

POSCO

Non-Consolidated Financial Statements

June 30, 2009

(With Independent Accountants' Review Report Thereon)

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Independent Accountants' Review Report

Based on a report originally issued in Korean

The Board of Directors and Shareholders of
POSCO:

We have reviewed the accompanying non-consolidated statement of financial position of POSCO (the "Company") as of June 30, 2009, and the related non-consolidated statements of income for the three-month and six-month periods ended June 30, 2009 and 2008, and changes in equity and cash flows for the six-month periods ended June 30, 2009 and 2008. These non-consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these non-consolidated financial statements based on our reviews.

We conducted our review in accordance with the Review Standards for Semiannual Financial Statements established by the Securities and Futures Commission of the Republic of Korea. These Standards require that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review consists principally of inquiries of company personnel and analytical procedures applied to financial data and, thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our reviews, nothing has come to our attention that causes us to believe that the non-consolidated financial statements referred to above are not presented fairly, in all material respects, in accordance with accounting principles generally accepted in the Republic of Korea.

The non-consolidated statement of financial position as of December 31, 2008, and the related non-consolidated statements of income, appropriation of retained earnings, changes in equity and cash flows for the year then ended, which are not accompanying this report, were audited by us and our report thereon, dated February 9, 2009, expressed an unqualified opinion on those statements. The accompanying non-consolidated statement of financial position as of December 31, 2008, presented for comparative purposes, is not different from that audited by us in all material respects.

The following matters may be helpful to the readers in their understanding of the non-consolidated financial statements:

As discussed in note 2 to the non-consolidated financial statements, accounting principles and review standards and their application in practice vary among countries. The accompanying non-consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than the Republic of Korea. In addition, the procedures and practices utilized in the Republic of Korea to review such non-consolidated financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report and the accompanying non-consolidated financial statements are for use by those knowledgeable about Korean accounting procedures and review standards and their application in practice.

Seoul, Korea
August 3, 2009

This report is effective as of August 3, 2009, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying non-consolidated financial statements and notes thereto. Accordingly, the readers of the review report should understand that there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

POSCO
Non-Consolidated Statements of Financial Position
As of June 30, 2009 and December 31, 2008
(Unaudited)

<i>(in millions of Won)</i>	<u>2009</u>	<u>2008</u>
Assets		
Cash and cash equivalents (note 3)	₩ 1,642,595	941,687
Short-term financial instruments (note 3)	3,752,087	1,524,598
Trading securities (note 5)	553,705	1,236,185
Current portion of held-to-maturity securities (note 7)	40,000	20,000
Trade accounts and notes receivable, net of allowance for doubtful accounts (notes 4 and 23)	2,483,340	3,228,679
Inventories (note 6)	3,590,016	6,415,601
Other accounts receivable, net of allowance for doubtful accounts (notes 4 and 23)	285,278	278,301
Deferred income tax assets (note 20)	157,726	-
Prepaid expense	40,546	8,784
Other current assets (note 11)	32,688	39,389
	<u>12,577,981</u>	<u>13,693,224</u>
Total current assets		
Property, plant and equipment at cost (note 8)	38,240,878	36,504,565
Less accumulated depreciation	<u>(22,734,136)</u>	<u>(22,038,647)</u>
Property, plant and equipment, net	15,506,742	14,465,918
Investment securities, net (note 7)	9,312,514	8,625,939
Intangible assets, net (note 9)	159,880	170,095
Long-term trade accounts and notes receivable, net of allowance for doubtful accounts (note 4)	3,219	4,154
Long-term financial instruments (note 3)	40	40
Other long-term assets, net of allowance for doubtful accounts (note 11)	77,634	74,083
	<u>25,060,029</u>	<u>23,340,229</u>
Total non-current assets		
Total assets	<u>₩ 37,638,010</u>	<u>37,033,453</u>

See accompanying notes to non-consolidated financial statements.

POSCO
Non-Consolidated Statements of Financial Position
As of June 30, 2009 and December 31, 2008
(Unaudited)

<i>(in millions of Won)</i>	2009	2008
Liabilities		
Trade accounts payable (note 23)	₩ 815,350	1,108,856
Short-term borrowings (note 12)	1,025,613	340,827
Current portion of long-term debt, net of discount on debentures issued (notes 12 and 13)	202,379	203,641
Accrued expenses	159,665	139,494
Other accounts payable (note 23)	599,079	694,682
Withholdings	39,583	40,042
Income tax payable	47,512	1,628,262
Deferred income tax liabilities (note 20)	-	90,307
Other current liabilities(note 15)	49,393	37,087
Total current liabilities	2,938,574	4,283,198
Long-term debt, net of current portion and discount on debentures issued (note 13)	5,904,276	4,584,681
Accrued severance benefits, net (note 14)	223,817	260,368
Deferred income tax liabilities (note 20)	189,273	36,533
Other long-term liabilities	73,162	85,016
Total non-current liabilities	6,390,528	4,966,598
Total liabilities	9,329,102	9,249,796
Shareholders' Equity		
Capital stock	482,403	482,403
Capital surplus	4,286,740	4,291,355
Capital adjustments	(2,502,014)	(2,502,014)
Accumulated other comprehensive income	400,884	51,790
Retained earnings	25,640,895	25,460,123
Total shareholders' equity	28,308,908	27,783,657
Total liabilities and shareholders' equity	₩ 37,638,010	37,033,453

See accompanying notes to non-consolidated financial statements.

POSCO

Non-Consolidated Statements of Income

For the three-month and six-month periods ended June 30, 2009 and 2008
(Unaudited)

	For the three-month period ended June 30		For the six-month period ended June 30	
	2009	2008	2009	2008
<i>(in millions of Won, except per share amounts)</i>				
Sales (notes 23 and 24)	₩ 6,343,996	7,457,958	12,815,299	13,524,141
Cost of goods sold (note 25)	5,893,168	5,201,934	11,708,751	9,707,640
Gross profit	450,828	2,256,024	1,106,548	3,816,501
Selling and administrative expenses (note 19)	284,073	371,203	563,083	668,810
Operating profit	166,755	1,884,821	543,465	3,147,691
Non-operating income				
Interest income	44,726	41,687	88,285	82,527
Dividend income	3,207	14,068	48,834	69,249
Gain on valuation of trading securities	-	-	3,723	9,351
Gain on disposal of trading securities	5,211	15,853	15,216	26,295
Gain on disposal of investments	8,939	-	8,939	-
Gain on disposal of property, plant and equipment	5,968	2,738	9,618	4,362
Gain on derivative transactions	16	-	20,357	307
Gain on valuation of derivatives (note 17)	2,046	-	6,165	-
Gain on foreign currency transactions	163,231	67,257	412,035	112,184
Gain on foreign currency translation	219,085	-	220,891	5,095
Equity in earnings of equity method accounted investments (note 7)	188,568	141,812	440,954	316,929
Reversal of allowance for doubtful accounts	3,268	7,662	979	7,636
Gain on disposal of other long-term assets	-	6,441	146	24,094
Reversal of stock compensation expense (note 18)	-	-	-	10,780
Others	8,466	21,525	25,364	47,823
	652,731	319,043	1,301,506	716,632
Non-operating expenses				
Interest expense	80,007	28,660	140,845	56,894
Other bad debt expense	-	-	21	4,296
Loss on valuation of trading securities	958	1,060	18	-
Loss on foreign currency transactions	185,566	79,959	525,999	123,624
Loss on foreign currency translation	-	13,948	29,760	204,000
Donations	13,142	72,915	15,145	73,002
Loss on disposal of property, plant and equipment	22,862	11,809	36,027	22,355
Equity in losses of equity method accounted investments (note 7)	64,716	39,759	196,411	75,272
Loss on derivative transactions	1,512	-	19,281	-
Loss on disposal of trade accounts and notes receivable	1,967	2,054	3,258	3,515
Others	2,869	14,052	23,361	21,829
	373,599	264,216	990,126	584,787
Income before income taxes	445,887	1,939,648	854,845	3,279,536
Income tax expense (note 20)	15,357	464,082	99,799	772,757
Net income (note 21)	₩ 430,530	1,475,566	755,046	2,506,779
Basic earnings per share (note 22)	₩ 5,623	19,571	9,861	33,243

See accompanying notes to non-consolidated financial statements.

POSCO
Non-Consolidated Statements of Changes in Equity
For the six-month periods ended June 30, 2009 and 2008
(Unaudited)

(in millions of Won)

	Capital Stock	Capital Surplus	Capital Adjustments	Accumulated Other Comprehensive Income	Retained Earnings	Total
Balance as of January 1, 2008	₩ 482,403	₩ 4,128,838	₩ (2,715,964)	₩ 839,727	₩ 21,768,227	₩ 24,503,231
Year-end dividends	-	-	-	-	(566,552)	(566,552)
Net income	-	-	-	-	2,506,779	2,506,779
Changes in capital surplus of equity method accounted investments	-	11,607	-	-	-	11,607
Acquisition of treasury stock	-	-	(36,832)	-	-	(36,832)
Loss on valuation of available-for-sale securities, net	-	-	-	(372,898)	-	(372,898)
Changes in capital adjustments arising from equity method accounted investments	-	-	-	233,285	-	233,285
Balance as of June 30, 2008	<u>₩ 482,403</u>	<u>₩ 4,140,445</u>	<u>₩ (2,752,796)</u>	<u>₩ 700,114</u>	<u>₩ 23,708,454</u>	<u>₩ 26,278,620</u>

(in millions of Won)

	Capital Stock	Capital Surplus	Capital Adjustments	Accumulated Other Comprehensive Income	Retained Earnings	Total
Balance as of January 1, 2009	₩ 482,403	₩ 4,291,355	₩ (2,502,014)	₩ 51,790	₩ 25,460,123	₩ 27,783,657
Year-end dividends	-	-	-	-	(574,274)	(574,274)
Net income	-	-	-	-	755,046	755,046
Changes in capital surplus of equity method accounted investments	-	(4,615)	-	-	-	(4,615)
Gain on valuation of available-for-sale securities, net	-	-	-	230,015	-	230,015
Changes in capital adjustments arising from equity method accounted investments	-	-	-	119,079	-	119,079
Balance as of June 30, 2009	<u>₩ 482,403</u>	<u>₩ 4,286,740</u>	<u>₩ (2,502,014)</u>	<u>₩ 400,884</u>	<u>₩ 25,640,895</u>	<u>₩ 28,308,908</u>

See accompanying notes to non-consolidated financial statements.

POSCO
Non-Consolidated Statements of Cash Flows
For the six-month periods ended June 30, 2009 and 2008
(Unaudited)

<i>(in millions of Won)</i>	<u>2009</u>	<u>2008</u>
Cash flows from operating activities		
Net income	₩ 755,046	2,506,779
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	986,952	944,812
Accrual of severance benefits	3,221	93,054
Gain on disposal of trading securities	(15,216)	(26,295)
Gain on valuation of trading securities, net	(3,705)	(9,351)
Loss on disposal of property, plant and equipment, net	26,409	17,993
Gain on valuation of derivative transactions	(6,165)	-
(Recovery of) stock compensation expense	8,999	(10,780)
Gains on disposal of investments	(8,939)	-
Loss (gain) on foreign currency translation, net	(176,793)	200,247
Loss on disposal of trade accounts and notes receivable	3,258	3,515
Provision for allowance for doubtful accounts, net	18,266	(2,686)
Loss (gain) on disposal of other long-term assets, net	125	(23,828)
Other employee benefits	3,426	3,066
Equity in earnings of equity method accounted investments, net	(244,543)	(241,657)
Interest expense	9,285	1,287
Interest income	(560)	(1,119)
Others	478	(549)
	<u>604,498</u>	<u>947,709</u>
Changes in Operating assets and liabilities		
Trade accounts and notes receivable	724,704	(525,271)
Other accounts and notes receivable	(5,983)	(50,313)
Accrued income	5,845	(12,061)
Prepaid expenses	(31,762)	(29,389)
Inventories	2,824,039	(1,630,630)
Trade accounts and notes payable	(302,087)	792,441
Other accounts payable	(97,035)	(85,678)
Accrued expenses	20,171	29,790
Income tax payable	(1,580,750)	(99,429)
Payment of severance benefits	(49,278)	(39,001)
Deferres income tax assets and liabilities	(190,256)	34,654
Other current liabilities	16,663	14,450
Deposit for severance benefits trust	9,506	(62,130)
Advances received	(1,996)	13,818
Dividends from equity method accounted investments	30,426	47,032
Others, net	(4,204)	9,520
	<u>1,368,003</u>	<u>(1,592,197)</u>
 Net cash provided by operating activities	 <u>2,727,547</u>	 <u>1,862,291</u>

See accompanying notes to non-consolidated financial statements.

POSCO
Non-Consolidated Statements of Cash Flows
For the six-month periods ended June 30, 2009 and 2008
(Unaudited)

(in millions of Won)

	<u>2009</u>	<u>2008</u>
Cash flows from investing activities		
Disposal of short-term financial instruments	₩ 2,517,934	1,518,323
Disposal of trading securities	2,211,400	4,109,128
Redemption of current portion of held-to-maturity securities	20,000	119,995
Disposal of available-for-sale securities	17,006	509
Disposal of equity method accounted investments	-	8,606
Disposal of other non-current assets	6,523	71,666
Disposal of property, plant and equipment	10,338	6,382
Acquisition of short-term financial instruments	(4,745,422)	(1,726,966)
Acquisition of trading securities	(1,510,000)	(3,825,000)
Acquisition of available-for-sale securities	(30,955)	(11,758)
Acquisition of equity method accounted investments	(10,068)	(295,410)
Acquisition of current portion of held-to-maturity securities	(40,000)	(80,000)
Acquisition of other long-term assets	(4,466)	(4,338)
Acquisition of property, plant and equipment	(2,016,729)	(1,079,468)
Cost of removal of property, plant and equipment	(30,488)	(10,695)
Acquisition of intangible assets	(7,090)	(8,535)
Others, net	(4,508)	(1,661)
	<u>(3,616,525)</u>	<u>(1,209,222)</u>
Cash flows from financing activities		
Proceeds from short-term borrowings	1,472,589	90,660
Proceeds from long-term borrowings	19,653	-
Proceeds from issuance of debentures	1,449,728	-
Increase of other long-term liabilities	7,020	11,529
Repayment of short-term borrowings	(759,539)	(81,293)
Repayment of current portion of long-term liabilities	(1,903)	(1,239)
Payment of cash dividends	(574,274)	(566,552)
Decrease in other long-term liabilities	(23,388)	(19,717)
Acquisition of treasury stock	-	(36,832)
	<u>1,589,886</u>	<u>(603,444)</u>
Net cash provided by (used in) financing activities	<u>1,589,886</u>	<u>(603,444)</u>
Net increase in cash and cash equivalents	700,908	49,625
Cash and cash equivalents		
Cash and cash equivalents at beginning of the year	941,687	691,034
Cash and cash equivalents at end of the year	<u>₩ 1,642,595</u>	<u>740,659</u>

See accompanying notes to non-consolidated financial statements.

POSCO
Notes to Non-Consolidated Financial Statements
June 30, 2009
(Unaudited)

1. The Company

POSCO (the “Company”) was incorporated on April 1, 1968, under the Commercial Code of the Republic of Korea to manufacture and sell steel rolled products and plates in the domestic and overseas markets. The shares of the Company have been listed on the Korea Stock Exchange since 1988. The Company owns and operates two steel plants (Pohang and Gwangyang) and one office in Korea, and it also operates internationally through eight of its overseas liaison offices.

As of June 30, 2009, the shares of the Company are listed on the Korea Stock Exchange, while its depository receipts are listed on the New York, Tokyo and London Stock Exchanges.

2. Summary of significant accounting policies

The Company maintains its accounting records in Korean Won and prepares statutory non-consolidated financial statements in the Korean language in conformity with accounting principles generally accepted in the Republic of Korea. Certain accounting principles applied by the Company that conform with financial accounting standards and accounting principles in the Republic of Korea may not conform with generally accepted accounting principles in other countries. Accordingly, these financial statements are intended for use by those who are informed about Korean accounting principles and practices. The accompanying non-consolidated financial statements have been condensed, restructured and translated into English from the Korean language non-consolidated financial statements.

The accounting policies were consistently applied for the non-consolidated financial statements both as of and for the six-month period ended June 30, 2009 and as of and for the year ended December 31, 2008.

POSCO
Notes to Non-Consolidated Financial Statements
June 30, 2009
(Unaudited)

3. Cash and Cash Equivalents, and Financial Instruments

Cash and cash equivalents, short-term and long-term financial instruments as of June 30, 2009 and December 31, 2008 are as follows:

<i>(in millions of Won)</i>	<u>Annual Interest Rate (%)</u>	<u>2009</u>	<u>2008</u>
Cash and cash equivalents			
Checking accounts	-	₩ 1,028	1,356
Money market deposit accounts	1.80 ~ 2.40	247,800	241,000
Time deposits	2.80 ~ 3.45	380,000	560,000
Time deposits in foreign currency	0.69 ~ 2.10	893,767	139,331
Repurchase agreement	2.40 ~ 2.50	120,000	-
		<u>₩ 1,642,595</u>	<u>941,687</u>
Short-term financial instruments			
Ordinary deposits (*1)	-	11,548	5,887
Time deposits	2.90 ~ 3.60	1,720,000	910,000
Certificates of deposit	3.05 ~ 6.99	1,690,000	490,000
Repurchase agreement	3.23 ~ 3.60	270,000	60,000
Specified money in trust	-	60,539	58,711
		<u>₩ 3,752,087</u>	<u>1,524,598</u>
Long-term financial instruments			
Guarantee deposits for opening accounts (*2)	-	<u>₩ 40</u>	<u>40</u>

(*1) In relation to projects outsourced to the Company by the Korean government, these deposits are restricted in use.

(*2) The Company is required to provide deposits to maintain checking accounts and accordingly, the withdrawal of these deposits is restricted.

4. Accounts and Notes Receivable

Accounts and notes receivable, and their respective allowance for doubtful accounts as of June 30, 2009 and December 31, 2008 are as follows:

<i>(in millions of Won)</i>	<u>2009</u>	<u>2008</u>
Trade accounts and notes receivable	₩ 2,504,940	3,232,490
Less: Allowance for doubtful accounts	(21,600)	(3,811)
	<u>₩ 2,483,340</u>	<u>3,228,679</u>
Other accounts receivable	₩ 295,999	290,015
Less: Allowance for doubtful accounts	(10,721)	(11,714)
	<u>₩ 285,278</u>	<u>278,301</u>
Long-term trade accounts and notes receivable	₩ 4,353	4,353
Less: Allowance for doubtful accounts	(1,134)	(199)
	<u>₩ 3,219</u>	<u>4,154</u>

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Notes to Non-Consolidated Financial Statements
June 30, 2009
(Unaudited)

5. Trading Securities

Trading securities as of June 30, 2009 and December 31, 2008 are as follows:

<i>(in millions of Won)</i>	2009			2008
	Acquisition	Fair Value	Book Value	Book Value
Beneficiary certificates	₩ 550,000	₩ 553,705	₩ 553,705	₩ 1,236,185

6. Inventories

Inventories as of June 30, 2009 and December 31, 2008 are as follows:

<i>(in millions of Won)</i>	2009	2008
Finished goods	₩ 387,054	1,194,588
By-products	3,518	16,034
Semi-finished goods	1,109,942	1,542,922
Raw materials	988,073	1,644,500
Fuel and materials	447,318	428,466
Materials-in-transit	659,135	1,592,502
Others	525	592
	3,595,565	6,419,604
Less: Provision for valuation loss	(5,549)	(4,003)
	₩ 3,590,016	6,415,601

7. Investment Securities

(a) Investment securities as of June 30, 2009 and December 31, 2008 are as follows:

<i>(in millions of Won)</i>	2009	2008
Available-for-sale securities		
Marketable equity securities	₩ 3,124,158	2,818,507
Non-marketable equity securities	774,617	761,644
Investments in bonds	70	-
Equity investments	500	500
	3,899,345	3,580,651
Held-to-maturity securities	31,612	31,553
Equity method accounted investments	5,381,557	5,013,735
	₩ 9,312,514	8,625,939

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Notes to Non-Consolidated Financial Statements
June 30, 2009
(Unaudited)

(b) Investments in marketable equity securities as of June 30, 2009 and December 31, 2008 are as follows:

(in millions of Won)

Company			2009		2008	
	Number of Shares	Percentage of Ownership (%)	Acquisition Cost	Fair Value	Book Value	Book Value
SK Telecom Co., Ltd. (*1)	4,363,226	5.40	₩ 1,220,958	₩ 761,564	₩ 761,564	₩ 891,835
Hana Financial Group Inc.	4,663,776	2.20	29,998	127,787	127,787	90,943
Nippon Steel Corporation (*1)	238,352,000	3.50	719,622	1,178,469	1,178,469	963,486
Hyundai Heavy Industries	1,477,000	1.94	343,506	281,369	281,369	294,661
Hamil Iron & Steel Co., Ltd.	206,798	10.14	2,413	2,554	2,554	1,596
HISteel Co., Ltd.	135,357	9.95	1,609	2,260	2,260	1,766
Moonbae Steel Co., Ltd.	1,849,380	9.02	3,588	5,631	5,631	3,921
Dong Yang Steel Pipe Co., Ltd.	1,564,250	2.44	3,911	1,924	1,924	1,400
Korea Line Corporation	-	-	-	-	-	14,347
Shinhan Financial Group Inc.	4,369,881	0.92	228,778	140,929	140,929	113,326
SeAH Steel Corp.	610,103	10.17	18,792	24,679	24,679	23,490
Thainox Stainless Public Company Limited	1,200,000,000	15.00	42,301	48,898	48,898	40,299
Union Steel Co., Ltd.	1,005,000	9.80	40,212	19,497	19,497	14,472
Macarthur Coal Limited	21,215,700	8.70	420,805	145,611	145,611	55,927
Hanjin Shipping Co., Ltd.	68,260	0.08	2,652	1,215	1,215	1,236
KB Financial Group Inc.	8,379,888	2.35	300,150	358,659	358,659	282,402
LG Powercomm Co., Ltd.	3,600,000	2.70	153,000	23,112	23,112	23,400
			₩ 3,532,295	₩ 3,124,158	₩ 3,124,158	₩ 2,818,507

(*1) Certain portion of securities has been pledged as collateral (note 10).

(c) Held-to-maturity securities as of June 30, 2009 and December 31, 2008 are as follows:

(in millions of Won)

	2009	2008
Held-to-maturity	₩ 71,612	51,553
Less: Current portion	(40,000)	(20,000)
	₩ 31,612	31,553

POSCO
Notes to Non-Consolidated Financial Statements
June 30, 2009
(Unaudited)

(d) Equity method accounted investments as of June 30, 2009 and December 31, 2008 are as follows:

<i>(in millions of Won)</i>	Investees (*1)	Number of Shares	Percentage of Ownership(%)	Acquisition Cost	2008		Increase (Decrease)		2009
					Book Value	Equity method Profit (Loss)	Other Increase (Decrease) (*2)	Book Value	
	POSCO E&C Co., Ltd.	27,281,080	89.53	₩ 365,789	₩ 864,030	₩ 182,803	₩ (26,892)	₩ 1,019,941	
	Posteel Co., Ltd.	17,155,000	95.31	113,393	319,914	73,001	16,042	408,957	
	POSCON Co., Ltd.	3,098,610	88.04	49,822	49,099	9,070	(1,497)	56,672	
	POSCO Coated & Color Steel Co., Ltd.	3,412,000	56.87	82,017	103,912	(7,228)	1,194	97,878	
	POSCO Machinery & Engineering Co., Ltd.	1,700,000	100.00	17,052	30,824	(8,350)	60	22,534	
	POSDATA Co., Ltd. (*3)	50,440,720	61.85	52,749	39,544	(39,544)	-	-	
	POSCO Research Institute	3,800,000	100.00	19,000	23,356	1,994	-	25,350	
	Seung Kwang Co., Ltd.	2,737,000	69.38	28,408	27,957	760	-	28,717	
	POSCO Architects & Consultants Co., Ltd.	300,000	100.00	1,743	14,838	1,132	140	16,110	
	POSCO Specialty Steel Co., Ltd.	26,000,000	100.00	260,000	564,515	22,776	(2,285)	585,006	
	POSCO Machinery Co., Ltd.	1,000,000	100.00	10,000	13,363	2,447	-	15,810	
	POSTECH Venture Capital Corp.	5,700,000	95.00	28,500	33,059	(220)	495	33,334	
	eNtoB Corporation (*4)	560,000	17.50	2,800	4,178	117	(140)	4,155	
	POSCO Refractories & Environment Company Co., Ltd.	3,544,200	60.00	41,210	74,329	14,449	(2,029)	86,749	
	POSCO Terminal Co., Ltd.	2,550,000	51.00	12,750	19,681	2,694	(637)	21,738	
	POSMATE Co., Ltd.	214,286	30.00	7,233	10,436	1,135	(1,018)	10,553	
	Sanjung Packing & Aluminum Co., Ltd. (*4)	270,000	9.00	2,781	4,035	2	437	4,474	
	POSCO Power Corp.	40,000,000	100.00	597,170	619,037	16,432	2,038	637,507	
	SNNC Co., Ltd.	18,130,000	49.00	90,650	67,410	9,411	-	76,821	
	PNR Corporation	5,467,686	70.00	27,338	27,498	2,235	-	29,733	
	POSCO America Corporation	362,027	99.45	306,588	133,944	(29,273)	4,294	108,965	
	POSCO Australia Pty. Ltd.	761,775	100.00	37,352	165,573	22,352	101,381	289,306	
	POSCO Asia Co., Ltd.	9,360,000	100.00	7,425	29,158	2,799	682	32,639	
	VSC POSCO Steel Corporation (*5)	-	35.00	4,758	6,343	15	(185)	6,173	
	Dalian POSCO-CFM Coated Steel Co., Ltd. (*5)	-	30.00	7,189	3,756	(1,309)	163	2,610	
	POS-Tianjin Coil Center Co., Ltd. (*4,5)	-	10.00	653	1,303	109	34	1,446	
	Zhangjiagang Pohang Stainless Steel Co., Ltd. (*5)	-	58.60	234,204	323,170	(32,717)	8,630	299,083	
	POSCO (Guangdong) Steel Co., Ltd. (*5)	-	86.55	43,501	20,901	5,714	731	27,346	
	POSCO Thailand Bangkok Processing Center Co., Ltd.	12,721,734	85.62	39,677	32,934	(8,186)	2,015	26,763	
	Myanmar-POSCO Steel Co., Ltd.	13,440	70.00	2,192	3,796	1,956	(25)	5,727	
	KOBRASCO	2,010,719,185	50.00	32,950	60,429	28,092	16,358	104,879	
	POSCO Investment Co., Ltd.	5,000,000	100.00	53,189	91,303	1,145	1,853	94,301	
	Poschrome (Proprietary) Limited	21,675	25.00	4,859	9,575	1,442	2,746	13,763	
	Guangdong Xingpu Steel Center Co., Ltd. (*4,5,6)	-	10.50	927	2,669	-	(2,669)	-	
	POS-Hyundai Steel Manufacturing India Private Limited(*4)	2,345,558	10.00	1,057	1,600	42	31	1,673	
	POSVINA Co., Ltd. (*5)	-	50.00	1,527	2,104	(116)	(13)	1,975	
	POSCO-MKPC SDN BHD	25,269,900	44.69	12,574	18,037	567	104	18,708	
	PT POSMI Steel Indonesia(*4)	1,193	9.47	782	1,020	(146)	209	1,083	

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Investees (*1)	Number of Shares	Percentage of Ownership(%)	Acquisition Cost	2008	Increase (Decrease)		2009	
				Book Value	Equity method Profit (Loss)	Other Increase (Decrease) (*2)	Book Value	
Qingdao Pohang Stainless Steel Co., Ltd. (*5)	-	70.00	71,463	75,888	(4,359)	1,914	73,443	
POSCO (Suzhou) Automotive Processing Center Co., Ltd. (*5)	-	90.00	31,023	48,401	3,314	967	52,682	
POSCO-China Holding Corp. (*5)	-	100.00	165,233	228,489	(12,710)	6,465	222,244	
POSCO-Japan Co., Ltd.	90,438	100.00	55,004	65,457	22,525	(13,871)	74,111	
POSCO-India Private Ltd.	225,000,000	100.00	52,627	54,651	-	1,215	55,866	
POS-India Steel Processing Centre Pvt. Ltd.	74,787,080	65.00	17,017	14,096	4,891	898	19,885	
POSCO-Foshan Steel Processing Center Co., Ltd. (*5)	-	39.60	9,408	12,971	863	253	14,087	
Nickel Mining Company SAS	3,234,698	49.00	157,585	219,879	195	(8,585)	211,489	
POSCO-Vietnam Co., Ltd. (*5)	-	85.00	198,578	232,647	(10,630)	(1,656)	220,361	
POSCO-Mexico Co., Ltd.	1,304,955,672	84.67	117,950	103,485	(12,121)	7,008	98,372	
POSS India Delhi Steel Processing Centre Pvt. Ltd.	42,532,980	76.40	9,089	-	4,442	147	4,589	
Zhongyue POSCO(Qinhuangdao) Timplat Industrial Co., Ltd. (*5)	-	24.00	6,718	11,959	(746)	220	11,433	
POSCO Vietnam Processing Center Co., Ltd. (*5)	-	80.00	8,192	6,234	(824)	111	5,521	
BX STEEL POSCO Cold Rolled Sheet Co., Ltd. (*5)	-	25.00	61,961	92,064	(24,231)	2,811	70,644	
POSCO Malaysia SDN. BHD. (*7)	16,200,000	60.00	16,524	-	(48)	48	-	
POSCO-SK Steel (Pinghu) Processing Center Co., Ltd. (*5)	-	20.00	1,869	2,977	(1,292)	142	1,827	
POSCO Poland (Wroclaw) Steel Processing Center Co., Ltd.	30,000	30.00	3,803	3,225	25	(205)	3,045	
POSCO (Chongqing) Automotive Processing Center Co., Ltd. (*5)	-	90.00	6,201	7,618	(463)	241	7,396	
POSCO-SAMSUNG Slovakia Steel Processing Center Co., Ltd. (*5)	-	30.00	1,794	3,109	(553)	72	2,628	
POSCO (Wuhu) Automotive Processing Center Co., Ltd. (*5)	-	68.57	10,026	11,955	12	268	12,235	
POSCO-SAMSUNG (Suzhou) Processing Center Co., Ltd. (*5,8)	-	30.00	1,608	-	(1,349)	2,569	1,220	
				₩ 3,605,482	₩ 5,013,735	₩ 244,543	₩ 123,279	₩ 5,381,557

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- (*1) Due to the difference in the closing schedule of June 30, 2009, the Company used the unaudited or unreviewed financial statements of these companies when applying the equity method of accounting.
- (*2) Other increase (decrease) represents the changes in investment securities primarily due to acquisitions (disposals), dividends received, valuation gain or loss on equity method accounted investments, changes in retained earnings and others.
- (*3) The carrying amount of this equity method accounted investment in relation to Posdata was reduced to zero due to valuated amount of POSDATA as of June 30, 2009 is less than zero, and the amount of the accumulated change in the interest not reflected in equity method accounted investment is ₩ 2,774 million.
- (*4) Equity method of accounting is applied as the Company has significant influence on investees directly or indirectly through its affiliates by owning more than 20% of outstanding shares of investees.
- (*5) No shares have been issued in accordance with the local laws or regulations.
- (*6) Due to the sales of the interest previously owned by a subsidiary, the Company has reclassified it to available-for-sale securities from equity method accounted investments.
- (*7) The carrying amount of this equity method accounted investment in relation to POSCO Malaysia SDN. BHD was reduced to zero due to valuated amount of POSCO Malaysia SDN. BHD as of June 30, 2009 is less than zero, and the amount of the change in the interest not reflected in equity method accounted investment is ₩ 3,398 million in the current year, and the accumulated change in the interest as of the prior year end is ₩ 2,102 million.
- (*8) This investment was reclassified to equity method accounted investment from available-for-sale securities, since its total assets were greater than ₩ 10,000 million as of December 31, 2008.

For the year ended June 30, 2009, amortization of goodwill amounted to ₩ 12,910 million and the the elimination of the unrealized profit from intercompany transaction less realized profit amounted to ₩ 197,266 million.

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8. Property, Plant and Equipment

(a) Changes in property, plant and equipment for the six-month period ended June 30, 2009 are as follows:

<i>(in millions of Won)</i>	<u>Beginning Balance</u>	<u>Acquisition (*1)</u>	<u>Disposal</u>	<u>Others (*2)</u>	<u>Depreciation</u>	<u>Ending Balance</u>
Land	₩ 908,306	₩ 325	₩ -	₩ -	₩ -	₩ 908,631
Buildings	1,978,609	108,569	(558)	-	(85,742)	2,000,878
Structures	1,490,098	43,379	(2,516)	16,351	(63,676)	1,483,636
Machinery and equipment	7,346,339	1,331,228	(3,031)	(16,351)	(798,975)	7,859,210
Vehicles	20,302	2,777	(15)	-	(4,277)	18,787
Tools	17,317	3,419	(65)	-	(5,176)	15,495
Furniture and fixtures	54,025	4,490	(13)	-	(9,422)	49,080
Finance Lease Assets	10,192	-	-	-	(319)	9,873
Construction-in-progress	2,640,730	2,016,729	-	(1,496,307)	-	3,161,152
	<u>₩ 14,465,918</u>	<u>₩ 3,510,916</u>	<u>₩ (6,198)</u>	<u>₩ (1,496,307)</u>	<u>₩ (967,587)</u>	<u>₩ 15,506,742</u>

(*1) Includes acquisition cost transferred from construction-in-progress amounting to ₩ 1,494,187 million.

(*2) Represent assets transferred from construction-in-progress to intangible assets and other property, plant and equipment.

(b) The Company's expenditures in relation to construction-in-progress for the expansion of Pohang transporting plates amounted to ₩ 2,016,729 million for the six-month period ended June 30, 2009.

9. Intangible Assets

Intangible assets, net of amortization, as of June 30, 2009 and December 31, 2008 are as follows:

<i>(in millions of Won)</i>	<u>2009</u>	<u>2008</u>
Intellectual property rights	₩ 2,633	2,479
Port facilities usage rights	106,911	116,554
Other intangible assets (*1)	50,336	51,062
	<u>₩ 159,880</u>	<u>170,095</u>

(*1) The Company capitalized costs directly related to the Enterprise Resource Planning (ERP) system and process innovation as other intangible assets.

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10. Pledged assets

- (a) As of June 30, 2009, treasury bills amounting to ₩ 29,726 million and the bonds amounting to ₩ 1,886 million issued by the Seoul metropolitan rapid transit Corporation, among the held-to-maturity securities, were provided as collateral to the Gyung-sangbuk-do Province Office as guarantee for environmental remediation of POSCO No. 4 disposal site.
- (b) As of June 30, 2009, 2,021,655 shares, equivalent to 18,194,901 American depository receipts (“ADRs”) of SK Telecom Co., Ltd. have been pledged as collateral for the exchangeable bonds issued (note 13) and 165,362,000 shares of Nippon Steel Corporation have been pledged as collateral for the 1st samuri bonds issued.
- (c) Guarantees provided by third parties on behalf of the Company as of June 30, 2009 and December 31, 2008 were as follows:

<i>(in millions of Won)</i>	<u>2009</u>		<u>2008</u>	
Korea Development Bank	EUR 4,282,416	<u>₩ 7,748</u>	4,600,591	<u>8,171</u>

11. Other Assets

Other current and other long-term assets as of June 30, 2009 and December 31, 2008 are as follows:

<i>(in millions of Won)</i>	<u>2009</u>		<u>2008</u>	
Other current assets				
Short-term loans receivable	₩	-		14
Accrued income		28,551		34,396
Advanced payments		4,137		3,729
Others		-		1,250
	₩	<u>32,688</u>		<u>39,389</u>
Other long-term assets				
Long-term loans receivable	₩	12,002		6,637
Guarantee deposits		1,816		1,413
Other investment assets		63,843		66,066
		<u>77,661</u>		<u>74,116</u>
Less: Allowance for doubtful accounts		<u>(27)</u>		<u>(33)</u>
	₩	<u>77,634</u>		<u>74,083</u>

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12. Short-Term Borrowings and Current Portion of Long-Term Debt

(a) Short-term borrowings as of June 30, 2009 and December 31, 2008 are as follows:

<i>(in millions of Won)</i>	<u>Annual Interest Rate (%)</u>	<u>2009</u>		<u>2008</u>	
Domestic borrowings	2.45	KRW	500,000 ₩	500,000	-
Foreign currency borrowings	3.16 ~ 5.17	USD	409,132,891	525,613	271,035,408
			₩	1,025,613	340,827
					340,827

(b) Current portion of long-term debts as of June 30, 2009 and December 31, 2008 are as follows:

<i>(in millions of Won)</i>	<u>Annual Interest Rate (%)</u>	<u>2009</u>		<u>2008</u>	
Debentures	4.66	KRW	200,000 ₩	200,000	200,000
Foreign currency borrowings	4.60	JPY	96,000,000	1,283	192,000,000
Loans from foreign financial institutions	2.00	EUR	636,350	1,151	636,350
				202,434	203,806
				(55)	(165)
Less: Discount on debentures issued			₩	202,379	203,641

13. Long-Term Debts

(a) Debentures as of June 30, 2009 and December 31, 2008 are as follows:

<i>(in millions of Won)</i>	<u>Issue date</u>	<u>Maturity</u>	<u>Annual Interest Rate (%)</u>	<u>2009</u>		<u>2008</u>	
Domestic debentures	Mar. 28, 2006~ Jan. 20, 2009	Mar. 28, 2011~ Jan. 20, 2014	4.66 ~ 6.52	KRW	2,500,000 ₩	2,500,000	2,000,000
9th Samurai Bonds	Jun. 28, 2006	Jun. 28, 2013	2.05	JPY	50,000,000,000	668,140	50,000,000,000
Euro Bonds	Aug. 10, 2006	Aug. 10, 2016	5.88	USD	300,000,000	385,410	300,000,000
Exchangeable bonds (*1)	Aug. 19, 2008	Aug. 19, 2011	-	JPY	52,795,000,000	705,489	52,795,000,000
Yen dominated FRN	Nov. 11, 2008	Nov. 11, 2013	6 Months Tibor+2.60	JPY	20,000,000,000	267,256	20,000,000,000
1st Samurai Private Equity Bonds	Dec. 29, 2008	Dec. 29, 2011	6 Months Tibor+1.60	JPY	50,000,000,000	668,140	50,000,000,000
Global Bonds	Mar. 26, 2009	Mar. 26, 2014	8.75	USD	700,000,000	899,290	-
						6,093,725	4,785,822
Add: Premium on bond redemption						10,653	11,112
Less: Current portion						(200,000)	(200,000)
Discount on debentures issued						(78,584)	(71,525)
					₩	5,825,794	4,525,409

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(*1) The Company issued exchangeable bonds, which is exchangeable with 17,603,801 SK Telecom Co., Ltd. ADRs, on August 19, 2008. Details of exchangeable bonds are as follows:

Issuance date:	August 19, 2008
Maturity date:	August 19, 2013
Rate:	Interest rate of zero percent
Face value:	JPY 52,795,000,000
Issuance price:	JPY 52,424,229,136
Premium on bond redemption :	JPY 797,204,500 (redeemed on put date or maturity date)
Exchangeable price:	JPY 2,999.11/ADR
Fair value of an exchangeable right at issuance date:	JPY 2,867,605,334
Fair value of exchangeable right as of June 30, 2009:	JPY 227,018,500
ADR exchangeable as of June 30, 2009:	ADR 18,194,901
Exercise period of exchangeable right:	Commencing ten business days following the issuance date until ten business days prior to maturity date
Exercisable date of put by bondholders:	August 19, 2011

The Company issued exchangeable bonds which is exchangeable with SK Telecom Co., Ltd. ADRs through Zeus (Cayman) Ltd., a SPV. The transaction between the Company and Zeus (Cayman) Ltd. is deemed to be a borrowing transaction under generally accepted accounting principles in the Republic of Korea.

(b) Long-term domestic borrowings as of June 30, 2009 and December 31, 2008 are as follows:

<i>(in millions of Won)</i>	<u>Annual Interest Rate (%)</u>		<u>2009</u>	<u>2008</u>
Korea Resources Corporation	Representive-Borrowing Rate(*1)-2.25	₩	55,114	49,308
Woori Bank	Representive-Borrowing Rate(*1)-1.25		13,269	-
		₩	<u>68,383</u>	<u>49,308</u>

(*1) Indexed to the average yield of 3-year government bond which is rounded off to the nearest 0.25%.

(c) Long-term foreign currency borrowings as of June 30, 2009 and December 31, 2008 are as follows:

<i>(in millions of Won)</i>	<u>Annual Interest Rate (%)</u>		<u>2009</u>	<u>2008</u>
Korea National Oil Corporation (*1)	Representive-Borrowing Rate -2.25	USD 2,776,237	₩ 3,502	2,324,540
Development Bank of Japan	4.60	JPY 96,000,000	<u>1,283</u>	<u>192,000,000</u>
			4,785	5,599
Less: Current portion			<u>(1,283)</u>	<u>(2,676)</u>
			<u>₩ 3,502</u>	<u>2,923</u>

(*1) The borrowing is related to the exploration of gas field in the Aral Sea in Uzbekistan with Korea National Oil Corporation ("KNOC") (note 16).

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(d) Loans from foreign financial institutions as of June 30, 2009 and December 31, 2008 are as follows:

<i>(in millions of Won)</i>	<u>Annual Interest Rate (%)</u>	<u>2009</u>		<u>2008</u>	
NATIXIS	2.00	EUR 4,282,416	₩ 7,748	4,600,591	8,171
Less : Current portion		EUR (636,350)	(1,151)	(636,350)	(1,130)
			<u>₩ 6,597</u>		<u>7,041</u>

(e) Aggregate maturities of long-term debts as of June 30, 2009 are as follows:

<i>(in millions of Won)</i>			<u>Foreign Currency</u>	<u>Loans from</u>			
June 30,	<u>Debentures (*1)</u>	<u>Borrowings</u>	<u>Borrowings</u>	<u>Foreign financial</u>	<u>Total</u>		
2010	₩ 200,000	₩ -	₩ 1,283	₩ 1,151	₩	₩	202,434
2011	800,000	-	-	1,151	₩	₩	801,151
2012	1,873,629	3,668	-	1,151	₩	₩	1,878,448
2013	668,140	7,164	-	1,151	₩	₩	676,455
Thereafter	2,562,609	57,551	3,502	3,144	₩	₩	2,626,806
	<u>₩ 6,104,378</u>	<u>₩ 68,383</u>	<u>₩ 4,785</u>	<u>₩ 7,748</u>	₩	₩	<u>6,185,294</u>

(*) The amount includes premium on bond redemption.

14. Accrued Severance Benefits

The changes in accrued severance benefits for the six-month period ended June 30, 2009 and the year ended December 31, 2008 are as follows:

<i>(in millions of Won)</i>	<u>2009</u>	<u>2008</u>
Estimated severance benefits at the beginning of period	₩ 851,391	682,686
Provision for severance benefits	3,221	221,748
Payment	(49,278)	(53,043)
Estimated severance benefits at the end of period	<u>₩ 805,334</u>	<u>851,391</u>
Transferred to National Pension Fund	(84)	(84)
Deposit for severance benefits trust	(581,433)	(590,939)
Net balance at the end of period	<u>₩ 223,817</u>	<u>260,368</u>

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15. Other Current Liabilities

Other current liabilities as of June 30, 2009 and December 31, 2008 are as follows:

<i>(in millions of Won)</i>	<u>2009</u>	<u>2008</u>
Other current liabilities		
Advances received	₩ 23,166	25,162
Unearned revenue	2,342	2,472
Others	23,885	9,453
	<u>₩ 49,393</u>	<u>37,087</u>

16. Commitments and Contingencies

(a) As of June 30, 2009, contingent liabilities for outstanding guarantees provided by the Company for the repayment of loans of related companies and others are as follows:

<i>(in millions of Won)</i>		<u>2009</u>		<u>2008</u>		
<u>Company</u>	<u>Financial Institution</u>	<u>Guaranteed</u>	<u>Won Equivalent</u>	<u>Guaranteed</u>	<u>Won Equivalent</u>	
Related companies						
POSCO Investment Co., Ltd.	Bank of Tokyo-Mitsubishi	USD	-		42,000,000	
		CNY	-		29,000,000	
	HSBC	CNY	630,000,000	₩ 664,575	-	₩ 248,976
		MYR	280,000,000		180,000,000	
		USD	346,000,000		100,000,000	
Zhangjiagang Pohang Stainless Steel Co., Ltd.	Bank of China and others	-	-	199,925,000	251,406	
POSCO-Vietnam Co., Ltd.	The Export-Import Bank of Korea	USD	230,000,000	313,017	200,000,000	
		JPY	1,312,300,000		-	251,500
			<u>977,592</u>		<u>751,882</u>	
Others						
DC Chemical Co., Ltd.	EI Co., Ltd.	KRW	320	320	320	
Zeus (Cayman) Ltd.	Related creditors	JPY	52,795,000,000	705,489	52,795,000,000	
BX STEEL POSCO Cold Rolled Sheet Co., Ltd.	Bank of China and others	USD	15,260,000	89,881	15,840,000	
		CNY	373,810,000		423,440,000	
			<u>795,690</u>		<u>834,094</u>	
			<u>₩ 1,773,282</u>		<u>₩ 1,585,976</u>	

(b) As of June 30, 2009, the Company issued five blank promissory notes to Korea Resources Corporation as collateral for borrowings, and issued three blank promissory notes to KNOC as collateral for foreign currency borrowings.

(c) The Company entered into a capital lease contract acquiring a ro-ro ship for the exclusive use of transporting plates for ₩ 1,953 million and US\$ 11,583 thousand, equivalent to 90 % of fair value of the ship price, to be redeemed over 12 years.

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- (d) As of June 30, 2009, the Company acquired certain tools and equipment under operating lease agreements from Macquarie Capital Korea Company Limited and others. The Company's rent expense with respect to these lease agreements, amounted to ₩ 2,632 million for the six-month period ended June 30, 2009. Future lease payments under these lease agreements are as follows:

(in millions of Won)

<u>Period</u>	<u>Amount</u>
2009	₩ 2,800
2010	3,167
2011	1,375
	<u>₩ 7,342</u>

- (e) The Company is involved in thirteen lawsuits and claims for alleged damages aggregating to ₩ 13,022 million as of June 30, 2009 which arose in the ordinary course of business. The Company is unable to predict the possible outcome of the above claims. However, in the opinion of management, the foregoing lawsuits and claims will not have a material adverse effect on the Company's financial position, operating results or cash flows. No provision is recorded in connection with the above lawsuits and claims as of June 30, 2009.
- (f) The Company entered into long-term contracts to purchase iron ore, coal and nickel. These contracts generally have terms of more than three years and provide for periodic price adjustments to the market price. As of June 30, 2009, 378 million tons of iron ore and 51 million tons of coal remained to be purchased under such long-term contracts.
- (g) The Company entered into an agreement with Tangguh Liquefied Natural Gas (LNG) Consortium in Indonesia regarding the commitment to purchase 550 thousand tons of LNG annually for 20 years commencing in August 2005. This agreement provides for periodic price adjustments to market price (Japan JCC), and the ceiling price is applied when the market price exceeds the certain price level provided in the agreement.
- (h) The Company has a bank overdraft agreements of up to ₩ 300,000 million with Woori Bank and six other banks as of June 30, 2009. In addition, the Company entered into a credit purchase loan agreement with Industrial Bank of Korea and five other banks for credit lines of up to ₩ 200,000 million and short-term borrowing agreement of up to ₩ 700,000 million with Woori Bank and five other banks.
- (i) As of June 30, 2009, the Company has an agreement with Woori Bank and others to open letters of credit, documents against acceptance and documents against payment amounting to US\$ 1,325 million and US\$ 500 million in foreign short-term borrowings.
- (j) The outstanding balance of accounts receivable in foreign currency sold to financial institutions as of June 30, 2009 amounted to US\$ 114.3 million for which the Company is contingently liable upon the issuers' default.

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- (k) The Company entered into a commitment of foreign currency long-term borrowings which is limited up to the amount of US\$ 6.86 million with KNOC related to the exploration of gas fields in the Aral Sea, Uzbekistan. The repayment obligation depends on the success of the project. The Company is not liable for the repayment of full or part of money borrowed if the project fails and also the Company has agreed to pay certain portion of its profits under certain conditions as defined by borrowing agreement.

17. Derivatives

- (a) Details of derivatives as of June 30, 2009 and December 31, 2008 are as follows:

<u>Type of Transaction</u>	<u>Purpose of Transaction</u>	<u>Financial Institutions</u>	<u>Description of contract</u>
Currency forward (Swaps)	Hedge	Calyon and others	Currency forward (Forward exchange)
Embedded derivative (*)	Issuing exchangeable bonds	Investee for exchangeable bonds	Exchangeable rights for stock

- (*) The Company applied derivative accounting as exchangeable right to investors related to exchangeable bond issued in August 19, 2008 meets certain criteria of embedded derivatives. Fair values of exchangeable right are ₩ 9,199 million (JPY 659,937,500) as of December 31, 2008 and ₩ 3,034 million (JPY 227,018,500) as of June 30, 2009. This exchangeable right is included in other long-term liabilities.

- (b) Details of the gains (losses) on derivatives, net for the six-month period ended December 31, 2009 and 2008 are as follows:

<i>(in millions of Won)</i> <u>Type of Transaction</u>	<u>Valuation Gain (Loss)</u>		<u>Transaction Gain (Loss)</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Currency forward (Swaps)	₩ -	-	₩ 1,076	307
Embedded derivative	6,165	-	-	-
	<u>₩ 6,165</u>	<u>-</u>	<u>₩ 1,076</u>	<u>307</u>

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18. Stock Appreciation Rights

- (a) The Company granted stock appreciation rights to its executive officers in accordance with the stock appreciation rights plan approved by the Board of Directors. The details of the stock appreciation rights granted are as follows:

	<u>1st Grant</u>	<u>2nd Grant</u>	<u>3rd Grant</u>	<u>4th Grant</u>	<u>5th Grant</u>	<u>6th Grant</u>	<u>Total</u>
Before the modifications(*)							
Number of shares	498,000 shares	60,000 shares	22,000 shares	141,500 shares	218,600 shares	90,000 shares	1,030,100 shares
Exercise price	₩ 98,400 per share	₩ 135,800 per share	₩ 115,600 per share	₩ 102,900 per share	₩ 151,700 per share	₩ 194,900 per share	
After the modifications(*)							
Grant date	July 23, 2001	April 27, 2002	September 18, 2002	April 26, 2003	July 23, 2004	April 28, 2005	
Exercise price	₩ 98,900 per share	₩ 136,400 per share	₩ 116,100 per share	₩ 102,900 per share	₩ 151,700 per share	₩ 194,900 per share	
Number of shares granted	453,576 shares	55,896 shares	20,495 shares	135,897 shares	214,228 shares	90,000 shares	970,092 shares
Number of shares cancelled	19,409 shares	-	-	-	-	-	19,409 shares
Number of shares exercised	434,167 shares	55,896 shares	12,110 shares	122,138 shares	88,524 shares	62,000 shares	774,835 shares
Number of shares outstanding	-	-	8,385 shares	13,759 shares	125,704 shares	28,000 shares	175,848 shares
Exercise period	July 24, 2003~ July 23, 2008	April 28, 2004~ April 27, 2009	Sept. 19, 2004~ Sept. 18 2009	April 27, 2005~ April 26, 2010	July 24, 2006~ July 23, 2011	April 29, 2007~ April 28, 2012	

- (*) The Company modified the number of shares granted under the stock appreciation rights and the exercise price, as presented above (1st, 2nd, 3rd, 4th and 5th), in accordance with the resolutions of the Board of Directors on April 26, 2003, October 17, 2003 and October 22, 2004.

- (b) Expense (or income) related to stock appreciation rights granted to executives incurred for the six-month period ended June 30, 2009 are as follows:

<i>(in millions of Won)</i>	<u>1st Grant</u>	<u>2nd Grant</u>	<u>3rd Grant</u>	<u>4th Grant</u>	<u>5th Grant</u>	<u>6th Grant</u>	<u>Total</u>
Prior periods	₩ 59,945	₩ 10,801	₩ 4,843	₩ 29,770	₩ 54,680	₩ 25,486	₩ 185,525
Current period	-	(21)	636	712	6,272	1,400	8,999
	<u>₩ 59,945</u>	<u>₩ 10,780</u>	<u>₩ 5,479</u>	<u>₩ 30,482</u>	<u>₩ 60,952</u>	<u>₩ 26,886</u>	<u>₩ 194,524</u>

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19. Selling and Administration Expenses

Details of selling and administrative expenses for the three-month and six-month periods ended June 30, 2009 and 2008 are as follows:

<i>(in millions of Won)</i>	For the three-month period		For the six-month period	
	ended June 30		ended June 30	
	2009	2008	2009	2008
Selling expenses	₩ 154,162	192,041	304,669	369,883
Fees and charges	27,186	32,743	55,194	64,039
Salaries and wages	23,189	21,922	47,601	44,528
Advertising	17,618	24,194	34,104	40,397
Research and development	2,759	18,328	10,049	24,659
Depreciation	3,750	3,901	7,510	7,877
Amortization	4,006	4,209	7,730	7,185
Rent	4,599	5,463	9,125	10,588
Other employ benefits	17,203	19,513	32,355	37,197
Provision for severance benefits	370	4,917	3,767	13,339
Supplies	449	410	2,930	2,952
Travel	2,902	4,139	5,541	6,895
Training	2,321	5,042	5,629	8,791
Repairs	1,502	2,366	2,851	4,475
Communications	1,947	1,923	3,731	3,945
Vehicle expenses	1,362	1,261	2,723	2,529
Taxes and public dues	873	1,253	1,966	2,395
Entertainment	652	1,441	1,547	2,549
Subscriptions and printing	380	414	973	969
Utilities	102	226	186	462
Insurances	2,356	1,947	4,882	3,620
Stock compensation expense (note 18)	10,606	18,265	8,999	-
Others	3,779	5,285	9,021	9,536
	₩ 284,073	371,203	563,083	668,810

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20. Income Taxes

(a) Income tax expense for the six-month periods ended June 30, 2009 and 2008 are as follows:

<i>(in millions of Won)</i>	<u>2009</u>	<u>2008</u>
Current income taxes (*)	₩ 290,055	737,720
Deferred income taxes	(95,293)	(29,314)
Items charged directly to shareholders' equity	<u>(94,963)</u>	<u>64,351</u>
	<u>₩ 99,799</u>	<u>772,757</u>

(*) Additional tax payments (or tax returns) arising from finalized tax assessment are added or deducted in current income taxes.

(b) The following table reconciles the expected amount of income tax expense based on statutory rates to the actual amount of taxes recorded by the Company for the six-month periods ended June 30, 2009 and 2008:

<i>(in millions of Won)</i>	<u>2009</u>	<u>2008</u>
Net income before income tax expense	₩ 854,845	3,279,536
Income tax expense computed at statutory rate	206,860	901,886
Adjustments:	(107,061)	(129,109)
Tax credit	(148,312)	(60,788)
Others, net	41,251	(68,321)
Income tax expense	<u>₩ 99,799</u>	<u>772,757</u>
Effective rate	<u>11.67%</u>	<u>23.56%</u>

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(c) Changes in temporary differences and deferred income taxes for the six-month period ended June 30, 2009 are as follows:

<i>(in millions of Won)</i>	Accumulated temporary differences			Deferred income tax		
	Dec. 31, 2008	Inc. (dec.) (*1)	June 30, 2009	Dec. 31, 2008	Inc. (dec.) (*1)	June 30, 2009
Reserve for special repairs	₩ (281,824)	₩ 8,938	₩ (272,886)	₩ (62,423)	₩ 196	₩ (62,227)
Allowance for doubtful accounts	-	4,680	4,680	-	1,030	1,030
Reserve for technology developments	(720,000)	593,919	(126,081)	(167,016)	139,279	(27,737)
Dividend income from related companies	430,688	30,426	461,114	94,751	6,694	101,445
Depreciation expense	(267,736)	(45,258)	(312,994)	(58,569)	(10,235)	(68,804)
Valuation of equity method accounted investments(*2)	(1,778,197)	(376,332)	(2,154,529)	(299,121)	(81,045)	(380,166)
Prepaid expenses	68,751	4,526	73,277	16,182	318	16,500
Impairment loss on property, plant and equipment	42,461	(5,113)	37,348	9,374	(1,122)	8,252
Gain on foreign currency translation	622,855	(201,667)	421,188	137,581	(44,920)	92,661
Gain on valuation of available-for-sale securities	(393,580)	(289,136)	(682,716)	(86,587)	(63,610)	(150,197)
Loss on valuation of available-for-sale securities	973,348	(5,755)	967,593	214,137	(1,266)	212,871
Tax credit	-	-	-	-	147,876	147,876
Others	362,567	6,340	368,907	74,851	2,098	76,949
	<u>₩ (940,667)</u>	<u>₩ (274,432)</u>	<u>₩ (1,215,099)</u>	<u>₩ (126,840)</u>	<u>₩ 95,293</u>	<u>₩ (31,547)</u>

(*1) The adjustments reflect the effect of the finalized tax assessment for the year ended December 31, 2008.

(*2) As the Company is unlikely to dispose of its investee shares within five years, the income tax effect of ₩ 369,137 million in June 30, 2009 is not recognized as it is not probable that the deferred tax asset will be realized.

(d) A summary of deferred tax assets and liabilities as of June 30, 2009 are as follows:

<i>(in millions of Won)</i>	Current	Non-current	Total
Deferred tax assets	₩ 182,331	747,884	930,215
Deferred tax liabilities	(24,605)	(937,157)	(961,762)
Total	<u>₩ 157,726</u>	<u>(189,273)</u>	<u>(31,547)</u>

(e) Income tax expense which is directly charged to shareholders' equity due to changes in valuation of available-for-sale securities for the six-month period ended June 30, 2009 amounted to ₩ (94,963) million.

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21. Comprehensive Income

(a) For the six-month periods ended June 30, 2009 and 2008, comprehensive income are as follows:

<i>(in millions of Won)</i>	<u>2009</u>	<u>2008</u>
Net income	₩ 755,046	2,506,779
Gain (loss) on valuation of available-for sale securities	294,891	(514,343)
Less: tax effect	(64,876)	141,445
Changes in capital adjustments arising from equity method accounted investments	137,712	305,369
Less: tax effect	(18,633)	(72,084)
Comprehensive income	<u>₩ 1,104,140</u>	<u>2,367,166</u>

(b) For the three-month periods ended on June 30, 2009 and 2008, comprehensive income are as follows

<i>(in millions of Won)</i>	<u>2009</u>	<u>2008</u>
Net income	₩ 430,530	1,475,566
Gain on valuation of available-for sale securities	256,794	33,334
Less: tax effect	101,018	20,369
Changes in capital adjustments arising from equity method accounted investments	(35,173)	62,896
Less: tax effect	(5,412)	34,463
Comprehensive income	<u>₩ 747,757</u>	<u>1,626,628</u>

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22. Earnings Per Share

- (a) Basic earnings per share for the six-month periods ended June 30, 2009 and 2008 were as follows:

<i>(in millions of Won except per share information)</i>	<u>2009</u>	<u>2008</u>
Net income	₩ 755,046	2,506,779
Weighted-average number of common shares outstanding (*)	<u>76,569,916</u>	<u>75,407,696</u>
Basic earnings per share	<u>₩ 9,861</u>	<u>33,243</u>

- (*) Basic earnings per share is computed by dividing net income allocated to common stock, by the weighted-average number of common shares outstanding for the six-month periods ended June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Total number of common shares issued	87,186,835	87,186,835
Weighted-average number of treasury shares	<u>10,616,919</u>	<u>11,779,139</u>
Weighted-average number of common shares outstanding	<u>76,569,916</u>	<u>75,407,696</u>

- (b) Basic earnings per share for for the three-month periods ended June 30, 2009 and 2008 were as follows:

<i>(in millions of Won except per share information)</i>	<u>2009</u>	<u>2008</u>
Net income	₩ 430,530	1,475,566
Weighted-average number of common shares outstanding (*)	<u>76,569,916</u>	<u>75,394,201</u>
Basic earnings per share	<u>₩ 5,623</u>	<u>19,571</u>

- (*) Basic earnings per share is computed by dividing net income allocated to common stock, by the weighted-average number of common shares outstanding for the three-month periods ended June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Total number of common shares issued	87,186,835	87,186,835
Weighted-average number of treasury shares	<u>10,616,919</u>	<u>11,792,634</u>
Weighted-average number of common shares outstanding	<u>76,569,916</u>	<u>75,394,201</u>

- (c) Basic earnings per share for the year ended December 31, 2008 and for the three-month period ended March 31, 2009 were ₩ 58,905 and ₩ 4,238.

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23. Related Party Transactions

(a) As of June 30, 2009, the subsidiaries of the Company are as follows:

Domestic (26)	POSCO E & C Co., Ltd., Posteel Co., Ltd., POSCON Co., Ltd., POSCO Coated & Color Steel Co., Ltd., POSCO Machinery & Engineering Co., Ltd., POSDATA Co., Ltd., POSCO Research Institute, Seung Kwang Co., Ltd., POSCO Architects & Consultants Co., Ltd., POSCO Specialty Steel Co., Ltd., POSCO Machinery Co., Ltd., POSTECH Venture Capital Corp., POSCO Refractories & Environment Company Co., Ltd., POSCO Terminal Co., Ltd., POSMATE Co., Ltd., Samjung Packing & Aluminum Co., Ltd., POSCO Power Corp., Metapolis Co., Ltd., POSCORE Co., Ltd., PHP Co., Ltd., PNR Co., Ltd., Megaasset Co., Ltd., Postech 2006 Energy Fund, Daewoo Engineering Company, Universal Studios Resort Development Co., Ltd., Pohang Fuelcell Power Corp.
Foreign (49)	POSCO America Corporation (POSAM), POSCO Australia Pty. Ltd. (POSA), POSCO Canada Limited (POSCAN), POSCAN Elkview Coal Ltd., POSCO Asia Co., Ltd. (POA), VSC POSCO Steel Corp. (VPS), Dalian POSCO-CFM Coated Steel Co., Ltd., POS-Tianjin Coil Center Co., Ltd. (POSCO-CTPC), POSMETAL Co., Ltd. (POSCO-JKPC), International Business Center Corporation (IBC), POSLILAMA Steel Structure Co., Ltd., Zhangjiagang Pohang Stainless Steel Co., Ltd. (ZPSS), POSCO (Guangdong) Steel Co., Ltd., POSCO Thailand Bangkok Processing Center Co., Ltd. (POSCO-TBPC), Myanmar-POSCO Steel Co., Ltd., Zhangjiagang POSHA Steel Port Co., Ltd., POSCO-Osaka Processing Center Co., Ltd. (POSCO-JOPC), POSCO Investment Co., Ltd. (POSINVEST), POSCO-MKPC SDN. BHD., Qingdao Pohang Stainless Steel Co., Ltd., POSCO (Suzhou) Automotive Processing Center Co., Ltd. (POSCO-CSPC), POSEC-Hawaii Inc., POS-Qingdao Coil Center Co., Ltd. (POSCO-CQPC), POS-ORE Pty. Ltd., POSCO-China Holding Corp., POSCO-Japan Co., Ltd., POSCO E&C (Zhangjiagang) Engineering & Consulting Co., Ltd, POS-CD Pty. Ltd., POS-GC Pty. Ltd., POSCO-India Pvt. Ltd., POS-India Pune Steel Processing Centre Pvt. Ltd. (POSCO-IPPC), POSCO –Nagoya Automotive Processing Center Co., Ltd. (POSCO-JNPC), POSCO-Foshan Steel Processing Center Co., Ltd. (POSCO-CFPC), POSCO E&C (Beijing) Co., Ltd., POSCO MPC S.A. de C.V. (POSCO-MPPC), Zhanjiagang Pohang Port Co., Ltd., POSCO-Vietnam Co., Ltd., POSCO-Mexico Co., Ltd., POSCO-India Delhi Steel Processing Centre Pvt. Ltd. (POSCO-IDPC), POSCO (Chongqing) Automotive Processing Center Co., Ltd. (POSCO-CCPC), POS-NP Pty. Ltd., POSCO-Vietnam Processing Center Co., Ltd. (POSCO-VHPC), Suzhou Poscore Technology Co., Ltd. (POSCO-CORE (SZ)), POSCO –Yokoyama Steel Processing Center Co., Ltd. (POSCO-JYPC), POSCO-Malaysia SDN. BHD., POS-Minerals Corporation, POSCO (Wuhu) Automotive Processing Center Co., Ltd. (POSCO-CWPC), &TV Communication Inc., POSCO Phillippine Manila Processing Center Inc. (POSCO-PMPC)

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- (b) Significant transactions, which occurred in the ordinary course of business, with related companies for the six-month periods ended June 30, 2009 and 2008, and the related account balances as of June 30, 2009 and December 31, 2008 are as follows:

<i>(in millions of Won)</i>	Sales and others ^(*1)		Purchase and others ^(*1)		Receivables ^(*2)		Payables ^(*2)	
	2009	2008	2009	2008	2009	2008	2009	2008
Subsidiaries								
POSCO E&C Co., Ltd.	₩ 3,370	₩ 8,399	₩ 1,060,368	₩ 446,595	₩ 47	₩ 814	₩ 186,637	₩ 249,792
Posteel Co., Ltd.	641,826	618,027	60,487	118,142	119,892	220,713	4,164	21,651
POSCON Co., Ltd.	52	47	89,359	75,611	7	5	13,064	62,957
POSCO Coated & Color Steel Co., Ltd.	225,875	269,742	541	873	95,488	48,785	143	71
POSCO Machinery & Engineering Co., Ltd.	442	32	90,381	63,503	177	2,665	10,771	25,387
POSDATA Co., Ltd.	528	1,083	90,401	89,525	-	1	25,805	20,311
POSCO Research Institute	-	-	11,136	9,584	-	54	2,999	3,780
POSCO Architects & Consultants Co., Ltd.	248	383	16,830	12,275	-	-	1,192	5,470
POSCO Specialty Steel Co., Ltd.	20	2,013	501	18,335	-	1,843	151	4,463
POSCO Machinery Co., Ltd.	7,971	4,128	46,074	38,538	759	2,188	7,439	28,517
POSMATE Co., Ltd.	613	869	17,867	17,799	-	246	4,346	4,763
POSCO Refractories & Environment Company Co., Ltd.	44,686	15,485	211,279	138,575	7,257	19,137	39,793	57,791
Samjung Packing & Aluminum Co., Ltd.	8,362	9,834	99,561	119,626	3,618	2,578	23,260	17,422
POSCORE Co., Ltd.	61,528	53,695	1	-	17,461	20,330	-	-
POSCO America Corporation	79,330	68,501	-	-	974	25	-	405
POSCO Australia Pty. Ltd.	4,848	13,378	-	-	558	18	-	-
POSCO Canada Limited	-	20	25,170	105,330	-	21	-	-
POSCO Asia Co., Ltd.	575,037	464,567	50,625	98,237	40,621	28,301	824	2,978
POSMETAL Co., Ltd.	13,543	11,542	-	-	1,015	2,560	-	-
POSCO Thailand Bangkok Processing Center Co., Ltd.	14,034	26,310	-	29	1,281	-	-	-
Qingdao Pohang Stainless Steel Co., Ltd.	97,929	35,900	-	-	4,722	4,804	-	-
POSCO-Japan Co., Ltd.	269,411	439,989	8,045	7,044	16,114	21,700	23	1,104
POS-India Pune Steel Processing Centre Pvt. Ltd.	18,942	33,773	-	-	785	4,019	-	-
POSCO-Mexico Co., Ltd.	22,579	-	-	-	-	-	-	-
POSCO-Malaysia SDN. BHD.	20,161	15,483	-	-	-	-	-	-
Others	32,006	27,219	8,538	2,031	5,463	4,708	1,114	1,092
	2,143,341	2,120,419	1,887,164	1,361,652	316,239	385,515	321,725	507,954
Equity method investees								
eNtoB Corporation	-	-	105,591	120,345	-	-	2,475	6,016
SNNC Co., Ltd.	94	1,666	155,727	-	19	19	22,274	1,926
KOBRASCO	-	-	3,042	60,883	-	4,115	-	-
Poschrome (Proprietary) Limited	-	3,275	15,305	52,586	-	-	-	-
USS - POSCO Industries	110,640	190,611	7	-	-	-	-	-
Others	4,464	7,248	90	-	-	1,825	-	-
	115,198	202,800	279,762	233,814	19	5,959	24,749	7,942
Total	₩ 2,258,539	₩ 2,323,219	₩ 2,166,926	₩ 1,595,466	₩ 316,258	₩ 391,474	₩ 346,474	₩ 515,896

(*1) Sales and others include sales, non-operating income and others; purchases and others include purchases, acquisition of property, plant and equipment, overhead expenses and others.

(*2) Receivables include trade accounts and notes receivable and other accounts and notes receivable; payables include trade accounts and notes payable, other accounts payable and others.

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(c) For the six-month periods ended June 30, 2009 and 2008, details of compensation to key management officers are as follows:

<i>(in millions of Won)</i>	<u>2009</u>	<u>2008</u>
Salaries	₩ 5,748	5,387
Severance benefits	3,653	2,459
Management achievement awards	7,124	6,885
Total	<u>₩ 16,525</u>	<u>14,731</u>

Key management officers include directors (including non-executive directors) and internal audit officer who have significant influence and responsibilities in the Company's business and operations. Other than the compensation which is described above, the Company granted stock appreciation rights to its key management officers. The Company recognized expense related to stock appreciation rights which were increased by ₩ 8,999 million, and decreased by ₩ 10,780 million for the six-month periods ended June 30, 2009 and 2008, respectively. (note 18)

24. Segment Information

The Company has main plants in Pohang and in Gwangyang in the Republic of Korea. Sales of the plants for the six-month periods ended June 30, 2009 and 2008 were as follows:

<i>(in millions of Won)</i>	<u>2009</u>	<u>2008</u>
Pohang	₩ 7,383,095	7,559,165
Gwangyang	5,384,230	5,940,954
Others	47,974	24,022
Total	<u>₩ 12,815,299</u>	<u>13,524,141</u>

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25. Cost of goods sold

Details of cost of goods sold for the three-month and six-month periods ended June 30, 2009 and 2008 are as follows:

<i>(in millions of Won)</i>	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2009	2008	2009	2008
Finished goods, semi-finished goods and by-product				
Beginning balance of inventories	₩ 2,271,824	1,348,328	2,749,541	1,359,025
Cost of goods manufactured	5,091,408	5,641,004	10,349,767	10,083,264
Overhead variance	13,703	(20,778)	83,203	28,108
Refund of customs	(2,988)	(2,776)	(5,120)	(5,544)
Ending balance of inventories	<u>(1,494,965)</u>	<u>(1,772,251)</u>	<u>(1,494,965)</u>	<u>(1,772,251)</u>
	5,878,982	5,193,527	11,682,426	9,692,602
Others	<u>14,186</u>	<u>8,407</u>	<u>26,325</u>	<u>15,038</u>
Total	<u>₩ 5,893,168</u>	<u>5,201,934</u>	<u>11,708,751</u>	<u>9,707,640</u>

POSCO
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26. The Company's plan and status for applying K-IFRS

The Company plans to prepare its financial statements under K-IFRS from 2011. To manage all the things accompanied with adoption of K-IFRS, the Company has organized a separate task force, and it has analyzed the impact of the adoption of K-IFRS and has been on the process of modification of system. Also, the Company has trained persons in charge of adoption of K-IFRS in POSCO and its subsidiaries and it is reporting the results of its operation to the audit committee and management group periodically. Details of action plans and current status for the preparation of K-IFRS as of June 30, 2009 are as follows:

Major activities	Action Plans	current status for the preparation of K-IFRS as of June 30, 2009
Analysis of the impact on adoption of K-IFRS and managing the separate task force for the adoption of K-IFRS	Preparation in adopting K-IFRS by managing the separate task force for the adoption of K-IFRS	1) Setting up separate task force for the adoption of K-IFRS in July 2008 2) Completion of first phase of K-IFRS consulting project provided by the accounting firm from August 2008 to March 2009 (Analysis of the impact on adoption of K-IFRS and creating Group GAAP) 3) Performing second phase of K-IFRS consulting project provided by the accounting firm from March 2009 to June 2009 (Design stand-alone financial closing process with respect to GAAP differences)
Train persons in charge of accounting and related system	Obtaining essential technical knowledge for the adoption of K-IFRS by the end of 2009	1) Training persons in charge at working level of the Company and its subsidiaries regarding the impact of adoption of K-IFRS and reporting to audit committee and management group from July 2008 up to now.
Modification of system	Modification of the stand-alone financial closing system by the end of 2009 for application of K-IFRS.	1) Modifying the stand-alone financial closing system as of June 31, 2009.

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27. Subsequent Events

(a) Interim Dividends

On the Board of Directors' meeting on July 17, 2009, the Company has declared to pay interim dividends to the ordinary share owners. The details of the interim dividends are as follows:

Gross amount of dividends	₩	114,854,874,000
Numbers of share		76,569,916
Dividends per share	₩	1,500
Dividend yield		30.00%
Prosperity (*1)		15.21%
Dividend earning rate (*2)		0.35%

(*1) Interim Dividends/Net income

(*2) Dividends per share/Closing Price of the settling date (₩ 423,500)

(b) Acquisition of Taihan ST Co., Ltd. shares

In order to strengthen the competitiveness in stainless steel business, the Company has entered into the contract to acquire 65.1% of Taihan ST Co., Ltd.'s share (interest after acquisition: 85%) for approximately ₩ 60,000 million with Taihan Electric wire Co., Ltd.