

# **POSCO and Subsidiaries**

**Condensed Consolidated Interim Financial Statements  
(Unaudited)  
September 30, 2012**

**(With Independent Auditors' Review Report Thereon)**

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## **Independent Auditors' Review Report**

Based on a report originally issued in Korean

The Board of Directors and Stockholders  
POSCO:

### **Reviewed financial statements**

We have reviewed the accompanying condensed consolidated interim financial statements of POSCO and its subsidiaries (the "Company"), which comprise the condensed consolidated interim statement of financial position as of September 30, 2012, the condensed consolidated interim statements of comprehensive income for the three-month and nine-month periods ended September 30, 2012 and 2011, and the condensed consolidated interim statements of changes in equity and cash flows for the nine-month periods ended September 30, 2012 and 2011, and notes, comprising a summary of significant accounting policies and other explanatory information ("the condensed consolidated interim financial information").

### **Management's responsibility**

Management is responsible for the preparation and fair presentation of the condensed consolidated interim financial information in accordance with Korean International Financial Reporting Standard ("K-IFRS") 1034 "Interim Financial Reporting". The Company's management is also responsible for the internal controls determined necessary to prepare condensed consolidated interim financial statements free of material misstatements due to error or fraud.

### **Auditor's review responsibility**

Our responsibility is to issue a report on the condensed consolidated interim financial statements based on our reviews.

We conducted our reviews in accordance with the Review Standards for Quarterly and Semiannual Financial Statements established by the Securities and Futures Commission of the Republic of Korea. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of Korea and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements referred to above are not prepared, in all material respects, in accordance with K-IFRS No.1034, "Interim Financial Reporting".

**Other matters**

The procedures and practices utilized in the Republic of Korea to review such condensed consolidated interim financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report and the accompanying condensed consolidated interim financial statements are for use by those knowledgeable about Korean review standards and their application in practice.

The consolidated statement of financial position of the Company as of December 31, 2011, and the related consolidated statements of comprehensive income, 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 March 8, 2012, expressed an unqualified opinion. The accompanying condensed consolidated statement of financial position of the Company as of December 31, 2011, presented for comparative purposes, is not different from that audited by us in all material respects.

Seoul, Korea  
November 19, 2012

<p>This report is effective as of November 19, 2012, 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 condensed consolidated interim financial information. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.</p>
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**POSCO and Subsidiaries**  
**Condensed Consolidated Interim Statements of Financial Position**  
**As of September 30, 2012 and December 31, 2011**  
**(Unaudited)**

<i>(in millions of Won)</i>	<u>Notes</u>	<u>September 30, 2012</u>	<u>December 31, 2011</u>
<b>Assets</b>			
Cash and cash equivalents	18	₩ 5,123,621	4,598,682
Trade accounts and notes receivable, net	4,18,28	12,084,137	11,450,515
Other short-term financial assets	5,18,28	3,585,914	3,656,270
Inventories	6	11,523,163	12,283,644
Income tax refund receivable		25,356	18,621
Non-current assets held for sale	7	-	329,037
Other current assets	12	1,654,660	1,220,142
<b>Total current assets</b>		<u>33,996,851</u>	<u>33,556,911</u>
Long-term trade accounts and notes receivable, net	4,18	140,797	183,061
Other long-term financial assets	5,18	4,551,886	5,125,672
Investments in associates	8	3,029,951	3,831,659
Investment property, net	9	506,677	527,533
Property, plant and equipment, net	10	30,473,485	28,453,184
Intangible assets, net	11	5,566,959	5,244,928
Deferred tax assets		963,875	855,603
Other long-term assets	12	432,011	630,287
<b>Total non-current assets</b>		<u>45,665,641</u>	<u>44,851,927</u>
<b>Total assets</b>		<u>₩ 79,662,492</u>	<u>78,408,838</u>

*See accompanying notes to condensed consolidated interim financial statements.*

**POSCO and Subsidiaries**  
**Condensed Consolidated Interim Statements of Financial Position, Continued**  
**As of September 30, 2012 and December 31, 2011**  
**(Unaudited)**

<i>(in millions of Won)</i>	<u>Notes</u>	<u>September 30, 2012</u>	<u>December 31, 2011</u>
<b>Liabilities</b>			
Trade accounts and notes payable	18,28	₩ 3,974,317	4,397,279
Short-term borrowings and current installments of long-term borrowings	13,18	11,497,856	10,791,510
Other short-term financial liabilities	14,18,28	1,754,420	1,811,190
Current income tax liabilities		639,264	509,709
Liabilities related to assets held for sale	7	-	226,607
Provisions	15	68,310	69,432
Other current liabilities	17,28	2,722,837	1,799,631
<b>Total current liabilities</b>		<u>20,657,004</u>	<u>19,605,358</u>
Long-term trade accounts and notes payable	18,28	543	383
Long-term borrowings, excluding current installments	13,18	14,574,971	16,020,207
Other long-term financial liabilities	14,18,28	288,462	350,560
Defined benefits liabilities	16	434,722	340,467
Deferred tax liabilities		1,342,875	1,168,097
Long-term provisions	15	91,021	109,343
Other long-term liabilities	17	63,718	84,503
<b>Total non-current liabilities</b>		<u>16,796,312</u>	<u>18,073,560</u>
<b>Total liabilities</b>		<u>37,453,316</u>	<u>37,678,918</u>
<b>Equity</b>			
Share capital	19	482,403	482,403
Capital surplus	19	1,112,887	1,150,452
Reserves	20	239,661	405,426
Treasury shares	21	(2,391,406)	(2,391,406)
Retained earnings		39,772,288	38,709,475
<b>Equity attributable to owners of the controlling company</b>		<u>39,215,833</u>	<u>38,356,350</u>
<b>Non-controlling interests</b>		<u>2,993,343</u>	<u>2,373,570</u>
<b>Total equity</b>		<u>42,209,176</u>	<u>40,729,920</u>
<b>Total liabilities and equity</b>		<u>₩ 79,662,492</u>	<u>78,408,838</u>

See accompanying notes to condensed consolidated interim financial statements.

**POSCO and Subsidiaries**  
**Condensed Consolidated Interim Statements of Comprehensive Income**  
**For the three-month and nine-month periods ended September 30, 2012 and 2011**  
**(Unaudited)**

	Notes	For the three-month period ended September 30		For the nine-month period ended September 30	
		2012	2011	2012	2011
<i>(in millions of Won, except per share information)</i>					
<b>Revenue</b>	28,31	\ 15,739,060	16,953,442	48,535,944	50,250,759
<b>Costs of sales</b>	24,28	<u>(13,815,274)</u>	<u>(14,674,749)</u>	<u>(42,727,583)</u>	<u>(43,129,088)</u>
<b>Gross profit</b>		<u>1,923,786</u>	<u>2,278,693</u>	<u>5,808,361</u>	<u>7,121,671</u>
Selling and administrative expenses	22,24,28				
Administrative expenses		(520,987)	(475,914)	(1,532,422)	(1,462,537)
Selling expenses		<u>(405,466)</u>	<u>(415,963)</u>	<u>(1,255,914)</u>	<u>(1,172,602)</u>
		(926,453)	(891,877)	(2,788,336)	(2,635,139)
Other operating income	23,28	119,769	60,607	399,247	176,311
Other operating expenses	23,24,28	<u>(55,437)</u>	<u>(159,702)</u>	<u>(504,962)</u>	<u>(272,800)</u>
<b>Operating profit</b>		1,061,665	1,287,721	2,914,310	4,390,043
Non-operating income and expenses					
Share of profit (loss) of equity-accounted investees	8	(6,885)	15,054	5,233	28,478
Finance income	18,25	703,174	958,901	1,815,470	2,406,780
Finance costs	18,25	<u>(667,334)</u>	<u>(2,006,521)</u>	<u>(2,033,464)</u>	<u>(3,309,233)</u>
<b>Profit before income tax expense</b>	31	1,090,620	255,155	2,701,549	3,516,068
Income tax expense	26	<u>(367,364)</u>	<u>(26,370)</u>	<u>(876,898)</u>	<u>(822,237)</u>
<b>Profit for the period</b>	31	723,256	228,785	1,824,651	2,693,831
<b>Other comprehensive loss, net of tax</b>					
Capital adjustment arising from investments in equity-method investees		(42,763)	60,951	(65,896)	23,886
Net changes in unrealized fair value of available-for-sale investments		23,455	(420,915)	(74,127)	(947,750)
Foreign currency translation differences		<u>(60,729)</u>	<u>262,828</u>	<u>(79,410)</u>	<u>134,894</u>
Defined benefit plan actuarial losses		<u>(40,442)</u>	<u>(53,825)</u>	<u>(52,231)</u>	<u>(40,910)</u>
		(120,479)	(150,961)	(271,664)	(829,880)
<b>Total comprehensive income for the period, net of tax</b>		\ 602,777	77,824	1,552,987	1,863,951
<b>Profit (loss) attributable to:</b>					
Owners of the controlling company		\ 730,838	226,975	1,869,670	2,640,554
Non-controlling interests		<u>(7,582)</u>	<u>1,810</u>	<u>(45,019)</u>	<u>53,277</u>
<b>Profit for the period</b>		\ 723,256	228,785	1,824,651	2,693,831
<b>Total comprehensive income (loss) attributable to:</b>					
Owners of the controlling company		\ 639,275	36,409	1,646,032	1,934,963
Non-controlling interests		<u>(36,498)</u>	<u>41,415</u>	<u>(93,045)</u>	<u>(71,012)</u>
<b>Total comprehensive income for the period</b>		\ 602,777	77,824	1,552,987	1,863,951
<b>Basic and diluted earnings per share</b>	27	\ 9,461	2,938	24,205	34,180

See accompanying notes to condensed consolidated interim financial statements.

**POSCO and Subsidiaries**  
**Condensed Consolidated Interim Statements of Changes in Equity**  
**For the nine-month periods ended September 30, 2012 and 2011**  
**(Unaudited)**

<i>(in millions of Won)</i>	Owners of the Controlling Company						Non-	Total
	Share capital	Capital surplus	Reserves	Treasury shares	Retained earnings	Sub total	controlling interests	
<b>Balance as of January 1, 2011</b>	₩ 482,403	1,101,561	1,507,288	(2,403,263)	35,887,696	36,575,685	1,961,482	38,537,167
<b>Comprehensive income :</b>								
Profit for the period	-	-	-	-	2,640,554	2,640,554	53,277	2,693,831
Net changes in accumulated comprehensive income of investments in associates, net of tax	-	-	23,154	-	-	23,154	732	23,886
Net changes in unrealized fair value of available-for-sale investments, net of tax	-	-	(941,384)	-	-	(941,384)	(6,366)	(947,750)
Foreign currency translation differences, net of tax	-	-	246,854	-	-	246,854	(111,960)	134,894
Defined benefit plan actuarial losses, net of tax	-	-	-	-	(34,215)	(34,215)	(6,695)	(40,910)
<b>Total comprehensive income</b>	-	-	(671,376)	-	2,606,339	1,934,963	(71,012)	1,863,951
<b>Transactions with owners of the Company, recognized directly in equity :</b>								
Year-end dividends	-	-	-	-	(577,747)	(577,747)	(16,808)	(594,555)
Interim dividends	-	-	-	-	(193,111)	(193,111)	(23)	(193,134)
Changes in subsidiaries	-	-	-	-	-	-	241,584	241,584
Paid-in capital increase of subsidiaries	-	7,967	-	-	-	7,967	291,603	299,570
Acquisition of treasury shares	-	-	-	(61,296)	-	(61,296)	-	(61,296)
Disposal of treasury shares	-	69,153	-	73,153	-	142,306	-	142,306
Others	-	840	5,493	-	(28,003)	(21,670)	(6,254)	(27,924)
<b>Total transactions with owners of the Company</b>	-	77,960	5,493	11,857	(798,861)	(703,551)	510,102	(193,449)
<b>Balance as of September 30, 2011</b>	₩ 482,403	1,179,521	841,405	(2,391,406)	37,695,174	37,807,097	2,400,572	40,207,669

See accompanying notes to condensed consolidated interim financial statements.

**POSCO and Subsidiaries**  
**Condensed Consolidated Interim Statements of Changes in Equity, Continued**  
**For the nine-month periods ended September 30, 2012 and 2011**  
**(Unaudited)**

	Owners of the Controlling Company						Non-controlling interests	Total
	Share capital	Capital surplus	Reserves	Treasury shares	Retained earnings	Sub total		
<i>(in millions of Won)</i>								
<b>Balance as of January 1, 2012</b>	₩ 482,403	1,150,452	405,426	(2,391,406)	38,709,475	38,356,350	2,373,570	40,729,920
<b>Comprehensive income :</b>								
Profit for the period	-	-	-	-	1,869,670	1,869,670	(45,019)	1,824,651
Net changes in accumulated comprehensive loss of investments in associates, net of tax	-	-	(57,071)	-	-	(57,071)	(8,825)	(65,896)
Net changes in unrealized fair value of available-for-sale investments, net of tax	-	-	(81,653)	-	-	(81,653)	7,526	(74,127)
Foreign currency translation differences, net of tax	-	-	(38,168)	-	-	(38,168)	(41,242)	(79,410)
Defined benefit plan actuarial losses, net of tax	-	-	-	-	(46,746)	(46,746)	(5,485)	(52,231)
<b>Total comprehensive income</b>	-	-	(176,892)	-	1,822,924	1,646,032	(93,045)	1,552,987
<b>Transactions with owners of the Company, recognized directly in equity :</b>								
Year-end dividends	-	-	-	-	(579,333)	(579,333)	(19,708)	(599,041)
Interim dividends	-	-	-	-	(154,489)	(154,489)	-	(154,489)
Changes in subsidiaries	-	-	-	-	-	-	6,197	6,197
Paid-in capital increase of subsidiaries	-	(34,409)	-	-	-	(34,409)	718,752	684,343
Others	-	(3,156)	11,127	-	(26,289)	(18,318)	7,577	(10,741)
<b>Total transactions with owners of the Company</b>	-	(37,565)	11,127	-	(760,111)	(786,549)	712,818	(73,731)
<b>Balance as of September 30, 2012</b>	₩ 482,403	1,112,887	239,661	(2,391,406)	39,772,288	39,215,833	2,993,343	42,209,176

See accompanying notes to condensed consolidated interim financial statements.

**POSCO and Subsidiaries**  
**Condensed Consolidated Interim Statements of Cash Flows**  
**For the nine-month periods ended September 30, 2012 and 2011**  
**(Unaudited)**

<i>(in millions of Won)</i>	<u>Notes</u>	<u>September 30, 2012</u>	<u>September 30, 2011</u>
<b>Cash flows from operating activities</b>			
Profit for the period	₩	1,824,651	2,693,831
Adjustments for :			
Depreciation		1,752,388	1,547,421
Amortization		116,678	95,681
Finance income		(1,218,980)	(1,482,601)
Finance costs		1,381,969	2,447,489
Income tax expense		876,898	822,237
Gain on disposals of property, plant, and equipment		(29,184)	(10,365)
Loss on disposals of property, plant, and equipment		45,545	38,474
Share of profit of equity-accounted investees		(5,233)	(28,479)
Accrual of severance benefits		171,213	182,523
Bad debt expense (reversal)		(4,227)	128,230
Impairment loss of assets held for sale		258,381	-
Gain on disposals of assets held for sale		(193,333)	-
Others		62,180	(11,508)
		<u>3,214,295</u>	<u>3,729,102</u>
Changes in operating assets and liabilities	30	161,662	(4,414,882)
Interest received		216,490	158,415
Interest paid		(659,749)	(570,204)
Dividends received		156,224	240,070
Income taxes paid		(611,394)	(1,168,491)
Net cash provided by operating activities		<u>4,302,179</u>	<u>667,841</u>
<b>Cash flows from investing activities</b>			
Disposals of short-term financial instruments		2,819,427	5,328,580
Receipt of loan repayments		114,511	591,068
Disposals of available-for-sale investments		683,690	20,354
Disposals of other investment assets		1,002	48
Disposals of investments of equity-accounted investees		37	1,764
Disposals of property, plant and equipment		77,360	104,796
Disposals of intangible assets		8,889	8,211
Disposals of assets held for sale		1,268,546	-
Acquisitions of short-term financial instruments		(2,598,374)	(3,804,959)
Issuance of loans		(181,289)	(724,507)
Acquisitions of available-for-sale investments		(281,556)	(249,471)
Acquisitions of other investment assets		(149)	(5,280)
Acquisitions of investments of equity-accounted investees		(489,815)	(637,016)
Acquisitions of property, plant and equipment		(4,359,590)	(3,713,123)
Acquisitions of intangible assets		(238,200)	(416,288)
Cash received from (payment for) acquisitions of business, net of cash acquired		5,497	(437,464)
Cash received from disposals of business, net of cash acquired		9,718	145,258
Other, net		(685)	(92,502)
Net cash used in investing activities	₩	<u>(3,160,981)</u>	<u>(3,880,531)</u>

*See accompanying notes to condensed consolidated interim financial statements.*

**POSCO and Subsidiaries**  
**Condensed Consolidated Interim Statements of Cash Flows, Continued**  
**For the nine-month periods ended September 30, 2012 and 2011**  
**(Unaudited)**

<i>(in millions of Won)</i>	<u>Notes</u>	<u>September 30, 2012</u>	<u>September 30, 2011</u>
<b>Cash flows from financing activities</b>			
Proceeds from long-term borrowings	₩	1,885,625	5,044,558
Proceeds from (repayments of) short-term borrowings, net		(519,911)	1,589,255
Disposals of treasury shares		-	164,384
Repayment of long-term borrowings		(1,456,471)	(1,473,323)
Acquisition of treasury shares		-	(61,296)
Payment of cash dividends		(752,278)	(770,858)
Other, net		298,362	174,170
		<u>(544,673)</u>	<u>4,666,890</u>
Net cash provided by (used in) financing activities		<u>(544,673)</u>	<u>4,666,890</u>
Cash flows from foreign currency translation		<u>(71,586)</u>	<u>31,671</u>
<b>Net increase in cash and cash equivalents</b>		524,939	1,485,871
<b>Cash and cash equivalents at beginning of the period</b>		<u>4,598,682</u>	<u>3,521,045</u>
<b>Cash and cash equivalents at end of the period</b>	₩	<u>5,123,621</u>	<u>5,006,916</u>

*See accompanying notes to condensed consolidated interim financial statements.*

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**As of September 30, 2012**  
**(Unaudited)**

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**1. General Information**

General information about POSCO, its 59 domestic subsidiaries, including POSCO Engineering & Construction Co., Ltd., 164 foreign subsidiaries, including POSCO America Corporation (collectively, “the Company”) and its 97 associates are as follows:

(a) The controlling company

POSCO, the controlling 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 domestic and foreign markets.

The shares of POSCO have been listed on the Korea Exchange since 1988. POSCO owns and operates two steel plants (Pohang and Gwangyang) and one office in Korea and it also operates internationally through nine of its overseas liaison offices.

As of September 30, 2012, the shares of POSCO are listed on the Korea Exchange, while its depository receipts are listed on the New York, Tokyo and London Stock Exchanges.

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
**As of September 30, 2012**  
**(Unaudited)**

(b) Consolidated subsidiaries

Details of consolidated subsidiaries as of September 30, 2012 and December 31, 2011 are as follows:

	Principal Operations	Ownership (%)						Region
		September 30, 2012			December 31, 2011			
		POSCO	Subsidiaries	Total	POSCO	Subsidiaries	Total	
<b>[Domestic]</b>								
POSCO E&C Co., Ltd.	Engineering and construction	89.53	-	89.53	89.53	-	89.53	Pohang
POSCO P&S Co., Ltd.	Steel sales and service	95.31	-	95.31	95.31	-	95.31	Seoul
POSCO Coated & Color Steel Co., Ltd.	Coated steel manufacturing	56.87	-	56.87	56.87	-	56.87	Pohang
POSCO Plant Engineering Co., Ltd.	Steel work maintenance and machinery installation	100.00	-	100.00	100.00	-	100.00	Pohang
POSCO ICT Co., Ltd.	Computer hardware and software distribution	72.54	-	72.54	72.54	-	72.54	Seongnam
POSCO Research Institute	Economic research and consulting	100.00	-	100.00	100.00	-	100.00	Seoul
Seoung Gwang Co., Ltd.	Athletic facilities operation	69.38	30.62	100.00	69.38	30.62	100.00	Suncheon
POSCO Architects & Consultants Co., Ltd.	Architecture and consulting	100.00	-	100.00	100.00	-	100.00	Seoul
POSCO Specialty Steel Co., Ltd.	Steel manufacturing and sales	94.74	-	94.74	100.00	-	100.00	Changwon
POSTECH Venture Capital Corp.	Investment in venture companies	95.00	-	95.00	95.00	-	95.00	Pohang
eNtoB Co., Ltd.	Electronic commerce	32.19	30.20	62.39	32.19	30.20	62.39	Seoul
POSCO Chemtech Company Ltd.	Manufacturing and selling	60.00	-	60.00	60.00	-	60.00	Pohang
POSCO Terminal Co., Ltd.	Transporting and warehousing	51.00	-	51.00	51.00	-	51.00	Gwangyang
POSCO M-TECH Co., Ltd. (*1)	Packing materials manufacturing	48.85	-	48.85	48.85	-	48.85	Pohang
POSCO ENERGY Co., Ltd.	Generation of electricity	89.02	-	89.02	100.00	-	100.00	Seoul
Postech 2006 Energy Fund (*2)	Investment in new technologies	-	22.11	22.11	-	22.11	22.11	Seoul
PHP Co., Ltd.	Rental houses construction and management	-	100.00	100.00	-	100.00	100.00	Incheon
POSCO TMC Co., Ltd.	Component manufacturing	34.20	33.56	67.76	34.20	33.56	67.76	Cheonan
PNR Co., Ltd.	Steel manufacturing and sales	70.00	-	70.00	70.00	-	70.00	Pohang
Megaasset Co., Ltd.	Real estate rental and sales	-	100.00	100.00	-	100.00	100.00	Cheonan
POSCO Engineering Company	Construction and engineering service	-	95.56	95.56	-	94.14	94.14	Seongnam
Pohang Feul Cell Co., Ltd.	Generation of electricity	-	100.00	100.00	-	100.00	100.00	Pohang
Pohang SPFC Co., Ltd.	Steel manufacturing	-	90.00	90.00	-	90.00	90.00	Pohang
POSWITH Co., Ltd.	Industrial clean service	100.00	-	100.00	100.00	-	100.00	Pohang
BASYS INDUSTRY Co., Ltd.	Panel board, electric and control panel manufacturing	-	-	-	-	65.00	65.00	Seongnam
POSTECH BD Newundertaking fund	Bio diesel industries	-	100.00	100.00	-	100.00	100.00	Pohang
POSBRO Co., Ltd.	Video game manufacturing	-	97.79	97.79	-	97.79	97.79	Seongnam
POSCO AST Co., Ltd.	Steel manufacturing and sales	100.00	-	100.00	100.00	-	100.00	Ansan
DaiMyung TMS Co., Ltd.	Cold-rolling of stainless steel, nickel alloy	-	-	-	-	100.00	100.00	Siheung
POS-HiMETAL Co., Ltd.	Steel manufacturing and sales	65.00	-	65.00	65.00	-	65.00	Gwangyang
POSCO E&E Co., Ltd.	Handling & disposal of waste matter	-	100.00	100.00	-	100.00	100.00	Seoul
POMIC Co., Ltd.	Education services	-	-	-	-	100.00	100.00	Pohang
POSFINE Co., Ltd.	Non metallic minerals manufacturing	69.23	-	69.23	69.23	-	69.23	Gwangyang
POS ECO HOUSING Co., Ltd.	Construction	85.25	-	85.25	85.25	-	85.25	Pohang
Mapo High Broad Parking Co., Ltd.	Construction	-	71.00	71.00	-	71.00	71.00	Seoul
Dakos Co., Ltd.	Railway equipment manufacturing	-	81.00	81.00	-	81.00	81.00	Seongnam
Gwang Yang SPFC Co., Ltd.	Steel manufacturing	-	65.84	65.84	-	65.84	65.84	Gwangyang
POSCALCIUM Company, Ltd.	Non metallic minerals manufacturing	-	86.87	86.87	-	70.00	70.00	Pohang
Plant Engineering Service Technology Co., Ltd.	Engineering service	-	100.00	100.00	-	100.00	100.00	Pohang
9Digit Co., Ltd.	Steel manufacturing	-	86.49	86.49	-	86.49	86.49	Incheon
Postech Early Stage Fund (*2)	Financial investment	-	10.00	10.00	-	10.00	10.00	Pohang
Busan E&E Co., Ltd.	Handling & disposal of waste matter	70.00	-	70.00	70.00	-	70.00	Busan
POSCO Family Strategy Funds	Financial investment	60.79	39.21	100.00	69.93	30.07	100.00	Pohang

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	Principal Operations	Ownership (%)						Region
		September 30, 2012			December 31, 2011			
		POSCO	Subsidiaries	Total	POSCO	Subsidiaries	Total	
<b>[Domestic]</b>								
POREKA Co., Ltd.	Advertising agency	100.00	-	100.00	100.00	-	100.00	Seoul
Songdo SE Co., Ltd.	Cleaning service	100.00	-	100.00	100.00	-	100.00	Incheon
Posgreen Co., Ltd.	Plastic manufacturing	-	60.00	60.00	-	60.00	60.00	Gwangyang
Daewoo International Corporation	Trading, Energy & Resource development	60.31	-	60.31	66.56	-	66.56	Seoul
POSCOLED Co., Ltd.	LED lightning	16.70	63.33	80.03	16.70	63.33	80.03	Seongnam
Gunsan SPFC Co., Ltd.	Steel manufacturing	-	70.09	70.09	-	70.09	70.09	Gunsan
POSCO NST Co., Ltd.	Steel manufacturing	100.00	-	100.00	100.00	-	100.00	Busan
Pohang Scrap Recycling Center Co., Ltd.	Steel manufacturing	-	51.00	51.00	-	51.00	51.00	Pohang
PSC Energy Global Co., Ltd.	Business service	-	100.00	100.00	-	100.00	100.00	Pohang
Suncheon Ecotrans Co., Ltd.	Train manufacturing & management	100.00	-	100.00	100.00	-	100.00	Suncheon
Shinhan Energy Co., Ltd.	Manufacturing & management	-	100.00	100.00	-	100.00	100.00	Mokpo
Reco Metal Co., Ltd.	Steel manufacturing	-	89.54	89.54	-	88.58	88.58	Hwaseong
NewAltec Co., Ltd.	Aluminum products manufacturing and sales	-	60.10	60.10	-	60.10	60.10	Incheon
PONUtech Co., Ltd.	Nuclear power generation design and repair service	-	100.00	100.00	-	100.00	100.00	Ulsan
BLUE O&M Co., Ltd.	Service	-	100.00	100.00	-	100.00	100.00	Ulsan
Tamra Offshore Wind Power Co., Ltd.	Electricity / wind power generation	-	64.00	64.00	-	-	-	Jeju
POS-HiAL Co., Ltd.	Manufacture of smelting refining and alloys of aluminum	-	51.00	51.00	-	-	-	Yeongam
MCM Korea Co., Ltd.	Mining and mining development	-	100.00	100.00	-	-	-	Seoul
Tancheon E&E Co., Ltd.	Electricity, gas, steam and water supply business / Sewage water heat supply	5.00	95.00	100.00	-	-	-	Seoul
<b>[Foreign]</b>								
POSCO America Corporation	Steel trading	99.45	0.55	100.00	99.45	0.55	100.00	USA
POSCO Australia Pty. Ltd.	Iron ore sales & mine development	100.00	-	100.00	100.00	-	100.00	Australia
POSCO Canada Ltd.	Coal sales	-	100.00	100.00	-	100.00	100.00	Canada
POSCAN Elkveiw Coal Ltd.	Coal sales	-	100.00	100.00	-	100.00	100.00	Canada
POSCO Asia Co., Ltd.	Steel transit trading	100.00	-	100.00	100.00	-	100.00	Hong Kong
Dalian POSCO Steel Co., Ltd.	Steel manufacturing	30.00	55.00	85.00	30.00	55.00	85.00	China
POSCO-CTPC Co., Ltd.	Steel manufacturing	56.60	43.40	100.00	56.60	43.40	100.00	China
POSCO-JKPC Co., Ltd.	Steel manufacturing	-	95.00	95.00	-	95.00	95.00	Japan
International Business Center Corporation	Leasing service	-	60.00	60.00	-	60.00	60.00	Vietnam
POSCO E&C Vietnam Co., Ltd.	Steel manufacturing	-	100.00	100.00	-	100.00	100.00	Vietnam
Zhangjiagang Pohang Stainless Steel Co., Ltd.	Stainless steel manufacturing	58.60	23.88	82.48	58.60	23.88	82.48	China
Guangdong Pohang Coated Steel Co., Ltd.	Plating steel sheet manufacturing	84.52	10.01	94.53	84.52	10.01	94.53	China
POSCO (Thailand) Company Ltd.	Steel manufacturing	85.62	14.38	100.00	85.62	14.38	100.00	Thailand
Myanmar POSCO Steel Co., Ltd.	Zinc relief manufacturing	70.00	-	70.00	70.00	-	70.00	Myanmar
POSCO-JOPC Co., Ltd.	Steel manufacturing	-	56.84	56.84	-	56.84	56.84	Japan
POSCO Investment Co., Ltd.	Financial Service	99.99	-	99.99	99.99	-	99.99	Hong Kong
POSCO-MKPC SDN BHD.	Steel manufacturing	44.69	25.31	70.00	44.69	25.31	70.00	Malaysia
Qingdao Pohang Stainless Steel Co., Ltd.	Stainless steel manufacturing	70.00	30.00	100.00	70.00	30.00	100.00	China
POSCO (Suzhou) Automotive Processing Center Co., Ltd.	Steel manufacturing	90.00	10.00	100.00	90.00	10.00	100.00	China
POSCO BioVentures L.P.	Bio tech Industry	-	100.00	100.00	-	100.00	100.00	USA
PT. POSNESIA	Steel manufacturing	70.00	-	70.00	70.00	-	70.00	Indonesia
POSCO E&C - Hawaii Inc.	Real estate industry	-	100.00	100.00	-	100.00	100.00	USA
POS-Qingdao Coil Center Co., Ltd.	Steel manufacturing	-	100.00	100.00	-	100.00	100.00	China
POS-Ore Pty. Ltd.	Iron ore sales & mine development	-	100.00	100.00	-	100.00	100.00	Australia
POSCO-China Holding Corp.	A holding company	100.00	-	100.00	100.00	-	100.00	China
POSCO-Japan Co., Ltd.	Steel trading	100.00	-	100.00	100.00	-	100.00	Japan
POS-CD Pty. Ltd.	Coal sales	-	100.00	100.00	-	100.00	100.00	Australia

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		POSCO	Subsidiaries	Total	POSCO	Subsidiaries	Total	
<b>[Foreign]</b>								
POS-GC Pty. Ltd.	Coal sales	-	100.00	100.00	-	100.00	100.00	Australia
POSCO-India Private Ltd.	Steel manufacturing	99.99	-	99.99	99.99	-	99.99	India
POSCO-India Pune Steel Processing Centre Pvt. Ltd.	Steel manufacturing	65.00	-	65.00	65.00	-	65.00	India
POSCO-JEPC Co., Ltd. (formerly, POSCO-JNPC Co., Ltd.)	Steel manufacturing	-	88.02	88.02	-	90.00	90.00	Japan
POSCO-Foshan Steel Processing Center Co., Ltd.	Steel manufacturing	39.60	60.40	100.00	39.60	60.40	100.00	China
POSCO E&C (China) Co., Ltd.	Construction and civil engineering	-	100.00	100.00	-	100.00	100.00	China
POSCO MPC S.A. de C.V.	Steel manufacturing	-	95.00	95.00	-	90.00	90.00	Mexico
Zhangjiagang Pohang Port Co., Ltd.	Load and unload industry	-	100.00	100.00	-	100.00	100.00	China
Qingdao Pujin Steel Material Co., Ltd.	Steel manufacturing	-	100.00	100.00	-	100.00	100.00	China
POSCO-Vietnam Co., Ltd.	Steel manufacturing	85.00	-	85.00	85.00	-	85.00	Vietnam
POSCO-Mexico Co., Ltd.	Mobile steel sheet manufacturing	84.83	15.17	100.00	80.68	19.32	100.00	Mexico
POSCO-India Delhi Steel Processing Centre Pvt. Ltd.	Steel manufacturing	66.40	10.00	76.40	76.40	-	76.40	India
POSCO-Poland Wroclaw Steel Processing Center Co., Ltd.	Steel manufacturing	60.00	-	60.00	60.00	-	60.00	Poland
POS-NP Pty. Ltd.	Coal sales	-	100.00	100.00	-	100.00	100.00	Australia
POSCO-Vietnam Processing Center Co., Ltd.	Steel manufacturing	89.58	-	89.58	89.58	-	89.58	Vietnam
POSCO (Chongqing) Automotive Processing Center Co., Ltd.	Steel manufacturing	90.00	10.00	100.00	90.00	10.00	100.00	China
Suzhou POS-CORE Technology Co., Ltd.	Component manufacturing	-	100.00	100.00	-	100.00	100.00	China
POSCO-JYPC Co., Ltd.	Steel manufacturing	-	-	-	-	82.37	82.37	Japan
POSCO-Malaysia SDN. BHD.	Steel manufacturing	80.07	13.34	93.41	80.07	13.34	93.41	Malaysia
POS-Minerals Corporation	Mine development & sales	-	100.00	100.00	-	100.00	100.00	USA
POSCO (Wuhu) Automotive Processing Center Co., Ltd.	Steel manufacturing	68.57	31.43	100.00	68.57	31.43	100.00	China
POSCO E&C India Private Ltd.	Construction and engineering	-	100.00	100.00	-	100.00	100.00	India
POSCO E&C SMART	Construction and engineering	-	100.00	100.00	-	100.00	100.00	Mexico
POSCO-Philippine Manila Processing Center Inc.	Steel manufacturing	-	100.00	100.00	-	100.00	100.00	Philippines
Dalian POSCON Dongbang Automatic Co., Ltd.	Electrical control equipment manufacturing	-	70.00	70.00	-	70.00	70.00	China
SANPU TRADING CO.,LTD.	Transit trade	-	70.04	70.04	-	70.04	70.04	China
Zhangjiagang BLZ Pohang International Trading Co., Ltd.	Steel transit trading	-	100.00	100.00	-	100.00	100.00	China
POSCO Mexico Human Tech.	Service	80.00	20.00	100.00	80.00	20.00	100.00	Mexico
POSCO Mexico East Steel Distribution Center Co., Ltd.	Steel product sales	-	56.81	56.81	-	56.81	56.81	Mexico
POSCO ICT-China	IT service and DVR business	-	100.00	100.00	-	100.00	100.00	China
DWEMEX S.A.DE C.V.	Construction	-	99.00	99.00	-	99.00	99.00	Mexico
POS MPC Servicios de C.V.	Steel manufacturing	-	61.00	61.00	-	61.00	61.00	Mexico
POSCO-URUGUAY S.A.	Lumber manufacturing & sales	98.00	-	98.00	98.00	-	98.00	Uruguay
POSCO South East Asia Pte. Ltd.	Steel transit trading	-	51.00	51.00	-	51.00	51.00	Singapore
Europe Steel Distribution Center	Steel product sales	50.00	20.00	70.00	50.00	20.00	70.00	Slovenia
VECTUS Ltd.	PRT test track construction	-	99.57	99.57	-	99.57	99.57	England
Zeus(Cayman) Ltd.	Service	100.00	-	100.00	100.00	-	100.00	Cayman Islands
POSCO VST Co., Ltd.	Stainless steel manufacturing	95.65	-	95.65	95.65	-	95.65	Vietnam
POSCO Maharashtra Steel Pvt. Ltd.	Steel manufacturing	100.00	-	100.00	100.00	-	100.00	India
POSCO India Chennai Steel Processing Centre Pvt. Ltd.	Steel manufacturing	100.00	-	100.00	100.00	-	100.00	India
POSCO Turkey Nilufer Processing Center Co., Ltd.	Steel manufacturing	100.00	-	100.00	100.00	-	100.00	Turkey
POSCO Vietnam Ha Noi Processing Center Co., Ltd.	Steel manufacturing	70.00	-	70.00	70.00	-	70.00	Vietnam
POSCO (Liaoning) Automotive Processing Center Co., Ltd.	Steel manufacturing	90.00	10.00	100.00	90.00	10.00	100.00	China

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		POSCO	Subsidiaries	Total	POSCO	Subsidiaries	Total	
[Foreign]								
POSCO-Indonesia Jakarta Processing Center	Steel manufacturing	65.00	20.00	85.00	65.00	20.00	85.00	Indonesia
POSCO E&C Venezuela C.A	Construction and engineering	-	100.00	100.00	-	100.00	100.00	Venezuela
PT. MRI	Mine development	65.00	-	65.00	65.00	-	65.00	Indonesia
POSCORE-INDIA	Steel manufacturing	-	100.00	100.00	-	100.00	100.00	India
POSCO America Alabama Processing Center Co., Ltd.	Steel manufacturing	-	100.00	100.00	-	100.00	100.00	USA
PT DEC Indonesia	Construction	-	95.00	95.00	-	95.00	95.00	Indonesia
POSCO (Yantai) Automotive Processing Center Co., Ltd.	Steel manufacturing	90.00	10.00	100.00	90.00	10.00	100.00	China
POSCO India Steel Distribution Center Private Ltd.	Steel Logistics	-	100.00	100.00	-	100.00	100.00	India
POSCO China Dalian Plate Processing Center Co., Ltd.	Steel manufacturing	80.00	10.00	90.00	80.00	10.00	90.00	China
POSCO-South Asia Co., Ltd.	Steel product sales	100.00	-	100.00	100.00	-	100.00	Thailand
POSCO SS-VINA Co., LTD	Steel manufacturing	-	100.00	100.00	-	100.00	100.00	Vietnam
POSCO-NCR Coal Ltd.	Coal sales	-	100.00	100.00	-	100.00	100.00	Canada
POSCO WA Pty. Ltd.	Iron ore sales & mine development	100.00	-	100.00	100.00	-	100.00	Australia
POSCO E&C – UZ	Construction	-	100.00	100.00	-	100.00	100.00	Uzbekistan
POSCO Australia GP Limited	Resource development	-	100.00	100.00	-	100.00	100.00	Australia
Daewoo International America Corp.	Trading business	-	100.00	100.00	-	100.00	100.00	USA
Daewoo International Deutschland GmbH	Trading business	-	100.00	100.00	-	100.00	100.00	Germany
Daewoo International Japan Corp.	Trading business	-	100.00	100.00	-	100.00	100.00	Japan
Daewoo International Singapore Pte. Ltd.	Trading business	-	100.00	100.00	-	100.00	100.00	Singapore
Daewoo Italia S.r.l.	Trading business	-	100.00	100.00	-	100.00	100.00	Italy
Daewoo Cement (Shandong) Co., Ltd.	Cement manufacturing	-	-	-	-	100.00	100.00	China
Daewoo (China) Co., Ltd.	Trading business	-	100.00	100.00	-	100.00	100.00	China
PT. RISMAR Daewoo Apparel	Clothing business	-	-	-	-	100.00	100.00	Indonesia
Daewoo Textile Fergana LLC	Textile manufacturing	-	100.00	100.00	-	100.00	100.00	Uzbekistan
Daewoo Textile Bukhara LLC	Textile manufacturing	-	100.00	100.00	-	100.00	100.00	Uzbekistan
Daewoo International Australia Holdings Pty. Ltd.	Resource development	-	100.00	100.00	-	100.00	100.00	Australia
Daewoo Paper Manufacturing Co., Ltd.	Paper industry	-	66.70	66.70	-	66.70	66.70	China
Tianjin Daewoo. Paper Co., Ltd	Paper industry	-	68.00	68.00	-	68.00	68.00	China
POSCO Mauritius Ltd.	Mine development & sales	-	100.00	100.00	-	100.00	100.00	Mauritius
PT. KRAKATAU POSCO	Steel manufacturing	70.00	-	70.00	70.00	-	70.00	Indonesia
MYANMAR Daewoo LTD.	Trading business	-	100.00	100.00	-	100.00	100.00	Myanmar
Daewoo International MEXICO S.A. de C.V.	Trading business	-	100.00	100.00	-	100.00	100.00	Mexico
Daewoo International Guangzhou Corp.	Trading business	-	100.00	100.00	-	100.00	100.00	China
Daewoo Energy Central Asia	Resource development	-	-	-	-	100.00	100.00	Uzbekistan
DAEWOO STC VIETNAM LTD. (formerly, Daewoo STC & Apparel Vietnam Ltd.)	Textile manufacturing	-	100.00	100.00	-	100.00	100.00	Vietnam
MYANMAR Daewoo International Ltd.	Textile manufacturing	-	-	-	-	55.00	55.00	Myanmar
DAYTEK ELECTRONICS CORP.	Trading business	-	-	-	-	100.00	100.00	Canada
Daewoo (M) SDN. BHD.	Trading business	-	100.00	100.00	-	100.00	100.00	Malaysia
Daewoo CANADA LTD.	Trading business	-	100.00	100.00	-	100.00	100.00	Canada
Daewoo EL SALVADOR S.A. DE C.V.	Trading business	-	88.00	88.00	-	88.00	88.00	El Salvador
GEZIRA TANNERY CO., LTD.	Leather manufacturing	-	60.00	60.00	-	60.00	60.00	Sudan
POSCO (Zhangjiagang) Stainless Steel Processing Center Co., Ltd.	Steel manufacturing	-	100.00	100.00	-	100.00	100.00	China
Daewoo International Corporation (M) SDN BHD	Trading business	-	100.00	100.00	-	100.00	100.00	Malaysia
Daewoo International SHANGHAI CO., LTD.	Trading business	-	100.00	100.00	-	100.00	100.00	China
PGSF, LLC	Bio tech industry	-	100.00	100.00	-	100.00	100.00	USA
Xenesis Inc.	Power generation equipment manufacturing	29.58	21.36	50.94	29.58	21.36	50.94	Japan

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		POSCO	Subsidiaries	Total	POSCO	Subsidiaries	Total	
<b>[Foreign]</b>								
Daewoo International INDIA Private Ltd.	Trading business	-	100.00	100.00	-	100.00	100.00	India
TECHREN Solar, LLC	Electrical industry	-	99.97	99.97	-	99.97	99.97	USA
PT. POSCO E&C Indonesia	Construction	-	100.00	100.00	-	100.00	100.00	Indonesia
Hume Coal Pty. Ltd.	Raw material manufacturing	-	70.00	70.00	-	70.00	70.00	Australia
Daewoo HANDELS GmbH	Trading business	-	100.00	100.00	-	100.00	100.00	Germany
POSCO Foundation	Non-profit charitable organization	-	100.00	100.00	-	100.00	100.00	India
EPC EQUITIES LLP	Construction	-	70.00	70.00	-	70.00	70.00	England
SANTOS CMI Construction Trading LLP	Construction	-	99.90	99.90	-	99.90	99.90	England
SANTOS CMI INC. USA	Construction	-	100.00	100.00	-	100.00	100.00	USA
SANTOS CMI ENGENHARIA E CONSTRUCOES LTDA	Construction	-	99.98	99.98	-	99.98	99.98	Brazil
SANTOS CMI PERU S.A.	Construction	-	99.99	99.99	-	99.99	99.99	Peru
SANTOS CMI COSTA RICA S.A.	Construction	-	100.00	100.00	-	100.00	100.00	Costa Rica
SANTOS CMI CONSTRUCCIONES S.A. (URUGUAY)	Construction	-	100.00	100.00	-	100.00	100.00	Uruguay
GENTECH International INC.	Construction	-	90.00	90.00	-	90.00	90.00	Panama
EPC INVESTMENTS C.V.	Construction	-	99.99	99.99	-	99.99	99.99	Netherlands
INGENIERIA Y CONSTRUCCION HOLAND CO S.A.	Construction	-	99.90	99.90	-	99.90	99.90	Ecuador
ASESORIA Y SERVICIOS EPC S.A CHILE	Construction	-	99.00	99.00	-	99.00	99.00	Chile
SANTOS CMI S.A.	Construction	-	70.00	70.00	-	70.00	70.00	Ecuador
SANTOS CMI CONSTRUCCIONES DE CHILE S.A.	Construction	-	99.00	99.00	-	99.00	99.00	Chile
S&K -SANTOS CMI S.A. DE C.V. (MEXICO)	Construction	-	99.00	99.00	-	99.00	99.00	Mexico
COMPANIA DE AUTOMATIZACION & CONTROL, GENESYS S.A.	Construction	-	90.00	90.00	-	90.00	90.00	Ecuador
VAUTIDAMERICAS S.A.	Construction	-	51.00	51.00	-	51.00	51.00	Ecuador
SANTOS CMI Constructions Argentina S.A.	Construction	-	95.00	95.00	-	95.00	95.00	Argentina
POSCO E&C Brazil Ltd.	Construction	-	100.00	100.00	-	100.00	100.00	Brazil
POSCO Electrical Steel India Private Limited	Electrical steel manufacturing	100.00	-	100.00	100.00	-	100.00	India
Daewoo International Cameroon PLC	Resource development	-	100.00	100.00	-	100.00	100.00	Cameroon
POSCO ASSAN TST STEEL Industry	Steel manufacturing	60.00	10.00	70.00	60.00	10.00	70.00	Turkey
HONG KONG POSCO E&C (CHINA) Investment Co., Ltd.	Investment	-	100.00	100.00	-	100.00	100.00	Hong Kong
POSCO Klappan Coal Ltd.	Coal sales	-	100.00	100.00	-	100.00	100.00	Canada
DAESAN (Cambodia) Co., Ltd.	Investment	-	100.00	100.00	-	100.00	100.00	Cambodia
Brazil Sao Paulo Steel Processing Center Co., Ltd	Steel manufacturing	-	76.00	76.00	-	76.00	76.00	Brazil
POSCO(Dalian) IT Center Development Co., Ltd.	Investment	-	100.00	100.00	-	100.00	100.00	China
PT.POSCO Resources Indonesia	Mine development	100.00	-	100.00	100.00	-	100.00	Indonesia
PT. POSCO ICT Indonesia	IT service and electric control engineering	-	100.00	100.00	-	100.00	100.00	Indonesia
PT. POSCO M-Tech Indonesia	Steel manufacturing	-	60.00	60.00	-	100.00	100.00	Indonesia
PT. KRAKATAU POSCOPOWER	Manufacturing & management	-	90.00	90.00	-	70.00	70.00	Indonesia
POSCO RUS LLC.	Trading business	90.00	10.00	100.00	90.00	10.00	100.00	Russia
POSCO-Thainox Public Company Limited.	Steel manufacturing	94.93	-	94.93	94.93	-	94.93	Thailand
Daewoo International Shanghai Waigaoqiao Co., Ltd.	Merchandising trade	-	100.00	100.00	-	100.00	100.00	China
PT. Bio Inti Agrindo	Forest resources development	-	85.00	85.00	-	85.00	85.00	Indonesia
POSCO E&C Australia Pty Ltd.	Iron ore sales	-	100.00	100.00	-	100.00	100.00	Australia
POSCO-TISCO (Jilin) Processing Center Co., Ltd.	Steel manufacturing	50.00	10.00	60.00	73.53	14.71	88.24	China
Hunchun POSCO Logistics Co., Ltd.	Logistics	-	78.15	78.15	-	80.00	80.00	China
USA SRDC Corporation	Scrap sale	-	100.00	100.00	-	100.00	100.00	USA

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
**As of September 30, 2012**  
**(Unaudited)**

	Principal Operations	Ownership (%)						Region
		September 30, 2012			December 31, 2011			
		POSCO	Subsidiaries	Total	POSCO	Subsidiaries	Total	
[Foreign]								
Daewoo International Vietnam Co., Ltd.	Trading business	-	100.00	100.00	-	100.00	100.00	Vietnam
PT. Krakatau POSCO Chemtech Calcination	Manufacturing and selling	-	80.00	80.00	-	-	-	Indonesia
POSCO-Africa	Trading business	100.00	-	100.00	-	-	-	Republic of South Africa
E.P.C. INGENIERIA & SERVICIOS DE COSTA RICA S. A.	Construction and engineering service	-	100.00	100.00	-	-	-	Costa Rica
POSCO ICT BRASIL PARTICIPACOES LTDA	IT service and engineering	-	100.00	100.00	-	-	-	Brazil
LA-SCRAP RECYCLING DISTRIBUTION CENTER, LLC.	Scrap manufacturing	-	68.42	68.42	-	-	-	USA
EEC, GmbH	Construction and engineering service	-	100.00	100.00	-	-	-	Germany
Posco Center Beijing	Real estate development, rental and management	-	99.00	99.00	-	-	-	China
POSCO AMERICA COMERCIALIZADORA S DE RL DE C.V.	Steel Sale	-	100.00	100.00	-	-	-	Mexico
POSCO AMERICA PRODUCTOS, OFERTAS, SISTEMAS Y COMERCIALIZADORA ORIENTAL S DE RL DE C.V.	Human-resource service	-	100.00	100.00	-	-	-	Mexico

(\*1) In 2011, this company was included as a subsidiary as the Company has the power over more than half of the voting rights by virtue of an agreement with Postech, which has 4.72% of ownership.

(\*2) These subsidiaries are included in the consolidated financial statements as POSCO has control over them since POSTECH Venture Capital Corp. is taking a role as General Partner and makes a decision for overall operation of the funds.

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
**As of September 30, 2012**  
**(Unaudited)**

(c) Summarized financial information of subsidiaries as of September 30, 2012 and December 31, 2011 are as follows:

1) As of and for the nine-month period ended September 30, 2012

(in millions of Won)

<u>Company</u>		<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>	<u>Sales</u>	<u>Net income (loss)</u>
[Domestic]						
POSCO E&C Co., Ltd.	₩	7,426,715	4,670,185	2,756,530	4,115,515	196,060
POSCO P&S Co., Ltd.		1,142,267	538,929	603,338	2,183,266	(15,294)
POSCO Coated & Color Steel Co., Ltd.		498,359	310,024	188,335	649,788	(33,001)
POSCO Plant Engineering Co., Ltd.		226,537	143,498	83,039	347,403	(6,034)
POSCO ICT Co., Ltd.		702,869	448,763	254,106	638,449	19,588
POSCO Research Institute		37,582	11,012	26,570	30,994	1,827
Seung Gwang Co., Ltd.		84,077	35,505	48,572	9,738	769
POSCO Architects & Consultants Co., Ltd.		97,188	51,196	45,992	111,347	(5,489)
POSCO Specialty Steel Co., Ltd.		1,541,800	532,943	1,008,857	1,084,451	63,806
POSTECH Venture Capital Corp.		108,273	1,001	107,272	-	1,569
eNtoB Co., Ltd.		73,654	43,001	30,653	416,400	1,317
POSCO Chemtech Company Ltd.		549,594	169,746	379,848	971,618	60,028
POSCO Terminal Co., Ltd.		109,396	8,787	100,609	84,565	20,701
POSCO M-TECH Co., Ltd.		326,192	158,098	168,094	413,693	11,189
POSCO ENERGY Co., Ltd.		3,069,284	2,187,231	882,053	2,075,527	118,947
Postech 2006 Energy Fund		28,145	895	27,250	-	2,739
PHP Co., Ltd.		29,334	24,144	5,190	3,291	(2,750)
POSCO TMC Co., Ltd.		247,523	158,014	89,509	191,603	(1,372)
PNR Co., Ltd.		150,703	111,140	39,563	52,150	8,019
Megaasset Co., Ltd.		29,965	14,584	15,381	6,569	1,006
POSCO Engineering Company		528,860	386,363	142,497	570,177	(38,218)
Pohang Feul Cell Co., Ltd.		11,208	8,150	3,058	2,511	(411)
Pohang SPFC Co., Ltd.		32,212	25,375	6,837	58,843	1,068
POSWITH Co., Ltd.		5,213	2,474	2,739	11,152	70
POSTECH BD Newundertaking fund		89	-	89	-	(1)
POSBRO Co., Ltd.		93	-	93	-	(35)
POSCO AST Co., Ltd.		306,449	177,251	129,198	275,888	933
POS-HiMETAL Co., Ltd.		339,638	314,195	25,443	110,337	(14,257)
POSCO E&E Co., Ltd.		22,744	83	22,661	-	337
POSFINE Co., Ltd.		61,182	49,264	11,918	13,702	(2,256)
POS ECO HOUSING Co., Ltd.		7,548	1,608	5,940	11,010	(404)
Mapo High Broad Parking Co., Ltd.		1,536	116	1,420	-	(145)
Dakos Co., Ltd.		567	148	419	75	(45)
Gwang Yang SPFC Co., Ltd.		87,020	75,977	11,043	25,035	(4,436)

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
**As of September 30, 2012**  
**(Unaudited)**

(in millions of Won)

<u>Company</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>	<u>Sales</u>	<u>Net income (loss)</u>
[Domestic]					
POSCALCIUM Company, Ltd.	₩ 8,011	6,300	1,711	121	(1,182)
Plant Engineering Service Technology Co., Ltd.	3,249	1,126	2,123	5,861	296
9Digit Co., Ltd.	29,161	21,697	7,464	206,857	688
Postech Early Stage Fund (*2)	9,966	63	9,903	-	(65)
Busan E&E Co., Ltd.	80,074	36,972	43,102	-	61
POSCO Family Strategy Funds	66,543	250	66,293	-	265
POREKA Co., Ltd.	12,101	7,551	4,550	31,730	2,299
Songdo SE Co., Ltd.	1,854	404	1,450	2,284	80
Posgreen Co., Ltd.	7,647	3,159	4,488	3,781	527
Daewoo International Corporation	8,086,819	5,916,185	2,170,634	12,947,161	353,191
POSCOLED Co., Ltd.	29,489	11,994	17,495	22,946	(5,117)
Gunsan SPFC Co., Ltd.	70,721	49,976	20,745	50,503	(65)
POSCO NST Co., Ltd.	149,931	117,179	32,752	187,930	(4,250)
Pohang Scrap Recycling Center Co., Ltd.	18,823	2,850	15,973	4,071	1,017
PSC Energy Global Co., Ltd.	63,087	-	63,087	-	(2,453)
Suncheon Ecotrans Co., Ltd.	32,133	9,664	22,469	-	(179)
Shinan Energy Co., Ltd.	12,496	1,189	11,307	696	328
Reco Metal Co., Ltd.	31,118	30,858	260	10,883	(1,895)
NewAltec Co., Ltd.	121,287	23,147	98,140	74,938	1,365
PONUtech Co., Ltd.	128,556	86,013	42,543	31,936	(7,113)
BLUE O&M Co., Ltd.	882	9	873	54	(115)
Tamra Offshore Wind Power Co., Ltd.	19,982	-	19,982	-	(147)
POS-HIAL Co., Ltd.	29,738	19,599	10,139	-	(921)
MCM Korea Co., Ltd.	50	-	50	-	-
Tancheon E&E Co., Ltd.	2,639	3	2,636	-	(64)
[Foreign]					
POSCO America Corporation	510,786	318,815	191,971	619,354	5,743
POSCO Australia Pty. Ltd.	1,216,387	482,349	734,038	96,249	6,429
POSCO Canada Ltd.	581,660	42,765	538,895	155,637	46,606
POSCO Asia Co., Ltd.	574,138	537,246	36,892	2,004,307	1,392
Dalian POSCO Steel Co., Ltd.	33,319	49,239	(15,920)	17,008	(7,115)
POSCO-CTPC Co., Ltd.	82,887	50,853	32,034	99,785	661
POSCO-JKPC Co., Ltd.	92,570	70,345	22,225	86,957	4,589
International Business Center Corporation	86,490	51,116	35,374	20,939	9,633
POSCO E&C Vietnam Co., Ltd.	139,681	117,980	21,701	124,474	10,709
Zhangjiagang Pohang Stainless Steel Co., Ltd.	1,408,492	933,222	475,270	2,071,787	(92,681)
Guangdong Pohang Coated Steel Co., Ltd.	466,949	262,937	204,012	164,407	(20,583)
POSCO (Thailand) Company Ltd.	141,030	95,434	45,596	194,229	3,803

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
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**(Unaudited)**

(in millions of Won)

<u>Company</u>		<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>	<u>Sales</u>	<u>Net income (loss)</u>
[Foreign]						
Myanmar POSCO Steel Co., Ltd	₩	23,965	7,576	16,389	17,679	2,388
POSCO-JOPEC Co., Ltd.		85,847	80,449	5,398	81,623	760
POSCO Investment Co., Ltd.		726,270	626,511	99,759	10,049	4,696
POSCO-MKPC SDN BHD.		171,518	121,658	49,860	175,248	600
Qingdao Pohang Stainless Steel Co., Ltd.		211,618	119,293	92,325	395,373	(17,342)
POSCO (Suzhou) Automotive Processing Center Co., Ltd.		313,007	225,852	87,155	298,778	4,340
POSCO BioVentures L.P.		7,916	-	7,916	-	(1,164)
PT. POSNESIA		13,688	19	13,669	-	(16)
POSCO E&C - Hawaii Inc.		389	2	387	-	(12)
POS-Qingdao Coil Center Co., Ltd.		52,316	37,355	14,961	81,974	(359)
POS-Ore Pty. Ltd.		60,677	28,827	31,850	128,106	56,581
POSCO-China Holding Corp.		449,565	188,164	261,401	102,589	1,746
POSCO-Japan Co., Ltd.		960,241	835,411	124,830	1,253,172	3,662
POS-CD Pty. Ltd.		65,612	70,452	(4,840)	10,808	(9,467)
POS-GC Pty. Ltd.		86,096	47,382	38,714	15,271	(8,430)
POSCO-India Private Ltd.		142,492	920	141,572	-	(924)
POSCO-India Pune Steel Processing Centre Pvt. Ltd.		219,743	196,826	22,917	191,748	967
POSCO-JNPC Co., Ltd.		262,862	238,398	24,464	268,351	5,834
POSCO-Foshan Steel Processing Center Co., Ltd.		196,038	153,896	42,142	379,897	57
POSCO E&C (China) Co., Ltd.		156,312	112,819	43,493	114,351	6,849
POSCO MPC S.A. de C.V.		211,988	194,710	17,278	269,738	(8,291)
Zhangjigang Pohang Port Co., Ltd.		25,382	10,319	15,063	5,099	14
Qingdao Pujin Steel Material Co., Ltd		11,155	9,321	1,834	40,266	(302)
POSCO-Vietnam Co., Ltd.		716,369	660,869	55,500	616,365	(25,725)
POSCO-Mexico Co., Ltd.		768,907	517,721	251,186	336,372	(3,929)
POSCO-India Delhi Steel Processing Centre Pvt. Ltd		107,155	83,689	23,466	109,815	4,039
POSCO-Poland Wroclaw Steel Processing Center Co., Ltd		56,489	38,342	18,147	74,159	4,942
POS-NP Pty. Ltd.		67,949	26,642	41,307	24,424	(1,550)
POSCO-Vietnam Processing Center Co., Ltd.		69,950	49,618	20,332	100,354	85
POSCO (Chongqing) Automotive Processing Center Co, Ltd.		69,072	60,907	8,165	64,015	(1,371)
Suzhou POS-CORE Technology Co., Ltd.		51,625	26,415	25,210	69,683	(177)
POSCO-Malaysia SDN. BHD.		77,922	101,161	(23,239)	116,185	769
POS-Minerals Corporation		110,221	19	110,202	-	(72)
POSCO (Wuhu) Automotive Processing Center Co., Ltd.		61,473	39,011	22,462	60,417	(739)
POSCO E&C India Private Ltd.		34,458	27,498	6,960	40,698	2,464
POSCO E&C SMART		12,558	10,898	1,660	28,800	975

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
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<u>Company</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>	<u>Sales</u>	<u>Net income (loss)</u>
[Foreign]					
POSCO-Philippine Manila Processing Center Inc.	₩ 27,081	16,994	10,087	29,239	694
Dalian POSCON Dongbang Automatic Co., Ltd.	9,175	3,972	5,203	4,353	374
SANPU TRADING CO.,LTD.	1,833	16	1,817	65	31
Zhangjiagang BLZ Pohang International Trading Co., Ltd.	12,114	7,270	4,844	45,415	140
POSCO Mexico Human Tech.	466	371	95	4,620	(39)
POSCO Mexico East Steel Distribution Center Co., Ltd	13,169	585	12,584	3,962	48
POSCO ICT-China	2,184	1,700	484	4,437	54
DWEMEX S.A.DE C.V.	224	66	158	-	(14)
POS MPC Servicios de C.V.	801	518	283	4,316	104
POSCO-URUGUAY S.A.	23,547	70	23,477	3	(1,373)
POSCO South East Asia Pte. Ltd.	11,257	8,342	2,915	65,438	372
Europe Steel Distribution Center	8,173	2,526	5,647	9,657	120
VECTUS Ltd.	2,976	6,403	(3,427)	3,079	(1,254)
POSCO VST Co., Ltd.	400,392	334,920	65,472	248,978	(20,631)
POSCO Maharashtra Steel Pvt. Ltd.	611,902	393,557	218,345	89,307	(41,267)
POSCO India Chennai Steel Processing Centre Pvt. Ltd.	127,228	114,696	12,532	136,989	3,607
POSCO Turkey Nilufer Processing Center Co., Ltd.	48,336	37,764	10,572	32,600	1,216
POSCO Vietnam Ha Noi Processing Center Co., Ltd.	50,684	43,290	7,394	56,266	189
POSCO (Liaoning) Automotive Processing Center Co., Ltd.	84,578	61,582	22,996	86,237	534
POSCO-Indonesia Jakarta Processing Center	70,877	65,304	5,573	58,498	(1,636)
POSCO E&C Venezuela C.A	134	-	134	-	-
PT. MRI	9,617	16,265	(6,648)	1,106	(488)
POSCORE-INDIA	16,599	14,205	2,394	13,152	(8)
POSCO America Alabama Processing Center Co., Ltd.	47,816	35,756	12,060	82,395	(566)
PT DEC Indonesia	9,467	9,716	(249)	9,302	(93)
POSCO (Yantai) Automotive Processing Center Co., Ltd.	49,521	34,164	15,357	39,798	(433)
POSCO India Steel Distribution Center Private Ltd.	5,285	2,851	2,434	42	(49)
POSCO China Dalian Plate Processing Center Co., Ltd.	76,438	43,573	32,865	29,782	(5,913)
POSCO-South Asia Co., Ltd.	14,535	95	14,440	5,322	(717)
POSCO SS-VINA Co., LTD	136,834	17,274	119,560	-	(1,872)
POSCO WA Pty. Ltd.	246,039	14	246,025	-	(35,981)
POSCO E&C - UZ	4,580	3,847	733	918	408
POSCO Australia GP Limited	77,078	5	77,073	-	(56,844)
Daewoo International America Corp.	371,565	327,013	44,552	764,627	3,495
Daewoo International Deutschland GmbH	90,147	79,650	10,497	240,736	870

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
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**(Unaudited)**

(in millions of Won)

<u>Company</u>		<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>	<u>Sales</u>	<u>Net income (loss)</u>
[Foreign]						
Daewoo International Japan Corp.	₩	273,246	264,418	8,828	571,871	526
Daewoo International Singapore Pte. Ltd.		99,730	95,117	4,613	500,903	108
Daewoo Italia S.r.l.		80,330	76,205	4,125	215,487	641
Daewoo (China) Co., Ltd.		74,510	26,364	48,146	100,042	864
Daewoo Textile Fergana LLC		59,670	56,061	3,609	100,032	5,252
Daewoo Textile Bukhara LLC		47,458	46,310	1,148	33,395	(877)
Daewoo International Australia Holdings Pty. Ltd.		162,042	24,295	137,747	3,437	(617)
Daewoo Paper Manufacturing Co., Ltd.		76,107	75,049	1,058	51,469	(3,333)
Tianjin Daewoo Paper Co., Ltd		14,187	32,120	(17,933)	-	-
POSCO Mauritius Ltd.		24,351	2	24,349	-	(15)
PT. KRAKATAU POSCO		1,388,305	389,104	999,201	-	(14,430)
MYANMAR Daewoo LTD.		5,717	2	5,715	848	295
Daewoo International MEXICO S.A. de C.V.		91,469	84,672	6,797	213,420	2,701
Daewoo International Guangzhou Corp.		18,955	11,404	7,551	44,263	(1,603)
DAEWOO STC VIETNAM LTD.		1,757	67	1,690	1,398	71
POSCO (Zhangjiagang) Stainless Steel Processing Center Co., Ltd.		104,707	92,250	12,457	191,147	386
Daewoo International Corporation (M) SDN BHD		14,590	11,990	2,600	29,999	234
Daewoo International SHANGHAI CO., LTD.		38,114	28,759	9,355	59,475	(1,399)
PGSF, LLC		4,909	2	4,907	-	48
Xenesys Inc.		10,522	411	10,111	1,626	(1,106)
Daewoo International INDIA Private Ltd.		2,150	337	1,813	1,515	(136)
TECHREN Solar, LLC		7,375	-	7,375	-	(1,399)
PT. POSCO E&C Indonesia		76,275	66,270	10,005	122,410	7,233
Hume Coal Pty. Ltd.		35,174	1,353	33,821	-	(216)
POSCO Foundation		197	4	193	-	(11)
EPC EQUITIES LLP		28,192	28,084	108	-	3
SANTOS CMI Construction Trading LLP		11,976	11,862	114	4,396	8
SANTOS CMI INC. USA		25,913	30,037	(4,124)	35,275	(5,168)
SANTOS CMI ENGENHARIA E CONSTRUCCOES LTDA		23,544	16,481	7,063	23,819	(983)
SANTOS CMI PERU S.A.		49,972	51,776	(1,804)	69,117	(7,401)
SANTOS CMI COSTA RICA S.A.		11,704	11,430	274	-	(101)
SANTOS CMI CONSTRUCCIONES S.A. (URUGUAY)		113	76	37	-	(7)
GENTECH International INC.		1,545	1,131	414	451	(3)
EPC INVESTMENTS C.V.		111	25	86	-	(8)
INGENIERIA Y CONSTRUCCION HOLAND CO S.A.		109	2	107	-	(3)
ASESORIA Y SERVICIOS EPC S.A CHILE		1,134	444	690	1,182	487

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
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**(Unaudited)**

(in millions of Won)

<u>Company</u>		<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>	<u>Sales</u>	<u>Net income (loss)</u>
[Foreign]						
SANTOS CMI S.A.	₩	41,946	29,618	12,328	28,430	(203)
SANTOS CMI CONSTRUCCIONES DE CHILE S.A.		6,288	244	6,044	780	(87)
S&K -SANTOS CMI S.A. DE C.V. (MEXICO)		151	146	5	254	(87)
COMPANIA DE AUTOMATIZACION & CONTROL, GENESYS S.A.		7,934	4,757	3,177	12,385	675
VAUTIDAMERICAS S.A.		3,939	1,163	2,776	845	(446)
SANTOS CMI Constructions Argentina S.A.		68	29	39	-	7
POSCO E&C Brazil Ltd.		383,113	362,808	20,305	12,229	9,529
POSCO Electrical Steel India Private Limited		101,381	57,566	43,815	-	631
Daewoo International Cameroon PLC		1,789	-	1,789	-	-
POSCO ASSAN TST STEEL Industry		396,632	243,126	153,506	-	1,495
HONG KONG POSCO E&C (CHINA) Investment Co., Ltd.		155,753	173,466	(17,713)	-	(13,671)
DAESAN (Cambodia) Co., Ltd.		29,220	34,580	(5,360)	-	(18)
Brazil Sao Paulo Steel Processing Center Co., Ltd		35,154	18,375	16,779	136	(2,165)
POSCO(Dalian) IT Center Development Co., Ltd.		150,653	7,817	142,836	-	(4,512)
PT.POSCO Resources Indonesia		2,770	10	2,760	-	(920)
PT. POSCO ICT Indonesia		2,165	2,288	(123)	1,956	(628)
PT. POSCO M-Tech Indonesia		5,305	12	5,293	2,965	58
PT. KRAKATAU POSCOPOWER		77,792	861	76,931	-	(462)
POSCO RUS LLC.		8,457	5,609	2,848	2,416	(817)
POSCO-Thainox Public Company Limited.		451,046	120,162	330,884	390,106	(4,862)
Daewoo International Shanghai Waigaoqiao Co., Ltd.		35,242	34,244	998	149,387	472
PT. Bio Inti Agrindo		35,251	21,645	13,606	-	(399)
POSCO E&C Australia Pty Ltd.		18,357	16,865	1,492	29,737	1,749
POSCO-TISCO (Jilin) Processing Center Co., Ltd.		18,727	926	17,801	-	(324)
Hunchun POSCO Logistics Co., Ltd.		48,315	7	48,308	-	(976)
USA SRDC Corporation		324	22	302	-	-
Daewoo International Vietnam Co., Ltd.		4,741	273	4,468	1,545	3
PT. Krakatau POSCO Chemtech Calcination		10,825	2,686	8,139	-	(537)
POSCO-Africa		4,524	131	4,393	-	(877)
E.P.C. INGENIERIA & SERVICIOS DE COSTA RICA S. A.		832	619	213	1,171	203
POSCO ICT BRASIL PARTICIPACOES LTDA		718	19	699	-	(171)
LA-SCRAP RECYCLING DISTRIBUTION CENTER, LLC.		1,303	911	392	4,306	(88)
EEC, GmbH		2,839	-	2,839	-	(50)
Posco Center Beijing		331,177	166,700	164,477	-	(13,121)

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
**As of September 30, 2012**  
**(Unaudited)**

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*(in millions of Won)*

<u>Company</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>	<u>Sales</u>	<u>Net income (loss)</u>
[Foreign]					
POSCO AMERICA COMERCIALIZADORAS DE RL DE C.V.	65	130	(65)	-	(64)
POSCO AMERICA PRODUCTOS, OFERTAS, SISTEMAS Y COMERCIALIZADORA ORIENTAL S DE RL DE C.V.	466	566	(100)	207	(156)

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
**As of September 30, 2012**  
**(Unaudited)**

2) As of and for the year ended December 31, 2011

(in millions of Won)

<u>Company</u>		<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>	<u>Sales</u>	<u>Net income (loss)</u>
[Domestic]						
POSCO E&C Co., Ltd.	₩	6,819,542	4,260,627	2,558,915	6,142,026	109,921
POSCO P&S Co., Ltd.		1,017,070	472,175	544,895	3,141,999	19,234
POSCO Coated & Color Steel Co., Ltd.		521,471	297,947	223,524	956,179	(24,713)
POSCO Plant Engineering Co., Ltd.		208,084	117,629	90,455	597,508	6,758
POSCO ICT Co., Ltd.		687,657	446,640	241,017	983,649	30,578
POSCO Research Institute		29,320	6,304	23,016	30,844	216
Seoung Gwang Co., Ltd.		82,671	34,868	47,803	14,652	2,522
POSCO Architects & Consultants Co., Ltd.		93,268	40,458	52,810	196,794	7,236
POSCO Specialty Steel Co., Ltd.		1,582,832	691,581	891,251	1,662,896	127,573
POSTECH Venture Capital Corp.		34,222	1,094	33,128	-	1,041
eNtoB Co., Ltd.		99,382	69,607	29,775	634,830	1,249
POSCO Chemtech Company Ltd.		479,615	152,416	327,199	1,186,623	92,391
POSCO Terminal Co., Ltd.		96,806	15,145	81,661	100,710	22,955
POSCO M-TECH Co., Ltd.		316,953	153,876	163,077	602,155	12,447
POSCO ENERGY Co., Ltd.		2,891,382	2,327,398	563,984	1,863,670	25,152
Postech 2006 Energy Fund		21,662	1,042	20,620	-	(202)
PHP Co., Ltd.		66,461	58,521	7,940	4,456	483
POSCO TMC Co., Ltd.		204,738	113,595	91,143	219,580	5,746
PNR Co., Ltd.		159,076	129,198	29,878	74,013	13,366
Megaasset Co., Ltd.		23,757	9,354	14,403	63,667	5,794
POSCO Engineering Company		508,290	341,946	166,344	980,340	3,225
Pohang Fuel Cell Co., Ltd.		12,061	8,592	3,469	2,235	(286)
Pohang SPFC Co., Ltd.		10,021	4,221	5,800	38,117	1,170
POSWITH Co., Ltd.		5,129	2,460	2,669	13,745	151
BASYS INDUSTRY Co., Ltd.		967	266	701	2,500	369
POSTECH BD Newundertaking Fund		90	-	90	-	(1)
POSBRO Co., Ltd.		126	-	126	-	(54)
POSCO AST Co., Ltd.		316,695	163,548	153,147	365,682	4,972
DaiMyung TMS Co., Ltd.		28,350	52,497	(24,147)	6,265	(3,695)
POS-HIMETAL Co., Ltd.		309,369	268,788	40,581	34,682	(28,857)
POSCO E&E Co., Ltd.		22,435	127	22,308	-	508
POMIC Co., Ltd.		4,411	2,431	1,980	21,111	317
POSFINE Co., Ltd.		62,775	48,146	14,629	2,285	(3,847)
POS ECO HOUSING Co., Ltd.		8,190	1,846	6,344	13,629	265
Mapo High Broad Parking Co., Ltd.		1,676	110	1,566	-	(355)
Dakos Co., Ltd.		783	321	462	225	(58)

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
**As of September 30, 2012**  
**(Unaudited)**

(in millions of Won)

<u>Company</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>	<u>Sales</u>	<u>Net income (loss)</u>
[Domestic]					
Gwang Yang SPFC Co., Ltd.	₩ 68,279	52,806	15,473	4,686	(2,156)
POSCALCIUM Company, Ltd.	8,403	7,004	1,399	106	(1,353)
Plant Engineering service Technology Co., Ltd.	2,327	500	1,827	6,259	354
9Digit Co., Ltd.	33,820	27,091	6,729	58,341	(308)
Postech Early Stage Fund	10,034	65	9,969	-	(31)
Busan E&E Co., Ltd.	44,731	1,687	43,044	-	127
POSCO Family Strategy Funds	57,678	250	57,428	-	290
POREKA Co., Ltd.	15,131	12,880	2,251	20,785	1,158
Songdo SE Co., Ltd.	1,652	282	1,370	2,761	77
Posgreen Co., Ltd.	8,225	4,280	3,945	2,944	(33)
Daewoo International Corporation	7,823,738	6,302,994	1,520,744	18,758,511	160,088
POSCOLED Co., Ltd.	28,717	5,917	22,800	14,063	(5,355)
Gunsan SPFC Co., Ltd.	51,483	30,673	20,810	53,797	(236)
POSCO NST Co., Ltd.	158,470	121,493	36,977	202,334	(803)
Pohang Scrap Recycling Center Co., Ltd.	17,842	2,863	14,979	1,748	143
PSC Energy Global Co., Ltd.	38,780	-	38,780	-	(1,595)
Suncheon Ecotrans Co., Ltd.	25,526	2,878	22,648	-	48
Shinan Energy Co., Ltd.	8,494	-	8,494	-	(56)
Reco Metal Co., Ltd.	15,043	13,280	1,763	6,761	(2,658)
NewAltec Co., Ltd.	114,744	17,171	97,573	92,849	638
PONUtech Co., Ltd.	9,919	182	9,737	-	(263)
BLUE O&M Co., Ltd	988	-	988	-	(12)
[Foreign]					
POSCO America Corporation	416,078	223,968	192,110	419,258	8,866
POSCO Australia Pty. Ltd.	1,161,366	462,383	698,983	136,144	283,875
POSCO Canada Ltd.	565,424	82,867	482,557	304,274	133,660
POSCO Asia Co., Ltd.	540,685	504,059	36,626	2,968,097	6,523
Dalian POSCO Steel Co., Ltd	49,104	58,254	(9,150)	90,990	(8,711)
POSCO-CTPC Co., Ltd.	84,966	52,546	32,420	134,930	1,320
POSCO-JKPC Co., Ltd.	93,668	75,512	18,156	87,203	1,405
International Business Center Corporation	90,577	51,831	38,746	25,889	11,655
POSCO E&C Vietnam Co., Ltd.	77,583	77,679	(96)	114,350	6,670
Zhangjiagang Pohang Stainless Steel Co., Ltd.	1,569,551	986,798	582,753	2,808,722	4,444
Guangdong Pohang Coated Steel Co., Ltd.	394,452	163,785	230,667	275,521	(7,849)
POSCO (Thailand) Company Ltd.	140,260	98,044	42,216	231,144	1,227
Myanmar POSCO Steel Co., Ltd	27,519	9,580	17,939	30,967	5,885
POSCO-JOPC Co., Ltd.	80,896	76,118	4,778	92,296	768
POSCO Investment Co., Ltd.	787,069	688,482	98,587	10,792	10,509

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
**As of September 30, 2012**  
**(Unaudited)**

(in millions of Won)

<u>Company</u>		<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>	<u>Sales</u>	<u>Net income (loss)</u>
[Foreign]						
POSCO-MKPC SDN BHD.	₩	165,789	116,928	48,861	177,822	1,763
Qingdao Pohang Stainless Steel Co., Ltd.		268,411	155,877	112,534	615,532	(3,110)
POSCO (Suzhou) Automotive Processing Center Co., Ltd.		305,690	220,468	85,222	384,705	11,046
POSCO BioVentures L.P.		16,851	-	16,851	-	(4,226)
PT. POSNESIA		14,129	20	14,109	-	(28)
POSCO E&C - Hawaii Inc.		914	503	411	-	(304)
POS-Qingdao Coil Center Co., Ltd.		56,062	40,314	15,748	117,470	65
POS-Ore Pty. Ltd.		75,312	66,851	8,461	250,347	132,737
POSCO-China Holding Corp.		427,447	160,423	267,024	173,639	3,617
POSCO-Japan Co., Ltd.		1,157,755	1,017,990	139,765	1,686,385	13,518
POS-CD Pty. Ltd.		72,582	68,030	4,552	22,575	557
POS-GC Pty. Ltd.		79,517	32,397	47,120	10,263	(4,344)
POSCO-India Private Ltd.		147,359	421	146,938	-	(1,034)
POSCO-India Pune Steel Processing Centre Pvt. Ltd.		168,309	145,655	22,654	211,417	(16,626)
POSCO-JEPC Co., Ltd (formerly, POSCO-JNPC Co., Ltd.)		192,177	176,268	15,909	207,654	716
POSCO-Foshan Steel Processing Center Co., Ltd.		178,488	135,213	43,275	529,788	227
POSCO E&C (China) Co., Ltd.		120,135	82,361	37,774	104,055	1,898
POSCO MPC S.A. de C.V.		192,538	182,180	10,358	316,446	(6,587)
Zhangjigang Pohang Port Co., Ltd.		26,801	11,327	15,474	6,244	222
Qingdao Pujin Steel Material Co., Ltd		14,209	11,997	2,212	79,732	13
POSCO-Vietnam Co., Ltd.		659,931	576,657	83,274	962,490	(46,976)
POSCO-Mexico Co., Ltd.		488,782	422,155	66,627	396,897	(43,298)
POSCO-India Delhi Steel Processing Centre Pvt. Ltd		85,349	75,582	9,767	129,434	(9,824)
POSCO-Poland Wroclaw Steel Processing Center Co., Ltd		62,709	49,981	12,728	71,871	(1,483)
POS-NP Pty. Ltd.		57,890	15,003	42,887	48,404	9,480
POSCO-Vietnam Processing Center Co., Ltd.		71,203	50,417	20,786	159,369	26
POSCO (Chongqing) Automotive Processing Center Co., Ltd.		69,253	59,468	9,785	62,795	(1,622)
Suzhou POS-CORE Technology Co., Ltd.		60,082	33,980	26,102	96,008	781
POSCO-JYPC Co., Ltd.		67,587	64,165	3,422	102,700	781
POSCO-Malaysia SDN. BHD.		88,635	112,566	(23,931)	140,709	(4,114)
POS-Minerals Corporation		113,694	-	113,694	-	(808)
POSCO (Wuhu) Automotive Processing Center Co., Ltd.		69,613	45,766	23,847	92,554	618
POSCO E&C India Private Ltd.		35,982	31,304	4,678	4,966	1,135
POSCO E&C SMART		4,670	4,034	636	4,421	135
POSCO-Philippine Manila Processing Center Inc.		27,412	17,492	9,920	45,680	266
Dalian POSCON Dongbang Automatic Co., Ltd.		8,083	2,996	5,087	5,104	382

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
**As of September 30, 2012**  
**(Unaudited)**

(in millions of Won)

<u>Company</u>		<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>	<u>Sales</u>	<u>Net income (loss)</u>
[Foreign]						
SANPU TRADING CO., LTD.	₩	1,842	5	1,837	73	3
Zhangjiagang BLZ Pohang International Trading Co., Ltd.		15,720	10,881	4,839	100,833	116
POSCO Mexico Human Tech.		787	481	306	5,378	221
POSCO Mexico East Steel Distribution Center Co., Ltd		13,186	1,353	11,833	5,638	110
POSCO ICT-China		1,737	1,294	443	4,920	114
DWEMEX S.A.DE C.V.		226	62	164	2	(29)
POS MPC Servicios de C.V.		667	458	209	4,902	90
POSCO-URUGUAY S.A.		16,733	127	16,606	24	(898)
POSCO South East Asia Pte. Ltd.		5,232	2,633	2,599	62,235	256
Europe Steel Distribution Center		6,775	991	5,784	13,354	322
VECTUS Ltd.		3,066	5,126	(2,060)	3,560	(1,530)
POSCO VST Co., Ltd.		356,484	268,005	88,479	264,616	(10,669)
POSCO Maharashtra Steel Pvt. Ltd.		372,434	149,442	222,992	44	2,036
POSCO India Chennai Steel Processing Centre Pvt. Ltd.		89,782	80,514	9,268	134,409	(3,232)
POSCO Turkey Nilufer Processing Center Co., Ltd.		49,588	40,578	9,010	38,729	(3,971)
POSCO Vietnam Ha Noi Processing Center Co., Ltd.		47,931	40,500	7,431	55,239	902
POSCO (Liaoning) Automotive Processing Center Co., Ltd.		84,315	61,131	23,184	117,395	3,267
POSCO-Indonesia Jakarta Processing Center		62,550	55,069	7,481	64,597	216
POSCO E&C Venezuela C.A		138	-	138	-	-
PT. MRI		12,251	17,626	(5,375)	458	(3,854)
POSCORE-INDIA		10,917	8,446	2,471	15,186	(48)
POSCO America Alabama Processing Center Co., Ltd.		63,014	50,007	13,007	85,381	(858)
PT DEC Indonesia		4,577	4,752	(175)	13,962	(267)
POSCO (Yantai) Automotive Processing Center Co., Ltd.		40,586	24,355	16,231	32,301	172
POSCO India Steel Distribution Center Private Ltd.		5,224	2,204	3,020	786	(427)
POSCO China Dalian Plate Processing Center Co., Ltd.		106,525	65,888	40,637	66,113	(165)
POSCO-South Asia Co., Ltd.		13,703	199	13,504	8,015	1,039
POSCO SS-VINA Co., LTD		74,438	409	74,029	-	(1,122)
POSCO WA Pty. Ltd.		212,984	9	212,975	-	(33,142)
POSCO E&C - UZ		2,279	1,789	490	2,046	104
POSCO Australia GP Limited		97,196	5	97,191	-	(8)
Daewoo International America Corp.		283,653	241,259	42,394	984,378	5,372
Daewoo International Deutschland GmbH		115,256	105,288	9,968	482,585	314
Daewoo International Japan Corp.		245,086	236,533	8,553	804,864	981
Daewoo International Singapore Pte. Ltd.		43,647	38,982	4,665	902,315	481
Daewoo Italia S.r.l.		63,859	60,247	3,612	361,821	145

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
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**(Unaudited)**

(in millions of Won)

<u>Company</u>		<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>	<u>Sales</u>	<u>Net income (loss)</u>
[Foreign]						
Daewoo Cement (Shandong) Co., Ltd.	₩	221,807	291,000	(69,193)	133,502	20,361
Daewoo (China) Co., Ltd.		150,079	101,449	48,630	54,521	726
PT. RISMAR Daewoo Apparel		17,767	18,417	(650)	58,182	1,246
Daewoo Textile Fergana LLC		64,437	65,968	(1,531)	132,866	(11,994)
Daewoo Textile Bukhara LLC		51,939	49,630	2,309	51,312	(11,500)
Daewoo International Australia Holdings Pty. Ltd.		151,462	12,964	138,498	1,935	199
Daewoo Paper Manufacturing Co., Ltd.		76,855	72,385	4,470	76,632	(5,210)
Tianjin Daewoo. Paper Co., Ltd		14,589	33,029	(18,440)	-	-
POSCO Mauritius Ltd.		24,648	2,839	21,809	-	(22)
PT. KRAKATAU POSCO		819,899	44,918	774,981	-	(2,385)
MYANMAR Daewoo LTD.		6,030	41	5,989	1,373	152
Daewoo International MEXICO S.A. de C.V.		68,030	64,189	3,841	240,448	299
Daewoo International Guangzhou Corp.		7,666	7,473	193	61,554	(1,265)
Daewoo Energy Central Asia		15,571	322	15,249	-	-
DAEWOO STC VIETNAM LTD.		3,848	1,313	2,535	9,435	94
MYANMAR Daewoo International Ltd.		7,651	2,240	5,411	11,947	759
POSCO (Zhangjiagang) Stainless Steel Processing Center Co., Ltd.		63,505	51,088	12,417	67,175	15
Daewoo International Corporation (M) SDN BHD		8,831	6,469	2,362	21,190	157
Daewoo International SHANGHAI CO.,LTD.		63,694	52,656	11,038	91,541	1,286
PGSF, LLC		3,138	1	3,137	-	280
Xenesis Inc.		11,804	240	11,564	2,494	(3,865)
Daewoo International INDIA Private Ltd.		3,285	1,277	2,008	3,343	69
TECHREN Solar, LLC		5,184	-	5,184	-	(506)
PT. POSCO E&C Indonesia		37,495	34,094	3,401	46,665	2,114
Hume Coal Pty. Ltd.		24,316	2,499	21,817	-	(9)
POSCO Foundation		213	3	210	-	3
EPC EQUITIES LLP		11,391	11,283	108	438	(2,743)
SANTOS CMI Construction Trading LLP		13,851	13,742	109	2,750	(1,323)
SANTOS CMI INC. USA		23,418	22,260	1,158	11,604	(155)
SANTOS CMI ENGENHARIA E CONSTRUCOES LTDA		18,771	9,381	9,390	14,823	7,484
SANTOS CMI PERU S.A.		26,074	20,500	5,574	59,091	4,779
SANTOS CMI COSTA RICA S.A.		11,856	11,480	376	1,228	(1,794)
SANTOS CMI CONSTRUCCIONES S.A. (URUGUAY)		122	73	49	-	(9)
GENTECH International INC.		1,595	1,166	429	1,800	728
EPC INVESTMENTS C.V.		115	18	97	-	(6)
INGENIERIA Y CONSTRUCCION HOLLAND CO S.A.		115	2	113	-	(2)
ASESORIA Y SERVICIOS EPC S.A CHILE		468	285	183	635	88

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
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**(Unaudited)**

(in millions of Won)

<u>Company</u>		<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>	<u>Sales</u>	<u>Net income (loss)</u>
[Foreign]						
SANTOS CMI S.A.	₩	42,766	30,495	12,271	34,879	(5,430)
SANTOS CMI CONSTRUCCIONES DE CHILE S.A.		8,430	2,669	5,761	13,009	1,703
S&K -SANTOS CMI S.A. DE C.V. (MEXICO)		125	14	111	203	(208)
COMPANIA DE AUTOMATIZACION & CONTROL, GENESYS S.A.		10,982	8,392	2,590	14,588	923
VAUTIDAMERICAS S.A.		2,374	1,620	754	1,765	141
SANTOS CMI Constructions Argentina S.A.		82	46	36	-	1
POSCO E&C Brazil Ltd.		87,817	87,284	533	6,200	(465)
POSCO Electrical Steel Inida Private Limited		26,448	138	26,310	-	346
Daewoo International Cameroon PLC		1,233	-	1,233	-	-
POSCO ASSAN TST STEEL Industry		59,415	1,897	57,518	-	1,724
HONG KONG POSCO E&C (CHINA) Investment Co., Ltd.		171,127	174,814	(3,687)	-	(3,466)
DAESAN (Cambodia) Co., Ltd.		30,145	35,652	(5,507)	-	(946)
Brazil Sao Paulo Steel Processing Center Co., Ltd.		26,987	-	26,987	-	-
POSCO(Dalian) IT Center Development Co., Ltd.		152,725	1,271	151,454	-	(1,464)
PT.POSCO Resources Indonesia		4,048	92	3,956	-	(415)
PT. POSCO ICT Indonesia		3,480	2,661	819	-	(80)
PT. POSCO M-Tech Indonesia		2,865	149	2,716	3,329	61
PT. KRAKATAU POSCOPOWER		45,041	42,874	2,167	-	(134)
POSCO RUS LLC.		3,639	5	3,634	-	(273)
POSCO-Thainox Public Company Limited.		500,214	164,464	335,750	401,257	(22,466)
Daewoo International Shanghai Waigaoqiao Co., Ltd.		13,804	13,256	548	22,354	343
PT. Bio Inti Agrindo		18,900	9,714	9,186	-	(1,486)
POSCO E&C Australia Pty Ltd.		381	624	(243)	-	(237)
POSCO-TISCO (Jilin) Processing Center Co., Ltd.		12,587	12	12,575	-	(375)
Hunchun POSCO Logistics Co., Ltd.		23,725	7	23,718	-	(229)
USA SRDC Corporation		311	-	311	-	-
Daewoo International Vietnam Co., Ltd.		4,613	-	4,613	-	-

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
**As of September 30, 2012**  
**(Unaudited)**

(d) Details of associates

Details of associates as of September 30, 2012 and December 31, 2011 are as follows:

Investee	Category of Business	Ownership (%)		Region
		September 30, 2012	December 31, 2011	
<b>[Domestic]</b>				
MIDAS Information Technology Co., Ltd.	Engineering	22.20	25.46	Seoul
Metapolis Co., Ltd.	Multiplex development	40.05	40.05	Hwaseong
Songdo New City Development Inc.	Real estate	29.90	29.90	Seoul
POSMATE Co., Ltd.	Services	45.15	30.00	Seoul
Gail International Korea Ltd.	Real estate	29.90	29.90	Seoul
SNNC Co., Ltd.	Raw material manufacturing and sale	49.00	49.00	Gwangyang
CHUNGJU ENTERPRISE CITY	Real estate	25.10	25.10	Chungju
Taegisan Wind Power Corporation	Wind power plant construction and management	50.00	50.00	Hoengseong
KOREA SOLAR PARK Co., Ltd.	Solar power plant construction and management	37.50	37.50	Youngam
Garolim Tidal Power Plant Co., Ltd.	Generation of electricity	32.13	32.13	Seosan
Cheongna IBT Co., Ltd. (*4)	Multiplex development	-	18.58	Incheon
PSIB Co., Ltd.	Non-resident building lease	49.00	49.00	Seoul
Universal Studios Resort Development Co., Ltd. (*3)	Construction	-	22.10	Hwaseong
Universal Studios Resort Asset Management Corp.	Real estate services	26.16	26.16	Seoul
Daewoo National Car Gwangju Selling Co., Ltd.	Leasing service	50.00	50.00	Gwangju
Uitrans Co., Ltd.	Transporting	41.89	38.19	Seoul
Suwon Green Environment Co., Ltd.	Construction	27.50	27.50	Hwaseong
Pajoo & Viro Co., Ltd.	Construction	40.00	40.00	Paju
Green Gimpo Co., Ltd.	Construction	31.84	31.84	Gimpo
Busan-Gimhae Light Rail Transit Co., Ltd.	Transporting	25.00	25.00	Gimhae
Incheon-Gimpo Highway Co., Ltd.	Construction	29.94	25.82	Anyang
Green Jangryang Co., Ltd.	Sewerage treatment	25.00	25.00	Pohang
Green Tongyeong Enviro Co., Ltd.	Sewerage treatment	20.40	20.40	Tongyoung
POSPLATE Co., Ltd.	Services	48.95	48.95	Gwangyang
Pure Gimpo Co., Ltd.	Construction	28.79	28.79	Seoul
Pohang Techno Valley AMC Co., Ltd.	Construction	29.50	29.50	Pohang
Sungjin Geotec Co., Ltd.	Industrial machinery manufacturing	33.02	36.69	Ulsan
Kyobo Life Insurance Co., Ltd. (*6)	Life insurance	-	24.00	Seoul
Dongbang Special Steel Co., Ltd.	Steel processing and sales	35.82	35.82	Pohang
Pure Iksan Co., Ltd.	Construction	23.50	23.50	Pohang
Gyeonggi CES Co., Ltd.	Facility construction	21.84	21.84	Yangju
Innovalley Co., Ltd.	Real estate development	28.77	28.77	Yongin
Applied Science Corp.	Machinery manufacturing	28.27	29.30	Paju
SENTECH KOREA Corp. (*3)	Manufacturing	-	20.25	Paju
AROMA POSTECH RENEWABLE ENERGY Co., Ltd.	Other science research	28.57	28.57	Seoul
Hyundai Investment Network Private Equity Fund	Mine investment	50.00	50.00	Seoul
Pohang Techno Valley PFV Corporation	Real estate development	29.90	28.65	Pohang
BLUE OCEAN Private Equity Fund	Private equity financial	27.52	27.52	Seoul
SUNAM Co., Ltd.	Power supply manufacturing	23.91	23.91	Seoul
Kones Corporation	Technical service	41.67	41.67	Gyeongju
Daeho GM Co., Ltd. (*5)	Investment advisory service	35.82	-	Pohang
Mokpo-Daeyang Industrial Estate (*1)	Real estate development	29.90	-	Mokpo
POSCO ES Materials Co., Ltd. (*1)	Secondary battery manufacturing	50.00	-	Gumi
Kyeonggi Fuel Cells Co., Ltd. (*1)	Electricity Generation	25.50	-	Hwaseong
Busan Sansung Tunnel Co.,Ltd. (*1)	Highway construction and management	40.25	-	Busan
Pohang Special Welding Rod Co.,Ltd. (*1)	Welding material and tools manufacturing and sales	50.00	-	Pohang

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
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**(Unaudited)**

Investee	Category of Business	Ownership (%)		Region
		September 30, 2012	December 31, 2011	
<b>[Foreign]</b>				
VSC POSCO Steel Corporation	Steel manufacturing and sale	50.00	50.00	Vietnam
KOBRASCO	Facility lease	50.00	50.00	Brazil
USS-POSCO Industries	Material manufacturing and sale	50.00	50.00	USA
Poschrome Pty. Ltd.	Raw material manufacturing and sale	50.00	50.00	Republic of South Africa
POS-Hyundai Steel Manufacturing India Private Ltd.	Steel processing and sale	29.50	29.50	India
POSVINA Co., Ltd.	Plating steel sheet manufacturing	50.00	50.00	Vietnam
PT. POSMI Steel Indonesia	Steel processing and sale	36.69	36.69	Indonesia
CAML Resources Pty. Ltd.	Raw material manufacturing and sale	33.34	33.34	Australia
Nickel Mining Company SAS	Raw material manufacturing and sale	49.00	49.00	New Caledonia
Liaoning Rongyuan Posco Refractories Co., Ltd.	Manufacturing and sale	35.00	35.00	China
POSK (PingHu)Processing Center Co., Ltd	Steel processing and sale	20.00	20.00	China
AN KHANH NEW CITY DEVELOPMENT	Highway construction and new town development	50.00	50.00	Vietnam
Henan Tsingpu Ferro Alloy Co., Ltd.	Raw material manufacturing and sale	49.00	49.00	China
United Spiral Pipe, LLC	Material manufacturing and sale	35.00	35.00	USA
Zhongyue POSCO(Qinhuangdau) Tinplate Industrial Co., Ltd.	Plating sheet manufacturing	34.00	34.00	China
BX STEEL POSCO Cold RolledSheet Co., Ltd.	Steel processing and sale	25.00	25.00	China
POSCO-SAMSUNG-Slovakia Processing Center	Steel processing and sale	30.00	30.00	Slovakia
Eureka Moly LLC	Raw material manufacturing and sale	20.00	20.00	USA
POSCO SAMSUNG Suzhou Steel Processing Center Co., Ltd.	Steel processing and sale	30.00	30.00	China
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	Steel processing and sale	25.00	25.00	China
POS-GSFC LLC	Steel processing and sale	40.16	48.98	UAE
Yingkou Posrec Refractories Co., Ltd.	Refractory manufacturing	25.00	25.00	China
Zhangjiagang Pohang Refractories Co., Ltd.	Refractory manufacturing	50.00	50.00	China
Daewoo Engineering (THAILAND) Co., Ltd.	Development and contract	48.90	48.90	Thailand
Sebang Steel	Scrap sale	49.00	49.00	Japan
NCR LLC	Coal sale	29.41	20.00	Canada
AMCI (WA) Pty Ltd.	Iron ore sale & mine development	49.00	49.00	Australia
POSCO YongXin Rare Earth Metal Co., Ltd.	Energy & Resource development	31.00	31.00	China
Shanghai Lansheng Daewoo Corporation	Trading	49.00	49.00	China
Shanghai Waigaojiao Free Trade Zone Lansheng Daewoo Int'l Trading Co., Ltd.	Trading	49.00	49.00	China
Hanjung Power Pty., Ltd	Electric power manufacturing and sale	49.00	49.00	Papua New Guinea
Myanmar Korea Timber International Ltd.	Plating sheet manufacturing	45.00	45.00	Myanmar
General Medicines Company Ltd.	Medicine manufacturing and sale	33.00	33.00	Sudan
KOREA LNG Ltd.	Gas production and sale	20.00	20.00	England
DMSA, AMSA (*2)	Energy & resource development	4.00	4.00	Madagascar
KG Power (M) SDN. BHD	Energy & resource development	20.00	20.00	Malaysia
Daewoo (THAILAND) CO., LTD.	Trading	49.00	49.00	Thailand
N.I.CO., LTD.	Trading	50.00	50.00	North Korea
South-East Asia Gas Pipeline Company Ltd.	Pipeline construction	25.04	25.04	Myanmar
GLOBAL KOMSCO Daewoo LLC	Mintage	35.00	35.00	Uzbekistan
POSUK TITANIUM B.V	Titanium manufacturing and sale	-	50.00	Netherland
POSCO-NPS Niobium LLC	Mine development	50.00	50.00	USA
POSCO-POGEN AMP	Steel manufacturing	26.00	26.00	India
Klappan Coal Joint Venture	Coal sale	20.00	20.00	Canada
AES-VCM Mong Duong Power Company Ltd.	Electricity generation	30.00	30.00	Vietnam
CSP(Compania Siderurgica do Pecem)	Steel manufacturing and sale	20.00	20.00	Brazil
PT.INDONESIA POS CHOSUN Ref	Refractory manufacturing and sale	30.00	30.00	Indonesia
NS-Thainox Auto Co., Ltd.	Steel manufacturing and sale	49.00	49.00	Vietnam

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
**As of September 30, 2012**  
**(Unaudited)**

Investee	Category of Business	Ownership (%)		Region
		September 30, 2012	December 31, 2011	
<b>[Foreign]</b>				
Korea-Siberia Wood	Forest resources development	50.00	50.00	Russia
PT. Tanggamus Electric Power	Construction and engineering service	20.00	20.00	Indonesia
PT. Wampu Electric Power	Construction and engineering service	20.00	20.00	Indonesia
Boulder Solar Power, LLC (*1)	Electric power manufacturing	25.00	-	USA
POSUK Titanium (*1)	Titanium manufacturing and sale	50.00	-	Kazakhstan
Roy Hill Holdings Pty. Ltd. (*2)	Energy & resource development	12.50	-	Australia
Li3 Energy Inc (*7)	Energy & resource development	26.06	-	Peru
Fifth Combined Heat and Power Plant LLC (*1)	Thermal power generation	30.00	-	Mongolia

- (\*1) These entities were newly established during the nine-month period ended September 30, 2012.
- (\*2) The Company is able to exercise significant influence on the investee even though the Company's percentage of ownership is below 20%.
- (\*3) Excluded from associates due to a decrease in ownership percentage during the nine-month period ended September 30, 2012.
- (\*4) Excluded from associates as the contract on entrusted voting rights expired during the nine-month period ended September 30, 2012.
- (\*5) This entity split off from Dongbang Special Steel Co., Ltd. during the nine-month period ended September 30, 2012.
- (\*6) The Company determined to dispose of the shares of Kyobo Life Insurance Co., Ltd., an associate of Daewoo International Corporation, one of the Company's subsidiaries, in order to secure investment funds and improve the Company's financial structure. The transaction was completed in third quarter of 2012.
- (\*7) This entity was newly included as an associate during the nine-month period ended September 30, 2012.

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
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**(Unaudited)**

(e) Consolidated subsidiaries newly included in consolidation during the nine-month period ended September 30, 2012 are as follows:

<b>Company</b>	<b>Date of acquisition</b>	<b>Ownership (%)</b>	<b>Reason</b>
Tamra Offshore Wind Power Co., Ltd.	January 2012	64.00	new investment
PT. Krakatau POSCO Chemtech Calcination	January 2012	80.00	new investment
POS-HiAL Co., Ltd	January 2012	51.00	new investment
POSCO-Africa	February 2012	100.00	new investment
E.P.C. INGENIERIA & SERVICIOS DE COSTA RICA S. A.	May 2012	100.00	new investment
POSCO ICT BRASIL PARTICIPACOES LTDA	May 2012	100.00	new investment
LA-SCRAP RECYCLING DISTRIBUTION CENTER, LLC.	May 2012	68.42	new investment
EEC, GmbH	August 2012	100.00	new investment
Posco Center Beijing	August 2012	99.00	new investment
MCM Korea Co., Ltd.	July 2012	100.00	new investment
Tancheon E&E Co., Ltd.	July 2012	100.00	new investment
POSCO AMERICA COMERCIALIZADORA S DE RL DE C.V.	August 2012	100.00	new investment
POSCO AMERICA PRODUCTOS, OFERTAS, SISTEMAS Y COMERCIALIZADORA ORIENTAL S DE RL DE C.V.	August 2012	100.00	new investment

(f) Subsidiaries that were excluded from consolidation during the nine-month period ended September 30, 2012 are as follows:

<b>Company</b>	<b>Date of disposal</b>	<b>Reason</b>
POSCO-JYPC Co., Ltd.	January 2012	Statutory merger by POSCO-JEPC CO., Ltd.
DaiMyung TMS Co., Ltd.	March 2012	Statutory merger by POSCO-AST CO., Ltd.
MYANMAR DAEWOO INT'L LTD.	April 2012	Disposal
PT. RISMAR DAEWOO APPAREL	April 2012	Disposal
Daewoo Cement (Shandong) Co., Ltd.	June 2012	Disposal
POMIC Co., Ltd.	July 2012	Statutory merger by POSCO Research Institute
BASYS INDUSTRY Co., Ltd.	August 2012	Disposal
DAEWOO ENERGY CENTRAL ASIA	July 2012	Exclusion by corporate liquidation
DAYTEK ELECTRONICS CORP.	August 2012	Exclusion by corporate liquidation

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
**As of September 30, 2012**  
**(Unaudited)**

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**2. Statement of Compliance**

**Statement of compliance**

The condensed consolidated interim financial statements have been prepared in accordance with Korean International Financial Reporting Standards (“K-IFRS”), as prescribed in the Act on External Audit of Corporations.

These condensed consolidated interim financial statements have been prepared in accordance with K-IFRS 1034 “*Interim Financial Reporting*” as part of the period covered by the Company’s K-IFRS annual financial statements. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the last annual consolidated financial statements as of and for the year ended December 31, 2011. These condensed consolidated interim financial statements do not include all of the disclosures required for full annual financial statements.

**Use of estimates and judgements**

The preparation of the condensed consolidated interim 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 in which the estimates are revised and in any future periods affected.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as of and for the year ended December 31, 2011.

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
**As of September 30, 2012**  
**(Unaudited)**

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**3. Summary of Significant Accounting Policies**

Except as described in K-IFRS 1034 “Interim Financial Reporting” and below, the accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied by the Company in its consolidated financial statements as of and for the year ended December 31, 2011. The following changes in accounting policy are also expected to be reflected in the Company’s consolidated financial statements as of and for the year ended December 31, 2012.

(a) Financial Instruments: Disclosures

The Company has applied the amendments to K-IFRS 1107, “Financial Instruments: Disclosures” since January 1, 2012. The amendments require disclosing the nature of transferred assets, their carrying amount, and the description of risks and rewards for each class of transferred financial assets that are not derecognized in their entirety.

(b) Enactments and amendments of K-IFRSs

1) The Company has not applied the following revised K-IFRS that has been issued but is not yet effective for annual periods beginning on or after January 1, 2012.

*K-IFRS 1001 Presentation of Financial Statements*

The amendment to K-IFRS 1001 requires the other comprehensive income section to present line items for amounts of other comprehensive income, classified by nature and grouped into those that will not be reclassified subsequently to profit or loss and will be reclassified subsequently to profit or loss when specific conditions are met. The amendment to K-IFRS 1001 will be effective for annual periods beginning on or after July 1, 2012.

2) The following new standards, interpretations and amendments to existing standards have been published and are effective for the first annual period ending on or after December 31, 2012, and the Company has not early adopted them.

*K-IFRS 1001 Presentation of Financial Statements*

The amendments require operating profit (or loss), which is calculated by revenue less; (1) cost of goods sold, and (2) selling, general and administrative expenses, to be separately presented on the statements of comprehensive income. Additionally, in the notes to the financial statements, the Company could provide voluntary disclosure of entity-specific measure of operating performance (under the name of “adjusted operating profit or loss” or, if appropriate, another name) which is calculated base on the Company’s own criteria. In doing so, the Company is required to disclose (1) a reconciliation between the entity-specific measure of operating performance and operating profit or loss presented on the face of the statement of comprehensive income, and (2) the fact that the measure of operating performance disclosed in the notes is calculated based on the Company’s own criteria.

The amendments are effective for the first annual period ending on or after December 31, 2012 and the expected effect of the amendment to the consolidated interim financial statements are as follows:

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
**As of September 30, 2012**  
**(Unaudited)**

	For the three-month period ended September 30		For the nine-month period ended September 30	
	2012	2011	2012	2011
<i>(in millions of Won)</i>				
<b>Operating profit before amendment</b>	₩ 1,061,665	1,287,721	2,914,310	4,390,043
<b>Other operating income</b>				
Gain on disposals of property, plant and equipment	(21,181)	(2,012)	(29,184)	(10,365)
Rental revenues	(431)	(431)	(1,355)	(2,147)
Gain on disposals of intangible assets	(348)	-	(764)	(850)
Gain on disposals of investments in associates	-	(7)	(7,359)	(2,088)
Gain on disposals of assets held for sale	(45,874)	-	(193,333)	-
Reversal of allowance for doubtful accounts	(6,945)	(26,862)	(55,083)	(41,661)
Grant income	(248)	(76)	(1,313)	(740)
Miscellaneous income	(27,649)	(31,059)	(91,055)	(115,077)
Others	(17,093)	(160)	(19,801)	(3,383)
	(119,769)	(60,607)	(399,247)	(176,311)
<b>Other operating expenses</b>				
Loss on disposals of property, plant and equipment	14,360	8,396	45,545	38,474
Loss on disposals of assets held for sale	-	-	9,391	-
Cost of idle assets	6,849	6,804	21,199	10,206
Impairment loss of other non-current assets	-	(16)	31,735	-
Impairment loss of assets held for sale	-	-	258,381	-
Other bad debt expenses	2,745	80,779	32,366	110,554
Donations	8,257	18,408	49,020	32,670
Miscellaneous loss	11,199	21,671	35,938	50,423
Others	12,027	23,660	21,387	30,473
	55,437	159,702	504,962	272,800
<b>Operating profit after amendment</b>	₩ 997,333	1,386,816	3,020,025	4,486,532

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
**As of September 30, 2012**  
**(Unaudited)**

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**4. Trade Accounts and Notes Receivable**

Trade accounts and notes receivable as of September 30, 2012 and December 31, 2011 are as follows:

<i>(in millions of Won)</i>	<u>September 30, 2012</u>	<u>December 31, 2011</u>
Current		
Trade accounts and notes receivable	₩ 10,780,481	10,265,421
Capital lease receivables	48,528	117,230
Due from customers for contract work	1,545,196	1,361,416
Less: Allowance for doubtful accounts	(290,068)	(293,552)
	<u>12,084,137</u>	<u>11,450,515</u>
Non-current		
Trade accounts and notes receivable	36,069	45,061
Capital lease receivables	114,074	147,634
Less: Allowance for doubtful accounts	(9,346)	(9,634)
	<u>140,797</u>	<u>183,061</u>
	<u>₩ 12,224,934</u>	<u>11,633,576</u>

Trade accounts and notes receivable sold to financial institutions holding the right of recourse, for which the derecognition conditions were not met, amounted to ₩71,550 million and ₩132,908 million as of September 30, 2012 and December 31, 2011, respectively, and are included in short-term borrowings (note 13). The fair values approximate their carrying amounts.

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
**As of September 30, 2012**  
**(Unaudited)**

**5. Other Financial Assets**

(a) Other short-term financial assets as of September 30, 2012 and December 31, 2011 are as follows:

(in millions of Won)

	<u>September 30, 2012</u>	<u>December 31, 2011</u>
Financial assets at fair value through profit or loss		
Financial assets held for trading	₩ -	50,861
Derivatives assets held for trading	67,825	92,055
	<u>67,825</u>	<u>142,916</u>
Available-for-sale financial assets		
Short-term available-for-sale securities (bonds)	115,481	31,651
Held-to-maturity investments		
Current portion of held-to-maturity securities (bonds)	30,903	876
Loans and other receivables		
Short-term financial instruments (*1,2,3)	1,526,365	1,757,744
Short-term loans	197,921	367,330
Other accounts receivable	1,252,229	1,067,163
Accrued income	64,212	59,028
Deposits	91,732	73,343
Other (*4)	285,611	221,125
Allowance for bad debt accounts	(46,365)	(64,906)
	<u>3,371,705</u>	<u>3,480,827</u>
	<u>₩ 3,585,914</u>	<u>3,656,270</u>

(\*1) As of September 30, 2012 and December 31, 2011, short-term financial instruments amounting to ₩3,200 million and ₩1,670 million, respectively, are collateral for long-term borrowings from a forestry association.

(\*2) As of September 30, 2012 and December 31, 2011, short-term financial instruments of ₩19,505 million and ₩17,175 million, respectively, are restricted for use in a government project.

(\*3) As of September 30, 2012, short-term financial instruments amounting to ₩7,850 million are provided as collateral for long-term borrowings of the Company.

(\*4) Includes ₩265,142 million and ₩197,858 million as of September 30, 2012 and December 31, 2011, respectively, of proportionately consolidated of current assets of joint ventures which are owned by POSCO's subsidiaries.

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
**As of September 30, 2012**  
**(Unaudited)**

(b) Other long-term financial assets as of September 30, 2012 and December 31, 2011 are as follows:

(in millions of Won)

	<u>September 30, 2012</u>	<u>December 31, 2011</u>
Financial assets at fair value through profit or loss		
Derivatives assets held for trading	₩ 28,569	16,696
Available-for-sale financial assets		
Long-term available-for-sale securities (equity instruments) (*1,2,3)	3,755,398	4,509,197
Long-term available-for-sale securities (bonds)	29,451	25,847
Long-term available-for-sale securities (others)	43,313	41,902
	<u>3,828,162</u>	<u>4,576,946</u>
Held-to-maturity investments		
Held-to-maturity securities (bonds)	4,148	34,698
Loans and other receivables		
Long-term financial instruments	59,807	37,732
Long-term loans	509,540	298,106
Long-term other accounts receivable	38,689	86,922
Accrued income	1,187	956
Deposits	119,748	112,245
Allowance for bad debt accounts	(37,964)	(38,629)
	<u>691,007</u>	<u>497,332</u>
	<u>₩ 4,551,886</u>	<u>5,125,672</u>

(\*1) As of September 30, 2012, 2,294,961 shares equivalent to 20,654,653 American Depository Receipts (“ADRs”) of SK Telecom Co., Ltd. have been pledged as collateral for the exchangeable bonds issued.

(\*2) The Company recognized additional impairment loss for the securities of SK Telecom Co., Ltd. and others amounting to ₩35,491 million due to a further decline in the fair value of shares for which the Company recorded impairment loss as of December 31, 2011. Meanwhile, the Company recorded impairment loss for securities of Jupiter Mines Ltd. and others amounting to ₩168,644 million during the nine-month period ended September 30, 2012 because there was a significant decline in the fair value of shares of them for a prolonged period, which was considered as objective evidence of impairment.

(\*3) As of September 30, 2012, ₩25,538 million of long-term available-for-sale securities have been provided as collateral.

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
**As of September 30, 2012**  
**(Unaudited)**

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**6. Inventories**

Inventories as of September 30, 2012 and December 31, 2011 are as follows:

<i>(in millions of Won)</i>	<u>September 30, 2012</u>	<u>December 31, 2011</u>
Finished goods	₩ 1,491,976	1,556,573
Merchandise	828,622	1,185,496
Semi-finished goods	1,987,463	2,163,124
Raw materials	2,616,940	2,563,837
Fuel and materials	859,657	758,333
Construction inventories	1,329,143	1,245,546
Materials-in-transit	2,495,164	2,857,434
Others	101,644	168,895
	<u>11,710,609</u>	<u>12,499,238</u>
Less: allowance for inventory valuation	(187,446)	(215,594)
	<u>₩ 11,523,163</u>	<u>12,283,644</u>

The amounts of valuation losses of inventories recognized in cost of goods sold for the nine-month period ended September 30, 2012 and for the year ended December 31, 2011 are ₩73,064 million and ₩140,391 million, respectively.

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
**As of September 30, 2012**  
**(Unaudited)**

**7. Non-Current Assets Held for Sale**

Details of non-current assets held for sale and related liabilities as of September 30, 2012 and December 31, 2011 are as follows:

<i>(in millions of Won)</i>	<u>September 30, 2012</u>		<u>December 31, 2011</u>	
	<u>Subsidiaries (*1)</u>	<u>POSCO (*2)</u>	<u>Subsidiaries (*3)</u>	<u>Total</u>
<b>Assets</b>				
Trade accounts and notes receivable and other financial assets	₩ -	-	63,154	63,154
Inventories	-	-	23,186	23,186
Investment in associate	-	-	-	-
Property, plant and equipment	-	16,887	172,538	189,425
Intangible assets	-	-	7,389	7,389
Other assets	-	-	45,883	45,883
	<u>-</u>	<u>16,887</u>	<u>312,150</u>	<u>329,037</u>
<b>Liabilities</b>				
Trade accounts and note payables and other financial liabilities	-	-	28,509	28,509
Borrowings	-	-	144,920	144,920
Other liabilities	-	-	53,178	53,178
	<u>-</u>	<u>-</u>	<u>226,607</u>	<u>226,607</u>
Net assets	₩ <u>-</u>	<u>16,887</u>	<u>85,543</u>	<u>102,430</u>

(\*1) The Company determined to dispose of the shares of Kyobo Life Insurance Co., Ltd., an associate of Daewoo International Corporation, one of the Company's subsidiaries, in order to secure investment funds and improve the Company's financial structure. The investment was reclassified as a non-current asset held for sale at the beginning of the bidding process that started during the six-month period ended June 30, 2012. The amount measured at the lower of its carrying amount and fair value less costs to sell of Kyobo Life Insurance Co., Ltd. was ₩1,150,720 million. The Company recorded an impairment loss for the non-current assets held for sale of ₩258,381 million. The transaction was completed on September 5, 2012. The Company recognized a gain on disposal of assets held for sale of ₩45,874 million.

(\*2) POSCO planned to dispose of equipment of existing steel manufacturing plants due to the completion and expected use of a new plant. The relevant equipment was reclassified as non-current assets held for sale at December 31, 2011. Some of those non-current assets held for sale were disposed of by sale, and others were reclassified as property, plant and equipment due to the cancelation of plans to sell during the nine-month period ended September 30, 2012. POSCO recognized a gain of ₩1,150 million and a loss of ₩9,391 million from the assets held for sale during the nine-month periods ended September 30, 2012.

## **POSCO and Subsidiaries**

### **Notes to the Condensed Consolidated Interim Financial Statements, Continued As of September 30, 2012 (Unaudited)**

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(\*3) The Company determined to dispose of Daewoo Cement (Shandong) Co., Ltd., a subsidiary of Daewoo International Corporation, one of POSCO's subsidiaries, in order to close down a non-core business and collect long-term receivables and securities, pursuant to the board of director's resolution on July 28, 2011. Daewoo International Corporation entered into a sales contract with China United Cement Group Co., Ltd. on August 9, 2011 and completed the disposal of relevant non-current assets held for sale on June 28, 2012. The Company recognized a gain on disposal of assets held for sale of ₩146,309 million.

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
**As of September 30, 2012**  
**(Unaudited)**

**8. Investments in Associates and Joint Ventures**

(a) Details of investments in associates as of September 30, 2012 and December 31, 2011 are as follows:

(in millions of Won)

Company	September 30, 2012			December 31, 2011	
	Number of shares	Ownership (%)	Acquisition cost	Book value	Book value
[Domestic]					
Kyobo Life Insurance Co., Ltd.(*1)	-	-	₩ -	₩ -	₩ 1,377,114
Sungjin Geotec Co., Ltd.	17,193,510	33.02	239,877	191,039	194,942
SNNC Co., Ltd.	18,130,000	49.00	90,650	144,434	154,131
POSCO ES Materials Co., Ltd.(*2)	1,000,000	50.00	43,000	42,538	-
Busan-Gimhae Light Rail Transit Co., Ltd.	9,160,000	25.00	45,800	15,714	34,227
Cheongna IBT Co., Ltd.	-	-	-	-	35,564
BLUE OCEAN Private Equity Fund	333	27.52	33,300	31,689	35,971
METAPOLIS Co., Ltd.	4,229,280	40.05	15,410	1,409	15,674
POSMATE Co., Ltd.	411,573	45.15	28,258	45,005	22,409
CHUNGJU ENTERPRISE CITY DEVELOPMENT Co., Ltd	2,008,000	25.10	10,040	23,928	21,026
MIDAS Information Technology Co., Ltd.	866,190	22.20	433	13,437	12,476
Garolim Tidal Power Plant Co., Ltd.	2,580,039	32.13	12,900	11,839	11,995
Others (32 companies)				78,589	70,036
				<u>599,621</u>	<u>1,985,565</u>
[Foreign]					
Roy Hill Holdings Pty. Ltd.	12,723,959	12.50	551,979	544,736	-
POSCO-NPS Niobium LLC	325,050,000	50.00	364,609	363,720	374,868
AMCI (WA) Pty Ltd.	49	49.00	213,446	132,784	168,212
CSP(Compania Siderurgica do Pecem)	382,635,704	20.00	247,510	208,175	124,231
Nickel Mining Company SAS	3,234,698	49.00	157,585	150,801	168,292
KOBRASCO	2,010,719,185	50.00	32,950	116,611	128,884
KOREA LNG Ltd.	2,400	20.00	137,993	113,624	127,901
Eureka Moly LLC	-	20.00	121,209	106,470	109,772
DMSA, AMSA	-	4.00	134,671	132,657	119,556
BX STEEL POSCO Cold RolledSheet Co., Ltd.	-	25.00	61,961	94,181	95,577
CAML Resources Pty. Ltd.	3,239	33.34	40,388	67,368	55,465
South-East Asia Gas Pipeline Company Ltd.	135,219,000	25.04	150,779	151,223	136,175
Poschrome Pty. Ltd.	43,350	50.00	19,859	24,316	24,674
USS-POSCO Industries	-	50.00	277,715	12,584	16,880
NCR LLC	-	29.41	30,614	46,119	24,107
Others (40 companies)				164,961	171,500
				<u>2,430,330</u>	<u>1,846,094</u>
				<u>₩ 3,029,951</u>	<u>₩ 3,831,659</u>

(\*1) The Company determined to dispose of the shares of Kyobo Life Insurance Co., Ltd., an associate of Daewoo International Corporation, one of the Company's subsidiaries, in order to secure investment funds and improve its financial structure. The transaction was completed in the nine-month period ended September 30, 2012.

(\*2) This entity was newly established during the nine-month period ended September 30, 2012.

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
**As of September 30, 2012**  
**(Unaudited)**

(\*3) Excluded from associates as the contract on entrusted voting rights expired during the nine-month period ended September 30, 2012.

(\*4) This entity was acquired during the nine-month period ended September 30, 2012.

(b) The movements of investments in associates for the nine-month period ended September 30, 2012 and for the year ended December 31, 2011 are as follows:

1) September 30, 2012

(in millions of Won)

Company	Dec. 31, 2011 Book value	Equity method profits (losses)	Other increase (decrease) (*1)	September 30, 2012 Book value
[Domestic]				
Kyobo Life Insurance Co., Ltd.	₩ 1,377,114	37,038	(1,414,152)	-
Sungjin Geotec Co., Ltd.	194,942	(8,455)	4,552	191,039
SNNC Co., Ltd.	154,131	11,861	(21,558)	144,434
POSCO ES Materials Co., Ltd.	-	(435)	42,973	42,538
Busan-Gimhae Light Rail Transit Co., Ltd.	34,227	(18,513)	-	15,714
Cheongna IBT Co., Ltd.	35,564	(729)	(34,835)	-
BLUE OCEAN Private Equity Fund	35,971	(6,919)	2,637	31,689
METAPOLIS Co., Ltd.	15,674	(14,265)	-	1,409
POSMATE Co., Ltd.	22,409	1,116	21,480	45,005
CHUNGJU ENTERPRISE CITY DEVELOPMENT Co., Ltd.	21,026	3,012	(110)	23,928
MIDAS Information Technology Co., Ltd.	12,476	1,628	(667)	13,437
Garolim Tidal Power Plant Co., Ltd.	11,995	(156)	-	11,839
Others	70,036	(2,038)	10,591	78,589
	1,985,565	3,145	(1,389,089)	599,621
[Foreign]				
Roy Hill Holdings Pty. Ltd.	-	(7,243)	551,979	544,736
POSCO-NPS Niobium LLC	374,868	19,008	(30,156)	363,720
AMCI (WA) Pty Ltd.	168,212	(35,559)	131	132,784
CSP(Compania Siderurgica do Pecem)	124,231	(1,875)	85,819	208,175
Nickel Mining Company SAS	168,292	(11,724)	(5,767)	150,801
KOBRASCO	128,884	26,262	(38,535)	116,611
KOREA LNG Ltd.	127,901	11,600	(25,877)	113,624
Eureka Moly LLC	109,772	-	(3,302)	106,470
DMSA, AMSA	119,556	184	12,917	132,657
BX STEEL POSCO Cold RolledSheet Co., Ltd.	95,577	1,092	(2,488)	94,181
CAML Resources Pty. Ltd.	55,465	12,088	(185)	67,368
South-East Asia Gas Pipeline Company Ltd.	136,175	(30)	15,078	151,223
Poschrome Pty. Ltd.	24,674	753	(1,111)	24,316
USS-POSCO Industries	16,880	(3,639)	(657)	12,584
NCR LLC	24,107	(50)	22,062	46,119
Others	171,500	(8,779)	2,240	164,961
	1,846,094	2,088	582,148	2,430,330
	₩ 3,831,659	5,233	(806,941)	3,029,951

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
**As of September 30, 2012**  
**(Unaudited)**

(\*1) Other increase or decrease represents the changes in investments in associates due to acquisitions, disposals, dividends received, change in capital adjustments arising from translations of financial statements of foreign investees and others.

2) December 31, 2011

(in millions of Won)

Company	Dec. 31, 2010 Book value	Equity method profits (losses)	Other increase (decrease) (*1)	Dec. 31, 2011 Book value
[Domestic]				
Kyobo Life Insurance Co., Ltd.	₩ 1,314,808	82,450	(20,144)	1,377,114
Sungjin Geotec Co., Ltd.	227,245	(33,650)	1,347	194,942
SNNC Co., Ltd.	145,466	49,605	(40,940)	154,131
Busan-Gimhae Light Rail Transit Co., Ltd.	42,151	(7,924)	-	34,227
Cheongna IBT Co., Ltd.	39,607	(4,043)	-	35,564
BLUE OCEAN Private Equity Fund	-	1,478	34,493	35,971
METAPOLIS Co., Ltd.	32,666	(16,992)	-	15,674
POSMATE Co., Ltd.	20,989	3,141	(1,721)	22,409
CHUNGJU ENTERPRISE CITY DEVELOPMENT Co., Ltd.	21,317	(146)	(145)	21,026
MIDAS Information Technology Co., Ltd.	9,457	3,089	(70)	12,476
Garolim Tidal Power Plant Co., Ltd.	10,881	(164)	1,278	11,995
Others	<u>136,374</u>	<u>(7,215)</u>	<u>(59,123)</u>	<u>70,036</u>
	<u>2,000,961</u>	<u>69,629</u>	<u>(85,025)</u>	<u>1,985,565</u>
[Foreign]				
POSCO-NPS Niobium LLC	-	5,658	369,210	374,868
AMCI (WA) Pty Ltd.	213,446	(32,879)	(12,355)	168,212
CSP(Compania Siderurgica do Pecem)	-	(1,661)	125,892	124,231
Nickel Mining Company SAS	180,671	(7,073)	(5,306)	168,292
KOBRASCO	141,939	36,911	(49,966)	128,884
KOREA LNG Ltd.	133,793	8,026	(13,918)	127,901
Eureka Moly LLC	109,177	(754)	1,349	109,772
DMSA, AMSA	100,536	38	18,982	119,556
BX STEEL POSCO Cold RolledSheet Co., Ltd.	89,313	1,797	4,467	95,577
CAML Resources Pty. Ltd.	67,401	15,517	(27,453)	55,465
South-East Asia Gas Pipeline Company Ltd.	56,636	(25)	79,564	136,175
Poschrome Pty. Ltd.	29,201	1,422	(5,949)	24,674
USS-POSCO Industries	40,000	(31,585)	8,465	16,880
NCR LLC	23,931	(85)	261	24,107
Others	<u>119,420</u>	<u>(14,367)</u>	<u>66,447</u>	<u>171,500</u>
	<u>1,305,464</u>	<u>(19,060)</u>	<u>559,690</u>	<u>1,846,094</u>
	<u>₩ 3,306,425</u>	<u>50,569</u>	<u>474,665</u>	<u>3,831,659</u>

(\*1) Other increase or decrease represents the changes in investments in associates due to acquisitions, disposals, dividends received, change in capital adjustments arising from translations of financial statements of foreign investees and others.

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
**As of September 30, 2012**  
**(Unaudited)**

(c) The fair value of investments in associates for which there are published price quotations as of September 30, 2012 are as follows:

(in millions of Won)

<u>Company</u>	<u>Fair value</u>
Sungjin Geotec Co., Ltd.	₩ 237,270

(d) Summarized financial information of associates as of September 30, 2012 and December 31, 2011 are as follows:

1) As of and for the nine-month period ended September 30, 2012

(in millions of Won)

<u>Company</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>	<u>Sales</u>	<u>Net income (loss)</u>
[Domestic]					
Sungjin Geotec Co., Ltd.	₩ 765,212	608,953	156,259	557,708	(6,483)
SNNC Co., Ltd.	529,248	223,925	305,323	258,128	6,399
POSCO ES Materials Co., Ltd.	69,542	16,023	53,519	-	(1,172)
Busan-Gimhae Light Rail Transit Co., Ltd.	790,976	728,119	62,857	10,005	(74,215)
BLUE OCEAN Private Equity Fund	352,257	237,110	115,147	315,916	(25,142)
METAPOLIS Co., Ltd.	528,589	511,122	17,467	12,424	(26,999)
POSMATE Co., Ltd.	119,789	18,934	100,855	79,291	7,287
CHUNGJU ENTERPRISE CITY DEVELOPMENT Co., Ltd.	312,079	250,905	61,174	114,717	14,969
MIDAS Information Technology Co., Ltd.	84,567	24,116	60,451	40,011	8,017
Garolim Tidal Power Plant Co., Ltd.	37,150	303	36,847	-	(487)
[Foreign]					
Roy Hill Holdings Pty Ltd.	1,640,086	185,803	1,454,283	-	(57,947)
POSCO-NPS Niobium LLC	727,491	51	727,440	-	38,031
CSP(Compania Siderurgica do Pecem)	1,067,224	28,602	1,038,622	-	(9,395)
Nickel Mining Company SAS	465,954	102,482	363,472	81,219	(31,830)
KOBRASCO	285,805	52,584	233,221	110,866	51,219
KOREA LNG Ltd.	579,157	69	579,088	84,111	91,704
DMSA, AMSA	7,620,303	5,430,493	2,189,810	4,611	4,611
BX STEEL POSCO Cold RolledSheet Co., Ltd.	988,457	639,669	348,788	1,126,301	3,629
CAML Resources Pty. Ltd.	243,135	95,076	148,059	227,364	36,256
South-East Asia Gas Pipeline Company Ltd.	1,194,054	590,130	603,924	-	(122)
Poschrome Pty. Ltd.	61,538	4,663	56,875	58,070	1,744
USS-POSCO Industries	464,880	439,802	25,078	814,990	(14,776)

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
**As of September 30, 2012**  
**(Unaudited)**

2) December 31, 2011

(in millions of Won)

<u>Company</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>	<u>Sales</u>	<u>Net income (loss)</u>
[Domestic]					
Kyobo Life Insurance Co., Ltd.	₩ 60,828,181	55,786,580	5,041,601	11,610,607	487,785
Sungjin Geotec Co., Ltd.	717,665	611,548	106,117	663,879	(58,894)
SNNC Co., Ltd.	610,059	269,318	340,741	473,173	81,246
Busan-Gimhae Light Rail Transit Co., Ltd.	817,402	680,492	136,910	3,690	(31,696)
Cheongna IBT Co., Ltd.	433,306	263,377	169,929	305	(20,527)
BLUE OCEAN Private Equity Fund	385,060	254,353	130,707	79,583	5,371
METAPOLIS Co., Ltd.	579,241	534,775	44,466	21,333	(36,861)
POSMATE Co., Ltd.	90,403	15,317	75,086	116,021	8,592
CHUNGJU ENTERPRISE CITY DEVELOPMENT Co., Ltd.	302,887	256,485	46,402	67,459	2,099
MIDAS Information Technology Co., Ltd.	73,939	24,178	49,761	50,501	9,411
Garolim Tidal Power Plant Co., Ltd.	37,626	293	37,333	-	(510)
[Foreign]					
POSCO-NPS Niobium LLC	749,737	-	749,737	11,433	11,317
CSP(Compania Siderurgica do Pecem)	622,810	1,657	621,153	-	(1,302)
Nickel Mining Company SAS	496,518	94,900	401,618	142,456	(12,983)
KOBRASCO	314,458	56,691	257,767	130,725	73,978
KOREA LNG Ltd.	24,169	10,492	13,677	95,385	92,600
DMSA, AMSA	5,807,261	3,979,755	1,827,506	939	939
BX STEEL POSCO Cold Rolled Sheet Co., Ltd.	1,099,540	745,318	354,222	1,421,784	7,188
CAML Resources Pty. Ltd.	217,677	105,456	112,221	278,778	46,567
South-East Asia Gas Pipeline Company Ltd.	596,972	53,140	543,832	-	(99)
Poschrome Pty. Ltd.	61,740	4,129	57,611	96,785	1,028
USS-POSCO Industries	470,963	434,722	36,241	1,062,110	(61,478)

**9. Investment Property, Net**

(a) Investment property as of September 30, 2012 and December 31, 2011 are as follows:

(in millions of Won)

	<u>September 30, 2012</u>	<u>December 31, 2011</u>
Cost	₩ 738,907	766,905
Less : Accumulated depreciation and accumulated impairment loss	(232,230)	(239,372)
Carrying value	<u>₩ 506,677</u>	<u>527,533</u>

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
**As of September 30, 2012**  
**(Unaudited)**

(b) Changes in the carrying value of investment property for the nine-month period ended September 30, 2012 and for the year ended December 31, 2011 are as follows:

1) For the nine-month period ended September 30, 2012

(in millions of Won)

	<u>Beginning</u>	<u>Acquisitions</u>	<u>Business combination</u>	<u>Disposals</u>	<u>Depreciation (*1)</u>	<u>Others (*2)</u>	<u>Ending</u>
Land	₩ 219,477	223	1,444	(36,413)	-	15,809	200,540
Buildings	301,733	15	1,559	(4,009)	(13,069)	13,587	299,816
Structures	6,323	558	-	-	(204)	(356)	6,321
Total	₩ 527,533	796	3,003	(40,422)	(13,273)	29,040	506,677

(\*1) Impairment losses of ₩199 million are included.

(\*2) Includes reclassification resulting from changing purpose of use, adjustment of foreign currency translation difference and others.

2) For the year ended December 31, 2011

(in millions of Won)

	<u>Beginning</u>	<u>Acquisitions</u>	<u>Business combination</u>	<u>Disposals</u>	<u>Depreciation (*1)</u>	<u>Others (*2)</u>	<u>Ending</u>
Land	₩ 211,464	41,243	94	(57,905)	(14,010)	38,591	219,477
Buildings	278,361	109,757	-	(56,953)	(22,783)	(6,649)	301,733
Structures	3,540	6,072	-	-	(640)	(2,649)	6,323
Total	₩ 493,365	157,072	94	(114,858)	(37,433)	29,293	527,533

(\*1) Impairment losses of ₩23,048 million are included.

(\*2) Includes reclassification resulting from changing purpose of use, adjustment of foreign currency translation difference and others.

**10. Property, Plant and Equipment, Net**

(a) Property, plant and equipment as of September 30, 2012 and December 31, 2011 are as follows:

(in millions of Won)

	<u>September 30, 2012</u>	<u>December 31, 2011</u>
Cost	₩ 55,219,439	51,653,789
Less : Accumulated depreciation and accumulated impairment loss	(24,680,790)	(23,134,937)
Less : Government grants	(65,164)	(65,668)
Carrying value	₩ 30,473,485	28,453,184

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
**As of September 30, 2012**  
**(Unaudited)**

(b) The changes in carrying value of property, plant and equipment for the nine-month period ended September 30, 2012 and for the year ended December 31, 2011 are as follows:

1) For the nine-month period ended September 30, 2012

(in millions of Won)

	<u>Beginning</u>	<u>Acquisitions (*1)</u>	<u>Business combination</u>	<u>Disposals</u>	<u>Depreciation</u>	<u>Others (*2)</u>	<u>Ending</u>
Land	₩ 2,549,178	76,413	2,377	(17,235)	-	9,587	2,620,320
Buildings	4,019,829	231,848	3,072	(8,809)	(220,108)	119,385	4,145,217
Structures	2,260,437	203,890	-	(22,307)	(129,571)	8,984	2,321,433
Machinery and equipment	16,179,384	1,423,127	5	(42,666)	(1,293,391)	326,349	16,592,808
Vehicles	66,743	11,141	17	(667)	(14,872)	649	63,011
Tools	80,877	14,189	492	(701)	(25,277)	3,130	72,710
Furniture and fixtures	169,689	51,446	727	(1,220)	(48,687)	7,176	179,131
Lease assets	38,542	340	-	(114)	(7,209)	(889)	30,670
Construction-in-progress	3,088,505	4,018,595	-	-	-	(2,658,915)	4,448,185
Total	₩ 28,453,184	6,030,989	6,690	(93,719)	(1,739,115)	(2,184,544)	30,473,485

(\*1) Acquisition includes assets transferred from construction-in-progress.

(\*2) Includes reclassification for changing purpose of use, adjustment of foreign currency translation difference and others.

2) For the year ended December 31, 2011

(in millions of Won)

	<u>Beginning</u>	<u>Acquisitions (*1)</u>	<u>Business combination</u>	<u>Disposals</u>	<u>Depreciation (*2)</u>	<u>Others (*3)</u>	<u>Ending</u>
Land	₩ 2,011,851	450,151	92,806	(55,751)	-	50,121	2,549,178
Buildings	3,551,163	701,166	38,382	(38,755)	(278,097)	45,970	4,019,829
Structures	2,070,189	289,524	8,961	(10,775)	(163,072)	65,610	2,260,437
Machinery and equipment	13,777,382	2,892,960	204,871	(45,950)	(1,605,342)	955,463	16,179,384
Vehicles	64,173	21,041	1,981	(1,795)	(17,894)	(763)	66,743
Tools	75,437	38,477	2,259	(1,477)	(37,743)	3,924	80,877
Furniture and fixtures	124,677	66,297	1,995	(1,657)	(28,249)	6,626	169,689
Lease assets	43,106	8,029	20	(145)	(14,081)	1,613	38,542
Construction-in-progress	3,719,762	4,593,524	10,536	-	-	(5,235,317)	3,088,505
Total	₩ 25,437,740	9,061,169	361,811	(156,305)	(2,144,478)	(4,106,753)	28,453,184

(\*1) Acquisition includes assets transferred from construction-in-progress.

(\*2) Impairment losses of property, plant and equipment amounted to ₩25,852 million are included.

(\*3) Includes reclassification for changing purpose of use, adjustment of foreign currency translation difference and others.

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
**As of September 30, 2012**  
**(Unaudited)**

(c) Borrowing costs capitalized and the capitalized interest rate for the nine-month period ended September 30, 2012 and for the year ended December 31, 2011 are as follows:

<i>(in millions of Won)</i>	<b>September 30, 2012</b>	<b>December 31, 2011</b>
Weighted average expenditure	₩ 2,460,624	1,433,877
Borrowing costs capitalized	96,152	78,777
Capitalization rate	3.91%	5.49%

(d) Assets pledged as collateral

<i>(in millions of Won)</i>	<b>Collateral right holder</b>	<b>September 30, 2012</b>	<b>December 31, 2011</b>
Land (*1)	Korean Development Bank and others	₩ 181,696	381,096
Buildings and structures (*1)	Korean Development Bank and others	147,858	139,169
Machinery and equipment	Korean Development Bank and others	263,116	218,816
		₩ 592,670	739,081

(\*1) Investment property are included.

**11. Goodwill and Other Intangible Assets**

(a) Goodwill and other intangible assets as of September 30, 2012 and December 31, 2011 are as follows:

<i>(in millions of Won)</i>	<b>September 30, 2012</b>	<b>December 31, 2011</b>
Acquisition cost	₩ 5,918,212	5,457,923
Less : Accumulated depreciation and accumulated impairment loss	(348,402)	(210,923)
Less : Government grants	(2,851)	(2,072)
Book value	₩ 5,566,959	5,244,928

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(b) The changes in carrying value of goodwill and other intangible assets for the nine-month period ended September 30, 2012 and for the year ended December 31, 2011 are as follows:

1) For the nine-month period ended September 30, 2012

<i>(in millions of Won)</i>	<u>Beginning</u>	<u>Increase</u>			<u>Decrease</u>			<u>Others (*3)</u>	<u>Ending</u>
		<u>Acquisitions</u>	<u>Development</u>	<u>Business combination</u>	<u>Disposals</u>	<u>Amortization</u>	<u>Impairment</u>		
Goodwill (*1)	₩ 1,656,817	-	-	84,249	-	-	-	(5,819)	1,735,247
Intellectual property rights	274,907	14,596	-	1	(1,263)	(18,113)	-	(95,467)	174,661
Membership (*2)	139,144	21,103	-	622	(8,310)	(158)	(9,817)	(2,285)	140,299
Development expense	45,583	13,906	3,533	-	-	(16,925)	-	1,451	47,548
Port facilities usage rights	94,746	-	-	-	-	(9,411)	-	(40)	85,295
Exploration and evaluation assets	473,192	1,304	-	-	-	-	-	508	475,004
Mining development assets	1,414,315	198,875	-	-	-	-	-	101,614	1,714,804
Customer relationships	807,068	-	-	-	-	(40,445)	-	(187)	766,436
Other intangible assets	339,156	116,109	-	26,864	(511)	(31,626)	(112)	(22,215)	427,665
	<u>₩ 5,244,928</u>	<u>365,893</u>	<u>3,533</u>	<u>111,736</u>	<u>(10,084)</u>	<u>(116,678)</u>	<u>(9,929)</u>	<u>(22,440)</u>	<u>5,566,959</u>

(\*1) The amounts in business combination include goodwill amounting to ₩84,249 million related to the acquisition of business unit from PONUTech Co., Ltd. during the nine-month period ended September 30, 2012.

(\*2) Premium in rental includes memberships with indefinite useful lives.

(\*3) Includes translation adjustments and transfer of accounts.

2) For the year ended December 31, 2011

<i>(in millions of Won)</i>	<u>Beginning</u>	<u>Increase</u>			<u>Decrease</u>			<u>Others (*3)</u>	<u>Ending</u>
		<u>Acquisitions</u>	<u>Development</u>	<u>Business combination</u>	<u>Disposals</u>	<u>Amortization</u>	<u>Impairment</u>		
Goodwill (*1)	₩ 1,447,743	-	-	224,032	-	-	(14,958)	-	1,656,817
Intellectual property rights	119,100	171,402	-	-	(7,544)	(16,258)	-	8,207	274,907
Membership (*2)	159,761	15,355	-	9	(3,457)	(8,391)	-	(24,133)	139,144
Development expense	49,275	13,978	252	688	(44)	(20,092)	-	1,526	45,583
Port facilities usage rights	108,161	-	-	-	-	(13,130)	-	(285)	94,746
Exploration and evaluation assets	594,464	10,151	-	-	(38,563)	-	-	(92,860)	473,192
Mining development assets	1,058,354	357,681	-	-	(96)	-	-	(1,624)	1,414,315
Client relationships	778,080	-	-	75,836	-	(46,848)	-	-	807,068
Other intangible assets	304,231	95,557	-	8,160	(5,684)	(28,569)	-	(34,539)	339,156
	<u>₩ 4,619,169</u>	<u>664,124</u>	<u>252</u>	<u>308,725</u>	<u>(55,388)</u>	<u>(133,288)</u>	<u>(14,958)</u>	<u>(143,708)</u>	<u>5,244,928</u>

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- (\*1) Acquisition amounts include goodwill amounting to ₩119,260 million related to the acquisition of POSCO-Thainox Public Company Limited. in 2011. An impairment loss of ₩14,958 million is related to the negative capital of DAESAN (CAMBODIA) Co., Ltd.  
(\*2) Premium in rental includes memberships with indefinite useful lives.  
(\*3) Includes translation adjustments and transfer of accounts.

**12. Other Assets**

Other assets as of September 30, 2012 and December 31, 2011 are as follows:

*(in millions of Won)*

	<u>September 30, 2012</u>	<u>December 31, 2011</u>
Other current assets		
Advance payments	₩ 1,411,337	1,035,846
Prepaid expenses	239,572	180,369
Others	3,751	3,927
	<u>1,654,660</u>	<u>1,220,142</u>
Other non-current assets		
Long-term advance payments	2,317	2,895
Long-term prepaid expenses	193,646	190,741
Others (*1,2)	236,048	436,651
	<u>432,011</u>	<u>630,287</u>
	<u>₩ 2,086,671</u>	<u>1,850,429</u>

- (\*1) Guarantee deposits of ₩257,878 million related to Australia Roy Hill iron ore mine were transferred to investments in associates during the nine-month period ended September 30, 2012.  
(\*2) Includes ₩175,405 million and ₩127,694 million as of September 30, 2012 and December 31, 2011, respectively, of proportionately consolidated long-term assets of joint ventures which are owned by POSCO's subsidiaries.

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**13. Borrowings**

(a) Short-term borrowings and current portion of long-term borrowings as of September 30, 2012 and December 31, 2011 are as follows:

(in millions of Won)

	<b>Bank</b>	<b>Interest Rate (%)</b>	<b>September 30, 2012</b>	<b>December 31, 2011</b>
Short-term borrowings				
Bank overdrafts	BOA, others	0.4~5.0	₩ 247,614	233,804
Short-term borrowings (*1)	SH Bank, others	0.3~12.0	8,606,457	9,339,182
			<u>8,854,071</u>	<u>9,572,986</u>
Current portion of long-term liabilities				
Current portion of long-term borrowings (*1)	Korean Development Bank, others	0.7~7.0	818,653	428,409
Current portion of foreign loan	NATIXIS	2.0	919	951
Current portion of debentures (*1)	Korean Development Bank, others	1.6~7.0	1,824,922	790,050
Less : Current portion of discount on debentures issued			(3,503)	(886)
Add : Premium on debentures redemption			2,794	
			<u>2,643,785</u>	<u>1,218,524</u>
			<u>₩ 11,497,856</u>	<u>10,791,510</u>

(\*1) As of September 30, 2012, property, plant and equipment, inventories and investment property amounting to ₩592,401 million, ₩72,709 million and ₩269 million, respectively, are provided as collateral related to short-term borrowings, long-term borrowings and debentures.

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(b) Long-term borrowings, excluding current portion as of September 30, 2012 and December 31, 2011 are as follows:

(in millions of Won)

	<u>Bank</u>	<u>Rate (%)</u>		<u>September 30, 2012</u>	<u>December 31, 2011</u>
Long-term borrowings (*1)	Korean Development Bank, others	0.6~13.0	₩	5,101,551	4,614,391
Less : Present value discount				(46,372)	(302,118)
Foreign loan (*2)	NATIXIS	2.0		23,565	3,071
Debentures (*1, 3, 4)	Korean Development Bank, others	1.5~9.0		9,550,520	11,776,893
Less : Discount on debentures issued				(72,354)	(94,356)
Add : Premium on debentures redemption				18,061	21,493
Add : Premium on debentures issued				-	833
			₩	<u>14,574,971</u>	<u>16,020,207</u>

(\*1) As of September 30, 2012, property, plant and equipment, inventories and investment property amounting to ₩592,401 million, ₩72,709 million and ₩269 million, respectively, are provided as collateral related to short-term borrowings, long-term borrowings and debentures.

(\*2) Korea Development Bank has provided guarantees related to this foreign loan.

(\*3) In 2009, Daewoo International Corporation, one of POSCO's subsidiaries, issued convertible bonds with a face value of USD 300 million and a 5 year maturity. All of these convertible bonds have been converted to equity stocks of the subsidiary during the nine-month period ended September 30, 2012.

(\*4) POSCO issued exchangeable bonds with SK Telecom Co., Ltd. ADRs through Zeus(Cayman) Ltd. August 2011. The Company accounted for these exchangeable bonds as long-term debts under K-IFRS. POSCO provides guarantees for Zeus(Cayman) Ltd.

**POSCO and Subsidiaries**  
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**14. Other Financial Liabilities**

Other financial liabilities as of September 30, 2012 and December 31, 2011 are as follows:

<i>(in millions of Won)</i>	<b>September 30, 2012</b>		<b>December 31, 2011</b>	
Short-term financial liabilities				
Accounts payable	₩	911,045		1,048,895
Accrued expenses		543,493		457,070
Dividends payable		7,074		5,822
Derivatives liabilities		99,388		146,903
Finance lease liabilities		13,855		15,295
Financial guarantee liabilities		9,742		7,510
Withholding		169,823		129,695
		<u>1,754,420</u>		<u>1,811,190</u>
Long-term financial liabilities				
Accounts payable		120,430		149,308
Accrued expenses		21,475		20,068
Derivatives liabilities		38,195		48,934
Finance lease liabilities		21,683		29,504
Financial guarantee liabilities		18,495		24,732
Long-term withholding		68,184		78,014
		<u>288,462</u>		<u>350,560</u>
	₩	<u>2,042,882</u>		<u>2,161,750</u>

**15. Provisions**

(a) Provisions as of September 30, 2012 and December 31, 2011 are as follows:

<i>(in millions of Won)</i>	<b>September 30, 2012</b>		<b>December 31, 2011</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
Provision for bonus payments	₩ 30,476	-	47,682	-
Provision for construction warranties	31,118	20,911	19,656	30,967
Provision for legal contingencies and claims (*1)	-	32,359	-	38,847
Others	6,716	37,751	2,094	39,529
	₩ <u>68,310</u>	<u>91,021</u>	<u>69,432</u>	<u>109,343</u>

(\*1) As of September 30, 2012 and December 31, 2011, the amount includes provision of ₩32,359 million and ₩38,847 million, respectively, for a potential claim in connection to the spin-off of the trading division of Daewoo International Corporation in 2000.

**POSCO and Subsidiaries**  
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(b) Changes in provisions for the nine-month period ended September 30, 2012 are as follows:

<i>(in millions of Won)</i>		<u>Beginning</u>	<u>Increase</u>	<u>Payments</u>	<u>Others (*1)</u>	<u>Ending</u>
Provision for bonus payments	₩	47,682	329,087	(346,295)	2	30,476
Provision for construction warranties		50,623	20,693	(15,904)	(3,383)	52,029
Provision for legal contingencies and claims		38,847	6,816	(16,163)	2,859	32,359
Others		41,623	4,671	(3,446)	1,619	44,467
	₩	<u>178,775</u>	<u>361,267</u>	<u>(381,808)</u>	<u>1,097</u>	<u>159,331</u>

(\*1) Includes changes in scope of subsidiaries and adjustments of foreign currency translation difference.

(c) Changes in provisions for the year ended December 31, 2011 are as follows:

<i>(in millions of Won)</i>		<u>Beginning</u>	<u>Increase</u>	<u>Payments</u>	<u>Others (*1)</u>	<u>Ending</u>
Provision for bonus payments	₩	37,978	30,592	(20,888)	-	47,682
Provision for construction warranties		49,068	30,724	(12,958)	(16,211)	50,623
Provision for legal contingencies and claims		126,626	-	-	(87,779)	38,847
Others		2,286	371	(272)	39,238	41,623
	₩	<u>215,958</u>	<u>61,687</u>	<u>(34,118)</u>	<u>(64,752)</u>	<u>178,775</u>

(\*1) Includes adjustments of foreign currency translation difference and amount transferred to non-current liability held for sale (Daewoo Cement (Shandong) Co., Ltd.).

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**16. Employee Benefits**

(a) Defined Contribution Plans

The Company operates a defined contribution plan for participating employees. Though the Company pays fixed contributions into a separate fund, employee benefits relating to employee service in the future are based on the contributions to the funds and the investment earnings on it. Plan assets are managed by a trustee within a fund separate from the Company's assets. The expense related to post-employment benefit plans under defined contribution plans during the nine-month period ended September 30, 2012 is ₩10,485 million.

(b) Defined Benefit Plan

The Company also operates a defined benefit pension plan for employees and uses the projected unit credit method in the actuarial valuation of plan assets and the defined benefit obligation.

(c) The amounts recognized in relation to defined benefit obligations in the statements of financial position as of September 30, 2012 and December 31, 2011 are as follows:

<i>(in millions of Won)</i>	<u>September 30, 2012</u>	<u>December 31, 2011</u>
Present value of funded obligations	₩ 1,320,318	1,158,329
Fair value of plan assets	(911,017)	(832,771)
Present value of non-funded obligations	25,421	14,909
Net defined benefit obligations	<u>₩ 434,722</u>	<u>340,467</u>

(d) The changes in present value of defined benefit obligations for the nine-month period ended September 30, 2012 and for the year ended December 31, 2011 are as follows:

<i>(in millions of Won)</i>	<u>September 30, 2012</u>	<u>December 31, 2011</u>
Defined benefit obligation at the beginning of period	₩ 1,173,238	1,467,853
Current service cost	161,767	207,871
Interest costs	37,459	67,372
Actuarial losses	69,235	43,166
Business combinations	740	221
Benefits paid	(108,516)	(593,369)
Others	11,816	(19,876)
Defined benefit obligation at the end of period	<u>₩ 1,345,739</u>	<u>1,173,238</u>

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(e) The changes in fair value of plan assets for the nine-month period ended September 30, 2012 and for the year ended December 31, 2011 are as follows:

<i>(in millions of Won)</i>	<u>September 30, 2012</u>	<u>December 31, 2011</u>
Fair value of plan assets at the beginning of period	₩ 832,771	964,727
Expected return on plan assets	28,013	38,244
Actuarial gains	1,720	3,073
Contributions of participants	108,204	190,909
Business combinations	740	354
Others	(976)	14,059
Benefits paid	(59,455)	(378,595)
Fair value of plan assets at the end of period	<u>₩ 911,017</u>	<u>832,771</u>

(f) The amounts recognized in profit or loss for the nine-month period ended September 30, 2012 and September 30, 2011 are as follows:

<i>(in millions of Won)</i>	<u>September 30, 2012</u>	<u>September 30, 2011</u>
Current service costs	₩ 161,767	159,124
Interest costs	37,459	50,285
Expected return on plan assets	(28,013)	(26,886)
	<u>₩ 171,213</u>	<u>182,523</u>

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**17. Other Liabilities**

Other liabilities as of September 30, 2012 and December 31, 2011 are as follows:

<i>(in millions of Won)</i>	<u>September 30, 2012</u>	<u>December 31, 2011</u>
Other current liabilities		
Due to customers for contract work	₩ 551,097	449,470
Advances received	1,705,293	973,427
Unearned revenue	42,846	36,935
Withholdings	158,146	114,941
Deferred revenue	151	362
Others (*1)	265,304	224,496
	<u>₩ 2,722,837</u>	<u>1,799,631</u>
Other long-term liabilities		
Advances received	₩ 6	1,547
Unearned revenue	915	1,200
Others (*2)	62,797	81,756
	<u>63,718</u>	<u>84,503</u>
	<u>₩ 2,786,555</u>	<u>1,884,134</u>

(\*1) Includes ₩256,676 million and ₩204,653 million as of September 30, 2012 and December 31, 2011, respectively, of proportionately consolidated current liabilities of joint ventures which are owned by POSCO's subsidiaries.

(\*2) Includes ₩18,238 million and ₩14,857 million as of September 30, 2012 and December 31, 2011, respectively, of proportionately consolidated of non-current liabilities of joint ventures which are owned by POSCO's subsidiaries.

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**18. Financial Instruments**

(a) Classification of financial instruments

1) Financial assets as of September 30, 2012 and December 31, 2011 are as follows:

(in millions of Won)

	<u>September 30, 2012</u>	<u>December 31, 2011</u>
Financial assets at fair value through profit or loss		
Financial assets held for trading	₩ -	50,861
Derivatives assets held for trading	96,394	108,751
	<u>96,394</u>	<u>159,612</u>
Available-for-sale financial assets	3,943,643	4,608,597
Held-to-maturity investments	35,051	35,574
Cash and cash equivalents, and loans and receivables	21,411,267	20,210,417
	<u>₩ 25,486,355</u>	<u>25,014,200</u>

2) Financial liabilities as of September 30, 2012 and December 31, 2011 are as follows:

(in millions of Won)

	<u>September 30, 2012</u>	<u>December 31, 2011</u>
Financial liabilities at fair value through profit or loss		
Derivatives liabilities held for trading	₩ 137,583	195,837
Designated as financial liabilities at fair value through profit or loss	-	333,004
	<u>137,583</u>	<u>528,841</u>
Financial liabilities evaluated as amortized cost		
Trade accounts and notes payable	3,974,859	4,397,662
Borrowings	26,072,827	26,478,713
Financial guarantee liabilities	28,237	32,242
Others	1,877,062	1,933,671
	<u>31,952,985</u>	<u>32,842,288</u>
	<u>₩ 32,090,568</u>	<u>33,371,129</u>

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3) Financial income and costs by category of financial instrument for the nine-month period ended September 30, 2012 and 2011 are as follows:

① September 30, 2012

(in millions of Won)

	Financial income and costs							Other comprehensive loss
	Interest income (cost)	Dividend income	Gain (loss) on foreign currency transactions	Gain (loss) on foreign currency translations	Gain (loss) on disposal	Others	Total	
Financial assets at fair value through profit or loss (*1)	₩ -	-	-	-	239,680	99,722	339,402	-
Available-for-sale financial assets (*2)	266	122,576	-	-	77,709	(204,135)	(3,584)	(74,127)
Held-to-maturity investments	1,246	-	-	-	(217)	58	1,087	-
Loans and receivables	215,921	-	(89,741)	(92,053)	(27,132)	(204)	6,791	-
Financial liabilities at fair value through profit or loss (*1)	-	-	-	-	(210,530)	(64,122)	(274,652)	-
Financial liabilities at amortized cost	(660,487)	-	68,614	346,342	-	(41,507)	(287,038)	-
	₩ (443,054)	122,576	(21,127)	254,289	79,510	(210,188)	(217,994)	(74,127)

(\*1) Includes gain (loss) on valuation of derivatives.

(\*2) Includes impairment loss on available-for-sale investments.

② September 30, 2011

(in millions of Won)

	Financial income and costs							Other comprehensive loss
	Interest income (cost)	Dividend income	Gain (loss) on foreign currency transactions	Gain (loss) on foreign currency translations	Gain (loss) on disposal	Others	Total	
Financial assets at fair value through profit or loss (*1)	₩ 54	-	-	-	312,290	299,529	611,873	-
Available-for-sale financial assets (*2)	734	147,575	-	-	65,506	(4,428)	209,387	(947,750)
Held-to-maturity investments	1,229	-	-	-	-	-	1,229	-
Loans and receivables	157,309	-	(49,373)	218,221	(13,955)	(89)	312,113	-
Financial liabilities at fair value through profit or loss (*1)	-	-	-	-	(317,939)	(262,621)	(580,560)	-
Financial liabilities at amortized cost	(590,040)	-	109,847	(954,181)	-	(22,121)	(1,456,495)	-
	₩ (430,714)	147,575	60,474	(735,960)	45,902	10,270	(902,453)	(947,750)

(\*1) Includes gain (loss) on valuation of derivatives.

(\*2) Includes impairment loss on available-for-sale investments.

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4) Financial income and costs by category of financial instrument for the three-month periods ended September 30, 2012 and 2011 are as follows:

① September 30, 2012

(in millions of Won)

	Financial income and costs							Other comprehensive loss
	Interest income (cost)	Dividend income	Gain (loss) on foreign currency transactions	Gain (loss) on foreign currency translations	Gain (loss) on disposal	Others	Total	
Financial assets at fair value through profit or loss (*1)	₩	-	-	-	72,852	100,616	173,468	-
Available-for-sale financial assets (*2)		176	4,559	-	8,835	(69,879)	(56,309)	23,455
Held-to-maturity investments		416	-	-	(217)	(691)	(492)	-
Loans and receivables		71,368	-	(67,979)	(87,393)	(67)	(90,495)	-
Financial liabilities at fair value through profit or loss (*1)		-	-	-	(77,310)	(81,469)	(158,779)	-
Financial liabilities at amortized cost		(239,117)	-	68,758	342,637	(3,831)	168,447	-
	₩	(167,157)	4,559	779	255,244	(55,321)	35,840	23,455

(\*1) Includes gain (loss) on valuation of derivatives.

(\*2) Includes impairment loss on available-for-sale investments.

② September 30, 2011

(in millions of Won)

	Financial income and costs							Other comprehensive loss
	Interest income (cost)	Dividend income	Gain (loss) on foreign currency transactions	Gain (loss) on foreign currency translations	Gain (loss) on disposal	Others	Total	
Financial assets at fair value through profit or loss (*1)	₩	(74)	-	-	111,634	234,158	345,718	-
Available-for-sale financial assets (*2)		321	65,987	-	64,689	(4,371)	126,626	(420,915)
Held-to-maturity investments		363	-	-	-	-	363	-
Loans and receivables		62,661	-	70,012	289,619	(14,256)	408,010	-
Financial liabilities at fair value through profit or loss (*1)		-	-	-	(87,410)	(177,630)	(265,040)	-
Financial liabilities at amortized cost		(201,187)	-	(72,204)	(1,371,497)	(18,409)	(1,663,297)	-
	₩	(137,916)	65,987	(2,192)	(1,081,878)	74,657	(1,047,620)	(420,915)

(\*1) Includes gain (loss) on valuation of derivatives.

(\*2) Includes impairment loss on available-for-sale investments.

**POSCO and Subsidiaries**  
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(b) Impairment losses on financial assets

- 1) Allowance for doubtful accounts as of September 30, 2012 and December 31, 2011 are as follows:

<i>(in millions of Won)</i>	<u>September 30, 2012</u>	<u>December 31, 2011</u>
Trade accounts and notes receivable	₩ 299,414	303,186
Other accounts receivable	24,556	36,453
Long-term loans	58,765	61,222
Other assets	1,008	5,860
	<u>₩ 383,743</u>	<u>406,721</u>

- 2) Impairment losses on financial assets for the nine-month period ended September 30, 2012 and 2011 are as follows:

<i>(in millions of Won)</i>	<u>For the three-month periods ended September 30</u>		<u>For the nine-month periods ended September 30</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Bad debt expenses on trade receivable	₩ 8,107	(6,498)	₩ 18,490	59,337
Impairment of available-for-sale financial assets(*1)	69,879	4,372	204,135	4,428
Other bad debt expenses (*2)	2,745	80,779	32,366	110,554
Less: Reversal of allowance for doubtful accounts	(6,945)	(26,862)	(55,083)	(41,661)
Less: Impairment of held to maturity financial assets	(20)	-	(58)	-
	<u>₩ 73,766</u>	<u>51,791</u>	<u>₩ 199,850</u>	<u>132,658</u>

(\*1) The Company recognized additional impairment loss for the securities of SK Telecom Co., Ltd. and others amounting to ₩35,491 million due to a further decline in the fair value of shares for which the Company recorded impairment loss as of December 31, 2011. Meanwhile, the Company recorded impairment loss for securities of Jupiter Mines Ltd., Cockatoo Coal Limited(COK) and others amounting to ₩168,644 million during the nine-month period ended September 30, 2012 because there was a significant decline in the fair value of shares of them for a prolonged period, which was considered as objective evidence of impairment.

(\*2) Other bad debt expenses are mainly related to other receivables and long-term loans.

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
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- 3) Changes in the allowance for doubtful accounts for the nine-month period ended September 30, 2012 and for the year ended December 31, 2011 were as follows:

<i>(in millions of Won)</i>	<u>September 30, 2012</u>	<u>December 31, 2011</u>
Beginning	₩ 406,721	357,063
Bad debt expenses	18,490	103,848
Other bad debt expenses	32,366	28,081
Reversal of bad debt expenses	(55,083)	(86,452)
Other increase (decrease)	(18,751)	4,181
Ending	<u>₩ 383,743</u>	<u>406,721</u>

(c) Fair value

1) Fair value and book value

The carrying amount and the fair value of financial instruments as of September 30, 2012 and December 31, 2011 are as follows:

<i>(in millions of Won)</i>	<u>September 30, 2012</u>		<u>December 31, 2011</u>	
	<u>Book Value</u>	<u>Fair Value</u>	<u>Book Value</u>	<u>Fair Value</u>
Assets measured fair value				
Financial assets held for trading (*1)	₩ -	-	50,861	50,861
Available-for-sale financial assets (*1)	3,409,320	3,409,320	4,359,202	4,359,202
Derivatives assets held for trading (*3)	96,394	96,394	108,751	108,751
	<u>₩ 3,505,714</u>	<u>3,505,714</u>	<u>4,518,814</u>	<u>4,518,814</u>
Assets measured amortized cost (*2)				
Cash and cash equivalents	₩ 5,123,621	5,123,621	4,598,682	4,598,682
Trade accounts and notes receivable	12,224,934	12,224,934	11,633,576	11,633,576
Loans and other receivables	4,062,712	4,062,712	3,978,159	3,978,159
Held-to-maturity investments	35,051	35,051	35,574	35,574
	<u>₩ 21,446,318</u>	<u>21,446,318</u>	<u>20,245,991</u>	<u>20,245,991</u>
Liabilities measured fair value				
Derivatives liabilities held for trading (*3)	₩ 137,583	137,583	195,837	195,837
Convertible bonds	-	-	333,004	333,004
	<u>₩ 137,583</u>	<u>137,583</u>	<u>528,841</u>	<u>528,841</u>
Liabilities measured amortized cost (*2)				
Trade accounts and notes payable	₩ 3,974,859	3,974,859	4,397,662	4,397,662
Borrowings	26,072,827	26,694,633	26,478,713	26,793,230
Financial guarantee liabilities	28,237	28,237	32,242	32,242
Others	1,877,062	1,877,062	1,933,671	1,933,671
	<u>₩ 31,952,985</u>	<u>32,574,791</u>	<u>32,842,288</u>	<u>33,156,805</u>

- (\*1) The fair value of financial assets held for trading and available-for-sale financial assets traded within the market is measured at the closing bid price quoted at the end of the reporting period. Meanwhile, the fair value of unquoted available-for-sale financial assets is calculated using the valuation results from an external pricing service.

**POSCO and Subsidiaries**  
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- (\*2) The fair value of financial assets and liabilities measured at amortized cost is determined at the present value of estimated future cash flows discounted at the current market interest rate. The fair value is calculated for the disclosures in the notes. On the other hand, the Company has not performed fair value measurement for the financial assets and liabilities measured at amortized cost except borrowings since the fair value is close to their carrying amounts.
- (\*3) The fair value of unquoted forward contracts is the present value of the difference between contractual forward price and future forward price discounted at the risk free interest rate based on the rate of government bonds during the remaining period of the contract, from present to contractual maturity. The fair value of interest rate swap is the present value of estimated future cash flow under each contractual condition and maturity discounted at the each periodic Libor rate or forward exchange rate. The fair value of other derivatives is measured using valuation models such as binomial model and Black-scholes model in which the market yields on government bonds are used as a discount rate.

2) The fair value hierarchy

- ① The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in measurements.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs, other than quoted prices, that are observable for the asset or liability, either directly or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

- ② The fair values of financial instruments, by valuation method as of September 30, 2012 and December 31, 2011 are as follows:

a. September 30, 2012

(in millions of Won)

		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets					
Available-for-sale financial assets	₩	2,630,845	-	778,475	3,409,320
Derivatives assets held for trading		-	96,394	-	96,394
	₩	<u>2,630,845</u>	<u>96,394</u>	<u>778,475</u>	<u>3,505,714</u>
Financial liabilities					
Derivatives liabilities held for trading	₩	-	137,583	-	137,583

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**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
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b. December 31, 2011

(in millions of Won)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Financial assets</b>				
Financial assets held for trading	₩ -	50,861	-	50,861
Available-for-sale financial assets	3,419,961	-	939,241	4,359,202
Derivatives assets held for trading	-	108,751	-	108,751
	<u>₩ 3,419,961</u>	<u>159,612</u>	<u>939,241</u>	<u>4,518,814</u>
<b>Financial liabilities</b>				
Derivatives liabilities held for trading	₩ -	195,837	-	195,837
Convertible bonds	333,004	-	-	333,004
	<u>₩ 333,004</u>	<u>195,837</u>	<u>-</u>	<u>528,841</u>

(d) Financial risk management

The Company is exposed to credit risk, liquidity risk and market risk arising from financial assets and liabilities. The Company's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as of and for the year ended December 31, 2011.

**19. Share Capital and Contributed Surplus**

(a) Share capital

Under the Articles of Incorporation, the Company is authorized to issue 200 million shares of capital stock with a par value of ₩5,000 per share. As of September 30, 2012, exclusive of retired stock, 87,186,835 shares of common stock have been issued.

POSCO is authorized, with the Board of Directors' approval, to retire treasury stock in accordance with applicable laws up to the maximum amount of certain undistributed earnings. The 9,293,790 shares of common stock were retired with the Board of Directors' approval.

As of September 30, 2012, total shares of ADRs of 53,748,832 are equivalent to 13,437,208 of common shares.

As of September 30, 2012, the ending balance of capital stock amounts to ₩482,403 million; however, it is different from par value of issued common stock, which amounted to ₩435,934 million, due to retirement of treasury stock.

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
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(b) Capital surplus

Capital surplus as of September 30, 2012 and December 31, 2011 are as follows:

<i>(in millions of Won)</i>	<u>September 30, 2012</u>	<u>December 31, 2011</u>
Share premium	₩ 463,825	463,825
Gains on sale of treasury stock	763,867	763,867
Capital surplus	(114,805)	(77,240)
	<u>₩ 1,112,887</u>	<u>1,150,452</u>

**20. Reserves**

(a) Reserves as of September 30, 2012 and December 31, 2011 are as follows:

<i>(in millions of Won)</i>	<u>September 30, 2012</u>	<u>December 31, 2011</u>
Accumulated comprehensive loss		
of investments in associates	₩ (73,256)	(16,186)
Unrealized fair value of available-for-sale investments	72,964	154,617
Currency translation differences	245,262	283,516
Others	(5,309)	(16,521)
	<u>₩ 239,661</u>	<u>405,426</u>

(b) Changes in fair value of available-for-sale investments for the nine-month period ended September 30, 2012 and for the year ended December 31, 2011 are as follows:

<i>(in millions of Won)</i>	<u>September 30, 2012</u>	<u>December 31, 2011</u>
Beginning balance	₩ 154,617	1,381,667
Changes in unrealized fair value of available-for-sale investments	(176,146)	(1,095,009)
Reclassification to profit or loss upon disposal	(46,617)	(252,102)
Reclassification to profit or loss of impairment of available-for-sale investments	141,026	120,978
Others	84	(917)
Ending balance	<u>₩ 72,964</u>	<u>154,617</u>

**21. Treasury Shares**

As of September 30, 2012, POSCO holds 9,942,391 shares of treasury stock for price stabilization in accordance with the Board of Director's resolution.

**POSCO and Subsidiaries**  
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**22. Selling and Administrative Expenses**

(a) Administrative expenses

Administrative expenses for the three-month and the nine-month periods ended September 30, 2012 and 2011 are as follows:

<i>(in millions of Won)</i>	<b>For the three-month period ended September 30</b>		<b>For the nine-month period ended September 30</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Wages and salaries	₩ 180,862	149,262	522,973	447,986
Expenses related to defined benefit plan	15,688	15,942	46,220	47,122
Other employee benefits	40,466	40,012	129,028	116,296
Travel	13,063	14,010	38,743	42,411
Depreciation	78,250	42,498	162,416	123,009
Communication	3,889	3,755	11,824	9,854
Electric power	2,882	1,949	8,342	4,860
Taxes and public dues	15,181	13,334	42,474	36,639
Rental	25,656	17,072	68,074	49,349
Repairs	685	4,221	7,712	10,129
Insurance premium	1,679	3,934	5,201	11,636
Entertainment	4,612	4,295	13,367	13,151
Advertising	11,292	16,889	40,464	53,700
Research & development	44,772	52,521	136,613	145,722
Service fees	58,189	73,301	184,893	199,117
Supplies	112	3,558	6,677	10,589
Vehicles maintenance	5,705	5,276	16,839	15,508
Industry association Fee	1,560	1,730	9,300	8,445
Training	1,433	6,137	11,842	17,324
Conference	4,135	4,989	13,627	15,568
Warranty expense	4,260	3,399	12,038	10,948
Bad debt allowance	8,107	(6,498)	18,490	59,337
Others	(1,491)	4,328	25,265	13,837
	₩ 520,987	475,914	1,532,422	1,462,537

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
**As of September 30, 2012**  
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(b) Selling expenses

Selling expenses for the three-month and the nine-month periods ended September 30, 2012 and September 30, 2011 are as follows:

<i>(in millions of Won)</i>	<b>For the three-month period ended September 30</b>		<b>For the nine-month period ended September 30</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Freight	₩ 358,810	360,741	1,101,796	1,023,909
Operating expenses for distribution center	2,303	2,162	6,974	5,936
Sales commissions	20,599	20,085	55,116	59,130
Sales advertising	1,978	87	3,113	329
Sales promotion	4,054	4,289	11,152	11,459
Samples	1,695	1,791	5,673	4,989
Sales insurance premium	7,907	4,856	24,238	14,927
Contract cost	5,984	21,528	41,747	49,348
Others	2,136	424	6,105	2,575
	<u>₩ 405,466</u>	<u>415,963</u>	<u>1,255,914</u>	<u>1,172,602</u>

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
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**23. Other Operating Income and Expenses**

Details of other operating income and expenses for the three-month and the nine-month periods ended September 30, 2012 and September 30, 2011 are as follows:

<i>(in millions of Won)</i>	<b>For the three-month period ended September 30</b>		<b>For the nine-month period ended September 30</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>Other operating income</b>				
Gain on disposals of property, plant and equipment	₩ 21,181	2,012	₩ 29,184	10,365
Rental revenues	431	431	1,355	2,147
Gain on disposals of intangible assets	348	-	764	850
Gain on disposals of investment of equity-accounted investees	-	7	7,359	2,088
Gain on disposals of assets held for sale	45,874	-	193,333	-
Reversal of allowance for doubtful amounts	6,945	26,862	55,083	41,661
Grant income	248	76	1,313	740
Miscellaneous income	27,649	31,059	91,055	115,077
Others	17,093	160	19,801	3,383
	<u>₩ 119,769</u>	<u>60,607</u>	<u>399,247</u>	<u>176,311</u>
<b>Other operating expenses</b>				
Loss on disposals of property, plant, and equipment	₩ 14,360	8,396	₩ 45,545	38,474
Loss on disposals of assets held for sale	-	-	9,391	-
Cost of idle assets	6,849	6,804	21,199	10,206
Impairment loss of other non-current assets	-	(16)	31,735	-
Impairment loss of assets held for sale	-	-	258,381	-
Other bad debt expenses	2,745	80,779	32,366	110,554
Donations	8,257	18,408	49,020	32,670
Miscellaneous loss	11,199	21,671	35,938	50,423
Others	12,027	23,660	21,387	30,473
	<u>₩ 55,437</u>	<u>159,702</u>	<u>504,962</u>	<u>272,800</u>

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
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**24. Expenses by Nature**

Expenses that are recorded by nature as cost of sales, selling and administrative expenses and other operating expenses in the statements of comprehensive income for the three-month and the nine-month periods ended September 30, 2012 and 2011 are as follows:

<i>(in millions of Won)</i>	<b>For the three-month period ended September 30</b>		<b>For the nine-month period ended September 30</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Changes in inventories	₩ 1,734,538	3,048,644	11,190,879	10,132,430
Cost of merchandises sold	6,521,350	6,551,328	19,642,876	19,441,953
Employee benefits expenses	752,382	626,657	2,206,159	1,963,091
Outsourced processing cost	2,154,722	1,771,166	5,470,142	5,319,044
Depreciation expenses (*1)	608,924	531,340	1,752,388	1,547,421
Amortization expenses	47,334	45,081	116,678	95,681
Freight and custody expenses	358,810	360,741	1,101,796	1,023,909
Commission paid	20,599	20,085	55,116	59,130
Loss on disposal of property, plant, and equipment	14,360	8,396	45,545	38,474
Donations	8,257	18,408	49,020	32,670
Other expenses	2,575,888	2,744,482	4,390,282	6,383,224
	₩ <u>14,797,164</u>	<u>15,726,328</u>	<u>46,020,881</u>	<u>46,037,027</u>

(\*1) Includes depreciation expense of investment properties.

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**25. Finance Income and Costs**

Details of finance income and costs for the three-month and the nine-month periods ended September 30, 2012 and 2011 are as follows:

<i>(in millions of Won)</i>	<b>For the three-month period ended September 30</b>		<b>For the nine-month period ended September 30</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Finance income				
Interest income	₩ 71,959	63,271	217,432	159,326
Dividend income	4,559	65,987	122,576	147,575
Gain on foreign currency transactions	192,111	425,084	595,876	922,218
Gain on foreign currency translations	243,304	(54,615)	401,914	446,340
Gain on transactions of derivatives	72,848	114,068	239,490	316,194
Gain on valuations of derivatives	102,478	279,682	125,944	345,891
Gain on disposals of available-for-sale investments	13,885	64,883	108,191	65,727
Others	2,030	541	4,047	3,509
	<u>703,174</u>	<u>958,901</u>	<u>1,815,470</u>	<u>2,406,780</u>
Finance costs				
Interest expense	239,116	201,187	660,486	590,040
Loss on foreign currency transactions	191,332	427,276	617,003	861,744
Loss on foreign currency translations	(11,940)	1,027,263	147,625	1,182,300
Loss on transactions of derivatives	77,353	90,687	210,951	323,804
Loss on valuation of derivatives	84,323	242,198	88,954	308,640
Impairment loss on available-for-sale investments	69,879	4,372	204,135	4,428
Loss on disposals of available-for-sale investments	5,053	196	30,482	220
Financial guarantee expenses	1,469	401	38,837	444
Others	10,749	12,941	34,991	37,613
	<u>₩ 667,334</u>	<u>2,006,521</u>	<u>2,033,464</u>	<u>3,309,233</u>

**26. Income Taxes**

Income tax expense was recognized as current tax expense adjusted to current adjustments for prior periods, deferred tax income/expenses by origination and reversal of deferred assets/liabilities and temporary differences, and income tax recognized in other comprehensive income. The Company's consolidated effective tax rate for the nine-month period ended September 30, 2012 was 32.46% (for the nine-month period ended September 30, 2011: 23.39%). Consolidated effective tax rate for the nine-month period ended September 30, 2012 is higher than the statutory tax rate primarily due to the tax impact from investments in subsidiaries and associates.

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
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**27. Earnings per Share**

(a) Basic and diluted earnings per share for the three-month and the nine-month periods ended September 30, 2012 and September 30, 2011 are as follows:

	<u>For the three-month period ended September 30</u>		<u>For the nine-month period ended September 30</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<i>(in millions of Won, except per share information)</i>				
Net income	730,848	226,975	1,869,670	2,640,554
Weighted-average number of common shares outstanding (*1)	77,244,444	77,244,444	77,244,444	77,254,303
Basic and diluted earnings per share	9,461	2,938	24,205	34,180

(\*1) The weighted-average number of common shares used to calculate basic earnings per share are as follows:

	<u>For the three-month period ended September 30</u>		<u>For the nine-month period ended September 30</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<i>(in millions of Won, except per share information)</i>				
Total number of common shares issued	87,186,835	87,186,835	87,186,835	87,186,835
Weighted-average number of treasury shares	(9,942,391)	(9,942,391)	(9,942,391)	(9,932,532)
Weighted-average number of common shares outstanding	<u>77,244,444</u>	<u>77,244,444</u>	<u>77,244,444</u>	<u>77,254,303</u>

Since there were no potential shares of common stock which had dilutive effects as of September 30, 2012 and 2011, diluted earnings per share is equal to basic earnings per share.

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
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**28. Related Party Transactions**

(a) Significant transactions with related companies for the nine-month periods ended September 30, 2012 and September 30, 2011 are as follows:

(in millions of Won)	Sales and others (*1)				Purchase and others (*2)			
	For the three-month period ended September 30		For the nine-month period ended September 30		For the three-month period ended September 30		For the nine-month period ended September 30	
	2012	2011	2012	2011	2012	2011	2012	2011
<b>Subsidiaries (*3)</b>								
POSCO E&C Co., Ltd.	W 9,358	10,693	16,647	21,074	319,955	435,645	887,037	1,176,181
POSCO P&S Co., Ltd.	258,321	270,800	704,889	964,861	408,987	380,725	1,113,392	1,080,835
POSCO Coated & Color Steel Co., Ltd.	117,727	144,774	377,803	460,051	1,136	475	3,367	1,318
POSCO Plant Engineering co.,Ltd	1,535	2,679	2,347	7,663	84,713	80,834	211,055	189,671
POSCO ICT Co., Ltd.	611	362	1,166	1,107	113,555	124,877	303,809	372,869
POSCO Chemtech Co., Ltd.	128,337	106,544	381,746	314,745	200,011	187,366	592,258	552,443
POSCO TMC CO., LTD.	63,944	43,747	163,364	126,183	285	216	736	449
POSCO AST Co., Ltd.	57,091	88,390	201,084	233,020	13,217	14,178	44,012	44,073
Daewoo International Corp.	1,045,953	1,045,858	3,207,473	2,664,011	5,051	1,066	11,192	2,600
POSCO NST Co., Ltd.	49,290	52,010	168,791	128,623	1,142	1,028	3,070	3,289
POSCO America Corporation	202,120	71,159	563,531	207,608	-	-	50	-
POSCO Canada Ltd.	-	-	-	-	74,812	110,849	155,053	217,148
POSCO Asia Co., Ltd.	476,901	575,127	1,475,449	1,488,258	22,298	29,826	73,639	147,623
POSCO-Japan Co., Ltd.	377,461	432,830	1,087,762	1,087,588	7,693	3,878	20,640	24,579
POSCO-IPPC Pvt.Ltd.	49,639	40,394	136,173	104,522	-	-	15	-
POSCO-Mexico Co., Ltd.	101,268	103,578	261,340	253,572	-	176	-	176
Daewoo International Singapore Pte, Ltd.	-	-	-	-	22,583	20,957	45,868	122,128
Others	322,609	271,416	902,656	630,382	255,035	168,393	727,251	622,077
	<u>3,262,165</u>	<u>3,260,361</u>	<u>9,652,221</u>	<u>8,693,268</u>	<u>1,530,473</u>	<u>1,560,489</u>	<u>4,192,444</u>	<u>4,557,459</u>
<b>Associates (*3)</b>								
Posmate Co., Ltd.	266	284	766	864	12,335	13,287	37,330	38,938
SNNC Co., Ltd.	609	530	1,559	1,190	119,090	126,472	257,991	311,523
SUNG JIN GEOTECH Co., Ltd.	9,540	11,366	20,946	35,208	-	-	-	-
DONG BANG METAL IND.CO.,LTD.	18,825	25,995	73,752	61,394	-	-	-	-
POSCO SAMSUNG Suzhou Steel Processing Center Co., Ltd.	5,926	10,885	22,501	17,687	-	-	-	-
USS-POSCO Industries (UPI)	-	46,941	85	298,220	-	-	101	29
Poschrome Pty. Ltd.	-	-	-	-	17,487	17,760	53,069	54,565
POSCO-SAMSUNG-Slovakia Processing Center	2,058	5,531	13,318	18,263	-	-	-	-
Others	5,931	12,982	17,937	27,984	575	367	4,885	3,937
	<u>43,155</u>	<u>114,514</u>	<u>150,864</u>	<u>460,810</u>	<u>149,487</u>	<u>157,886</u>	<u>353,376</u>	<u>408,992</u>
<b>W</b>	<b>3,305,320</b>	<b>3,374,875</b>	<b>9,803,085</b>	<b>9,154,078</b>	<b>1,679,960</b>	<b>1,718,375</b>	<b>4,545,820</b>	<b>4,966,451</b>

(\*1) Sales and others include sales and other operating income. Sales are mainly sales of steel products and these are priced on an arms length basis.

(\*2) Purchase and others include purchase and overhead cost. Purchases and others are mainly related to purchase of construction services and purchase of raw materials to manufacture steel products. These are priced on an arms length basis.

(\*3) As of September 30, 2012, the Company provides guarantees for certain related parties (note 29).

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
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**(Unaudited)**

(b) The related account balances as of September 30, 2012 and December 31, 2011 are as follows:

<i>(in millions of Won)</i>	<u>Receivables (*1)</u>		<u>Payables (*1)</u>	
	<u>September 30, 2012</u>	<u>December 31, 2011</u>	<u>September 30, 2012</u>	<u>December 31, 2011</u>
<b>Subsidiaries</b>				
POSCO E&C Co., Ltd.	₩ 4,506	647	147,601	241,918
POSCO P&S Co., Ltd.	78,968	88,838	7,018	1,512
POSCO Plant Engineering Co., Ltd.	1,467	65	37,434	42,534
POSCO ICT Co., Ltd.	143	30	44,577	62,583
POSCO Coated & Color Steel Co., Ltd.	122,271	116,252	918	335
POSCO Chemtech Co., Ltd.	86,633	37,808	91,522	82,048
POSCO TMC Co., Ltd.	33,152	21,601	127	134
POSCO AST Co., Ltd.	38,718	33,266	6,485	7,090
POS-HiMETAL Co., Ltd.	2,193	1,490	19,090	9,512
Daewoo International Corp.	391,210	284,125	384	1,589
POSCO NST Co., Ltd.	55,166	64,012	534	676
POSCO America Corporation	43,703	32,346	-	-
POSCO Asia Co., Ltd.	101,483	227,476	4,328	1,407
POSCO-TBPC Co., Ltd.	20,890	27,381	-	-
Qingdao Pohang Stainless Steel Co., Ltd.	12,341	6,713	-	-
POSCO-Vietnam Co., Ltd.	173	422	-	-
POSCO-Japan Co., Ltd.	51,755	52,362	65	1,546
POSCO-India Delhi Steel Processing Centre Pvt. Ltd.	16,318	3,484	-	-
POSCO-Mexico Co., Ltd.	148,103	171,908	-	-
Others	136,002	79,765	64,521	73,689
	<u>1,345,195</u>	<u>1,249,991</u>	<u>424,604</u>	<u>526,573</u>
<b>Associates</b>				
POSMATE Co., Ltd.	2,103	-	4,021	7,198
SNNC Co., Ltd.	213	223	30,607	23,187
DONG BANG METAL IND.CO.,LTD.	14,295	17,038	-	-
SUNGJIN GEOTEC Co., Ltd.	8,068	4,122	-	-
KOBRASCO	12,322	-	-	-
Others	450	-	2,260	809
	<u>37,451</u>	<u>21,383</u>	<u>36,888</u>	<u>31,194</u>
	<u>₩ 1,382,646</u>	<u>1,271,374</u>	<u>461,492</u>	<u>557,767</u>

(\*1) Receivables include trade accounts and notes receivable and other receivables. Payables include trade accounts payables and other payables.

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
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**(Unaudited)**

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(c) Compensation to key management, which consists of normal wages and salaries, bonus and employee benefits for the nine-month period ended September 30, 2012 and September 30, 2011, details of compensation to key management officers are as follows:

<i>(in millions of Won)</i>	<u>September 30, 2012</u>	<u>September 30, 2011</u>
Short-term benefits	₩ 83,465	71,443
Retirement benefits	19,804	16,295
Long-term benefits	17,757	12,412
	<u>₩ 121,026</u>	<u>100,150</u>

Key management officers include directors (including non-standing directors), executive officials and fellow officials who have significant influence and responsibilities in the Company's business and operations. In addition to compensation described above, the Company provided stock appreciation rights to its executive officers and recorded reversal of stock compensation expenses amounted to ₩436 million and ₩4,603 million, respectively, for the nine-month period ended September 30, 2012 and 2011.

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
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**(Unaudited)**

**29. Commitments and Contingencies**

(a) Details of guarantees

Contingent liabilities on outstanding guarantees provided by the Company as of September 30, 2012, are as follows:

(in millions of Won)

<u>Guarantors</u> [The Company]	<u>Guarantee beneficiary</u>	<u>Financial institution</u>	<u>Foreign currency</u>	<u>Won equivalent</u>		
POSCO	Guangdong Pohang Coated Steel Co., Ltd.	SMBC and others	USD	122,600,000	137,140	
	POSCO Investment Co., Ltd.		BOC	CNY	350,000,000	62,122
			HSBC	MYR	240,000,000	87,370
			HSBC and others	USD	300,000,000	335,580
			Export-Import Bank of Korea and others	USD	566,000,000	633,128
	POSCO Maharashtra Steel Pvt. Ltd.	Export-Import Bank of Korea and others	USD	80,000,000	89,488	
	POSCO VST Co., Ltd.	ANZ(Taipei) and others	USD	244,725,000	273,749	
	POSCO-Mexico Co., Ltd.	HSBC and others	USD	200,000,000	223,720	
	POSCO-Vietnam Co., Ltd.	Export-Import Bank of Korea and others	USD	38,798,173,522	559,128	
	Zeus (Cayman) Ltd.	Creditor	JPY	160,000,000	178,976	
	Zhangjiagang Pohang Stainless Steel Co., Ltd	MIZUHO and others	USD	188,392,500	210,736	
	POSCO ASSAN TST STEEL Industry	SMBC and others	USD	84,000,000	93,962	
	POSCO Electrical Steel India Private Limited	ING and others	USD	1,210,300,000	1,353,842	
	PT. KRAKATAU STEEL POSCO	Export-Import Bank of Korea and others	USD			
	Daewoo International Corporation	PT. Bio Inti Agrindo	Export-Import Bank of Korea	USD	19,000,000	21,253
		Daewoo International America Corp.	Shinhan Bank	USD	500,000	559
Daewoo International Australia Holdings Pty. Ltd.		Korea Exchange Bank	USD	11,298,000	12,638	
Daewoo International Japan Corp.		SMBC	JPY	1,500,000,000	21,617	
Daewoo Paper Manufacturing Co., Ltd.		HSBC	USD	12,500,000	13,983	
Daewoo Textile Bukhara LLC		Export-Import Bank of Korea	USD	27,100,000	30,314	
Daewoo International MEXICO S.A. de C.V.		SMBC	USD	25,000,000	27,965	
POSCO ASSAN TST STEEL Industry		ING and others	USD	20,932,500	23,415	
Brazil Sao Paulo Steel Processing Center Co., Ltd		SMBC	USD	16,335,000	18,272	
Daewoo International Singapore Pte. Ltd.		SMBC	USD	6,508,000	7,280	
Daewoo International Deutschland GmbH		Shinhan Bank	EUR	900,242	1,300	
POSCO E&C Co., Ltd.	HONG KONG POSCO E&C (CHINA) Investment Co., Ltd.	Woori Bank	USD	30,000,000	33,558	
	International Business Center Corporation	Export-Import Bank of Korea	USD	20,000,000	22,372	

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
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**(Unaudited)**

(in millions of Won)

<u>Guarantors</u>	<u>Guarantee beneficiary</u>	<u>Financial institution</u>	<u>Foreign currency</u>		<u>Won equivalent</u>
	POSCO E&C Vietnam Co., Ltd.	Korea Exchange Bank	USD	5,000,000	5,593
		Export-Import Bank of Korea	USD	16,500,000	18,457
	SANTOS CMI S.A.	CITI Ecuador	USD	3,000,000	3,356
		KEB Panama	USD	25,000,000	27,965
POSCO P&S Co., Ltd.	POSCO Canada Ltd.	Hana Bank	USD	12,484,500	13,965
POSCO ICT Co., Ltd.	PT. POSCO ICT Indonesia	POSCO Investment	USD	1,500,000	1,678
	VECTUS Ltd.	POSCO Investment	USD	2,000,000	2,237
POSCO Energy Co., Ltd.	TECHREN Solar, LLC	Woori Bank	USD	12,271,600	13,727
POSCO Engineering Co., Ltd.	PT DEC INDONESIA	Korea Exchange Bank	USD	10,449,674	11,689
POSCO-Japan Co., Ltd.	POSCO-JEPC Co., Ltd.	Mizuho Bank and others	JPY	3,231,723,839	46,573
	POSCO-JKPC Co., Ltd.	Higo bank and others	JPY	1,563,000,000	22,525
	POSCO-JOPC Co., Ltd.	Kiyo bank and others	JPY	1,643,750,000	23,688
Daewoo Textile Fergana LLC	Daewoo Textile Bukhara LLC	NBU	UZS	6,519,920,000	3,785
POSCO E&C CHINA Co., Ltd.	HONG KONG POSCO E&C (CHINA) Investment Co., Ltd.	KB Bank	KRW	102,000	102,000
		Woori Bank	USD	33,000,000	36,914
International Business Center Corporation [Associates]	POSCO Construction Co., Ltd	Export-Import Bank of Korea	USD	20,000,000	22,372
POSCO	BX STEEL POSCO Cold Rolled Sheet Co., Ltd.	BOC and others	CNY	284,200,000	50,443
			USD	21,980,000	24,587
	United Spiral Pipe, LLC	Shinhan Bank	USD	24,500,000	27,406
	POSUK Titanium	Shinhan Bank	USD	18,000,000	20,135
Daewoo International Corporation	DMSA, AMSA	Export-Import Bank of Korea and others	USD	123,866,667	138,557
		Export-Import Bank of Korea and others	USD	16,133,333	18,047
	GLOBAL KOMSCO Daewoo LLC	Export-Import Bank of Korea	USD	5,950,000	6,656
POSCO E&C Co., Ltd.	Taegisan Wind Power Corporation	Korea Development Bank	KRW	7,500	7,500
	PSIB Co., Ltd.	Hana Bank and others	KRW	356,600	356,600
	Gale International (Korea), LLC	Woori Bank	USD	50,000,000	55,930
POSCO P&S Co., Ltd.	Sebang Steel	Fukuoka Bank	JPY	245,000,000	3,531
POSCO ICT Co., Ltd	Uitrans LRT Co., Ltd.	Construction Guarantee Cooperative	KRW	64,638	64,638
	CHUNGJU ENTERPRISE CITY DEVELOPMENT Co., Ltd.	NH Bank	KRW	2,530	2,530
POSCO Engineering Co., Ltd.	PT Wampu Electric Power	Export-Import Bank of Korea and SMBC	USD	58,757,000	65,726
		PT BANK WOORI INDONESIA	USD	344,848	386
	DAEWOO ENGINEERING THAILAND	Thai Tank Terminal Limited	THB	250,000,000	9,058
		Citibank Korea	USD	19,300,000	21,589
Daewoo (China) Co., Ltd.	Shanghai Lansheng Daewoo Corporation	Bank of Communications	CNY	100,000,000	17,749

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
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(in millions of Won)

<u>Guarantors</u>	<u>Guarantee beneficiary</u>	<u>Financial institution</u>	<u>Foreign currency</u>		<u>Won equivalent</u>
[Others]					
Daewoo International Corporation	Ambatovy Project Investments Limited	Export-Import Bank of Korea	USD	48,500,790	54,253
	Sherritt International Corporation	Export-Import Bank of Korea	USD	6,149,493	6,879
POSCO E&C Co., Ltd.	ALD PFV and others	Korea Exchange Bank and others	KRW	885,623	885,623
POSCO P&S Co., Ltd.	GIPI	Bank Muscat, Bank Sohar	USD	12,000,000	13,423
POSCO Plant Engineering Co., Ltd.	Gyeongpo wind power generation and others	KB Bank and others	KRW	259,415	259,415
	GS CALTEX HOU and others	Korea Exchange Bank and others	USD	14,019,797	15,683
POSCO ICT Co., Ltd.	BTL business and others	Kyobo Life Insurance Co., Ltd and others	KRW	1,604,990	1,604,990
	SMS energy Co. Ltd.	Hana Bank and others	KRW	300,126	300,126
POSCO M-TECH Co., Ltd.	Hyundai Hysco Co., Ltd.	Seoul Guarantee Insurance Co., Ltd.	KRW	3,761	3,761
POSCO Engineering Co., Ltd	Kwanma Solar Co., Ltd. and others	Hana Bank and others	KRW	47,914	47,914
	Hyundai ENG Co., Ltd.	Engineering Financial Cooperative	KRW	63,824	63,824
POSCALCIUM Co., Ltd.	Pohang City Hall	Seoul Guarantee Insurance Co., Ltd.	KRW	49	49
PHP Co., Ltd.	Expo apts' lessee	KB Bank	KRW	387,849	387,849
POSCO RUS LLC	Yakutugol	Citi Bank Russia	RUB	182,003,200	6,572
			CNY	734,200,000	130,314
			EUR	900,242	1,300
			JPY	46,981,647,361	677,062
			KRW	4,086,819	4,086,819
			MYR	240,000,000	87,370
			USD	3,905,898,702	4,369,140
			UZS	6,519,920,000	3,785
			RUB	182,003,200	6,572
			THB	250,000,000	9,058

- (b) POSCO E&C Co., Ltd. has provided the completion guarantees for Samsung C&T Corporation and Namkwang Engineering & Construction Co., Ltd. amounting to ₩2,019,036 million. POSCO E&C Co., Ltd. provides payment guarantees on borrowings of customers such as Asset Backed Commercial Paper amounted to ₩504,938 million and Project Financing loan amounted to ₩284,937 million as of September 30, 2012.

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
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(c) Other commitments

Details of other commitments of the Company as of September 30, 2012, are as follows:

**POSCO** POSCO entered into long-term contracts to purchase iron ore, coal, nickel and others. These contracts generally have terms of more than three years and provide for periodic price adjustments to the market price. As of September 30, 2012, 230 million tons of iron ore and 28.3 million tons of coal remained to be purchased under such long-term contracts.

POSCO entered into an agreement with Tangguh Liquefied Natural Gas (LNG) Consortium in Indonesia to purchase 550 thousand tons of LNG annually for 20 years commencing in August 2005. Purchase price is subject to change, following the changes of the monthly standard oil price (JCC) and also price ceiling is applicable.

As of September 30, 2012, POSCO entered into commitments with Korea National Oil Corporation for long-term foreign currency borrowings, which are limited up to the amount of USD 6.86 million, USD 3.54 million and USD 4.12 million. The borrowings are related to the exploration of gas hydrates in Aral Sea, Uzbekistan, the exploration of gas hydrates in Namangan- Chust and the exploration of gas hydrates in Western Fergana- Chenavard, respectively. The repayment of the borrowings depends on the success of the projects. The Company is not liable for the repayment of full or part of the money borrowed if the respective projects fail. The Company has agreed to pay a certain portion of its profits under certain conditions, as defined by the borrowing agreements.

**POSCO E&C Co., Ltd.** POSCO E&C Co., Ltd. has bank overdraft agreements of up to ₩20,000 million with Woori Bank which is included in the limit of comprehensive loan agreements and ₩3,000 million with Korea Exchange Bank. Also POSCO E&C Co., Ltd. has comprehensive loan agreements of up to ₩360,000 million and USD 308 million with Woori Bank and ₩53,000 million with Korea Exchange Bank.

**POSCO ICT Co., Ltd.** POSCO ICT Co., Ltd. has entered into the repayment agreement with SMS Energy Co., Ltd., which borrowed money from several lenders including Hana Bank, for its new and renewable energy business. According to the agreement, if the borrower cannot redeem the loan, POSCO ICT Co., Ltd. should repay or undertake it amounting to ₩300,126 million and should take charge of revenues from selling electric power after the repayment. Also, if the borrower cannot run the new and renewable energy business due to default and bankruptcy, POSCO ICT Co., Ltd. may acquire the business unit from the borrower.

**POSCO Specialty Steel Co., Ltd.** POSCO Specialty Steel Co., Ltd. has a loan agreement, secured by trade accounts receivable, of up to ₩1,081,448 million with Industrial Bank of Korea and four other banks. POSCO Specialty Steel Co., Ltd. has used ₩172,414 million of this loan agreement.

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
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POSCO Specialty Steel Co., Ltd. has agreements with Woori Bank and nine other banks for opening letters of credit of up to USD 313 million and for a loan of up to ₩150,194 million, respectively. POSCO Specialty Steel Co., Ltd. has used USD 203 million and EUR 0.7 million for opening letters of credit. Also, POSCO Specialty Steel Co., Ltd. has used ₩7,594 million for a loan.

(d) Litigation in progress

As of September 30, 2012, the Company and certain subsidiaries are defendants in legal actions arising from the normal course of business. Details of amount claimed are as follows:

(in millions of Won, in thousand of foreign currencies)

<u>Company</u>	<u>Legal actions</u>	<u>Claim amount</u>	<u>Korean Won equivalent</u>	<u>Description</u>
POSCO	2	JPY 98,600,000	1,420,944	Lawsuit on the claim for patent infringement (*1)
	12	KRW 54,695	54,695	Lawsuit on the claim for damages
POSCO E&C Co., Ltd.	77	KRW 70,833	70,833	Lawsuit on the claim for payment
POSCO Plant Engineering Co., Ltd.	8	KRW 1,702	1,702	Lawsuit on the claim for payment
POSCO ICT Co., Ltd.	10	KRW 8,127	8,127	Lawsuit on the claim for payment
Seoung Gwang Co., Ltd.	1	KRW 326	326	Lawsuit on applying high tax rate
POSCO E&C (China) Co., Ltd.	1	CNY 37,000	6,567	Lawsuit on the payment by subrogation
POSCO Engineering Co., Ltd.	2	KRW 940	940	Lawsuit on the claim for damages
POSBRO Co., Ltd.	1	KRW 436	436	Lawsuit on the claim for damages
Kwang Yang SPFC Co., Ltd.	1	KRW 5,693	5,693	Lawsuit on the claim for payment
Daewoo International Corporation	2	EUR 5,164	7,459	Lawsuit on the claim for damages
	1	INR 4,458,849	94,082	Lawsuit on the claim for damages
	3	USD 190,231	212,792	Lawsuit on the claim for damages

(\*1) On April 25, 2012, Nippon Steel Corporation announced that it has filed civil lawsuits against POSCO and two subsidiaries- POSCO America Corporation and POSCO Japan Co., Ltd. relating to claims of alleged improper acquisition and infringement of intellectual property rights related to the production of grain oriented electrical steel sheets. It is too early in the Nippon Steel Corporation civil lawsuits proceedings for the Company to estimate the expected financial effect that will result from the ultimate resolution of the proceeding.

For all other lawsuits and claims, the Company believes that although the outcome of these matters is uncertain, the impacts of these matters are not expected to be material to the Company. No provision is recorded in connection with the above lawsuits and claims as of September 30, 2012.

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
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(e) Other contingencies

<b>Company</b>	<b>Description</b>
POSCO	POSCO has provided two blank promissory notes and one blank check to Korea Resources Corporation and six blank promissory notes and three blank checks to Korea National Oil Corporation as collateral for outstanding loans.
POSCO E&C Co., Ltd.	As of September 30, 2012, POSCO E&C Co., Ltd. has provided eight blank checks, sixteen blank promissory notes and six other notes, approximately amounting to ₩61,704 million, to Korea Housing Guarantee Co., Ltd. and other financial institutions as collateral for agreements and outstanding loans.
Daewoo International Corporation	As of September 30, 2012, Daewoo International Corporation has provided forty-five blank promissory notes and eleven blank checks to Korea National Oil Corporation and others as collateral for the guarantee on performance for contracts and others.
POSCO ICT Co., Ltd.	As of September 30, 2012, POSCO ICT Co., Ltd. has provided sixteen blank promissory notes to ten financial institutions as collateral for the guarantee on performance for contracts.
POSCO Engineering Co., Ltd.	As of September 30, 2012, POSCO Engineering Co., Ltd. has provided one promissory note to Hana Tank Terminal Co., Ltd. as collateral for the guarantee on performance for contracts.
POSCO-JKPC Co., Ltd.	As of September 30, 2012, POSCO-JKPC Co., Ltd. has provided one hundred-fifty nine promissory notes as collateral for borrowings. (JPY 694,332,671, 45% of borrowings from the Kinakyushu Bank, Ltd., 30% of borrowings from Higo bank, Ltd.)
Daewoo International Japan Corp.	As of September 30, 2012, Daewoo International Japan Corp. has provided one hundred eighty seven notes receivable (JPY 992,694,502) to Resona bank Ltd. as collateral for loans from banks.

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
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**(Unaudited)**

**30. Cash Flows from Operating Activities**

Changes in operating assets and liabilities for the nine-month periods ended September 30, 2012 and September 30, 2011 are as follows:

<i>(in millions of Won)</i>	<b>September 30, 2012</b>	<b>September 30, 2011</b>
Trade accounts and notes receivable	₩ (526,251)	(1,511,723)
Other financial assets	(133,691)	(84,462)
Inventories	687,205	(2,384,717)
Other current assets	(358,278)	(571,818)
Other long-term assets	(119,730)	113,888
Trade accounts and notes payable	(285,447)	62,137
Other financial liabilities	108,344	86,841
Other current liabilities	960,166	157,140
Provisions	10,569	164,903
Payment severance benefits	(108,516)	(574,688)
Plan assets	(48,749)	241,657
Other long-term liabilities	(23,960)	(114,040)
	₩ <u>161,662</u>	<u>(4,414,882)</u>

**31. Operating Segments**

- (a) The Company's operating businesses are organized based on the nature of markets and customers. The Company has four reportable operating segments— steel, construction, trading and others. The steel segment includes production of steel products and revenue of such products. The engineering and construction segment includes planning, designing and construction of industrial plants, civil engineering projects and commercial and residential buildings, both in Korea and overseas. The trading segment consists of exporting and importing a wide range of steel products and raw materials that are both obtained from and supplied to POSCO, as well as trading between other suppliers and purchasers in Korea and overseas. Other segment includes power generation, liquefied natural gas production, network and system integration and logistics. The policies of classification and measurement on operating segments were the same as those that applied to the consolidated financial statements as of and for the year ended December 31, 2011.
- (b) Segment profit and loss is determined the same way that consolidated net after tax profit for the period is determined under K-IFRS without any adjustment for corporate allocations. The accounting policies used by each segment are consistent with the accounting policies used in the preparation of the consolidated financial statements. Segment assets and liabilities are measured based on total assets and liabilities in accordance with K-IFRS without any adjustment for corporate allocations. Also, segment assets and liabilities are based on the separate financial statements of the entities instead of on consolidated basis. In addition, there are varying levels of transactions amongst the reportable segments. These transactions include sales of property, plant and assets, and rendering of construction service and so on. Inter-segment transactions are accounted for on an arm's length basis.

**POSCO and Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements, Continued**  
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**(Unaudited)**

(c) Information about reportable segments as September 30, 2012 and September 30, 2011 are as follows:

1) As of and for the nine-month period ended September 30, 2012

<i>(in millions of Won)</i>		<u>Steel</u>	<u>Trading</u>	<u>Construction</u>	<u>Others</u>	<u>Total</u>
External revenues	₩	27,421,448	14,484,569	3,240,178	3,389,749	48,535,944
Internal revenues		13,229,123	5,639,236	2,602,125	1,931,640	23,402,124
Total revenues		40,650,571	20,123,805	5,842,303	5,321,389	71,938,068
Segments profit		1,758,225	364,390	148,135	213,519	2,484,269

2) As of and for the nine-month period ended September 30, 2011

<i>(in millions of Won)</i>		<u>Steel</u>	<u>Trading</u>	<u>Construction</u>	<u>Others</u>	<u>Total</u>
External revenues	₩	29,359,914	15,180,494	3,581,176	2,129,175	50,250,759
Internal revenues		12,382,302	5,734,761	2,029,890	1,707,858	21,854,811
Total revenues		41,742,216	20,915,255	5,611,066	3,837,033	72,105,570
Segments profit		2,697,486	104,044	56,928	106,755	2,965,213

(d) Reconciliations of total segment profit or loss, to their respective consolidated financial statement line items for the nine-month periods ended September 30, 2012 and September 30, 2011 are as follows:

<i>(in millions of Won)</i>		<u>September 30, 2012</u>	<u>September 30, 2011</u>
Total profit for reportable segments	₩	2,484,269	2,965,213
Fair value adjustments		(43,669)	(21,529)
Elimination of inter-segment profits		(615,949)	(249,853)
Income tax expense		876,898	822,237
Profit before income tax expense		2,701,549	3,516,068