

## 7. PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment as of December 31, 2005 and 2004 are as follows:

	Korean won (In thousands)	
	2005	2004
Buildings and structures	₩ 2,275,696,557	₩ 2,186,748,996
Machinery and equipment	1,951,832,282	1,884,125,436
Ships	181,025,956	177,581,214
Vehicles	23,996,252	23,513,947
Tools, furniture and fixtures	<u>848,323,359</u>	<u>800,563,073</u>
	5,280,874,406	5,072,532,666
Less: accumulated depreciation	<u>(2,445,048,068)</u>	<u>(2,152,147,108)</u>
	2,835,826,338	2,920,385,558
Land	1,318,868,326	1,278,859,636
Construction-in-progress	<u>131,848,477</u>	<u>127,386,784</u>
	<u>₩ 4,286,543,141</u>	<u>₩ 4,326,631,978</u>

The changes in property, plant and equipment for the year ended December 31, 2005 are as follows:

	Korean won (In thousands)					
	Land	Buildings	Structures	Machinery and equipment	Other	Total
Beginning of year	₩ 1,278,859,636	₩ 1,569,033,225	₩ 617,715,771	₩ 1,884,125,436	₩ 1,129,045,018	₩ 6,478,779,086
Acquisition and other	43,306,950	56,571,657	34,580,960	98,931,940	78,886,582	312,278,089
Disposal	<u>(3,298,260)</u>	<u>(1,887,644)</u>	<u>(317,412)</u>	<u>(31,225,094)</u>	<u>(22,737,556)</u>	<u>(59,465,966)</u>
End of year	₩ 1,318,868,326	₩ 1,623,717,238	₩ 651,979,319	₩ 1,951,832,282	₩ 1,185,194,044	₩ 6,731,591,209
Depreciation	₩ -	₩ 40,355,403	₩ 16,040,576	₩ 186,535,552	₩ 92,161,752	₩ 335,093,283
Accumulated depreciation	₩ -	₩ 284,376,232	₩ 125,189,629	₩ 1,258,966,386	₩ 776,515,821	₩ 2,445,048,068

The changes in property, plant and equipment for the year ended December 31, 2004 are as follows:

	Korean won (In thousands)					
	Land	Buildings	Structures	Machinery and equipment	Other	Total
Beginning of year	₩ 1,292,195,299	₩ 1,545,392,434	₩ 599,638,024	₩ 1,784,140,319	₩ 982,998,167	₩ 6,204,364,243
Acquisition and other	12,531,422	33,057,345	18,546,030	114,794,180	175,012,214	353,941,191
Disposal	(25,867,085)	(9,416,554)	(468,283)	(14,809,063)	(28,965,363)	(79,526,348)

End of year	₩ 1,278,859,636	₩ 1,569,033,225	₩ 617,715,771	₩ 1,884,125,436	₩ 1,129,045,018	₩ 6,478,779,086
Depreciation	₩ -	₩ 39,325,726	₩ 15,418,093	₩ 182,156,652	₩ 85,868,961	₩ 322,769,432
Accumulated depreciation	₩ -	₩ 244,185,817	₩ 109,423,861	₩ 1,092,626,895	₩ 705,910,535	₩ 2,152,147,108

A substantial portion of buildings, machinery and equipment are insured against fire and other casualty losses up to approximately ₩1,993,387 million as of December 31, 2005. The Company maintains insurance coverage against fire and other casualty losses of up to ₩4,850,076 million for ships and sea structures under construction and the insurance proceed of ₩3,255,772 million is pledged as collateral for loans from Export-Import Bank of Korea and other banks as of December 31, 2005 (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 ₩1,862,457 million as of December 31, 2005. The Company also maintains insurance on cargo against damage and claims losses of up to ₩5,571,500 million for products being exported and imported as of December 31, 2005.

As of December 31, 2005 and 2004, the value of land owned by the Company is ₩1,059,173 million and ₩1,004,538 million, respectively, as announced by the Korean government.