

POSCO
and Subsidiaries
Consolidated Financial Statements
December 31, 2016 and 2015

(With Independent Auditors' Report Thereon)

POSCO and Subsidiaries
Consolidated Statements of Comprehensive Income (Loss)
For the years ended December 31, 2016 and 2015

(in millions of Won, except per share information)

	Notes	2016	2015
Revenue	28,29,37	₩ 53,083,513	58,192,345
Cost of sales	29,31,34,37	(46,393,962)	(51,658,098)
Gross profit		6,689,551	6,534,247
Selling and administrative expenses	30,34		
Administrative expenses	31	(2,291,540)	(2,395,248)
Selling expenses		(1,553,686)	(1,728,956)
Operating profit		2,844,325	2,410,043
Share of loss of equity-accounted investees, net	11	(88,677)	(506,054)
Finance income and costs	23,32		
Finance income		2,231,980	2,557,073
Finance costs		(3,014,190)	(3,387,054)
Other non-operating income and expenses	33,37		
Other non-operating income		215,136	549,048
Other non-operating expenses	34	(755,720)	(1,442,298)
Profit before income tax		1,432,854	180,758
Income tax expense	35	(384,685)	(276,939)
Profit (loss)		1,048,169	(96,181)
Other comprehensive income (loss)			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit pension plans	21	20,540	41,954
Items that are or may be reclassified subsequently to profit or loss:			
Capital adjustment arising from investments in equity-accounted investees	23	134,590	(82,509)
Net changes in the unrealized fair value of available-for-sale investments		310,608	(187,854)
Foreign currency translation differences		(11,491)	66,280
Other comprehensive income (loss), net of tax		454,247	(162,129)
Total comprehensive income (loss)		₩ 1,502,416	(258,310)
Profit (loss) attributable to:			
Owners of the controlling company		₩ 1,363,310	180,647
Non-controlling interests		(315,141)	(276,828)
Profit (loss)		₩ 1,048,169	(96,181)
Total comprehensive income (loss) attributable to:			
Owners of the controlling company		₩ 1,822,533	33,017
Non-controlling interests		(320,117)	(291,327)
Total comprehensive income (loss)		₩ 1,502,416	(258,310)
Basic and diluted earnings per share (in Won)	36	16,627	1,845

See accompanying notes to the consolidated financial statements.

POSCO and Subsidiaries

**Condensed Consolidated Interim Financial Statements
(Unaudited)
September 30, 2016**

(With Independent Auditors' Review Report Thereon)

POSCO and Subsidiaries
Condensed Consolidated Interim Statements of Comprehensive Income (Loss)
For the three-month and nine-month periods ended September 30, 2016 and 2015
(Unaudited)

(in millions of Won, except per share information)

	Notes	For the three-month periods ended September 30		For the nine-month periods ended September 30	
		2016	2015	2016	2015
Revenue	26,33,36	₩ 12,747,560	13,995,992	38,066,142	44,286,395
Cost of sales	7,26,30,33	(10,785,558)	(12,397,755)	(32,993,682)	(39,197,778)
Gross profit		1,962,002	1,598,237	5,072,460	5,088,617
Selling and administrative expenses	27,30				
Administrative expenses		(561,799)	(541,056)	(1,585,197)	(1,722,846)
Selling expenses		(365,907)	(405,269)	(1,114,688)	(1,296,274)
Operating profit		1,034,296	651,912	2,372,575	2,069,497
Share of profit (loss) of equity-accounted investees, net	9	(71,134)	(322,881)	90,622	(361,932)
Finance income and costs	21,28				
Finance income		585,673	926,715	1,674,086	2,023,457
Finance costs		(713,705)	(1,542,268)	(2,464,056)	(3,020,475)
Other non-operating income and expenses	29				
Other non-operating income		31,277	128,645	156,795	441,016
Other non-operating expenses	30	(203,063)	(617,789)	(353,331)	(1,019,615)
Profit (loss) before income tax	36	663,344	(775,666)	1,476,691	131,948
Tax benefit (expense)	31,36	(187,807)	117,425	(442,249)	(337,593)
Profit (loss)		475,537	(658,241)	1,034,442	(205,645)
Other comprehensive income (loss)					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit pension plans	19	14,057	(18,055)	(59,425)	(41,491)
Items that are or may be reclassified subsequently to profit or loss:					
Capital adjustment arising from investments in equity-accounted investees		(154,627)	42,061	(96,515)	(25,414)
Net changes in the unrealized fair value of available-for-sale investments	21	89,272	(169,320)	217,520	(195,970)
Foreign currency translation differences		(227,268)	118,240	(255,620)	122,765
Other comprehensive loss, net of tax		(278,566)	(27,074)	(194,040)	(140,110)
Total comprehensive income (loss)		₩ 196,971	(685,315)	840,402	(345,755)
Profit (loss) attributable to:					
Owners of the controlling company		₩ 545,689	(541,627)	1,197,014	(4,864)
Non-controlling interests		(70,152)	(116,614)	(162,572)	(200,781)
Profit (loss)		₩ 475,537	(658,241)	1,034,442	(205,645)
Total comprehensive income (loss) attributable to:					
Owners of the controlling company		₩ 301,715	(609,969)	1,062,204	(180,784)
Non-controlling interests		(104,744)	(75,346)	(221,802)	(164,971)
Total comprehensive income (loss)		₩ 196,971	(685,315)	840,402	(345,755)
Basic and diluted earnings (loss) per share (in Won)	32	6,717	(6,875)	14,653	(370)

See accompanying notes to the condensed consolidated interim financial statements.

POSCO and Subsidiaries

**Condensed Consolidated Interim Financial Statements
(Unaudited)
September 30, 2017**

(With Independent Auditors' Review Report Thereon)

POSCO and Subsidiaries
Condensed Consolidated Interim Statements of Comprehensive Income
For the three-month and nine-month periods ended September 30, 2017 and 2016
(Unaudited)

	Notes	For the three-month periods ended September 30		For the nine-month periods ended September 30	
		2017	2016	2017	2016
<i>(in millions of Won, except per share information)</i>					
Revenue	26,33,36	₩ 15,036,118	12,747,560	45,057,705	38,066,142
Cost of sales	7,26,30,33	(13,037,442)	(10,785,558)	(38,932,047)	(32,993,682)
Gross profit		1,998,676	1,962,002	6,125,658	5,072,460
Selling and administrative expenses	27,30				
Administrative expenses		(491,695)	(561,799)	(1,529,893)	(1,585,197)
Selling expenses		(381,289)	(365,907)	(1,125,996)	(1,114,688)
Operating profit		1,125,692	1,034,296	3,469,769	2,372,575
Share of profit (loss) of equity-accounted investees, net	9	54,188	(71,134)	61,553	90,622
Finance income and costs	21,28				
Finance income		624,776	585,673	1,737,412	1,674,086
Finance costs		(521,951)	(713,705)	(1,783,837)	(2,464,056)
Other non-operating income and expenses	29				
Other non-operating income		22,710	31,277	146,805	156,795
Other non-operating expenses	30	(74,134)	(203,063)	(301,807)	(353,331)
Profit before income tax	36	1,231,281	663,344	3,329,895	1,476,691
Income tax expense	31,36	(324,658)	(187,807)	(916,334)	(442,249)
Profit		906,623	475,537	2,413,561	1,034,442
Other comprehensive income (loss)					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plans	19	1,298	14,057	(7,135)	(59,425)
Items that are or may be reclassified subsequently to profit or loss:					
Capital adjustment arising from investments in equity-accounted investees		64,447	(154,627)	(82,621)	(96,515)
Net changes in unrealized fair value of available-for-sale investments	21	(231,029)	89,272	(6,670)	217,520
Foreign currency translation differences		80,978	(227,268)	(3,989)	(255,620)
Gain or losses on valuation of derivatives	21	(339)	-	(339)	-
Other comprehensive income (loss), net of tax		(84,645)	(278,566)	(100,754)	(194,040)
Total comprehensive income		₩ 821,978	196,971	2,312,807	840,402
Profit attributable to:					
Owners of the controlling company		₩ 869,422	545,689	2,233,159	1,197,014
Non-controlling interests		37,201	(70,152)	180,402	(162,572)
Profit		₩ 906,623	475,537	2,413,561	1,034,442
Total comprehensive income attributable to:					
Owners of the controlling company		₩ 780,579	301,715	2,128,647	1,062,204
Non-controlling interests		41,399	(104,744)	184,160	(221,802)
Total comprehensive income		₩ 821,978	196,971	2,312,807	840,402
Basic and diluted earnings per share (in Won)	32	₩ 10,764	6,717	27,607	14,653

See accompanying notes to the condensed consolidated interim financial statements.