,030,196</u>	<u>7,940,376</u>	<u>(2,168,770)</u>	<u>77,223,209</u>

(*1) Others include dividends received and change in equity of equity method investments.

(*2) The Group participated in paid-in capital increase of ChangSha CJ XingXing Cinema Co., Ltd. and purchased additional shares amounting to ₩157 million. There is no change in the Group's percentage of ownership.

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11. Investment in Equity Method Investees, Continued

(4) Changes in investments in equity method investees for the years ended December 31, 2015 and 2014 are as follows, continued:

(In thousands of won)

	2014					
	Acquisition cost	Beginning balance	Acquisition	Equity income (loss)	Others (*1)	Ending balance
SSV Contents Investment Association	₩ 10,300,000	12,337,223	-	959,929	-	13,297,152
PT Graha Layar Prima Tbk.	16,335,800	-	16,335,800	(158,494)	(339,121)	15,838,185
CJ VIETNAM COMPANY LIMITED (formerly, Maritime Tower Co., Ltd.)	11,735,525	-	11,735,525	309,806	924,295	12,969,626
D-Cinema Korea Co., Ltd.	1,500,000	-	-	-	-	-
CJ XingXing (TJ) International Cinema Co., Ltd.	4,263,177	3,061,598	-	308,027	58,431	3,428,056
Myanmar Cineplex Co., Ltd.	1,594,465	-	1,594,465	(37,468)	10,534	1,567,531
ChangSha CJ XingXing Cinema Co., Ltd.	442,308	-	442,308	(12,818)	1,215	430,705
Zhongshan CJ Xingxing Cinema Co., Ltd.	1,283,807	1,129,162	-	180,165	23,839	1,333,166
Ningbo Culture Plaza CJ Cinema Co., Ltd. (*2)	3,148,068	2,779,695	471,483	527,905	64,768	3,843,851
CJ Xingxing (Shanghai) Cinema Co., Ltd.	1,587,903	1,642,540	-	70,249	(20,532)	1,692,257
CJ Xingxing (FSH) Cinema Co., Ltd.	1,661,627	1,803,720	-	136,327	(134,260)	1,805,787
CGV Empire SDN. BHD	9,067	-	-	-	-	-
Wuhan CJ XingXing Tiandi Cinema Co., Ltd.	1,601,700	1,800,537	-	210,125	(206,581)	1,804,081
Shanghai Shangying CGV Xinzhuang Cinema Co., Ltd.	1,820,123	3,007,214	-	993,478	(512,906)	3,487,786
Beijing CJ Xingxing Olympic International Cinema Co., Ltd.	5,297,164	4,791,025	-	80,041	77,609	4,948,675
Shanghai Shangying CGV Cinema Co., Ltd.	1,191,990	2,655,485	-	796,971	(477,907)	2,974,549
	₩ 63,772,724	35,008,199	30,579,581	4,364,243	(530,616)	69,421,407

(*1) Others include dividends received and change in equity of equity method investments.

(*2) The Group participated in paid-in capital increase of Ningbo Culture Plaza CJ Cinema Co., Ltd. and purchased additional shares amounting to ₩471 million. There is no change in the Group's percentage of ownership.

(5) The unrecognized equity loss during 2015 and the cumulative unrecognized equity losses, resulted from discontinuing application of the equity method, for the year ended December 31, 2015 are as follows:

(In thousands of won)	Unrecognized equity loss during 2015	Cumulative unrecognized equity losses
CGV Empire SDN. BHD	₩ 162,686	460,902

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For the years ended December 31, 2015 and 2014

12. Investment Property

(1) Investment property as of December 31, 2015 and 2014 are as follows:

	2015			2014		
	Acquisition costs	Accumulated depreciation	Carrying amounts	Acquisition costs	Accumulated depreciation	Carrying amounts
Land	₩ 3,695,706	-	3,695,706	3,695,706	-	3,695,706
Buildings	16,586,202	(2,358,732)	14,227,470	16,586,202	(1,940,277)	14,645,925
	₩ 20,281,908	(2,358,732)	17,923,176	20,281,908	(1,940,277)	18,341,631

(2) Changes in investment property for the years ended December 31, 2015 and 2014 are as follows:

(In thousands of won)	Land	Buildings	Total
Acquisition costs:			
Balance at January 1, 2014	₩ 3,695,706	16,433,132	20,128,838
Others(*)	-	153,070	153,070
Balance at December 31, 2014	3,695,706	16,586,202	20,281,908
Balance at December 31, 2015	3,695,706	16,586,202	20,281,908
Accumulated depreciation:			
Balance at January 1, 2014	-	(1,523,629)	(1,523,629)
Depreciation	-	(416,648)	(416,648)
Balance at December 31, 2014	-	(1,940,277)	(1,940,277)
Depreciation	-	(418,455)	(418,455)
Balance at December 31, 2015	-	(2,358,732)	(2,358,732)
Carrying amounts:			
Balance at January 1, 2014	₩ 3,695,706	14,909,503	18,605,209
Balance at December 31, 2014	₩ 3,695,706	14,645,925	18,341,631
Balance at December 31, 2015	₩ 3,695,706	14,227,470	17,923,176

(*) During 2014, capitalized expenditure of ₩153 million was transferred from construction-in-progress.

(3) Profit and loss related to investment property for the years ended December 31, 2015 and 2014 are as follows:

(In thousands of won)	2015	2014
Rental income	₩ 796,142	747,432
Rental cost (depreciation)	(418,455)	(416,648)

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13. Property and Equipment

(1) Changes in property and equipment for the year ended December 31, 2015 are as follows:

<i>(In thousands of won)</i>	<u>Land</u>	<u>Buildings</u>	<u>Structures</u>	<u>Machinery</u>	<u>Vehicles</u>	<u>Tools</u>	<u>Construction -in-progress</u>	<u>Total</u>
Acquisition costs:								
Beginning balance	₩ 87,379,275	85,479,200	401,910,723	2,313,093	103,500	339,619,032	36,108,929	952,913,752
Acquisitions	-	-	33,567,465	92,701	97,183	56,809,011	109,769,420	200,335,780
Disposals	-	-	(8,911,162)	-	-	(5,768,500)	(98,398)	(14,778,060)
Change in exchange rates	-	325,539	1,756,879	825	-	1,272,516	6,765	3,362,524
Others	-	-	69,190,774	147,348	-	19,034,469	(119,810,521)	(31,437,930)
Ending balance	<u>87,379,275</u>	<u>85,804,739</u>	<u>497,514,679</u>	<u>2,553,967</u>	<u>200,683</u>	<u>410,966,528</u>	<u>25,976,195</u>	<u>1,110,396,066</u>
Accumulated depreciation:								
Beginning balance	-	(15,359,469)	(117,425,830)	(398,692)	(52,087)	(229,005,151)	-	(362,241,229)
Depreciation	-	(2,214,237)	(31,328,849)	(487,748)	(42,971)	(43,122,562)	-	(77,196,367)
Disposals	-	-	3,993,251	-	-	4,264,804	-	8,258,055
Change in exchange rates	-	(64,714)	(228,003)	(61)	-	(401,497)	-	(694,275)
Others	-	-	1,956	90,802	-	1,831	-	94,589
Ending balance	-	<u>(17,638,420)</u>	<u>(144,987,475)</u>	<u>(795,699)</u>	<u>(95,058)</u>	<u>(268,262,575)</u>	-	<u>(431,779,227)</u>
Accumulated impairment:								
Beginning balance	-	-	-	-	-	(1,673,613)	-	(1,673,613)
Disposals	-	-	-	-	-	184,333	-	184,333
Ending balance	-	-	-	-	-	<u>(1,489,280)</u>	-	<u>(1,489,280)</u>
Contribution for construction:								
Beginning balance	-	-	(770,000)	-	-	-	-	(770,000)
Depreciation	-	-	60,000	-	-	-	-	60,000
Ending balance	-	-	<u>(710,000)</u>	-	-	-	-	<u>(710,000)</u>
Carrying amounts:								
Balance at								
December 31, 2014	₩ <u>87,379,275</u>	<u>70,119,731</u>	<u>283,714,893</u>	<u>1,914,401</u>	<u>51,413</u>	<u>108,940,268</u>	<u>36,108,929</u>	<u>588,228,910</u>
Balance at								
December 31, 2015	₩ <u>87,379,275</u>	<u>68,166,319</u>	<u>351,817,204</u>	<u>1,758,268</u>	<u>105,625</u>	<u>141,214,673</u>	<u>25,976,195</u>	<u>676,417,559</u>

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13. Property and Equipment, Continued

(2) Changes in property and equipment for the year ended December 31, 2014 are as follows:

<i>(In thousands of won)</i>	Land	Buildings	Structures	Machinery	Vehicles	Tools	Construction -in-progress	Total
Acquisition costs:								
Beginning balance	₩ 87,379,275	85,287,163	334,472,741	970,317	161,696	294,304,862	33,728,043	836,304,097
Acquisitions	-	-	23,637,532	763,798	24,300	42,672,071	86,164,136	153,261,837
Disposals	-	-	(22,243,742)	(127,439)	(82,496)	(12,026,164)	-	(34,479,841)
Change in exchange rates	-	192,037	2,806,422	1,267	-	1,929,216	475,224	5,404,166
Others	-	-	63,237,770	705,150	-	12,739,047	(84,258,474)	(7,576,507)
Ending balance	<u>87,379,275</u>	<u>85,479,200</u>	<u>401,910,723</u>	<u>2,313,093</u>	<u>103,500</u>	<u>339,619,032</u>	<u>36,108,929</u>	<u>952,913,752</u>
Accumulated depreciation:								
Beginning balance	-	(13,124,806)	(110,887,805)	(81,057)	(115,502)	(201,928,620)	-	(326,137,790)
Depreciation	-	(2,200,367)	(25,667,968)	(350,310)	(19,080)	(35,197,551)	-	(63,435,276)
Disposals	-	-	19,446,282	32,809	82,495	8,792,410	-	28,353,996
Change in exchange rates	-	(34,296)	(316,673)	(134)	-	(671,390)	-	(1,022,493)
Others	-	-	334	-	-	-	-	334
Ending balance	<u>-</u>	<u>(15,359,469)</u>	<u>(117,425,830)</u>	<u>(398,692)</u>	<u>(52,087)</u>	<u>(229,005,151)</u>	<u>-</u>	<u>(362,241,229)</u>
Accumulated impairment:								
Beginning balance	-	-	-	-	-	(1,675,602)	-	(1,675,602)
Disposals	-	-	-	-	-	1,989	-	1,989
Ending balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,673,613)</u>	<u>-</u>	<u>(1,673,613)</u>
Contribution for construction:								
Beginning balance	-	-	(830,000)	-	-	-	-	(830,000)
Depreciation	-	-	60,000	-	-	-	-	60,000
Ending balance	<u>-</u>	<u>-</u>	<u>(770,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(770,000)</u>
Carrying amounts:								
Balance at								
December 31, 2013	₩ <u>87,379,275</u>	<u>72,162,357</u>	<u>222,754,936</u>	<u>889,260</u>	<u>46,194</u>	<u>90,700,640</u>	<u>33,728,043</u>	<u>507,660,705</u>
Balance at								
December 31, 2014	₩ <u>87,379,275</u>	<u>70,119,731</u>	<u>283,714,893</u>	<u>1,914,401</u>	<u>51,413</u>	<u>108,940,268</u>	<u>36,108,929</u>	<u>588,228,910</u>

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14. Intangible Assets

(1) Changes in intangible assets for the years ended December 31, 2015 and 2014 are as follows:

<i>(In thousands of won)</i>		Goodwill	Trademark right	Membership	Usage rights	Others	Total
Acquisition costs:							
Balance at January 1, 2014	₩	60,941,285	9,897,399	6,226,020	12,514,753	67,555,468	157,134,925
Acquisitions		-	2,820	-	-	9,313,029	9,315,849
Disposals		-	-	-	(1,172,090)	-	(1,172,090)
Change in exchange rates		-	-	-	-	151,245	151,245
Others(*)		(4,647,205)	425,605	-	48,000	7,001,737	2,828,137
Balance at December 31, 2014		56,294,080	10,325,824	6,226,020	11,390,663	84,021,479	168,258,066
Acquisitions		-	7,395	-	-	13,877,905	13,885,300
Disposals		(353,696)	-	-	(22,959)	(655,758)	(1,032,413)
Change in exchange rates		-	-	-	-	(11,084)	(11,084)
Others		-	1,469,181	-	279,650	29,965,750	31,714,581
Balance at December 31, 2015		55,940,384	11,802,400	6,226,020	11,647,354	127,198,292	212,814,450
Accumulated amortization and impairment:							
Balance at January 1, 2014		-	(9,450,101)	(790,217)	(8,158,963)	(31,584,399)	(49,983,680)
Amortization		-	-	-	(1,057,752)	(17,624,959)	(18,682,711)
Disposals		-	-	-	1,167,107	-	1,167,107
Change in exchange rates		-	-	-	-	(51,761)	(51,761)
Balance at December 31, 2014		-	(9,450,101)	(790,217)	(8,049,608)	(49,261,119)	(67,551,045)
Amortization		-	-	-	(955,156)	(30,369,547)	(31,324,703)
Disposals		-	-	-	17,609	610,900	628,509
Change in exchange rates		-	-	-	-	(20,479)	(20,479)
Balance at December 31, 2015		-	(9,450,101)	(790,217)	(8,987,155)	(79,040,245)	(98,267,718)
Carrying amounts:							
Balance at January 1, 2014	₩	60,941,285	447,298	5,435,803	4,355,790	35,971,069	107,151,245
Balance at December 31, 2014	₩	56,294,080	875,723	5,435,803	3,341,055	34,760,360	100,707,021
Balance at December 31, 2015	₩	55,940,384	2,352,299	5,435,803	2,660,199	48,158,047	114,546,732

(*) During 2014, as the Group had to end business at the CGV Gimpo airport site due to the lessor's demand. As a result, the Group derecognized the goodwill which had been acquired in a business combination with CGV CINEMA Co., Ltd., who had operated the CGV Gimpo airport site at the time of acquisition, and recognized loss on disposal of intangible assets.

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14. Intangible Assets, Continued

(2) Impairment test

Goodwill and intangible assets that have indefinite useful lives are tested for impairment annually. The Group reviews the recoverable amount of CGU for those assets. The recoverable amount is determined on the basis of value in use, which is discounted amount of future cash flow arising from continuous use of assets.

Primary assumptions used in calculation for value in use are determined by considering external and internal information (historical information), and reflect management assessment about future trend of the related industry.

The key assumptions used in the estimation of the recoverable amount are set out below.

<i>(In percent)</i>	CJ CGV	Simuline Inc.	CJ 4DPlex Co., Ltd.	UVD Enterprise Ltd.	CJ CGV VIETNAM CO., LTD.
Discount rate	4.09	6.15	7.40	20.44	10.45
Terminal value growth rate	-	-	-	3.00	1.00

The discount rate was a post-tax measure based on the rate of government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systemic risk of the specific CGU.

The future cash flows were estimated based on the nature of industry in which the Group operates for the next five years after 2015. The cash flow projections were estimated based on historical experience, actual operating results and the Group's business plan.

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15. Other Financial Liabilities

(1) Other financial liabilities as of December 31, 2015 and 2014 are as follows:

<i>(In thousands of won)</i>	2015		2014	
	Current	Non-current	Current	Non-current
Accrued expenses	₩ 14,667,160	-	9,025,029	-
Finance lease liabilities	132,041	52,982	263,561	172,864
Leasehold deposits received	2,475,399	422,000	1,575,475	1,544,960
Present value discount	(35,229)	-	(60)	(93,211)
Derivative financial liabilities	-	112,733	5,991,036	64,258
	₩ 17,239,371	587,715	16,855,041	1,688,871

(2) Leasehold deposits received which were measured at present value as of December 31, 2015 and 2014 are as follows:

<i>(In thousands of won)</i>	Effective interest rate (%)	Nominal values	Discounted present value	Present value discount
December 31, 2015	5.3	₩ 2,897,399	2,862,170	(35,229)
December 31, 2014	5.0~5.3	3,120,435	3,027,164	(93,271)

(3) Finance lease

① Finance lease contract

As of December 31, 2015 and 2014, the Group leases tools under a finance lease contract with IMAX Corp., and the related assets and liabilities are recorded in the consolidated financial statements.

② The assets related to finance lease contract as of December 31, 2015 and 2014 are as follows:

<i>(In thousands of won)</i>	2015	2014
Acquisition costs	₩ 12,787,864	12,787,864
Accumulated depreciation	(10,271,862)	(8,641,994)
Carrying amount	₩ 2,516,002	4,145,870

③ The present value and future minimum lease payments in accordance with the lease contract as of December 31, 2015 and 2014 are as follows:

<i>(In thousands of won)</i>	2015			2014		
	Future minimum lease payments	Interest	Present value	Future minimum lease payments	Interest	Present value
Less than one year	₩ 141,603	(9,562)	132,041	285,339	(21,778)	263,561
One to five years	55,229	(2,247)	52,982	201,319	(28,455)	172,864
Total	₩ 196,832	(11,809)	185,023	486,658	(50,233)	436,425

CJ CGV CO., LTD. AND SUBSIDIARIES
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For the years ended December 31, 2015 and 2014

16. Other Current Liabilities and Other Non-current Liabilities

- (1) Other current liabilities and other non-current liabilities as of December 31, 2015 and 2014 are as follows:

(In thousands of won)

	2015		2014	
	Current	Non-current	Current	Non-current
Deposit received	₩ 8,865,285	-	16,895,074	-
Value added tax withheld	6,581,526	-	7,438,167	-
Advance received	66,753,535	-	61,093,077	-
Unearned revenue	3,051,606	264,787	925,298	341,779
Liabilities for employee benefits	16,994,201	403,672	15,118,906	-
Deferred revenues	-	13,277,699	-	11,181,923
Provision for mileage points	-	961,335	-	943,591
Provision for warranties	202,633	-	76,913	-
Other provision	164,535	4,600,000	-	7,860,353
	₩ <u>102,613,321</u>	<u>19,507,493</u>	<u>101,547,435</u>	<u>20,327,646</u>

- (2) Deferred revenues

The Group adopts customer loyalty program for promotion of theater business. The award credits are provided when the customers purchase the theater service and the award credit provided can be redeemed for the theater service.

The fair value of award credits not yet redeemed under the customer loyalty program as of December 31, 2015 and 2014 are ₩13,278 million and ₩11,182 million, respectively.

- (3) Provision for mileage points

(In thousands of won)

	2015	2014
Balance at the beginning of the year	₩ 943,591	1,575,989
Increase	2,958,245	2,932,186
Decrease	(2,940,501)	(3,564,584)
Balance at the end of the year	₩ <u>961,335</u>	<u>943,591</u>

A provision for mileage points is estimated reasonably by considering the source of accumulated points, the fair value of cost to be provided, and expected collection rate and time.

- (4) Provision for warranties

(In thousands of won)

	2015	2014
Balance at the beginning of the year	₩ 76,913	675,295
Increase	200,915	-
Utilization	(75,195)	(598,382)
Balance at the end of the year	₩ <u>202,633</u>	<u>76,913</u>

The Group accrues for the provision for warranties on its products sold. The provision includes the cost related to ordinary repair or unusual replacement during the warranty period and compensation cost for defects in export goods. The provision is estimated based on historical warranty data and the warranty period.

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For the years ended December 31, 2015 and 2014

17. Debt

The contract information of interest bearing debt measured at amortized cost as of December 31, 2015 and 2014 are as follows. The detailed information of interest, exchange rate and liquidity risk are described in note 4.

(1) Debt as of December 31, 2015 and 2014 are as follows:

<i>(In thousands of won)</i>	<u>2015</u>	<u>2014</u>
Current liabilities:		
Short-term borrowings		
Local currency short-term borrowings ₩	14,945,350	26,585,198
Foreign currency short-term borrowings	52,111,379	31,966,143
	<u>67,056,729</u>	<u>58,551,341</u>
Current portion of long-term borrowings		
Current portion of local currency long-term borrowings	20,222,288	26,000,000
Current portion of foreign currency long-term borrowings	8,789,989	-
	<u>29,012,277</u>	<u>26,000,000</u>
Current portion of long-term debentures	29,965,660	69,967,954
₩	<u>126,034,666</u>	<u>154,519,295</u>
Non-current liabilities:		
Debentures ₩	249,417,549	179,537,621
Long-term borrowings		
Local currency long-term borrowings	26,913,994	19,973,354
Foreign currency long-term borrowings	176,782,204	113,165,463
	<u>203,696,198</u>	<u>133,138,817</u>
₩	<u>453,113,747</u>	<u>312,676,438</u>

(2) Short-term borrowings as of December 31, 2015 and 2014 are as follows:

① Local currency

(In thousands of won)

<u>Lender</u>	<u>Types of borrowing</u>	<u>Maturity date</u>	<u>Interest rate (%)</u>	<u>2015</u>	<u>2014</u>
Hana Bank	Overdraft	2015.11.22	4.52	₩ -	3,000,000
Woori Bank	Working capital	2015.10.27	5.41	-	2,000,000
Hana Bank	Working capital	2015.12.14	5.42	-	2,000,000
The Export-Import Bank of Korea	Overdraft	2016.06.23	4.96	7,600,000	6,800,000
Korea Development Bank	Working capital	2016.12.15	4.16	4,100,000	4,100,000
Korea Development Bank	Overdraft	2016.08.22	4.48	10,000	641,000
Shinhan Bank	Working capital	2016.01.08	11.03	940,000	4,350,000
Hana Bank	Working capital	2016.05.01	5.80	1,000,000	2,200,000
Kookmin Bank	Purchase loan	2016.05.30	6.73	766,020	1,494,198
Kookmin Bank	Working capital	2016.05.30	6.66	529,330	-
				<u>₩ 14,945,350</u>	<u>26,585,198</u>

CJ CGV CO., LTD. AND SUBSIDIARIES
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17. Debt, Continued

(2) Short-term borrowings as of December 31, 2015 and 2014 are as follows, continued:

② Foreign currency

(In thousands of won, except foreign currency)

Lender	Purpose of borrowing	Maturity date	Interest rate (%)		2015	2014
The Hongkong and Shanghai Banking Corporation	Working capital	2016.01.07 ~ 2016.01.29	1M Hibor + 1.75	₩	11,148,366 (HKD 73,727,703)	-
Hana Bank	Working capital	2016.05.21	0.86~0.92		3,281,600 (USD 2,800,000)	-
Hana Bank	Working capital	2016.07.22	3M LIBOR + 1.50		13,858,396 (HKD 91,650,000)	12,986,805 (HKD 91,650,000)
Hana Bank	Working capital	2015.10.21	1M LIBOR + 0.70		-	3,187,680 (USD 2,900,000)
Star (HK) Industrial	Repurchase agreement	2016.12.31	-		2,677,231 (RMB 15,000,000)	2,652,234 (RMB 15,000,000)
Shinhan Bank	Working capital	2016.10.13	3M LIBOR + 1.1		351,600 (USD 300,000)	681,504 (USD 620,000)
Shinhan Bank	Working capital	2016.06.24	5.40~5.90		7,830,000 (VND 150,000,000,000)	8,995,000 (VND 175,000,000,000)
Standard Chartered Bank Korea Limited Associates(*)	Working capital	2016.03.21	4.50~5.90		3,027,600 (VND 58,000,000,000)	-
	Working capital	2016.05.20 ~ 2016.12.15	3.20		8,474,986 (RMB 47,484,232)	3,461,271 (RMB 19,576,218)
CJ Sa Asia Pte. Ltd.	Working capital	2015.12.31	-		-	1,649 (USD 1,500)
The Hongkong and Shanghai Banking Corporation	Working capital	2016.04.02	4.90		1,461,600 (VND 28,000,000,000)	-
				₩	<u>52,111,379</u>	<u>31,966,143</u>

(*) The Group borrowed from three of its associates including Beijing CJ Xingxing Olympic International Cinema Co., Ltd.

(3) Debentures as of December 31, 2015 and 2014 are as follows:

(In thousands of won)

Lender	Maturity date	Interest rate (%)		2015	2014
Daewoo Securities Co., Ltd.	2015.04.09	5.40	₩	-	40,000,000
Daewoo Securities Co., Ltd.	2015.06.22	3.75		-	30,000,000
Hanwha Investment & Securities Co., Ltd.	2016.10.25	3.21		30,000,000	30,000,000
Shinhan Investment Corp.	2017.02.18	3.19		50,000,000	50,000,000
Hanwha Investment & Securities Co., Ltd.	2017.11.07	2.31		50,000,000	50,000,000
Hanwha Investment & Securities Co., Ltd.	2019.11.07	2.51		50,000,000	50,000,000
Hana Financial Investment Co., Ltd.	2018.04.14	1.93		50,000,000	-
Daewoo Securities Co., Ltd.	2020.11.27	2.54		50,000,000	-
				<u>280,000,000</u>	<u>250,000,000</u>
Less: discount				(616,791)	(494,425)
Less: current portion of long-term debentures				<u>(29,965,660)</u>	<u>(69,967,954)</u>
			₩	<u>249,417,549</u>	<u>179,537,621</u>

CJ CGV CO., LTD. AND SUBSIDIARIES
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For the years ended December 31, 2015 and 2014

17. Debt, Continued

(4) Long-term borrowings as of December 31, 2015 and 2014 are as follows:

① Local currency

(In thousands of won)

Lender	Maturity date	Interest rate (%)	2015	2014
Korea Development Bank	2015.11.19	3.90 ₩	-	5,000,000
Shinhan Bank	2015.11.09	2.76	-	10,000,000
Hana Bank	2015.11.09	2.24	-	8,000,000
Kookmin Bank	2015.11.19	3.92	-	3,000,000
Hyundai Securities Co., Ltd.	2016.10.14	2.92	20,000,000	20,000,000
Shinhan Bank	2018.11.19	2.70	10,000,000	-
Shinhan Capital Co., Ltd.	2015.08.31	4.40		
	~ 2018.11.25		1,148,034	-
Kookmin Bank(*)	2018.11.19	2.86	16,000,000	-
			<u>47,148,034</u>	<u>46,000,000</u>
Less: discount			(11,752)	(26,646)
Less: current portion of long-term borrowings			<u>(20,222,288)</u>	<u>(26,000,000)</u>
			<u>₩ 26,913,994</u>	<u>19,973,354</u>

(*) As of December 31, 2015, the Group has entered into an interest swap contract in order to control the risk being exposed to changes in interest rates on borrowings. As the interest swap contract is not classified as a hedging derivative instrument, the Group recognized loss on valuation of derivative financial instrument amounting to ₩113 million in profit or loss for the year ended December 31, 2015.

CJ CGV CO., LTD. AND SUBSIDIARIES
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For the years ended December 31, 2015 and 2014

17. Debt, Continued

(4) Long-term borrowings as of December 31, 2015 and 2014 are as follows, continued:

② Foreign currency

(In thousands of won, except foreign currency)

Lender	Maturity date	Interest rate (%)	2015	2014
The Export-Import Bank of Korea (*)	2019.01.10	3M LIBOR +2.09	₩ 11,720,000 (USD 10,000,000)	10,992,000 (USD 10,000,000)
Korea Development Bank(*)	2019.04.09	3M LIBOR +1.79	46,880,000 (USD 40,000,000)	43,968,000 (USD 40,000,000)
Korea Development Bank(*)	2020.10.28	3M LIBOR +1.79	11,720,000 (USD 10,000,000)	-
Korea Development Bank	2016.06.12	3M LIBOR +1.73	3,476,933 (USD 3,000,000)	3,245,701 (USD 3,000,000)
Korea Development Bank	2020.11.01	3M LIBOR + 1.95	17,648,820 (USD 15,000,000)	-
The Export-Import Bank of Korea	2016.06.11 ~2018.04.10	3M LIBOR +2.05	35,159,954 (USD 30,000,000)	32,975,857 (USD 30,000,000)
The Export-Import Bank of Korea	2018.02.18 ~2019.12.17	3M LIBOR +1.68	23,439,969 (USD 20,000,000)	21,983,905 (USD 20,000,000)
The Export-Import Bank of Korea	2018.07.19 ~2020.05.18	3M LIBOR +1.68	11,719,985 (USD 10,000,000)	-
The Export-Import Bank of Korea	2019.03.16 ~2020.12.16	3M LIBOR +1.95	23,439,970 (USD 20,000,000)	-
Bank of America	2018.12.15	2.38	366,562 (USD 312,767)	-
			185,572,193 (USD 158,312,767)	113,165,463 (USD 103,000,000)
Less: current portion of long-term borrowings			(8,789,989) (USD 7,500,000)	-
			₩ 176,782,204 (USD 150,812,767)	113,165,463 (USD 103,000,000)

(*) As of December 31, 2015, the Group has entered into currency forward contracts in accordance with risk management policy, in order to control the risk being exposed to changes in exchange rate related to principle payment of foreign currency borrowings.

Details of currency forward contracts as of December 31, 2015 are as follows:

(In won, except foreign currency)

Lender	Contractor	Notional amount	Currency forward rate	Maturity date
The Export-Import Bank of Korea	Standard Chartered Bank	Buy USD 10,000,000	₩1,104.90	2019.01.10
Korea Development Bank		Buy USD 40,000,000	₩1,078.15	2019.04.09
		Buy USD 10,000,000	₩1,141.50	2020.10.28

As the above currency forward contracts are not classified as a hedging derivative instrument, the Group recognized gain on valuation of derivative financial instrument amounting to ₩3,607 million, in profit or loss for the year ended December 31, 2015.

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For the years ended December 31, 2015 and 2014

18. Employee Benefits

(1) Employee benefits expenses for the years ended December 31, 2015 and 2014 are as follows:

<i>(In thousands of won)</i>	<u>2015</u>	<u>2014</u>
Wages and salaries	₩ 159,625,467	150,347,945
Expenses related to post-employment defined plans	9,708,365	11,167,630
	<u>₩ 169,333,832</u>	<u>161,515,575</u>

(2) Total employee benefit liabilities as of December 31, 2015 and 2014 are as follows:

<i>(In thousands of won)</i>	<u>2015</u>	<u>2014</u>
Present value of defined benefit obligations	₩ 50,131,145	43,610,288
Fair value of plan assets	(42,288,256)	(33,212,655)
Net defined benefit liability	<u>7,842,889</u>	<u>10,397,633</u>
Liabilities for short-term employee benefits	16,994,201	15,118,906
Liabilities for long-term employee benefits	403,672	-
Liabilities for long-term officer compensation expense	1,513,833	1,259,391
Total employee benefit liabilities	<u>₩ 26,754,595</u>	<u>26,775,930</u>

The Group's defined benefit plans are administered by Woori Bank, Samsung Fire & Marine Insurance and others. The principal of its plan assets are guaranteed and the annual yield of its plan assets is 2.63% for 2015.

These defined benefit plans expose the Group to actuarial risk, such as interest rate risk and market (investment) risk. The calculation of defined benefit obligations is performed annually by an independent actuary using the projected unit credit method.

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18. Employee Benefits, Continued

(3) The following table shows reconciliation from the opening balances to the closing balances for net defined benefit liability and its components.

<i>(In thousands of won)</i>	Defined benefit obligations		Fair value of plan assets		Net defined benefit liability	
	2015	2014	2015	2014	2015	2014
Balance at January 1	₩ 43,610,288	32,464,119	(33,212,655)	(26,090,188)	10,397,633	6,373,931
Included in profit or loss:						
Current service cost	9,435,989	10,722,149	-	-	9,435,989	10,722,149
Interest cost (income)	1,263,535	1,444,780	(991,159)	(999,299)	272,376	445,481
	<u>10,699,524</u>	<u>12,166,929</u>	<u>(991,159)</u>	<u>(999,299)</u>	<u>9,708,365</u>	<u>11,167,630</u>
Included in other comprehensive income or loss:						
Remeasurements loss (gain):						
- Actuarial loss (gain) arising from:						
- demographic assumptions	(49,021)	683,115	-	-	(49,021)	683,115
- financial assumptions	(779,490)	3,399,854	-	-	(779,490)	3,399,854
- experience adjustment	2,246,507	(499,067)	-	-	2,246,507	(499,067)
- Return on plan assets excluding interest cost	-	-	331,750	340,334	331,750	340,334
	<u>1,417,996</u>	<u>3,583,902</u>	<u>331,750</u>	<u>340,334</u>	<u>1,749,746</u>	<u>3,924,236</u>
Other:						
Contribution paid by the employer	-	-	(11,420,000)	(8,830,000)	(11,420,000)	(8,830,000)
Benefits paid	(4,363,783)	(4,623,270)	1,786,854	2,264,671	(2,576,929)	(2,358,599)
Transfer from (to) affiliated companies	(1,232,880)	18,608	1,216,954	101,827	(15,926)	120,435
	<u>(5,596,663)</u>	<u>(4,604,662)</u>	<u>(8,416,192)</u>	<u>(6,463,502)</u>	<u>(14,012,855)</u>	<u>(11,068,164)</u>
Balance at December 31	₩ <u>50,131,145</u>	<u>43,610,288</u>	<u>(42,288,256)</u>	<u>(33,212,655)</u>	<u>7,842,889</u>	<u>10,397,633</u>

(4) Details of plan assets as of December 31, 2015 and 2014 are as follows:

<i>(In thousands of won)</i>	2015	2014
Deposit for severance benefit insurance	₩ 42,285,847	33,210,246
Transfer to National Pension Fund	2,409	2,409
	<u>₩ 42,288,256</u>	<u>33,212,655</u>

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For the years ended December 31, 2015 and 2014

18. Employee Benefits, Continued

(5) Actuarial assumptions

① Principal actuarial assumptions as of December 31, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Discount rate	3.10% ~ 3.30%	3.25%~3.75%
Future salary growth	3.75% ~ 6.13%	5.25%~6.25%

The Group determined the discount rate based on market returns of high-quality corporate bonds consistent with currencies and estimated payment terms of defined benefit obligations as of the reporting date.

At December 31, 2015, the weighted-average duration of the defined benefit obligation was from 5.03 years to 8.94 years.

② Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

<i>(In thousands of won)</i>	<u>Movement</u>		<u>Defined benefit obligation</u>
Discount rate	1% increase	₩	(2,640,836)
	1% decrease		2,959,794
Future salary growth	1% increase		2,956,266
	1% decrease		(2,686,879)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

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19. Commitments and Contingencies

(1) Borrowing agreements with financial institutions as of December 31, 2015 are as follows:

	Local Currency						Foreign Currency
	Overdraft	General	Bill discounting	Business purchase card	Purchase loan	Loans on account receivables collateral	Overseas investment
Hana Bank	₩ 3,000,000	3,000,000	8,000,000	3,000,000	-	500,000	HKD 91,650,000 USD 14,000,000
Woori Bank	3,000,000	-	-	13,000,000	-	-	USD 20,000,000
Shinhan Bank	-	17,700,000	-	10,000,000	-	-	USD 14,000,000 VND 210,000,000,000
Standard Chartered Bank	-	-	-	-	-	-	USD 10,000,000
Meritz Securities	-	-	30,000,000	-	-	-	-
Kookmin Bank	10,000,000	5,500,000	-	-	1,300,000	-	-
Korea Development Bank	-	10,000,000	-	-	-	-	USD 68,000,000
The Export-Import Bank of Korea	-	14,000,000	-	-	-	-	USD 90,000,000
HSBC	-	-	-	-	-	-	RMB 132,000,000 USD 10,000,000
Shinhan Capital Co., Ltd.	-	10,000,000	-	-	-	-	-
	₩ 16,000,000	60,200,000	38,000,000	26,000,000	1,300,000	500,000	HKD 91,650,000 USD 226,000,000 VND 210,000,000,000 RMB 132,000,000

(2) As of December 31, 2015, the Group is involved in 7 lawsuits as plaintiff for alleged damages of ₩1,653 million in aggregate, and 12 lawsuits as defendant for alleged damages of ₩6,043 million in aggregate. In terms of the lawsuit as defendant with Korean Film Producers Association, the Group partially lost the first trial (the amount of claim: ₩2,453 million), but won the case in the second trial which was held during January 2015. Currently, the third trial is in progress.

Except for the above-mentioned case, the Group believes that although the outcome of these legal actions is uncertain, they would not ultimately result in a material unfavorable effect on the Group's financial position, operating results or cash flows.

CJ CGV CO., LTD. AND SUBSIDIARIES
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For the years ended December 31, 2015 and 2014

19. Commitments and Contingencies, Continued

(3) Payment guarantee

① Details of guarantees which the Group has provided as of December 31, 2015 are as follows:

(In thousands of won, except USD, HKD, RMB, VND)

Related companies	Guarantee recipient	Guarantees	Guarantee type	Beneficiary
Subsidiaries	CGI Holdings Ltd.	USD 20,000,000	Credit line guarantee	Woori Bank Hong Kong
		HKD 91,650,000		Hana Bank Hong Kong
		USD 10,000,000		HSBC
		RMB 132,000,000		The Export-Import Bank of Korea
		USD 80,000,000		Shinhan Bank Hong Kong
		USD 10,000,000		Shinhan Bank Vietnam
	CJ CGV VIETNAM CO., LTD.	VND 210,000,000,000		Standard Chartered Bank Vietnam
		USD 10,000,000	HSBC Vietnam	
		USD 10,000,000	Korea Development Bank Vietnam	
		USD 15,000,000	Hana Bank	
		USD 4,000,000	Korea Development Bank	
		USD 3,000,000	Shinhan Bank USA	
		USD 4,000,000	MADANG, LLC.	
CJ CGV America, Inc.	-	Guarantee on lease contracts payment fulfillment		
CJ 4DX (Beijing) Cinema Technology Co., Ltd.				
CJ 4DPLEX AMERICA, INC.				
CJ CGV America LA LLC.				
CJ 4DPlex Co., Ltd.	CJ 4DPLEX AMERICAS, LLC.	USD 2,000,000		Hana Bank

② The Group is provided with payment guarantee of ₩40,744 million from Seoul Guarantee Insurance Company related to the performance of contracts.

③ During 2014, the Group has entered into a stock purchase agreement with THEA Partners LLC. (the "THEA") to purchase the shares owned by THEA for USD 11,355,000 on or before December 31, 2017. The Group has measured the fair value of the stock purchase agreement based on Black-Scholes model and recognized gain on valuation of derivative financial assets amounting to ₩2,142 million in the statement of comprehensive income. Also, the Group provides a payment guarantee of up to USD 12,675,000 and ₩3,067 million in relation to borrowings of THEA.

(4) In accordance with an outstanding purchase commitment for the acquisition of the leasehold deposit, which was transferred according to the leasehold deposit transfer commitments with Dongyang multiplex private special mutual fund 1st, the Group repurchased the leasehold deposit of ₩160,000 million at fair value. The Group exercised the interest rate forwards held to hedge the risk of changes in the fair value of leasehold deposit at the time of repurchase and recognized gain on transaction of derivative financial assets amounting to ₩5,040 million as financial income on the consolidated statements of comprehensive income.

(5) The Group made a leasehold deposit transfer commitments with Dongyang multiplex private special mutual fund 2nd and transferred ₩190,000 million of leasehold deposits during 2015. Fees to be paid in the future for the use of buildings of which leasehold deposits were transferred are recognized as other payables of ₩7,538 million and long-term other payables of ₩25,705 million, respectively, as of December 31, 2015.

CJ CGV CO., LTD. AND SUBSIDIARIES
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19. Commitments and Contingencies, Continued

- (6) The Group has an outstanding purchase commitment for the acquisition of the leasehold deposit, which was transferred according to the leasehold deposit transfer commitments with Dongyang multiplex private special mutual fund 2nd during 2015, at fair value in August 28, 2018. The Group holds interest rate forwards to hedge the risk of changes in the fair value of leasehold deposit at the time of repurchase and has recognized gain on valuation of derivative financial assets amounting to ₩1,412 million as finance income in the statement of comprehensive income.
- (7) During 2012, the Group agreed with a private investment company (the "Investor") to invest in PT Graha Layer Prima Tbk. (the "PT GLP") which is a theater operator in Indonesia. The Group invested USD 15,250,000 in the convertible loan of PT GLP during 2012 and the Investor invested USD 15,250,000 in the convertible loan of PT GLP during 2013. During 2014, the Group acquired the stock of PT GLP by exercising the conversion right and reclassified the convertible loan to investments in associates. Disclosing the detailed information on investment may cause an adverse effect on the Group under the confidentiality agreement with the investor and PT GLP. As such, the Group does not disclose the specific information on investment details and plans.
- (8) The Parent Company has made a total return swap contract with the acquirer of non-guaranteed and subordinated convertible bonds (total face amount of ₩15,000 million) issued by Simuline Inc., a subsidiary of the Parent Company. According to the contract, the Parent Company should settle the difference derived from the change in the fair value of these convertible bonds when the acquirer sells these convertible bonds to a third-party at the third anniversary date of issuance date.

20. Share Capital

Share capital as of December 31, 2015 and 2014 are as follows:

<i>(In won, except share data)</i>	2015	2014
Number of shares authorized	100,000,000	100,000,000
Par value per share	₩ 500	500
Number of shares issued	21,161,313	21,161,313
Share capital	₩ 10,580,656,500	10,580,656,500

21. Capital Surplus

Capital surplus as of December 31, 2015 and 2014 are as follows:

<i>(In thousands of won)</i>	2015	2014
Additional paid-in capital	₩ 67,150,745	67,150,745
Gain on sales of treasury stock	22,006,500	22,006,500
	₩ 89,157,245	89,157,245

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22. Retained Earnings

(1) Retained earnings as of December 31, 2015 and 2014 are as follows:

<i>(In thousands of won)</i>	<u>2015</u>	<u>2014</u>
Legal reserve	₩ 10,871,361	10,130,715
Voluntary reserve	8,410,000	8,410,000
Unappropriated retained earnings	<u>308,567,792</u>	<u>266,091,079</u>
	₩ <u>327,849,153</u>	<u>284,631,794</u>

The Korean Commercial Code requires the Parent Company to appropriate a legal reserve in an amount equal to at least 10% of cash dividends for each accounting period until the reserve equals 50% of stated capital. The legal reserve can only be used for conservation of deficit or for capital transference by the resolution of general meeting of shareholders. In addition, when the total amount of legal reserve and voluntary reserve exceeds more than 1.5 times of the common stock, the Parent Company can reduce the legal reserve and the voluntary reserve within the scope of the amount that exceeds, by the resolution of general meeting of shareholders.

(2) Changes in retained earnings for the years ended December 31, 2015 and 2014 are as follows:

<i>(In thousands of won)</i>	<u>2015</u>	<u>2014</u>
Beginning balance	₩ 284,631,794	278,368,179
Dividends	(7,406,460)	(7,406,460)
Net income	52,199,239	16,019,849
- Less: Non-controlling interests	(255,332)	637,371
Owners of the Parent Company	51,943,907	16,657,220
Remeasurement loss of defined benefit plan	<u>(1,320,088)</u>	<u>(2,987,145)</u>
Ending balance	₩ <u>327,849,153</u>	<u>284,631,794</u>

23. Other Capital

(1) Other capital as of December 31, 2015 and 2014 are as follows:

<i>(In thousands of won)</i>	<u>2015</u>	<u>2014</u>
Other capital surplus	₩ 758,079	758,079
Capital adjustments	(7,506,936)	(6,428,838)
Accumulated other comprehensive income	<u>240,866</u>	<u>3,226,244</u>
	₩ <u>(6,507,991)</u>	<u>(2,444,515)</u>

(2) Capital adjustments as of December 31, 2015 and 2014 are as follows:

<i>(In thousands of won)</i>	<u>2015</u>	<u>2014</u>
Other capital adjustments	₩ (7,506,936)	(6,428,838)

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23. Other Capital, Continued

(3) Accumulated other comprehensive income (loss) as of December 31, 2015 and 2014 are as follows:

<i>(In thousands of won)</i>	<u>2015</u>	<u>2014</u>
Gain on valuation of available-for-sale financial assets	₩ 68,851	190,922
Foreign currency translation difference for foreign operations	(461,937)	2,363,920
Change in equity of equity method investments	633,952	671,402
	<u>₩ 240,866</u>	<u>3,226,244</u>

24. Issuance of Non-guaranteed and Subordinated Convertible Bonds of Subsidiary

During 2015, Simuline, Inc., a subsidiary, issued non-guaranteed and subordinated convertible bonds with face value of ₩15,000 million of which interest rate is 3.2% and maturity is August 25, 2045. As Simuline Inc. has the right to exercise early redemption after the second anniversary date of the issuance date, to extend the maturity under the same conditions at the date of maturity and to cease the payment of whole or partial interest without any restriction, it classified these convertible bonds as equity. The Group recorded these convertible bonds as non-controlling interest as the Group was substantially not obligated to pay the principal and interest of these convertible bonds.

25. Selling, General and Administrative Expenses

Details of selling, general and administrative expenses for the years ended December 31, 2015 and 2014 are as follows:

<i>(In thousands of won)</i>	<u>2015</u>	<u>2014</u>
Salaries	₩ 142,397,318	125,036,199
Employee benefits	7,970,538	9,111,369
Other employee benefits	19,815,517	17,225,518
Supplies	10,208,137	8,282,898
Travel	7,478,639	5,517,910
Rent	109,854,622	92,142,339
Depreciation	12,591,681	9,008,745
Amortization	7,858,771	8,987,891
Advertising	14,822,255	10,195,042
Sales promotion	8,618,233	7,980,733
Maintenance expenses for buildings	66,453,284	63,034,335
Commission	88,829,527	75,644,020
Other expenses	34,920,290	28,159,564
	<u>₩ 531,818,812</u>	<u>460,326,563</u>

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26. Nature of Expenses

Details of nature of expenses for the years ended December 31, 2015 and 2014 are as follows:

<i>(In thousands of won)</i>	<u>2015</u>	<u>2014</u>
Changes in inventories	₩ 76,117,481	68,976,908
Salaries	159,624,410	150,347,945
Employee benefits	9,708,365	11,167,630
Other employee benefits	21,641,290	18,151,092
Supplies	10,208,137	8,282,898
Rent	111,388,658	92,617,916
Depreciation	77,554,821	63,791,923
Amortization	31,324,703	18,682,711
Maintenance expenses for buildings	66,917,356	63,034,335
Commission	131,683,567	106,502,406
Other expenses	431,386,999	388,221,924
Total(*)	<u>₩ 1,127,555,787</u>	<u>989,777,688</u>

(*) The amount is the sum of cost of sales, selling, general and administrative expenses and development expenses(₩938,819 million) in the statement of comprehensive income.

27. Other Non-operating Income and Expenses

(1) Details of other non-operating income for the years ended December 31, 2015 and 2014 are as follows:

<i>(In thousands of won)</i>	<u>2015</u>	<u>2014</u>
Reversal of other bad debt expenses	₩ 35,693	-
Reversal of other provisions	23,000	-
Gain on disposal of property and equipment	8,864	603,452
Gain on disposal of other financial assets	1,398,932	-
Commission income	650,517	1,047,684
Rental income	70,269	76,983
Miscellaneous income	9,047,138	7,470,085
	<u>₩ 11,234,413</u>	<u>9,198,204</u>

(2) Details of other non-operating expenses for the years ended December 31, 2015 and 2014 are as follows:

<i>(In thousands of won)</i>	<u>2015</u>	<u>2014</u>
Other bad debt expenses	₩ -	327,262
Loss on disposal of property and equipment	6,219,886	3,648,228
Loss on disposal of intangible assets	403,904	4,652,189
Loss on disposal of other financial assets	98,121	866,120
Loss on disposal of inventories	26,679	-
Donations	2,832,553	2,989,577
Miscellaneous loss	3,015,592	5,960,411
	<u>₩ 12,596,735</u>	<u>18,443,787</u>

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28. Financial Instruments Income and Costs by Categories

- (1) Financial instruments income by categories for the years ended December 31, 2015 and 2014 are as follows:

<i>(In thousands of won)</i>	<u>2015</u>	<u>2014</u>
Interest income:		
Cash and cash equivalents	₩ 1,801,860	2,125,279
Loans and receivables	1,248,998	1,186,474
Foreign currency transaction gain:		
Cash and cash equivalents	818,412	548,137
Loans and receivables	1,161,864	542,717
Financial liabilities recognized at amortized cost	63,838	1,783,759
Foreign currency translation gain:		
Cash and cash equivalents	1,015,327	642,368
Loans and receivables	993,166	573,743
Financial liabilities recognized at amortized cost	685,837	201,399
Gain on valuation of short-term financial instruments	-	213,278
Gain on disposal of short-term financial instruments	434	-
Gain on valuation of derivative financial assets	13,101,114	11,877,545
Gain on transaction of derivative financial assets	5,085,709	1,554
	<u>₩ 25,976,559</u>	<u>19,696,253</u>
Other comprehensive income:		
Gain on valuation of available-for-sale financial assets	₩ -	176,707

- (2) Financial instruments costs by categories for the years ended December 31, 2015 and 2014 are as follows:

<i>(In thousands of won)</i>	<u>2015</u>	<u>2014</u>
Interest expense:		
Financial liabilities recognized at amortized cost	₩ 18,896,561	20,184,228
Foreign currency transaction loss:		
Cash and cash equivalents	66,733	84,360
Loans and receivables	2,418,920	605,257
Financial liabilities recognized at amortized cost	139,689	660,511
Foreign currency translation loss:		
Cash and cash equivalents	181,751	262,283
Loans and receivables	640,175	270,175
Financial liabilities recognized at amortized cost	4,138,742	2,919,638
Loss on disposal of available-for-sale financial assets	497	4,014
Impairment losses on available-for-sale financial assets	10,085	-
Loss on valuation of derivative financial assets	112,733	6,057,431
Loss on transaction of derivative financial assets	61,458	1,282,594
	<u>₩ 26,667,344</u>	<u>32,330,491</u>
Other comprehensive income:		
Loss on valuation of available-for-sale financial assets	₩ 113,753	65,863

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29. Income Tax Expense

- (1) The component of income tax expense for the years ended December 31, 2015 and 2014 are as follows:

<i>(In thousands of won)</i>		<u>2015</u>	<u>2014</u>
Current tax expense	₩	17,845,874	15,907,826
Adjustment for prior years		(585,952)	4,810,745
Origination and reversal of temporary differences		2,671,848	20,827
Changes in deferred tax due to tax deficit		(1,554,607)	(1,283,225)
Changes in deferred tax due to tax credits carryforward		1,789,691	(1,789,691)
Income tax recognized directly in equity		420,576	880,819
Total income tax expense	₩	<u>20,587,430</u>	<u>18,547,301</u>

In accordance with Cash Reserve Taxation which is effective for the three years from January 1, 2015 to December 31, 2017, if utilization of current taxable income for facility investment, increase in employee's salary, or dividend distribution does not reach the required level, Cash Reserve Tax is additionally imposed. Estimation of the income tax expense at year-end involves estimation of taxable income, as well as facility investment, salary increases and dividend distributions for the future periods subject to Cash Reserve Taxation, hence uncertainty on estimation of income tax expense exists as the actual amounts may differ from these estimates. The Group utilized current taxable income over the utilization threshold under Cash Reserve Taxation during 2015.

- (2) Income taxes recognized directly in other comprehensive income (loss) for the years ended December 31, 2015 and 2014 are as follows:

<i>(In thousands of won)</i>		<u>2015</u>		<u>2014</u>	
		<u>Other comprehensive income (loss)</u>	<u>Deferred tax assets (liabilities)</u>	<u>Other comprehensive income (loss)</u>	<u>Deferred tax assets (liabilities)</u>
Gain (loss) on valuation of available-for-sale financial assets	₩	(113,753)	-	110,844	-
Remeasurement loss of defined benefit plan		(1,749,746)	420,576	(3,924,236)	880,819
Change in equity of equity method investments		(37,450)	-	1,060,585	-
	₩	<u>(1,900,949)</u>	<u>420,576</u>	<u>(2,752,807)</u>	<u>880,819</u>

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29. Income Tax Expense, Continued

(3) Reconciliation of effective tax rate for the years ended December 31, 2015 and 2014 are as follows:

<i>(In thousands of won)</i>		<u>2015</u>	<u>2014</u>
Income before income taxes	₩	72,786,668	34,567,150
Income tax expense using the Group's statutory tax rate		17,152,374	7,903,250
Adjustments:			
- Non-deductible expense		915,763	1,260,787
- Non-taxable income		(4,781)	(93,124)
- Tax credit		(34,143)	(609,181)
- Unrecognized deferred tax on temporary differences		4,929,547	2,571,868
- Current-year tax deficit for which no deferred tax asset is recognized		-	3,141,174
- Recognition of previously unrecognised deferred tax asset		(3,157,732)	-
- Adjustments for prior years		(585,952)	4,810,745
- Others		1,372,354	(438,218)
Income tax expenses	₩	<u>20,587,430</u>	<u>18,547,301</u>
Average effective tax rate		28.28%	53.66%

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29. Income Tax Expense, Continued

- (4) Changes in deferred income tax assets (liabilities) for the year ended December 31, 2015 are as follows:

(In thousands of won)

		2015		
		Temporary differences	Deferred tax assets (liabilities)	
		Ending balance	Beginning balance	Ending balance
Investments in associates	₩	(11,420,288)	(1,004,326)	(2,371,194)
Allowance for doubtful accounts		2,593,248	1,005,827	626,724
Accrued retirement and severance benefits		3,429,338	628,944	754,454
Depreciation		7,653,467	479,538	1,061,471
Amortization		5,694,095	821,056	1,214,828
Gain (loss) on valuation of derivative financial assets		(4,321,046)	(51,771)	(1,045,692)
Loss on valuation of inventories		364,905	80,528	80,279
Impairment loss on intangible assets		790,219	192,640	191,233
Accrued income		(107,237)	(28,168)	(25,592)
Accrued expenses		1,124,006	155,173	204,041
Foreign currency translation		(116,504)	(17,808)	(25,631)
Goodwill		(2,870,644)	(694,696)	(694,696)
Lands		(52,828,873)	(12,784,587)	(12,784,587)
Other provision		4,600,000	1,902,205	1,113,200
Other intangible assets		(1,557,285)	(447,276)	(389,321)
Others		(5,976,421)	456,545	(1,542,086)
		<u>(52,949,020)</u>	<u>(9,306,176)</u>	<u>(13,632,569)</u>
Tax loss carryforward		17,048,383	5,337,211	3,750,644
Tax credits carryforward		-	2,421,120	3,500,734
		<u>(35,900,637)</u>	<u>(1,547,845)</u>	<u>(6,381,191)</u>
Unrecognizes deferred tax assets(*)			<u>(5,457,742)</u>	<u>(3,531,328)</u>
	₩		<u>(7,005,587)</u>	<u>(9,912,519)</u>

- (*) Deferred tax assets of ₩3,531 million for temporary differences related to investments in subsidiaries and associates were not recognized, as it is not probable that the temporary differences will be reversed in the foreseeable future.

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29. Income Tax Expense, Continued

- (5) Changes in deferred income tax assets (liabilities) for the year ended December 31, 2014 are as follows:

(In thousands of won)

		2014		
		Temporary differences	Deferred tax assets (liabilities)	
		Ending balance	Beginning balance	Ending balance
Investments in associates	₩	(5,648,682)	(81,436)	(1,004,326)
Allowance for doubtful accounts		4,181,182	1,066,352	1,005,827
Accrued retirement and severance benefits		2,808,086	26,852	628,944
Depreciation		3,888,886	(494,937)	479,538
Amortization		3,855,121	(173,154)	821,056
Gain (loss) on valuation of derivative financial assets		(213,928)	1,204,431	(51,771)
Loss on valuation of inventories		366,035	186,242	80,528
Impairment loss on property and equipment		2	139	-
Impairment loss on intangible assets		796,035	195,875	192,640
Accrued income		(122,233)	(28,276)	(28,168)
Accrued expenses		843,405	65,124	155,173
Foreign currency translation		(80,945)	7,085	(17,808)
Goodwill		(2,870,644)	(1,813,918)	(694,696)
Lands		(52,828,873)	(12,784,587)	(12,784,587)
Other provision		7,860,353	1,113,200	1,902,205
Other intangible assets		(1,789,105)	(505,231)	(447,276)
Others		2,135,757	159,023	456,545
		(36,819,548)	(11,857,216)	(9,306,176)
Tax loss carryforward		24,245,916	912,812	5,337,211
Tax credits carryforward		-	-	2,421,120
		(12,573,632)	(10,944,404)	(1,547,845)
Unrecognizes deferred tax assets(*)			886,728	(5,457,742)
	₩		(10,057,676)	(7,005,587)

(*) Deferred tax liabilities of ₩5,458 million for temporary differences related to investments in subsidiaries and associates were not recognized, as it is not probable that the temporary differences will be reversed in the foreseeable future.

- (6) As of December 31, 2015, tax effects of temporary differences are calculated by expected tax rate of the fiscal year when the temporary differences are expected to reverse.
- (7) The aggregate amounts of deferred tax assets and liabilities as of December 31, 2015 and 2014 are as follows:

(In thousands of won)

		2015	2014
Deferred tax assets	₩	7,456,972	13,480,787
Deferred tax liabilities		(17,369,491)	(20,486,374)
	₩	(9,912,519)	(7,005,587)

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30. Earnings per Share

(1) Basic earnings per share

Basic earnings per share for the years ended December 31, 2015 and 2014 are calculated as follows:

<i>(In won, except share information)</i>	<u>2015</u>	<u>2014</u>
Profit attributable to owners of the Parent Company	₩ 51,943,906,729	16,657,220,156
Weighted average number of ordinary shares	<u>21,161,313</u>	<u>21,161,313</u>
Basic earnings per share	₩ <u>2,455</u>	<u>787</u>

(2) Diluted earnings per share

① Diluted earnings per share for the years ended December 31, 2015 and 2014 are calculated as follows:

<i>(In won, except share information)</i>	<u>2015</u>	<u>2014</u>
Basic profit attributable to owners of the Parent Company	₩ 51,943,906,729	16,657,220,156
Adjustment to profit	<u>-</u>	<u>-</u>
Diluted profit attributable to owners of the Parent Company	51,943,906,729	16,657,220,156
Diluted weighted average number of ordinary shares	<u>21,161,313</u>	<u>21,162,962</u>
Diluted earnings per share	₩ <u>2,455</u>	<u>787</u>

② Diluted weighted average number of ordinary shares for the years ended December 31, 2015 and 2014 are as follows:

<i>(In share)</i>	<u>2015</u>	<u>2014</u>
Weighted average number of ordinary shares	21,161,313	21,161,313
Effect of stock options	<u>-</u>	<u>1,649</u>
Diluted weighted average number of ordinary shares	<u>21,161,313</u>	<u>21,162,962</u>

The average market value of the Group's shares for the purpose of calculating the dilutive effect of stock options was based on the quoted market price at the end of the year.

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31. Unconsolidated Structured Entity

Detail of unconsolidated structured entity which the Group sponsors as of December 31, 2015 is as follows:

(In thousands of won)

<u>Name</u>	<u>Form of involvement</u>	<u>Type of returns</u>	<u>Carrying amount of transferred assets</u>
THEA Partners L.L.C	Payment Guarantee	-	-

During 2014, the Group entered into a stock purchase agreement with THEA Partners LLC. (the "THEA") to purchase the shares owned by THEA. The Group has provided payment guarantee of up to USD 12,675,000 and ₩3,067 million in relation to the borrowings of THEA.

As the Group does not hold any ownership interests in this entity, and does not have rights to affect the returns from these shares, the Group did not classify this entity as a subsidiary.

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32. Related Parties

(1) Parent company and subsidiaries

① The Group's ultimate parent company is CJ Corp. and the Group's subsidiaries as of December 31, 2015 are as follows:

Location	Subsidiaries	
Korea	CJ 4DPlex Co., Ltd. Simuline Inc.	CJ 4DX (Beijing) Cinema Technology Co., Ltd. CJ 4DPLEX AMERICA, INC. CJ 4DPLEX AMERICAS, LLC. SIMULINE(HONG KONG) LIMITED SIMULINE(CHINA) LIMITED
United States Hong Kong / China	CJ CGV America, Inc. CGI Holdings Ltd.	CJ CGV America LA LLC. CJ CGV(Shanghai) Enterprise Management Co., Ltd. UVD Enterprise Ltd. PanJin CGV Cinema Co., Ltd. CJ CGV (Shang Hai) Film International Cineplex Co., Ltd. CJ CGV (Shen Yang) Film International Cineplex Co., Ltd. CJ CGV (Harbin) International Cinema Co., Ltd. Vietnam Cinema 1 Company Ltd. ShangHai C Media Co., Ltd. CGV (Changsha) Cinema Co., Ltd. YANTAI CGV CINEMA CO., LTD. CGV (BEIJING) INTERNATIONAL CINEMA CO., LTD. ZIBO CGV CINEMA CO., LTD. CGV (TianJin) Cinema Co., Ltd. CGV (HuaiAn) Cinema Co., Ltd. Liaoning CGV Cinema Co., Ltd. CGV (Tangshan) Cinema Co., Ltd. CGV Orsun (WuHan) Cinema Co., Ltd. Wuhu CGV Cinema Co., Ltd. CGV (Chengdu) Cinema Co., Ltd. CGV (Chongqing) Cinema Co., Ltd. YuYao CGV Cinema Co., Ltd. CGV TianHe (WuHan) Cinema Co., Ltd. Jiangmen CGV Cinema Co., Ltd. Jiangsu CGV Cinema Investment Co., Ltd. CGV (Changzhou) Cinema Co., Ltd. Henan CGV Cinema Co., Ltd. CGV (Qingdao) Cinema Co., Ltd. NEIMENGGU CGV CINEMA CO., LTD. DaLian CGV Cinema Co., Ltd. CJ CGV (Hubei) Cinema Co., Ltd. CGV (Xian) Cinema Co., Ltd. Ganzhou CGV Cinema Co., Ltd. Yanji CGV Cinema Co., Ltd. CJ CGV (Sichuan) Cinema Co., Ltd. Yunnan CGV Cinema Co., Ltd. Fuzhou CGV Cinema Co., Ltd. CJ CGV VIETNAM CO., LTD.
British Virgin Islands / Vietnam Singapore	Envoy Media Partners Ltd. Cross Junction Investment Co., Pte. Ltd. Crown Jade Company Pte. Ltd.	- -

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32. Related Parties, Continued

(1) Parent company and subsidiaries, continued

② Related parties which have transactions or outstanding balances with the Group as of December 31, 2015 are as follows:

Relationship	Name
Associates	SSV Contents Investment Association PT Graha Layar Prima Tbk. CJ VIETNAM COMPANY LIMITED (formerly, Maritime Tower Co., Ltd.) Foshan XingXing CJ Cinema Co., Ltd.
Joint ventures	IBK Financial Group Union Contents Investment D-Cinema Korea Co., Ltd. CJ XingXing (TJ) International Cinema Co., Ltd. Myanmar Cineplex Co., Ltd. ChangSha CJ XingXing Cinema Co., Ltd. Zhongshan CJ Xingxing Cinema Co., Ltd. Ningbo Culture Plaza CJ Cinema Co., Ltd. CJ Xingxing (Shanghai) Cinema Co., Ltd. CJ Xingxing (FSH) Cinema Co., Ltd. CGV EMPIRE SDN. BHD Wuhan CJ XingXing Tiandi Cinema Co., Ltd. Shanghai Shangying CGV Xinzhuang Cinema Co., Ltd. Beijing CJ Xingxing Olympic International Cinema Co., Ltd. Shanghai Shangying CGV Cinema Co., Ltd.
Other related companies	CJ Cheiljedang Corp. CJ HealthCare Corporation CJ Freshway Corporation CJ Foodvill Co., Ltd. CJ Dondonfarm Co., Ltd. CJ Sea Food Co., Ltd. WON JI CJ O Shopping Co., Ltd. CJ Worldis Co., Ltd. CJ Hellovision Co., Ltd. CJ Telenix Co., Ltd. SUPERRACE CJ Korea Express Co., Ltd. CJ Powercast Inc. Art service Co., Ltd. CJ E&M Corp. MEZZOMEDIA Inc. Netmarble Games Corporation CJ OliveNetworks Co., Ltd. CJ Construction Co., Ltd. CJ MD1 Corp. CJ Shenyang Feed Co., Ltd. CJ Qingdao Foods Co., Ltd. Fides Food System Co., Ltd. SCJ TV Shopping Co., Ltd. CJ korea express TIANJIN Co., Ltd. CJ Olive Young(Shanghai) Corporation CJ E&M Vietnam Co., Ltd.

CJ CGV CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

32. Related Parties, Continued

(1) Parent company and subsidiaries, continued

② Related parties which have transactions or outstanding balances with the Group as of December 31, 2015 are as follows, continued:

Relationship	Name
Other related companies	Shanghai Yiheya Media Co., Ltd. ImaginAsian Entertainment, Inc. CJ E&M America, Inc. CJ America, Inc. CJ Beijing Bakery Co., Ltd. CJ Entertainment America L.L.C CJ International Trading Corp. Joy Rent a Car Co., Ltd. CNI Leisure Co., Ltd. JS Communications Co., Ltd. Cinema Service Co., Ltd. CJ IMC co., ltd. CJ korea express Freight Vietnam Co., Ltd. CJ korea express U.S.A. Corporation KUMHO LOGISTICS SHANGHAI CO., LTD. KOREA EXPRESS SHANGHAI CO., LTD. CJ E&M Tianjin Co., Ltd. CJ China, Ltd. CJ Bakery Vietnam Co., Ltd. CJ CHINA CONSULTING., LTD. Timewise Investment

CJ CGV CO., LTD. AND SUBSIDIARIES
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For the years ended December 31, 2015 and 2014

32. Related Parties, Continued

(2) Significant transactions which occurred in the normal course of business with related companies for the year ended December 31, 2015 are summarized as follows:

(In thousands of won)

Relationship	Name	Revenue	Other revenue	Dividends revenue	Purchase	Acquisition of property and equipment	Acquisition of intangible assets	Other purchase	Dividends paid
Parent	CJ Corp.	₩ 41,080	-	-	-	-	9,615	3,686,200	2,889,950
Associates	PT Graha Layar Prima Tbk.	1,339,673	2,640	-	-	-	-	-	-
	CJ VIETNAM COMPANY LIMITED (formerly, Maritime Tower Co., Ltd.)	-	-	-	-	-	-	596,217	-
	Foshan XingXing CJ Cinema Co., Ltd.	254,587	-	-	1,691	-	-	-	-
Joint ventures	D-Cinema Korea Co., Ltd.	-	-	-	672,190	-	-	130,620	-
	CJ XingXing (TJ) International Cinema Co., Ltd.	116,849	-	-	22,236	-	-	34,468	-
	ChangSha CJ XingXing Cinema Co., Ltd.	40,278	-	-	9,934	-	-	-	-
	Zhongshan CJ Xingxing Cinema Co., Ltd.	177,247	-	-	16,358	-	-	-	-
	Ningbo Culture Plaza CJ Cinema Co., Ltd.	184,150	-	-	2,880	-	-	-	-
	CJ Xingxing (Shanghai) Cinema Co., Ltd.	136,749	-	103,418	23,780	-	-	3,537	-
	CJ Xingxing (FSH) Cinema Co., Ltd.	65,903	-	131,613	11,588	-	-	24,902	-
	Wuhan CJ XingXing Tiandi Cinema Co., Ltd.	30,278	-	192,874	16,117	-	-	6,367	-
	Shanghai Shangying CGV Xinzhuang Cinema Co., Ltd.	-	-	945,185	25,161	-	-	12,522	-
	Beijing CJ Xingxing Olympic International Cinema Co., Ltd	471,127	-	-	49,112	-	-	55,473	-
	Shanghai Shangying CGV Cinema Co., Ltd.	139,525	-	758,230	20,931	-	-	13,417	-
Other related companies	CJ Cheiljedang Corp.	176,838	469,704	-	85,254	-	-	5,719,817	-
	CJ HealthCare Corporation	30,350	33,713	-	-	-	-	7,884	-
	CJ Freshway Corporation	26,302	176,490	-	27,802,342	-	-	87,305	-
	CJ Foodvill Co., Ltd.	3,718,653	66,643	-	4,508,836	372,058	50,000	5,140,308	-
	CJ Dondonfarm Co., Ltd.	312	-	-	-	-	-	-	-
	CJ Sea Food Co., Ltd.	1,035	-	-	-	-	-	-	-
	CJ O Shopping Co., Ltd.	591,107	639,526	-	-	-	-	33,350	-
	CJ Worldis Co., Ltd.	2,087	345	-	-	-	-	1,255	-
	CJ Hellovision Co., Ltd.	38,909	107	-	-	-	-	693	-

CJ CGV CO., LTD. AND SUBSIDIARIES
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For the years ended December 31, 2015 and 2014

32. Related Parties, Continued

(2) Significant transactions which occurred in the normal course of business with related companies for the year ended December 31, 2015 are summarized as follows, continued:

(In thousands of won)

Relationship	Name	Revenue	Other revenue	Dividends revenue	Purchase	Acquisition of property and equipment	Acquisition of intangible assets	Other purchase	Dividends paid
Other related companies	CJ Telenix Co., Ltd.	₩ 5,547	23,950	-	-	-	-	1,910,694	-
	SUPERRACE	991	-	-	-	-	-	100,000	-
	CJ Korea Express Co., Ltd.	56,919	416,866	-	300,812	283,648	-	311,034	-
	CJ Powercast Inc.	525,948	20,254	-	6,387	14,800	145,920	3,295,585	-
	Art service Co., Ltd.	15,591	-	-	-	-	-	-	-
	Cinema Service Co., Ltd.	1,273	-	-	-	-	-	-	-
	CJ E&M Corp.	4,486,069	1,422,979	-	56,044,512	-	590,000	1,742,592	-
	MEZZOMEDIA Inc.	1,999	-	-	-	-	-	-	-
	Netmarble Games Corporation	654	1,794	-	-	-	-	-	-
	CJ OliveNetworks Co., Ltd.	473,985	421,847	-	22,180	515,161	5,872,561	24,970,794	-
	CJ Construction Co., Ltd.	20,719	31,319	-	20,687	-	-	1,348,829	-
	CJ MD1 Corp.	1,011	-	-	-	-	-	-	-
	CJ Shenyang Feed Co., Ltd.	-	6,634	-	-	-	-	-	-
	CJ Qingdao Foods Co., Ltd.	-	-	-	92,993	-	-	-	-
	Fides Food System Co., Ltd.	-	-	-	-	-	-	14,964	-
	CJ IMC co., Ltd.	-	-	-	135	253,767	-	-	-
	CJ korea express Freight Vietnam Co., Ltd.	-	-	-	-	179,468	-	-	-
	SCJ TV Shopping Co. Ltd.	-	1,224	-	-	-	-	116,099	-
	CJ korea express U.S.A. Corporation	-	-	-	-	-	37,058	-	6,748
	CJ korea express TIANJIN Co., Ltd.	-	-	-	29,051	-	-	-	264,098
	KUMHO LOGISTICS SHANGHAI CO., LTD.	-	-	-	42,762	50,473	-	-	90,420
	KOREA EXPRESS SHANGHAI CO., LTD.	-	-	-	-	-	-	-	43,912
	CJ Olive Young(Shanghai) Corporation	-	-	-	77,768	963,847	2,323,032	1,326,369	-
CJ E&M Tianjin Co., Ltd.	149,164	-	-	-	-	-	-	-	
CJ E&M Vietnam Co., Ltd.	-	19,572	-	10,478	-	-	-	-	
Shanghai Yiheya Media Co., Ltd.	-	-	-	-	-	-	-	4,480	

CJ CGV CO., LTD. AND SUBSIDIARIES
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For the years ended December 31, 2015 and 2014

32. Related Parties, Continued

(2) Significant transactions which occurred in the normal course of business with related companies for the year ended December 31, 2015 are summarized as follows, continued:

(In thousands of won)

Relationship	Name	Revenue	Other revenue	Dividends revenue	Purchase	Acquisition of property and equipment	Acquisition of intangible assets	Other purchase	Dividends paid
Other related companies	ImaginAsian Entertainment, Inc.	₩ -	15,105	-	-	-	-	-	-
	CJ E&M America, Inc.	-	-	-	-	-	-	3,833,288	-
	CJ America, Inc.	-	-	-	-	-	-	382	-
	CJ China, Ltd.	-	-	-	-	-	-	139,448	-
	CJ Beijing Bakery Co., Ltd.	-	2,142	-	25,610	-	-	-	-
	CJ Bakery Vietnam Co., Ltd.	-	-	-	39,286	-	-	7,912	-
	CJ CHINA CONSULTING., LTD.	-	-	-	-	-	-	342,780	-
	CJ Entertainment America L.L.C	-	-	-	110,045	-	-	27,539	-
	CJ International Trading Corp.	-	-	-	706,984	-	-	92,304	-
	Joy Rent a Car Co., Ltd.	-	-	-	-	-	-	251,953	-
	CNI Leisure Co., Ltd.	3,199	-	-	-	-	-	560,266	-
	JS Communications Co., Ltd.	79,030,734	-	-	-	-	15,000	613,440	-
	Timewise Investment	200	-	-	-	-	-	-	-
	₩	<u>92,357,042</u>	<u>3,772,854</u>	<u>2,131,320</u>	<u>90,798,100</u>	<u>2,670,280</u>	<u>9,006,128</u>	<u>56,970,265</u>	<u>2,889,950</u>

CJ CGV CO., LTD. AND SUBSIDIARIES
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For the years ended December 31, 2015 and 2014

32. Related Parties, Continued

(3) Significant transactions which occurred in the normal course of business with related companies for the year ended December 31, 2014 are summarized as follows:

(In thousands of won)

Relationship	Name	Revenue	Other revenue	Dividends revenue	Purchase	Acquisition of property and equipment	Acquisition of intangible assets	Other purchase	Dividends paid
Parent	CJ Corp.	₩ 45,786	-	-	-	9,246	-	3,534,711	2,889,950
Associates	PT Graha Layar Prima Tbk.	-	1,062,708	-	-	-	-	-	-
	CJ VIETNAM COMPANY LIMITED (formerly, Maritime Tower Co., Ltd.)	-	-	-	135,250	-	-	-	-
Joint ventures	D-Cinema Korea Co., Ltd.	-	-	-	-	-	-	436,820	-
	Shanghai Shangying CGV Xinzhuang Cinema Co., Ltd.	-	-	606,701	-	-	-	81,277	-
	Wuhan CJ XingXing Tiandi Cinema Co., Ltd.	301,208	-	237,577	-	-	-	38,042	-
	Shanghai Shangying CGV Cinema Co., Ltd.	-	-	558,441	-	-	-	64,643	-
	Beijing CJ Xingxing Olympic International Cinema Co., Ltd.	357,613	-	-	-	-	-	96,333	-
	CJ Xingxing (Shanghai) Cinema Co., Ltd.	120,469	-	-	-	-	-	20,244	-
	Ningbo Culture Plaza CJ Cinema Co., Ltd.	61,302	-	-	-	-	-	7,094	-
	CJ XingXing (TJ) International Cinema Co., Ltd.	310,684	-	-	-	-	-	14,406	-
	CJ Xingxing (FSH) Cinema Co., Ltd.	172,917	-	-	-	-	-	11,085	-
	Zhongshan CJ Xingxing Cinema Co., Ltd.	29,136	-	-	-	-	-	1,560	-
	CGV EMPIRE SDN. BHD	176,176	-	-	-	-	-	-	-
Other related companies	CJ E&M Corp.	5,033,517	2,489,389	-	70,837,523	58,000	-	2,273,403	-
	CJ Cheiljedang Corp.	158,484	817,993	-	93,707	-	-	5,492,663	-
	CJ Freshway Corporation	12,664	351,256	-	27,782,197	-	-	94,540	-
	CJ Foodvill Co., Ltd.	2,164,876	4,291,143	-	4,430,103	291,698	-	5,557,107	-
	CJ O Shopping Co., Ltd.	334,184	4,045,632	-	-	32,020	-	117,242	-
	CJ Worldis Co., Ltd.	-	4,526	-	-	-	-	2,400	-
	CJ HelloVision Co., Ltd.	27,463	723,685	-	-	-	-	12,907	-
	CJ HelloVision Honam Broadcasting Co., Ltd.	471	-	-	-	-	-	-	-
	CJ Hellovision Daegu Suseong Broadcasting Co., Ltd.	739	-	-	-	-	-	-	-

CJ CGV CO., LTD. AND SUBSIDIARIES
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For the years ended December 31, 2015 and 2014

32. Related Parties, Continued

(3) Significant transactions which occurred in the normal course of business with related companies for the year ended December 31, 2014 are summarized as follows, continued:

(In thousands of won)

Relationship	Name	Revenue	Other revenue	Dividends revenue	Purchase	Acquisition of property and equipment	Acquisition of intangible assets	Other purchase	Dividends paid
Other related companies	CJ Telenix Co., Ltd.	₩ 2,386	31,411	-	19,561	-	-	1,894,987	-
	CJ Powercast Inc.	648,835	27,292	-	6,800	108,389	-	2,858,656	-
	Art service Co., Ltd.	-	48,017	-	-	-	-	-	-
	CJ OliveNetworks Co., Ltd.	189,807	2,355,071	-	1,227,212	4,362,265	121,282	23,775,207	-
	CJ Construction Co., Ltd.	9,297	58,538	-	15,655	3,277,700	-	312,421	-
	CJ Sea Food Co., Ltd.	344	-	-	-	-	-	-	-
	Joy Rent a Car Co., Ltd.	-	-	-	234,136	-	-	-	-
	JS Communications Co., Ltd.	68,875,374	-	-	735,144	-	88,400	-	-
	CNI Leisure Co., Ltd.	1,626	-	-	502,423	-	-	-	-
	CJ Korea Express Co., Ltd.	53,419	660,647	-	9,353	523,500	-	366,244	-
	CJ EDUCATIONS CORPORATION	40,814	578	-	-	-	-	-	-
	CJ HealthCare Corporation	4,790	60,803	-	-	-	-	946	-
	CJ Entertainment America LLC.	1,978	-	-	4,773	-	-	5,461	-
	CJ Beijing Bakery Co., Ltd.	-	-	-	12,537	-	-	-	-
	CJ E&M America, Inc.	-	-	-	-	-	-	2,016,243	-
	CJ Qingdao Foods Co., Ltd.	-	-	-	105,605	-	-	6,411	-
	CJ korea express TIANJIN Co., Ltd.	-	-	-	27,286	-	-	285,206	-
	KUMHO LOGISTICS SHANGHAI CO., LTD.	-	-	-	53,492	-	-	32,091	-
	CJ International Trading Co., Ltd.	-	-	-	339,932	-	-	49,003	-
	CJ Venture Investment	80	-	-	-	-	-	-	-
	Cinema Service Co., Ltd.	-	492	-	-	-	-	-	-
	CJ China, Ltd.	-	-	-	-	-	-	117,460	-
	CJ E&M Tianjin Co., Ltd.	339,609	-	-	-	-	-	-	-
CJ CHINA CONSULTING., LTD.	-	-	-	299,366	527,311	-	1,825,908	-	
KOREA EXPRESS U.S.A. INC.	-	-	-	-	13,028	-	-	-	
		₩ 79,476,048	17,029,181	1,402,719	106,872,055	9,203,157	209,682	51,402,721	2,889,950

CJ CGV CO., LTD. AND SUBSIDIARIES
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For the years ended December 31, 2015 and 2014

32. Related Parties, Continued

(4) Account balances with related companies as of December 31, 2015 are summarized as follows:

(In thousands of won)

Relationship	Name		Trade receivables	Deposits	Loans	Other receivables	Trade payables	Deposits received	Other liabilities	Borrowings
Parent	CJ Corp.	₩	5,278	-	-	557	-	-	387,388	-
Associates	PT Graha Layar Prima Tbk.		1,803,063	-	-	949,761	-	-	-	-
	CJ VIETNAM COMPANY LIMITED (formerly, Maritime Tower Co., Ltd.)		-	-	-	-	-	-	3,890	-
	Foshan XingXing CJ Cinema Co., Ltd.		296,130	-	-	-	-	-	-	-
Joint ventures	D-Cinema Korea Co., Ltd.		-	-	-	-	-	-	113,925	-
	CJ XingXing (TJ) International Cinema Co., Ltd.		-	-	-	-	-	-	-	2,098,925
	Ningbo Culture Plaza CJ Cinema Co., Ltd.		414,946	-	-	-	-	-	-	-
	CJ Xingxing (FSH) Cinema Co., Ltd.		-	-	-	-	-	-	-	1,049,462
	CGV EMPIRE SDN. BHD		-	-	-	26,423	-	-	-	-
	Shanghai Shangying CGV Xinzhuang Cinema Co., Ltd.		-	-	-	933,624	-	-	-	-
	Beijing CJ Xingxing Olympic International Cinema Co., Ltd.		348,581	-	-	-	-	-	-	5,326,599
	Shanghai Shangying CGV Cinema Co., Ltd.		9,442	-	-	748,956	-	-	-	-
Other related companies	CJ Cheiljedang Corp.		113,891	389,929	-	433,298	479	-	1,230,399	-
	CJ HealthCare Corporation		31,232	-	-	27,643	-	-	392	-
	CJ Freshway Corporation		25,070	-	-	98,870	10,389,900	-	20,146	-
	CJ Foodvill Co., Ltd.		201,003	110,000	-	1,134,230	1,135,225	860,000	1,973,705	-
	CJ Dondonfarm Co., Ltd.		228	-	-	5	-	-	-	-
	CJ Sea Food Co., Ltd.		4,612	-	-	1,047	-	-	-	-
	WON JI		1,989	-	-	288	-	-	-	-
	CJ O Shopping Co., Ltd.		42,865	-	-	1,149,817	-	330,000	1,306,753	-
	CJ Worldis Co., Ltd.		-	-	-	551	-	-	5,598	-
	CJ Hellovision Co., Ltd.		15,518	-	-	212,736	-	-	42,796	-

CJ CGV CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

32. Related Parties, Continued

(4) Account balances with related companies as of December 31, 2015 are summarized as follows, continued:

(In thousands of won)

Relationship	Name		Trade receivables	Deposits	Loans	Other receivables	Trade payables	Deposits received	Other liabilities	Borrowings
Other related companies	CJ Telenix Co., Ltd.	₩	22,881	-	-	11,519	-	-	194,274	-
	SUPERRACE		285	-	-	88	-	-	-	-
	CJ Korea Express Co., Ltd.		61,250	-	-	240,191	59,216	-	16,265	-
	CJ Powercast Inc.		184,557	-	-	6,238	-	-	333,240	-
	Art service Co., Ltd.		625	-	-	594	-	-	-	-
	CJ E&M Corp.		481,300	-	-	725,683	7,981,276	613,120	1,170,047	-
	MEZZOMEDIA Inc.		2,459	-	-	648	-	-	1,350	-
	Netmarble Games Corporation		-	-	-	618	-	-	-	-
	CJ OliveNetworks Co., Ltd.		27,911,167	-	-	1,634,306	38,609	60,000	8,380,648	-
	CJ Construction Co., Ltd.		8,625	-	-	3,800,357	-	-	1,138,722	-
	CJ MD1 Corp.		1,786	-	-	558	-	-	-	-
	CJ Shenyang Feed Co., Ltd.		-	-	17,001,359	-	-	-	-	-
	CJ Qingdao Foods Co., Ltd.		-	-	-	-	13,062	-	-	-
	Fides Food System Co., Ltd.		-	-	-	-	-	-	10,963	-
	CJ IMC co.,Ltd.		-	-	-	-	-	-	112,488	-
	CJ korea express Freight Vietnam Co., Ltd.		-	-	-	-	-	-	34,324	-
	SCJ TV Shopping Co. Ltd.		-	-	-	-	-	-	82,047	-
	CJ korea express U.S.A. Corporation		-	-	-	-	-	-	38,385	-
	CJ korea express TIANJIN Co., Ltd.		-	-	-	-	-	-	113,643	-
	KUMHO LOGISTICS SHANGHAI CO., LTD.		-	-	-	-	-	-	43,861	-
	CJ Olive Young(Shanghai) Corporation		-	-	-	-	69,190	-	34,287	-
	CJ E&M Vietnam Co., Ltd.		16,978	-	-	-	10,600	-	-	-
	Shanghai Yiheya Media Co., Ltd.		-	-	-	-	-	-	4,722	-
	ImaginAsian Entertainment, Inc.		15,646	-	-	-	-	-	-	-
	CJ E&M America, Inc.		-	-	-	-	-	-	728,106	-

CJ CGV CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

32. Related Parties, Continued

(4) Account balances with related companies as of December 31, 2015 are summarized as follows, continued:

(In thousands of won)

Relationship	Name		Trade receivables	Deposits	Loans	Other receivables	Trade payables	Deposits received	Other liabilities	Borrowings
Other related companies	CJ America, Inc.	₩	2,813	-	-	-	-	-	6,451	-
	CJ Beijing Bakery Co., Ltd.		-	-	-	-	225	-	-	-
	CJ Bakery Vietnam Co., Ltd.		94	-	-	-	-	-	-	-
	CJ Entertainment America L.L.C		-	-	-	-	53,055	-	501	-
	CJ International Trading Corp.		-	-	-	-	79,114	-	45,801	-
	Joy Rent a Car Co., Ltd.		-	-	-	-	-	-	24,802	-
	CNI Leisure Co., Ltd.		1,267	-	-	198	-	-	74,859	-
	JS Communications Co., Ltd.		25,334,652	-	-	-	-	-	159,548	-
	Timewise Investment		72	-	-	-	-	-	-	-
		₩	<u>57,360,305</u>	<u>499,929</u>	<u>17,001,359</u>	<u>12,138,804</u>	<u>19,829,951</u>	<u>1,863,120</u>	<u>17,834,326</u>	<u>8,474,986</u>

CJ CGV CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

32. Related Parties, Continued

(5) Account balances with related companies as of December 31, 2014 are summarized as follows:

(In thousands of won)

Relationship	Name	Trade receivables	Deposits	Other receivables	Trade payables	Deposits received	Other liabilities	Borrowings
Parent	CJ Corp.	₩ 2,988	-	4,159	-	-	367,010	-
Associates	PT Graha Layar Prima Tbk.	-	-	1,678,948	-	-	-	-
	CJ VIETNAM COMPANY LIMITED (formerly, Maritime Tower Co., Ltd.)	-	-	-	2,474	-	-	-
Joint ventures	D-Cinema Korea Co., Ltd.	-	-	-	-	-	79,893	-
	CGV EMPIRE SDN. BHD	175,872	-	3,405	-	-	-	-
	CJ XingXing (TJ) International Cinema Co., Ltd.	-	-	-	-	-	4,204	515,617
	Ningbo Culture Plaza CJ Cinema Co., Ltd.	339,777	-	-	-	-	-	-
	CJ Xingxing (Shanghai) Cinema Co., Ltd.	54,915	-	-	-	-	-	433,185
	CJ Xingxing (FSH) Cinema Co., Ltd.	-	-	-	-	-	-	693,095
	Wuhan CJ XingXing Tiandi Cinema Co., Ltd.	-	-	241,942	-	-	-	779,732
	Shanghai Shangying CGV Xinzhuang Cinema Co., Ltd.	-	-	594,067	-	-	-	-
	Beijing CJ Xingxing Olympic International Cinema Co., Ltd.	55,652	-	-	-	-	-	1,039,642
	Shanghai Shangying CGV Cinema Co., Ltd.	-	-	546,813	-	-	-	-
Other related companies	CJ Cheiljedang Corp.	129,403	389,929	385,097	614	-	1,153,112	-
	CJ HealthCare Corporation	999	-	22,539	-	-	49	-
	CJ Freshway Corporation	1,498	-	98,059	10,034,921	-	11,515	-
	CJ Foodvill Co., Ltd.	308,911	110,000	973,344	1,415,079	1,124,960	1,066,118	-
	CJ Sea Food Co., Ltd.	70	-	40	-	-	-	-
	CJ O Shopping Co., Ltd.	90,727	-	1,175,973	-	329,995	1,624,150	-
	CJ Worldis Co., Ltd.	-	-	569	-	-	21,572	-
	CJ Hellovision Co., Ltd.	9,119	-	219,212	-	-	49,892	-
	CJ Telenix Co., Ltd.	155	-	9,143	21,517	-	151,721	-

CJ CGV CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

32. Related Parties, Continued

(5) Account balances with related companies as of December 31, 2014 are summarized as follows, continued:

(In thousands of won)

Relationship	Name		Trade receivables	Deposits	Other receivables	Trade payables	Deposits received	Other liabilities	Borrowings
Other related companies	CJ Korea Express Co., Ltd.	₩	6,421	-	185,491	-	-	353,014	-
	CJ EDUCATIONS CORPORATION		113	-	1,158	-	-	-	-
	CJ Powercast Inc.		212,960	-	7,944	-	-	353,536	-
	Art service Co., Ltd.		-	-	13,362	-	-	-	-
	CJ E&M Corp.		615,119	-	683,039	7,911,379	613,120	600,460	-
	CJ HelloVision Honam Broadcasting Co., Ltd.		139	-	40	-	-	-	-
	CJ Venture Investment		80	-	-	-	-	-	-
	CJ OliveNetworks Co., Ltd.		31,582,321	-	1,554,704	210,169	60,000	5,501,586	-
	CJ Construction Co., Ltd.		1,076	-	3,797,167	5,260	-	1,021,898	-
	CJ Qingdao Foods Co., Ltd.		-	-	-	8,495	-	-	-
	CJ Korea Express TIANJIN Co., Ltd.		-	-	-	-	-	88,972	-
	KUMHO LOGISTICS SHANGHAI CO., Ltd.		-	-	-	33,240	-	-	-
	KOREA EXPRESS SHANGHAI CO., Ltd.		-	-	-	3,739	-	-	-
	CJ E&M America, Inc.		-	-	-	-	-	1,018,849	-
	CJ America, Inc.		-	-	-	-	-	623	-
	CJ Beijing Bakery Co., Ltd.		-	-	-	5,296	-	-	-
	CJ CHINA CONSULTING., LTD.		-	-	-	374,592	-	178,197	-
	CJ Entertainment America L.L.C		-	-	-	50,062	-	-	-
	CJ International Trading Corp.		-	-	-	64,266	-	30,451	-
	Joy Rent a Car Co., Ltd.		-	-	-	-	-	24,621	-
	JS Communications Co., Ltd.		20,276,165	-	-	-	-	278,511	-
		₩	<u>53,864,480</u>	<u>499,929</u>	<u>12,196,215</u>	<u>20,141,103</u>	<u>2,128,075</u>	<u>13,979,954</u>	<u>3,461,271</u>

CJ CGV CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

32. Related Parties, Continued

- (6) Key management personnel compensation for the years ended December 31, 2015 and 2014 are as follows:

(In thousands of won)

		<u>2015</u>	<u>2014</u>
Short-term employee benefits	₩	1,813,119	2,020,924
Costs related to defined benefit plan		209,904	192,099
Long-term employee benefits		47,201	155,827
	₩	<u>2,070,224</u>	<u>2,368,850</u>

The Group defines key management personnel as officers that perform key management roles in planning, operating, and controlling with significant rights and obligations in each business unit.

- (7) Details of guarantees which the Group has provided for related companies as of December 31, 2015 are as follows:

(In thousands of won)

<u>Related companies</u>	<u>Guarantee recipient</u>		<u>Guarantees</u>	<u>Guarantee type</u>	<u>Beneficiary</u>
Joint venture	D-Cinema Korea Co., Ltd.		-	Performance guarantee	20th Century Fox Film Corporation
Executives and staff members	Executives and staff members	₩	54,605 3,691,965	Guarantee on loans of employees	Hana Bank Shinhan Bank

33. Subsequent event

According to the resolution of the Board of Directors on February 4, 2016, the Group sold its investment property to CJ E&M Corp. on February 12, 2016.