

7. PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment as of December 31, 2007 and 2006 are as follows:

	<u>Korean won (In thousands)</u>	
	<u>2007</u>	<u>2006</u>
Buildings and structures	₩ 2,572,752,181	₩2,452,694,705
Machinery and equipment	2,169,947,389	2,093,584,301
Ships	186,009,863	184,207,582
Vehicles	30,439,712	25,626,764
Tools, furniture and fixtures	5,935,063,922	<u>904,758,405</u>
		5,660,871,757
Less: accumulated depreciation	<u>(2,944,344,006)</u>	<u>(2,705,507,802)</u>
	2,990,719,916	2,955,363,955
Land	1,550,415,148	1,365,024,824
Construction-in-progress	<u>5,355</u>	<u>134,740,535</u>
	<u>₩ 4,968,785,355</u>	<u>₩4,455,129,314</u>

The changes in property, plant and equipment for the year ended December 31, 2007 are as follows:

	<u>Korean won (In thousands)</u>					
	<u>Land</u>	<u>Buildings</u>	<u>Structures</u>	<u>Machinery and equipment</u>	<u>Other</u>	<u>Total</u>
Beginning of year	₩1,365,024,824	₩ 1,720,045,695	₩ 732,649,010	₩ 2,093,584,301	₩ 1,249,333,286	₩ 7,160,637,116
Acquisition and other	193,045,711	84,983,518	70,643,937	138,858,689	423,321,290	910,853,145 (158,360,900)
Disposal	(7,655,387)	(35,080,292)	(489,687)	(62,495,601)	(52,639,933)	0
End of year	₩1,550,415,148	₩ 1,769,948,921	₩ 802,803,260	₩ 2,169,947,389	₩ 1,620,014,643	₩ 7,913,129,361
Depreciation	-	43,842,312	18,753,331	186,520,439	102,602,214	351,718,296
Accumulated depreciation	-	360,856,814	161,350,202	1,559,756,993	862,379,997	2,944,344,006

The changes in property, plant and equipment for the year ended December 31, 2006 are as follows:

	Korean won (In thousands)					
	Land	Buildings	Structures	Machinery and equipment	Other	Total
Beginning of year	₩1,318,868	₩1,623,717,238	₩651,979,31	₩1,951,832,	₩1,185,194,0	₩6,731,591,
Acquisition and other	48,019,218	106,483,361	80,696,774	168,766,834	129,179,200	533,145,387
Disposal	(1,862,720)	(10,154,904)	(27,083)	(27,014,815)	(65,039,958)	(104,099,480)
End of year	₩1,365,024,824	₩1,720,045,695	₩732,649,08	₩2,093,584,301	₩1,249,333,286	₩7,160,637,116
Depreciation	-	41,849,008	17,526,556	191,209,969	97,273,501	347,859,034
Accumulated depreciation	-	324,168,130	142,712,348	1,429,236,700	809,390,624	2,705,507,802

A substantial portion of buildings, machinery and equipment are insured against fire and other casualty losses up to approximately ₩2,282,928 million as of December 31, 2007. The Company maintains insurance coverage against fire and other casualty losses of up to ₩7,737,306 million for ships and sea structures under construction and the insurance proceed of ₩685,939 million is pledged as collateral for loans from Export-Import Bank of Korea as of December 31, 2007 (See Note 9).

In addition to the above insurance, most valuable property owned by the Company is covered by a general liability insurance policy up to ₩1,432,347 million as of December 31, 2007. The Company also maintains insurance on cargo against damage and claims losses of up to ₩5,160,100 million for products being exported and imported as of December 31, 2007.

As of December 31, 2007 and 2006, the value of land owned by the Company is ₩1,364,161 million and ₩1,119,749 million, respectively, as announced by the Korean government.