POSCO
and Subsidiaries

Condensed Consolidated Interim Financial Statements
(Unaudited)
June 30, 2020

(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 Shareholders
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 June 30, 2020, the condensed consolidated interim statements of comprehensive income for the three-month and six-month periods ended June 30, 2020 and 2019, the condensed consolidated interim statements of changes in equity and cash flows for the six-month periods ended June 30, 2020 and 2019, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility
Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with Korean International Financial Reporting Standard ("K-IFRS") No. 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.

Auditors' 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 statements 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 Korean Standards on Auditing 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.

The consolidated statement of financial position of the Company as of December 31, 2019, 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 in accordance with Korean Standards on Auditing and our report thereon, dated March 12, 2020, expressed an unqualified opinion. The accompanying condensed consolidated statement of financial position of the Company as of December 31, 2019, presented for comparative purposes, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

KPMG Samjong Accounting Corp.

Seoul, Korea
August 13, 2020

This report is effective as of August 13, 2020, 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 statements. 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.

POSCO and Subsidiaries
Condensed Consolidated Interim Statements of Financial Position
As of June 30, 2020 and December 31, 2019
(Unaudited)

(in millions of Won)	Notes		June 30, 2020	December 31, 2019
Assets				
Cash and cash equivalents	21	₩	6,038,266	3,514,872
Trade accounts and notes receivable, net	4,21,26,27,34		8,561,530	9,078,351
Other receivables, net	5,21,34		1,562,008	1,581,517
Other short-term financial assets	6,21		10,996,721	8,996,049
Inventories	7		9,743,455	10,920,320
Current income tax assets			34,166	45,930
Assets held for sale	8		79,308	74,158
Other current assets	14		730,669	631,177
Total current assets			37,746,123	34,842,374
Long-term trade accounts and notes receivable, net	4,21		169,333	198,785
Other receivables, net	5,21		1,205,454	1,140,879
Other long-term financial assets	6,21		1,595,781	1,669,389
Investments in associates and joint ventures	9		3,990,672	3,927,755
Investment property, net	11		876,640	878,227
Property, plant and equipment, net	12		30,161,877	29,925,973
Intangible assets, net	13		4,795,377	4,908,473
Defined benefit assets, net	19		13,445	4,280
Deferred tax assets			1,281,442	1,237,285
Other non-current assets	14		275,703	325,241
Total non-current assets			44,365,724	44,216,287
Total assets		₩	82,111,847	79,058,661

See accompanying notes to the condensed consolidated interim financial statements.

POSCO and Subsidiaries
Condensed Consolidated Interim Statements of Financial Position, Continued
As of June 30, 2020 and December 31, 2019
(Unaudited)

(in millions of Won)	Notes		June 30, 2020	December 31, 2019
Liabilities				
Trade accounts and notes payable	21,34	₩	3,272,488	3,422,922
Short-term borrowings and current installments of long-term borrowings	4,15,21		10,676,978	8,548,212
Other payables	16,21,34		1,755,225	1,879,508
Other short-term financial liabilities	17,21		107,762	77,827
Current income tax liabilities			369,517	396,616
Liabilities directly associated with the assets held for sale	8		-	8
Provisions	18,35		292,437	360,495
Other current liabilities	20,26,27		1,791,224	1,638,102
Total current liabilities			18,265,631	16,323,690
Long-term trade accounts and notes payable	21		14,095	20,067
Long-term borrowings, excluding current installments	15,21		13,411,809	11,893,401
Other payables	16,21		613,401	585,129
Other long-term financial liabilities	17,21		17,224	31,494
Defined benefit liabilities, net	19		222,937	181,011
Deferred tax liabilities			1,482,859	1,691,498
Long-term provisions	18,35		448,741	458,154
Other non-current liabilities	20,26		42,004	79,510
Total non-current liabilities			16,253,070	14,940,264
Total liabilities			34,518,701	31,263,954
Equity				
Share capital	22		482,403	482,403
Capital surplus	22		1,335,149	1,376,251
Hybrid bonds	23		199,384	199,384
Reserves	24		(1,169,286)	(1,157,980)
Treasury shares	25		(1,573,126)	(1,508,303)
Retained earnings			45,056,397	45,080,117
Equity attributable to owners of the controlling company			44,330,921	44,471,872
Non-controlling interests	23		3,262,225	3,322,835
Total equity			47,593,146	47,794,707
Total liabilities and equity		₩	82,111,847	79,058,661

See accompanying notes to the condensed consolidated interim financial statements.

POSCO and Subsidiaries

Condensed Consolidated Interim Statements of Comprehensive Income
For the three-month and six-month periods ended June 30, 2020 and 2019
(Unaudited)

(in millions of Won, except per share information)	Notes		For the three-month periods ended June 30		For the six-month periods ended June 30	
			2020	2019	2020	2019
Revenue	26,27,34,37	₩	13,721,554	16,321,335	28,267,367	32,335,573
Cost of sales	7,27,31,34		(12,987,612)	(14,707,162)	(26,223,142)	(28,908,029)
Gross profit			733,942	1,614,173	2,044,225	3,427,544
Selling and administrative expenses	31,34					
Reversal of (impairment loss) on trade accounts and notes receivable			(25,337)	21,129	(35,325)	7,998
Other administrative expenses	28		(456,541)	(476,537)	(933,607)	(982,620)
Selling expenses	28		(84,348)	(90,203)	(202,326)	(181,463)
Operating profit			167,716	1,068,562	872,967	2,271,459
Share of profit (loss) of equity-accounted investees, net	9		(11,530)	74,670	20,134	141,529
Finance income and costs	21,29					
Finance income			210,669	532,862	1,530,093	1,026,876
Finance costs			(232,049)	(609,932)	(1,577,325)	(1,160,525)
Other non-operating income and expenses	34					
Reversal of (impairment loss) on other receivables			410	(12,026)	(787)	(15,416)
Other non-operating income	30		102,603	83,024	166,904	157,368
Other non-operating expenses	30,31		(103,673)	(166,679)	(217,437)	(303,869)
Profit before income tax	37		134,146	970,481	794,549	2,117,422
Income tax expense	32,37		(29,278)	(289,063)	(255,023)	(657,559)
Profit			104,868	681,418	539,526	1,459,863
Other comprehensive income (loss)						
Items that will not be reclassified subsequently to profit or loss:						
Remeasurements of defined benefit plans	19		1,198	(11,175)	(2,652)	(20,881)
Net changes in fair value of equity investments at fair value through other comprehensive income	21		36,870	23,383	(165,966)	17,844
Items that are or may be reclassified subsequently to profit or loss:						
Capital adjustment arising from investments in equity-accounted investees			142,902	24,000	81,696	72,838
Foreign currency translation differences			70,576	98,502	66,142	219,663
Gains or losses on valuation of derivatives	21		(784)	(132)	(841)	(100)
Other comprehensive income (loss), net of tax			250,762	134,578	(21,621)	289,364
Total comprehensive income		₩	355,630	815,996	517,905	1,749,227
Profit attributable to:						
Owners of the controlling company		₩	40,282	612,286	435,675	1,353,539
Non-controlling interests			64,586	69,132	103,851	106,324
Profit		₩	104,868	681,418	539,526	1,459,863
Total comprehensive income attributable to :						
Owners of the controlling company		₩	282,755	742,367	412,741	1,654,770
Non-controlling interests			72,875	73,629	105,164	94,457
Total comprehensive income		₩	355,630	815,996	517,905	1,749,227
Basic and diluted earnings per share (in Won)	33		483	7,622	5,400	16,854

See accompanying notes to the condensed consolidated interim financial statements.

POSCO and Subsidiaries
Condensed Consolidated Interim Statements of Changes in Equity
For the six-month periods ended June 30, 2020 and 2019
(Unaudited)

(in millions of Won)

		Attributable to owners of the controlling company							Non-controlling interests	Total
		Share capital	Capital surplus	Hybrid bonds	Reserves	Treasury shares	Retained earnings	Subtotal		
Balance as of January 1, 2019	₩	482,403	1,410,551	199,384	(1,404,368)	(1,532,728)	44,216,018	43,371,260	3,388,291	46,759,551
Comprehensive income:										
Profit		-	-	-	-	-	1,353,539	1,353,539	106,324	1,459,863
Other comprehensive income (loss)										
Remeasurements of defined benefit plans, net of tax		-	-	-	-	-	(10,624)	(10,624)	(10,257)	(20,881)
Capital adjustment arising from investments in equity-accounted investees, net of tax		-	-	-	66,589	-	-	66,589	6,249	72,838
Net changes in fair value of equity investments at fair value through other comprehensive income, net of tax		-	-	-	36,311	-	(18,467)	17,844	-	17,844
Foreign currency translation differences, net of tax		-	-	-	227,517	-	-	227,517	(7,854)	219,663
Gains or losses on valuation of derivatives, net of tax		-	-	-	(95)	-	-	(95)	(5)	(100)
Total comprehensive income		-	-	-	330,322	-	1,324,448	1,654,770	94,457	1,749,227
Transactions with owners of the controlling company, recognized directly in equity:										
Year-end dividends		-	-	-	-	-	(400,006)	(400,006)	(60,202)	(460,208)
Interim dividends		-	-	-	-	-	(160,231)	(160,231)	-	(160,231)
Changes in subsidiaries		-	-	-	-	-	-	-	(874)	(874)
Changes in ownership interest in subsidiaries		-	(49,889)	-	-	-	-	(49,889)	7,172	(42,717)
Interest of hybrid bonds		-	-	-	-	-	(4,562)	(4,562)	(3,617)	(8,179)
Disposal of treasury shares		-	12,576	-	-	24,425	-	37,001	-	37,001
Others		-	1,700	-	(38,218)	-	45,204	8,686	(8,285)	401
Total transactions with owners of the controlling company		-	(35,613)	-	(38,218)	24,425	(519,595)	(569,001)	(65,806)	(634,807)
Balance as of June 30, 2019	₩	482,403	1,374,938	199,384	(1,112,264)	(1,508,303)	45,020,871	44,457,029	3,416,942	47,873,971

See accompanying notes to the condensed consolidated interim financial statements.

POSCO and Subsidiaries
Condensed Consolidated Interim Statements of Changes in Equity, Continued
For the six-month periods ended June 30, 2020 and 2019
(Unaudited)

(in millions of Won)		Attributable to owners of the controlling company							Non-controlling interests	Total
		Share capital	Capital surplus	Hybrid bonds	Reserves	Treasury shares	Retained earnings	Subtotal		
Balance as of January 1, 2020	₩	482,403	1,376,251	199,384	(1,157,980)	(1,508,303)	45,080,117	44,471,872	3,322,835	47,794,707
Comprehensive income:										
Profit		-	-	-	-	-	435,675	435,675	103,851	539,526
Other comprehensive income (loss)										
Remeasurements of defined benefit plans, net of tax		-	-	-	-	-	(2,768)	(2,768)	116	(2,652)
Capital adjustment arising from investments in equity-accounted investees, net of tax		-	-	-	77,600	-	-	77,600	4,096	81,696
Net changes in fair value of equity investments at fair value through other comprehensive income, net of tax		-	-	-	(162,981)	-	(2,985)	(165,966)	-	(165,966)
Foreign currency translation differences, net of tax		-	-	-	69,000	-	-	69,000	(2,858)	66,142
Gains or losses on valuation of derivatives, net of tax		-	-	-	(799)	-	-	(799)	(42)	(841)
Total comprehensive income		-	-	-	(17,180)	-	429,922	412,742	105,163	517,905
Transactions with owners of the controlling company, recognized directly in equity:										
Year-end dividends		-	-	-	-	-	(320,462)	(320,462)	(60,517)	(380,979)
Interim dividends		-	-	-	-	-	(120,174)	(120,174)	-	(120,174)
Changes in ownership interest in subsidiaries		-	(6,766)	-	-	-	-	(6,766)	139,008	132,242
Repayment of redeemable convertible preferred shares		-	(33,581)	-	-	-	-	(33,581)	(245,000)	(278,581)
Interest of hybrid bonds		-	-	-	-	-	(4,587)	(4,587)	(3,637)	(8,224)
Acquisition of treasury shares		-	-	-	-	(64,823)	-	(64,823)	-	(64,823)
Others		-	(755)	-	5,874	-	(8,419)	(3,300)	4,373	1,073
Total transactions with owners of the controlling company		-	(41,102)	-	5,874	(64,823)	(453,642)	(553,693)	(165,773)	(719,466)
Balance as of June 30, 2020	₩	482,403	1,335,149	199,384	(1,169,286)	(1,573,126)	45,056,397	44,330,921	3,262,225	47,593,146

See accompanying notes to the condensed consolidated interim financial statements.

POSCO and Subsidiaries
Condensed Consolidated Interim Statements of Cash Flows
For the six-month periods ended June 30, 2020 and 2019
(Unaudited)

(in millions of Won)	Notes		June 30, 2020	June 30, 2019
Cash flows from operating activities				
Profit		₩	539,526	1,459,863
Adjustments for:				
Depreciation			1,555,037	1,523,108
Amortization			230,394	203,733
Finance income			(749,166)	(562,510)
Finance costs			894,470	712,547
Income tax expense			255,023	657,559
Impairment loss on property, plant and equipment			21,400	149,659
Gain on disposal of property, plant and equipment			(7,346)	(16,362)
Loss on disposal of property, plant and equipment			78,989	37,396
Impairment loss on other intangible assets			1,184	1,171
Gain on disposal of investments in subsidiaries, associates and joint ventures			(41,339)	(15,821)
Loss on disposal of investments in subsidiaries, associates and joint ventures			10,073	5,586
Share of profit of equity-accounted investees			(20,134)	(141,529)
Impairment loss on assets held for sale			5,030	3,346
Expenses related to post-employment benefit			123,989	117,226
Impairment loss on trade and other receivables			36,112	7,418
Loss on valuation of inventories			129,398	73,600
Increase to provisions			19,156	82,759
Others, net			(14,354)	(31,972)
			2,527,916	2,806,914
Changes in operating assets and liabilities	36		1,205,502	(553,728)
Interest received			175,455	188,096
Interest paid			(346,723)	(389,714)
Dividends received			140,616	156,730
Income taxes paid			(391,928)	(973,112)
Net cash provided by operating activities		₩	3,850,364	2,695,049

See accompanying notes to the condensed consolidated interim financial statements.

POSCO and Subsidiaries
Condensed Consolidated Interim Statements of Cash Flows, Continued
For the six-month periods ended June 30, 2020 and 2019
(Unaudited)

(in millions of Won)	Notes		June 30, 2020	June 30, 2019
Cash flows from investing activities				
Acquisitions of short-term financial instruments		₩	(21,020,169)	(15,440,039)
Proceeds from disposal of short-term financial instruments			19,491,360	16,213,040
Increase in loans			(503,914)	(164,574)
Collection of loans			544,806	190,831
Acquisitions of securities			(674,767)	(370,458)
Proceeds from disposal of securities			270,642	165,242
Acquisitions of investment in associates and joint ventures			(85,908)	(45,980)
Proceeds from disposal of investment in associates and joint ventures			7,591	3,598
Acquisitions of investment property			(3,907)	(12,230)
Proceeds from disposal of investment property			250	1,127
Acquisitions of property, plant and equipment			(1,622,465)	(990,483)
Proceeds from disposal of property, plant and equipment			(19,139)	30,957
Acquisitions of intangible assets			(197,535)	(158,570)
Proceeds from disposal of intangible assets			71,304	9,226
Proceeds from disposal of assets held for sale			590	311
Collection of lease receivables			27,453	19,107
Payment for acquisition of business, net of cash acquired			-	(33,014)
Cash received from disposal of business, net of cash transferred			38,360	34,266
Others, net			(3,860)	9,460
Net cash used in investing activities			(3,679,308)	(538,183)
Cash flows from financing activities				
Proceeds from borrowings			3,218,540	892,587
Repayment of borrowings			(1,044,881)	(1,372,044)
Proceeds from (repayment of) short-term borrowings, net			994,266	(1,131,449)
Capital contribution from non-controlling interests			139,008	23,579
Payment of cash dividends			(500,915)	(625,406)
Acquisition of treasury shares			(64,823)	-
Payment of interest of hybrid bonds			(8,250)	(8,204)
Repayment of lease liabilities			(96,092)	(85,989)
Repayment of redeemable convertible preferred shares			(278,581)	-
Others, net			(7,987)	1,485
Net cash provided by (used in) financing activities			2,350,285	(2,305,441)
Effect of exchange rate fluctuation on cash held			4,698	57,956
Net increase in cash and cash equivalents			2,526,039	(90,619)
Cash and cash equivalents at beginning of the period	8		3,515,246	2,643,865
Cash and cash equivalents at end of the period	8	₩	6,041,285	2,553,246

See accompanying notes to the condensed consolidated interim financial statements.

1. General Information

General information about POSCO, its 33 domestic subsidiaries including POSCO ENGINEERING & CONSTRUCTION CO., LTD., 131 foreign subsidiaries including POSCO America Corporation (collectively "the Company") and its 133 associates and joint ventures 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 the domestic and foreign markets.

The shares of POSCO have been listed on the Korea Exchange since June 10, 1988. POSCO owns and operates two steel plants (Pohang and Gwangyang) and one office in Korea and it also operates internationally through six of its overseas liaison offices.

As of June 30, 2020, the shares of the POSCO are listed on the Korea Exchange, while its American Depository Receipts (ADRs) are listed on the New York Stock Exchange.

(b) Consolidated subsidiaries newly included during the six-month period ended June 30, 2020, were as follows:

Company	Date of inclusion	Ownership (%)	Reason
Posco International (Thailand) Co., Ltd.	January 2020	100.00	New establishment
PT POSCO INTERNATIONAL INDONESIA	January 2020	100.00	New establishment
POSCO SPS CORPORATION	April 2020	100.00	New establishment

(c) Subsidiaries excluded from consolidation during the six-month period ended June 30, 2020, were as follows:

Company	Date of exclusion	Reason
LA-SRDC	April 2020	Liquidation
POSCO China Dalian Plate Processing Center Co., Ltd.	June 2020	Disposal

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 Companies, Etc. in the Republic of Korea*.

These condensed consolidated interim financial statements have been prepared in accordance with K-IFRS No. 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, 2019. These condensed consolidated interim financial statements do not include all of the disclosures required for full annual financial statements.

Use of estimates and judgments

(a) Judgments, assumptions and estimation uncertainties

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 prospectively.

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 described in the last annual financial statements.

With the outbreak of COVID-19 pandemic, governments around the globe have implemented measures such as mandatory factory shutdown, shelter-in-place orders, border closures, and travel restrictions. The ultimate impact of COVID-19 pandemic on the Company's operations is not yet known and will depend on future developments. The duration and significance of COVID-19 is highly uncertain and unpredictable, and the protective measures by the governments around the globe or the Company may lead to substantial business interruption and decrease in business scale. The financial impact of this cannot be reasonably estimated, but management expects the Company to be partially affected to the most areas where it operates. The extent and duration of COVID-19's impact on the Company's business cannot yet be reasonably estimated.

(b) Measurement of fair value

The Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of K-IFRS including the level in the fair value hierarchy in which such valuation techniques should be classified.

Significant valuation issues are reported to the Company's Audit Committee.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly or indirectly.
- Level 3 - inputs for the assets or liabilities that are not based on observable market data.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3. Summary of Significant Accounting Policies

Except as described in K-IFRS No. 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, 2019. The Company also expects to apply the accounting policies set out below for their annual reporting period ending December 31, 2020.

(a) K-IFRS No. 1001 "Presentation of Financial Statements" and K-IFRS No. 1008 "Accounting Policies, Changes in Accounting Estimates and Errors"

The definition of materiality has been clarified, and K-IFRS No. 1001 "Presentation of Financial Statements" and K-IFRS No. 1008 "Accounting Policies, Changes in Accounting Estimates and Errors" have been amended according to the clarified definition. In determining the materiality, information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The Company does not expect the effect of the amendments to the consolidated financial statements to be significant.

(b) K-IFRS No. 1103 "Business Combinations"

The amendment clarifies the definition of business when it includes input and process together significantly contribute to ability to create output and requires a simplified assessment that result in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. The Company does not expect the effect of the amendment to the consolidated financial statements to be significant.

(c) K-IFRS No. 1109 "Financial Instruments", K-IFRS No. 1039 "Financial Instruments: Recognition and Measurement", K-IFRS No. 1107 "Financial Instruments: Disclosures"

The amendments require the application of exceptions to the analysis of future prospects in relation to the application of hedge accounting while uncertainty exists due to the interest rate benchmark reform. The exception assumes that when assessing whether the expected cash flows based on existing interest rate indicators are highly probable, whether there is an economic relationship between the hedged item and the hedging instrument, or whether the hedge relationship between the hedged item and the hedging instrument is highly probable, the interest rate benchmark that the hedged item and the hedging instrument comply with does not change as a result of the interest rate benchmark reform. The Company does not expect the effect of the amendments to the consolidated financial statements to be significant.

4. Trade Accounts and Notes Receivable

Trade accounts and notes receivable as of June 30, 2020 and December 31, 2019 are as follows:

(in millions of Won)		June 30, 2020	December 31, 2019
Current			
Trade accounts and notes receivable	₩	7,730,664	8,352,968
Finance lease receivables		234	221
Due from customers for contract work		1,266,197	1,136,436
Less: Allowance for doubtful accounts		(435,565)	(411,274)
	₩	8,561,530	9,078,351
Non-current			
Trade accounts and notes receivable	₩	179,984	209,310
Finance lease receivables		44,740	43,725
Less: Allowance for doubtful accounts		(55,391)	(54,250)
	₩	169,333	198,785

Trade accounts and notes receivable sold to financial institutions, for which the derecognition conditions were not met, amounted to ₩240,786 million and ₩244,305 million as of June 30, 2020 and December 31, 2019, respectively. The fair value of trade accounts and notes receivable approximates the carrying amounts and is recognized as short-term borrowings from financial institutions.

5. Other Receivables

Other receivables as of June 30, 2020 and December 31, 2019 are as follows:

(in millions of Won)		June 30, 2020	December 31, 2019
Current			
Loans	₩	305,784	367,580
Other accounts receivable		947,622	971,845
Accrued income		333,663	272,528
Deposits		67,742	86,519
Others		21,007	14,510
Lease receivables		51,009	48,744
Less: Allowance for doubtful accounts		(164,819)	(180,209)
	₩	1,562,008	1,581,517
Non-current			
Loans	₩	713,916	701,529
Other accounts receivable		222,348	209,039
Accrued income		75,686	65,275
Deposits		281,286	238,261
Lease receivables		169,230	179,315
Less: Allowance for doubtful accounts		(257,012)	(252,540)
	₩	1,205,454	1,140,879

6. Other Financial Assets

Other financial assets as of June 30, 2020 and December 31, 2019 are as follows:

(in millions of Won)		June 30, 2020	December 31, 2019
Current			
Derivatives assets	₩	142,578	47,541
Debt securities		690,538	342,371
Deposit instruments(*1,2)		2,742,343	1,744,895
Short-term financial instruments(*2)		7,421,262	6,861,242
	₩	10,996,721	8,996,049
Non-current			
Derivatives assets	₩	192,994	64,737
Equity securities(*3)		1,017,957	1,204,902
Debt securities		19,272	25,555
Other securities(*3)		311,402	340,008
Deposit instruments(*2)		54,156	34,187
	₩	1,595,781	1,669,389

(*1) As of June 30, 2020 and December 31, 2019, ₩5,689 million and ₩4,524 million, respectively, are restricted for the use in government projects.
(*2) As of June 30, 2020 and December 31, 2019, financial instruments amounting to ₩74,830 million and ₩73,525 million, respectively, are restricted for use in financial arrangements, pledge and others.
(*3) As of June 30, 2020 and December 31, 2019, ₩108,792 million and ₩109,395 million of equity and other securities, respectively, have been provided as collateral for borrowings, construction projects and others.

7. Inventories

Inventories as of June 30, 2020 and December 31, 2019 are as follows:

(in millions of Won)		June 30, 2020	December 31, 2019
Finished goods	₩	1,610,663	1,655,228
Merchandise		946,938	1,058,874
Semi-finished goods		1,587,368	2,097,289
Raw materials		2,789,427	2,656,341
Fuel and materials		906,740	1,026,133
Construction inventories		848,098	734,649
Materials-in-transit		1,205,936	1,824,044
Others		65,580	83,905
		9,960,750	11,136,463
Less: Allowance for inventories valuation		(217,295)	(216,143)
	₩	9,743,455	10,920,320

The amounts of loss on valuation of inventories recognized in cost of sales during the six-month period ended June 30, 2020 and the year ended December 31, 2019 were ₩129,398 million and ₩96,201 million, respectively.

8. Assets Held for Sale

Details of assets held for sale as of June 30, 2020 and December 31, 2019 are as follows:

(in millions of Won)		June 30, 2020			December 31, 2019		
		The controlling company(*1)	Subsidiaries(*2)	Total	The controlling company(*1)	Subsidiaries	Total
Asset							
Cash and cash equivalents(*3)	₩	-	3,019	3,019	-	374	374
Other financial assets		-	43,734	43,734	-	185	185
Property, plant and equipment		31,705	-	31,705	36,321	32,972	69,293
Others		812	38	850	-	4,306	4,306
	₩	32,517	46,791	79,308	36,321	37,837	74,158
Liability							
Others	₩	-	-	-	-	8	8

(*1) During the year ended December 31, 2019, the Company decided to dispose individual assets for which use was discontinued, such as CEM plants, and classified the assets as held for sale. During the six-month period ended June 30, 2020, the Company recognized ₩5,030 million of impairment loss for the difference between the fair value less costs to sell and the carrying amount of the assets.

(*2) During the six-month period ended June 30, 2020, the Company classified its assets in POSCO Family Strategy Fund, a subsidiary of the Company, as assets held for sale, since it is to be dissolved at its maturity.

(*3) Cash and cash equivalents in the statement of cash flows include cash and cash equivalents that are classified as assets held for sale.

9. Investments in Associates and Joint ventures

(a) Details of investments in associates as of June 30, 2020 and December 31, 2019 are as follows:

(in millions of Won)	June 30, 2020				December 31, 2019
Company	**Number of shares**	**Ownership (%)**	**Acquisition cost**	**Book value**	**Book value**
[Domestic]					
EQP POSCO Global NO1 Natural Resources Private Equity Fund	178,787,468,209	33.41	₩ 178,787	₩ 175,248	175,907
Samcheok Blue Power Co.,Ltd. (Formerly, POSPower Co., Ltd)(*1,2)	4,507,138	34.00	179,410	154,267	161,280
SNNC	18,130,000	49.00	90,650	140,813	142,602
QSONE Co.,Ltd.	200,000	50.00	84,395	85,634	85,887
Chun-cheon Energy Co., Ltd(*1)	17,308,143	49.10	86,541	48,973	56,679
Western Inland highway CO.,LTD.	8,818,236	29.80	44,091	43,552	5,115
Nextrain Co., Ltd.	8,321,920	32.00	41,610	39,932	41,447
Keystone NO. 1. Private Equity Fund	22,523,123	52.58	22,523	19,437	19,438
CHUNGJU ENTERPRISE CITY DEVELOPMENT Co.,Ltd	2,008,000	29.53	10,040	17,250	17,824
Daesung Steel(*3)	108,038	17.54	14,000	15,281	15,375
PCC Amberstone Private Equity Fund 1(*3)	8,670,897,169	8.80	8,671	9,230	9,570
Others (57 companies)(*1)				111,339	114,490
				860,956	845,614
[Foreign]					
South-East Asia Gas Pipeline Company Ltd.	135,219,000	25.04	135,899	229,364	225,933
AES-VCM Mong Duong Power Company Limited(*4)	-	30.00	164,303	181,333	178,892
9404-5515 Quebec Inc. (Formerly, 7623704 Canada Inc.)(*3,5)	114,452,000	10.40	124,341	137,516	131,529
Eureka Moly LLC	-	20.00	240,123	88,505	85,349
AMCI (WA) PTY LTD	49	49.00	209,664	72,662	72,937
NCR LLC	-	29.40	49,744	47,845	46,391
KOREA LNG LTD.	2,400	20.00	135,205	46,582	46,557
Nickel Mining Company SAS	3,234,698	49.00	157,585	38,631	37,940
ZHEJIANG HUAYOU-POSCO ESM CO., LTD	134,400,000	40.00	22,423	22,719	22,356
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd	10,200,000	34.00	9,517	15,411	15,128
PT. Wampu Electric Power(*1)	8,708,400	20.00	10,054	14,556	13,363
PT. Batutua Tembaga Raya	128,285	22.00	21,824	10,274	14,717
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	50	25.00	4,723	7,015	6,755
Others (27 companies)(*1)				103,407	121,048
				1,015,820	1,018,895
				₩ 1,876,776	1,864,509

(*1) As of June 30, 2020 and December 31, 2019, investments in associates amounting to ₩278,999 million and ₩258,754 million, respectively, are provided as collateral in relation to the associates' borrowings.

(*2) During the six-month period ended June 30, 2020, POSPower Co., Ltd changed its name to Samcheok Blue Power Co.,Ltd.

(*3) As of June 30, 2020, it was classified as an associate even though the Company's ownership percentage is less than 20% of ownership percentage since the Company has significant influence over the investee when considering its structure of the Board of Directors and others.

(*4) As of June 30, 2020 and December 31, 2019, shares of PSC Energy Global Co., Ltd., a subsidiary of the Company, are provided as collateral in relation to the associates' borrowings.

(*5) During the six-month period ended June 30, 2020, 7623704 Canada Inc. changed its name to 9404-5515 Quebec Inc.

(b) Details of investments in joint ventures as of June 30, 2020 and December 31, 2019 are as follows:

(in millions of Won)	June 30, 2020				December 31, 2019
Company	**Number of shares**	**Ownership (%)**	**Acquisition cost**	**Book value**	**Book value**
[Domestic]					
POSCO MITSUBISHI CARBON TECHNOLOGY	11,568,000	60.00	₩ 115,680	₩ 150,859	182,648
Others (8 companies)				13,597	10,305
				164,456	192,953
[Foreign]					
Roy Hill Holdings Pty Ltd(*1)	13,117,972	12.50	1,528,672	1,326,394	1,235,682
POSCO-NPS Niobium LLC	325,050,000	50.00	364,609	390,336	376,410
KOBRASCO	2,010,719,185	50.00	32,950	54,813	115,641
BX STEEL POSCO Cold Rolled Sheet Co., Ltd.	-	25.00	61,961	91,406	88,935
DMSA/AMSA(*1,2)	-	4.06	398,970	52,678	12,189
CSP - Compania Siderurgica do Pecem	1,367,314,532	20.00	631,796	-	-
Others (10 companies)				33,813	41,436
				1,949,440	1,870,293
				₩ 2,113,896	2,063,246

(*1) As of June 30, 2020 and December 31, 2019, the investments in joint ventures are provided as collateral in relation to the joint ventures' borrowings.

(*2) All investors of the joint venture have entered into an agreement to extend the due date for loans made to the joint venture as a means of financial support. However, the Company believes the above agreement for financial support is invalid and is currently in arbitration process for annulment. The Company's obligation to provide financial support is currently on hold and may change depending on the result of the arbitration..

(c) The movements of investments in associates and joint ventures for the six-month period ended June 30, 2020 and the year ended December 31, 2019 were as follows:

1) For the six-month period ended June 30, 2020

(in millions of Won)

Company	December 31, 2019 Book value	Acquisition	Dividends	Share of profits (losses)	Other increase (decrease)(*1)	June 30, 2020 Book value
[Domestic]						
EQP POSCO Global NO1 Natural Resources Private Equity Fund	₩ 175,907	-	-	(659)	-	175,248
Samcheok Blue Power Co.,Ltd. (Formerly, POSPower Co., Ltd)(*2)	161,280	-	-	(1,602)	(5,411)	154,267
SNNC	142,602	-	(2,901)	(805)	1,917	140,813
QSONE Co.,Ltd.	85,887	-	(1,140)	887	-	85,634
Chun-cheon Energy Co., Ltd	56,679	-	-	(8,079)	373	48,973
Western Inland highway CO.,LTD.	5,115	38,670	-	(236)	3	43,552
Nextrain Co., Ltd.	41,447	-	-	(1,515)	-	39,932
Keystone NO. 1. Private Equity Fund	19,438	-	-	(1)	-	19,437
CHUNGJU ENTERPRISE CITY DEVELOPMENT Co.,Ltd	17,824	-	-	(574)	-	17,250
Daesung Steel	15,375	-	-	(94)	-	15,281
PCC Amberstone Private Equity Fund 1	9,570	-	(378)	121	(83)	9,230
POSCO MITSUBISHI CARBON TECHNOLOGY	182,648	-	(19,401)	(12,388)	-	150,859
Others (65 companies)	124,795	9,614	(348)	(12,591)	3,466	124,936
	1,038,567	48,284	(24,168)	(37,536)	265	1,025,412
[Foreign]						
South-East Asia Gas Pipeline Company Ltd.	225,933	-	(29,933)	24,736	8,628	229,364
AES-VCM Mong Duong Power Company Limited	178,892	-	(12,753)	19,291	(4,097)	181,333
9404-5515 Quebec Inc. (Formerly, 7623704 Canada Inc.)(*3)	131,529	-	(7,380)	8,163	5,204	137,516
Eureka Moly LLC	85,349	-	-	(7)	3,163	88,505
AMCI (WA) PTY LTD	72,937	-	-	(1,542)	1,267	72,662
NCR LLC	46,391	-	-	(427)	1,881	47,845
KOREA LNG LTD.	46,557	-	(5,331)	5,279	77	46,582
Nickel Mining Company SAS	37,940	-	-	(993)	1,684	38,631
ZHEJIANG HUAYOU-POSCO ESM CO., LTD	22,356	-	-	(168)	531	22,719
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd	15,128	-	-	(142)	425	15,411
PT. Wampu Electric Power	13,363	-	-	707	486	14,556
PT. Batutua Tembaga Raya	14,717	-	-	(4,758)	315	10,274
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	6,755	-	-	(3)	263	7,015
Roy Hill Holdings Pty Ltd	1,235,682	-	-	63,198	27,514	1,326,394
POSCO-NPS Niobium LLC	376,410	-	(4,774)	4,733	13,967	390,336
KOBRASCO	115,641	-	(37,922)	5,832	(28,738)	54,813
BX STEEL POSCO Cold Rolled Sheet Co., Ltd.	88,935	-	-	481	1,990	91,406
DMSA/AMSA	12,189	52,692	-	(14,279)	2,076	52,678
CSP - Compania Siderurgica do Pecem	-	37,623	-	(42,126)	4,503	-
Others (37 companies)	162,484	-	(10,329)	(10,305)	(4,630)	137,220
	2,889,188	90,315	(108,422)	57,670	36,509	2,965,260
	₩ 3,927,755	138,599	(132,590)	20,134	36,774	3,990,672

(*1) Other increase or decrease represents the changes in investments in associates and joint ventures due to disposals and change in capital adjustments effect from translations of financial statements of foreign investees and others.

(*2) During the six-month period ended June 30, 2020, POSPower Co., Ltd changed its name to Samcheok Blue Power Co.,Ltd.

(*3) During the six-month period ended June 30, 2020, 7623704 Canada Inc. changed its name to 9404-5515 Quebec Inc.

2) For the year ended December 31, 2019

(in millions of Won)

Company		December 31, 2018 Book value	Acquisition	Dividends	Share of profits (losses)	Other increase (decrease)(*1)	December 31, 2019 Book value
[Domestic]							
EQP POSCO Global NO1 Natural Resources Private Equity Fund	₩	174,123	-	-	(976)	2,760	175,907
Samcheok Blue Power Co.,Ltd. (Formerly, POSPower Co., Ltd)(*2)		161,477	-	-	(4,744)	4,547	161,280
SNNC		116,922	-	(1,450)	27,655	(525)	142,602
QSONE Co.,Ltd.		85,550	-	(950)	1,287	-	85,887
Chun-cheon Energy Co., Ltd		62,478	6,050	-	(11,849)	-	56,679
Western Inland highway CO.,LTD.		1,494	3,752	-	(167)	36	5,115
Nextrain Co., Ltd.		10	41,600	-	(163)	-	41,447
Keystone NO. 1. Private Equity Fund		11,183	8,723	-	(342)	(126)	19,438
CHUNGJU ENTERPRISE CITY DEVELOPMENT Co.,Ltd		17,382	-	-	442	-	17,824
Daesung Steel		15,644	-	-	(269)	-	15,375
PCC Amberstone Private Equity Fund 1		9,693	-	(723)	1,079	(479)	9,570
POSCO MITSUBISHI CARBON TECHNOLOGY		180,192	-	(16,369)	19,377	(552)	182,648
Others (62 companies)		143,578	27,221	(669)	(24,448)	(20,887)	124,795
		979,726	87,346	(20,161)	6,882	(15,226)	1,038,567
[Foreign]							
South-East Asia Gas Pipeline Company Ltd.		179,459	-	(24,267)	63,749	6,992	225,933
AES-VCM Mong Duong Power Company Limited		209,936	-	(18,099)	24,126	(37,071)	178,892
9404-5515 Quebec Inc. (Formerly, 7623704 Canada Inc.)(*3)		126,885	-	(9,902)	9,912	4,634	131,529
Eureka Moly LLC		82,447	-	-	(25)	2,927	85,349
AMCI (WA) PTY LTD		71,086	-	-	(4,377)	6,228	72,937
NCR LLC		37,602	9,605	-	(822)	6	46,391
KOREA LNG LTD.		43,554	-	(13,404)	13,501	2,906	46,557
Nickel Mining Company SAS		41,712	-	-	(4,250)	478	37,940
ZHEJIANG HUAYOU-POSCO ESM CO., LTD		-	22,423	-	61	(128)	22,356
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd		14,796	-	-	10	322	15,128
PT. Wampu Electric Power		14,120	-	-	(1,247)	490	13,363
PT. Batutua Tembaga Raya		20,479	-	-	(6,209)	447	14,717
POSCO SeAH Steel Wire(Nantong) Co., Ltd.		6,478	-	-	80	197	6,755
Roy Hill Holdings Pty Ltd		1,041,600	-	-	158,562	35,520	1,235,682
POSCO-NPS Niobium LLC		363,506	-	(24,933)	24,543	13,294	376,410
KOBRASCO		133,449	-	(74,716)	56,474	434	115,641
BX STEEL POSCO Cold Rolled Sheet Co., Ltd.		88,391	-	(1,574)	665	1,453	88,935
DMSA/AMSA		26,709	23,682	-	(40,415)	2,213	12,189
CSP - Compania Siderurgica do Pecem		24,832	35,352	-	(57,647)	(2,537)	-
Others (38 companies)		143,236	552	(19,430)	30,168	7,958	162,484
		2,670,277	91,614	(186,325)	266,859	46,763	2,889,188
	₩	3,650,003	178,960	(206,486)	273,741	31,537	3,927,755

(*1) Other increase or decrease represents the changes in investments in associates and joint ventures due to disposals and change in capital adjustments effect from translations of financial statements of foreign investees and others.

(*2) During the six-month period ended June 30, 2020, POSPower Co., Ltd changed its name to Samcheok Blue Power Co.,Ltd.

(*3) During the six-month period ended June 30, 2020, 7623704 Canada Inc. changed its name to 9404-5515 Quebec Inc.

(d) Summarized financial information of associates and joint ventures as of and for the six-month period ended June 30, 2020 and the year ended December 31, 2019 are as follows:

1) June 30, 2020

(in millions of Won)

Company		Assets	Liabilities	Equity (deficit)	Sales	Net income (loss)
[Domestic]						
EQP POSCO Global NO1 Natural Resources Private Equity Fund	₩	514,469	570	513,899	-	(1,974)
Samcheok Blue Power Co.,Ltd. (Formerly, POSPower Co., Ltd)(*1)		956,378	467,794	488,584	-	(2,705)
SNNC		534,166	230,490	303,676	299,820	(10,070)
QSONE Co.,Ltd.		249,626	78,357	171,269	8,366	1,774
Chun-cheon Energy Co., Ltd		613,715	513,012	100,703	126,067	(16,766)
Western Inland highway CO.,LTD.		155,127	9,847	145,280	-	(791)
Nextrain Co., Ltd.		139,400	11,758	127,642	-	(1,239)
Keystone NO. 1. Private Equity Fund		184,366	135,430	48,936	9,678	119
CHUNGJU ENTERPRISE CITY DEVELOPMENT Co.,Ltd		53,271	25,168	28,103	4,197	(1,944)
Daesung Steel		168,164	112,428	55,736	37,567	(532)
PCC Amberstone Private Equity Fund 1		104,936	4	104,932	6,379	1,377
POSCO MITSUBISHI CARBON TECHNOLOGY		439,971	188,618	251,353	54,254	(20,022)
[Foreign]						
South-East Asia Gas Pipeline Company Ltd.		1,784,195	868,215	915,980	229,933	98,785
9404-5515 Quebec Inc. (Formerly, 7623704 Canada Inc.)(*2)		1,334,428	3	1,334,425	-	78,489
KOREA LNG LTD.		233,268	356	232,912	27,403	26,394
Nickel Mining Company SAS		493,816	361,745	132,071	98,514	(13,569)
ZHEJIANG HUAYOU-POSCO ESM CO., LTD		74,173	17,554	56,619	96	(546)
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd		71,036	20,083	50,953	44,913	(419)
PT. Wampu Electric Power		229,179	159,480	69,699	9,627	3,537
PT. Batutua Tembaga Raya		429,571	419,014	10,557	30,787	(22,099)
POSCO SeAH Steel Wire(Nantong) Co., Ltd.		62,771	34,263	28,508	31,476	(9)
Roy Hill Holdings Pty Ltd		8,129,371	1,917,673	6,211,698	1,949,870	666,933
POSCO-NPS Niobium LLC		780,468	-	780,468	-	9,465
KOBRASCO		156,151	46,526	109,625	20,991	11,663
BX STEEL POSCO Cold Rolled Sheet Co., Ltd.		960,840	622,080	338,760	596,986	2,617
DMSA/AMSA		5,720,392	3,288,368	2,432,024	219,424	(356,736)
CSP - Compania Siderurgica do Pecem		3,001,764	4,148,534	(1,146,770)	669,786	(1,213,081)

(*1) During the six-month period ended June 30, 2020, POSPower Co., Ltd changed its name to Samcheok Blue Power Co.,Ltd.

(*2) During the six-month period ended June 30, 2020, 7623704 Canada Inc. changed its name to 9404-5515 Quebec Inc.

2) December 31, 2019

(in millions of Won)

Company		Assets	Liabilities	Equity (deficit)	Sales	Net income (loss)
[Domestic]						
EQP POSCO Global NO1 Natural Resources Private Equity Fund	₩	516,659	786	515,873	-	7,479
Samcheok Blue Power Co.,Ltd. (Formerly, POSPower Co., Ltd)(*1)		707,051	199,846	507,205	-	(5,294)
SNNC		677,508	357,843	319,665	738,977	63,269
QSONE Co.,Ltd.		250,364	78,589	171,775	17,591	2,576
Chun-cheon Energy Co., Ltd		610,089	492,620	117,469	313,438	(24,677)
Western Inland highway CO.,LTD.		21,980	5,165	16,815	-	(528)
Nextrain Co., Ltd.		136,203	7,322	128,881	-	(509)
Keystone NO. 1. Private Equity Fund		187,156	138,219	48,937	18,342	(887)
CHUNGJU ENTERPRISE CITY DEVELOPMENT Co.,Ltd		53,019	22,971	30,048	17,824	1,497
Daesung Steel		164,708	108,441	56,267	85,537	(1,536)
PCC Amberstone Private Equity Fund 1		108,797	5	108,792	14,787	12,280
POSCO MITSUBISHI CARBON TECHNOLOGY		474,387	170,678	303,709	216,648	32,334
[Foreign]						
South-East Asia Gas Pipeline Company Ltd.		1,808,529	906,254	902,275	555,075	254,582
9404-5515 Quebec Inc. (Formerly, 7623704 Canada Inc.)(*2)		1,276,857	1	1,276,856	-	95,306
KOREA LNG LTD.		232,935	147	232,788	69,577	67,507
Nickel Mining Company SAS		471,377	331,194	140,183	245,509	2,432
ZHEJIANG HUAYOU-POSCO ESM CO., LTD		73,604	17,765	55,839	641	153
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd		65,413	15,232	50,181	101,101	28
PT. Wampu Electric Power		222,266	158,451	63,815	18,163	(6,233)
PT. Batutua Tembaga Raya		423,608	392,226	31,382	112,568	(28,360)
POSCO SeAH Steel Wire(Nantong) Co., Ltd.		61,847	33,989	27,858	77,371	327
Roy Hill Holdings Pty Ltd		11,143,705	5,718,152	5,425,553	5,037,471	1,660,577
POSCO-NPS Niobium LLC		752,617	-	752,617	-	47,521
KOBRASCO		268,139	36,857	231,282	167,022	112,949
BX STEEL POSCO Cold Rolled Sheet Co., Ltd.		969,280	637,478	331,802	1,145,794	1,704
DMSA/AMSA		5,703,501	4,202,704	1,500,797	638,797	(504,077)
CSP - Compania Siderurgica do Pecem		3,959,365	4,249,083	(289,718)	1,623,843	(465,853)

(*1) During the six-month period ended June 30, 2020, POSPower Co., Ltd changed its name to Samcheok Blue Power Co.,Ltd.

(*2) During the six-month period ended June 30, 2020, 7623704 Canada Inc. changed its name to 9404-5515 Quebec Inc.

10. Joint Operations

Details of significant joint operations that the Company is participating in as a party to a joint arrangement as of June 30, 2020 are as follows:

Joint operations	Operation	Ownership (%)	Location
Myanmar A-1/A-3 mine	Mine development and gas production	51.00	Myanmar
Offshore Midstream	Gas transportation facility	51.00	Myanmar
Greenhills Mine	Mine development	20.00	Canada
Arctos Anthracite Coal Project	Mine development	50.00	Canada
Mt. Thorley J/V	Mine development	20.00	Australia
POSMAC J/V	Mine development	20.00	Australia
RUM J/V	Mine development	10.00	Australia
Hanam-Gamil package public housing project	Construction	7.70	Korea
Hanam-Gamil district B6, C2, C3 Block public housing lot development project	Construction	27.00	Korea
Yangsan-Sasong district public housing project(private-participation)	Construction	13.08	Korea
Yangsan-Sasong district public housing project	Construction	49.00	Korea
Sejong 2-1 P3 Block public housing project	Construction	37.00	Korea
Yongin-Giheung Station area city development project	Construction	61.00	Korea
Korean wave world complex land multi-purpose building development project	Construction	33.30	Korea
Sejong 4-1 P3 Block public housing project	Construction	60.00	Korea

11. Investment Property, Net

Changes in the carrying amount of investment property for the six-month period ended June 30, 2020 and the year ended December 31, 2019 were as follows:

(a) For the six-month period ended June 30, 2020

(in millions of Won)		Beginning	Acquisitions	Disposals	Depreciation	Others(*1)	Ending
Land	₩	278,465	2,814	(183)	-	(3,920)	277,176
Buildings		598,159	3,316	-	(12,771)	9,220	597,924
Structures		1,178	-	-	(306)	293	1,165
Right-of-use assets		425	-	(56)	(5)	11	375
	₩	878,227	6,130	(239)	(13,082)	5,604	876,640

(*1) Includes reclassifications resulting from changing purpose of use, adjustments of foreign currency translation differences, and others.

(b) For the year ended December 31, 2019

(in millions of Won)		Beginning	Acquisitions	Disposals	Depreciation(*1)	Others(*2)	Ending
Land	₩	278,585	-	(5,921)	-	5,801	278,465
Buildings		571,335	1,548	(5,343)	(52,416)	83,035	598,159
Structures		1,408	-	(50)	(625)	445	1,178
Right-of-use assets		-	-	-	-	425	425
Construction-in-progress		77,287	18,644	-	-	(95,931)	-
	₩	928,615	20,192	(11,314)	(53,041)	(6,225)	878,227

(*1) Includes impairment loss on investment property recognized in relation to the office for rent of POSCO(Dalian) IT Center Development Co., Ltd. amounting to ₩32,642 million.

(*2) Includes reclassifications resulting from changing purpose of use, adjustments of foreign currency translation differences, and others.

12. Property, Plant and Equipment, Net

(a) Changes in the carrying amount of property, plant and equipment for the six-month period ended June 30, 2020 and the year ended December 31, 2019 were as follows:

1) For the six-month period ended June 30, 2020

(in millions of Won)		Beginning	Acquisitions	Disposals	Depreciation	Impairment loss(*1)	Others(*2)	Ending
Land	₩	2,526,059	19,576	(1,782)	-	-	21,463	2,565,316
Buildings		4,215,454	19,831	(3,225)	(160,142)	(288)	207,998	4,279,628
Structures		2,904,506	76,180	(1,159)	(112,306)	(860)	130,812	2,997,173
Machinery and equipment		17,218,264	93,823	(12,741)	(1,131,809)	(7,211)	892,608	17,052,934
Vehicles		32,285	2,733	(520)	(7,137)	-	4,420	31,781
Tools		70,751	9,055	(47)	(15,076)	(9)	7,226	71,900
Furniture and fixtures		130,132	8,243	(2,564)	(18,449)	(530)	11,617	128,449
Lease assets		774,582	64,799	(4,188)	(93,337)	-	152,525	894,381
Bearer plants		124,193	-	-	(3,699)	-	29,440	149,934
Construction-in-progress		1,929,747	1,323,967	(8,962)	-	(12,502)	(1,241,869)	1,990,381
	₩	29,925,973	1,618,207	(35,188)	(1,541,955)	(21,400)	216,240	30,161,877

(*1) The Company estimated recoverable amount for individual assets that ceased operations due to the disposal plan and others at fair value less costs to sell based on sale price or scrap value and recognized impairment loss since recoverable amounts are less than their carrying amounts as of June 30, 2020. In addition, during the six-month period ended June 30, 2020, the Company recognized impairment loss on certain assets due to damage from fire.

(*2) Represents assets transferred from construction-in-progress to intangible assets and other property, plant and equipment, reclassifications resulting from changing purpose of use, adjustments of foreign currency translation differences and others.

2) For the year ended December 31, 2019

(in millions of Won)		Beginning	Acquisitions	Business Combination	Disposals	Depreciation	Impairment loss(*1,2)	Others(*3)	Ending
Land	₩	2,548,002	6,550	-	(2,128)	-	-	(26,365)	2,526,059
Buildings		4,402,452	39,551	22,836	(10,376)	(314,107)	(90,036)	165,134	4,215,454
Structures		2,917,924	49,931	2	(3,350)	(228,616)	(27,217)	195,832	2,904,506
Machinery and equipment		18,518,129	175,743	1,216	(78,236)	(2,250,022)	(309,604)	1,161,038	17,218,264
Vehicles		31,341	8,027	189	(742)	(15,057)	(559)	9,086	32,285
Tools		66,164	19,178	5,792	(1,340)	(28,537)	(2,106)	11,600	70,751
Furniture and fixtures		136,287	34,618	252	(1,630)	(36,309)	(1,808)	(1,278)	130,132
Lease assets(*4)		137,564	72,640	490	(8,401)	(130,905)	-	703,194	774,582
Bearer plants		80,771	-	-	-	(5,916)	-	49,338	124,193
Construction-in-progress		1,179,639	2,261,663	17,697	(24,840)	-	(10,150)	(1,494,262)	1,929,747
	₩	30,018,273	2,667,901	48,474	(131,043)	(3,009,469)	(441,480)	773,317	29,925,973

(*1) The Company estimated recoverable amount for individual assets related to CEM and Fe-Si factories, etc. that ceased operations due to the disposal plan and others using fair value less costs to sell based on the appraisal value or scrap value. The Company recognized impairment losses of ₩205,396 million since recoverable amounts are less than their carrying amounts.

(*2) As of December 31, 2019, POSCO YAMATO VINA STEEL JOINT STOCK COMPANY (formerly, POSCO SS VINA JOINT STOCK COMPANY), a subsidiary, performed the impairment test due to the consecutive operating losses and recognized impairment losses amounting to ₩204,546 million.

(*3) Represents assets transferred from construction-in-progress to intangible assets and other property, plant and equipment, reclassifications resulting from changing purpose of use, adjustments of foreign currency translation differences and others.

(*4) On the date of initial application of K-IFRS No.1116 (January 1, 2019), recognition of ₩704,458 million of right-of-use assets is included in others.

(b) Information on lease agreements for which the Company is a lessee is as follows:

1) Right-of-use assets

① Changes in the carrying amount of right of use assets presented as investment property and property, plant and equipment for the six-month period ended June 30, 2020 were as follows:

(in millions of Won)		Beginning	Acquisitions	Depreciation	Others	Ending
Land	₩	341,767	7,776	(10,736)	14,887	353,694
Buildings and structures		171,112	33,828	(22,243)	(4,684)	178,013
Machinery and equipment		215,828	10,100	(29,462)	929	197,395
Vehicles		14,105	2,849	(5,071)	1,220	13,103
Ships		24,082	111,537	(13,826)	-	121,793
Others		8,113	10,246	(12,004)	24,403	30,758
	₩	775,007	176,336	(93,342)	36,755	894,756

② Changes in the carrying amount of right of use assets presented as investment property and property, plant and equipment for the year ended December 31, 2019 were as follows:

(in millions of Won)		The date of initial application (January 1, 2019)	Acquisitions	Depreciation	Others	Ending
Land	₩	340,107	22,850	(11,461)	(9,729)	341,767
Buildings and structures		209,455	23,015	(38,853)	(22,505)	171,112
Machinery and equipment		219,877	14,610	(33,751)	15,092	215,828
Vehicles		20,555	8,735	(10,050)	(5,135)	14,105
Ships		26,499	-	(2,417)	-	24,082
Others		25,529	3,430	(34,373)	13,527	8,113
	₩	842,022	72,640	(130,905)	(8,750)	775,007

2) The amounts recognized in profit or loss related to leases for the three-month and six-month periods ended June 30, 2020 and 2019 were as follows:

		For the three-month periods ended June 30		For the six-month periods ended June 30	
(in millions of Won)		2020	2019	2020	2019
Interest on lease liabilities	₩	8,822	8,825	17,830	17,973
Expenses relating to short-term leases		3,845	10,248	8,850	21,786
Expenses relating to leases of low-value assets		3,595	3,641	7,924	8,637
	₩	16,262	22,714	34,604	48,396

13. Goodwill and Other Intangible Assets, Net

Changes in the carrying amount of goodwill and other intangible assets for the six-month period ended June 30, 2020 and the year ended December 31, 2019 were as follows:

(a) For the six-month period ended June 30, 2020

(in millions of Won)		Beginning	Acquisitions	Disposals	Amortization	Impairment loss	Others(*2)	Ending
Goodwill	₩	1,097,809	-	-	-	(761)	(1,042)	1,096,006
Intellectual property rights		2,279,210	82,752	(1,360)	(143,884)	-	21,574	2,238,292
Membership(*1)		148,078	293	(5,221)	(100)	(178)	(28)	142,844
Development expense		94,339	344	-	(24,227)	-	11,042	81,498
Port facilities usage rights		281,398	-	-	(22,549)	-	148	258,997
Exploratation and evaluation assets		77,271	7,357	-	-	-	(31,627)	53,001
Customer relationships		374,875	-	-	(22,239)	-	14	352,650
Other intangible assets		555,493	109,816	(61,398)	(17,395)	-	(14,427)	572,089
	₩	4,908,473	200,562	(67,979)	(230,394)	(939)	(14,346)	4,795,377

(*1) Economic useful life of membership is indefinite.
(*2) Represents assets transferred from construction-in-progress to intangible assets and assets transferred from property, plant and equipment, adjustments of foreign currency translation difference and others.

(b) For the year ended December 31, 2019

(in millions of Won)		Beginning	Acquisitions	Business Combination	Disposals	Amortization	Impairment loss(*2)	Others(*3)	Ending
Goodwill	₩	1,125,149	-	26,256	-	-	(55,445)	1,849	1,097,809
Intellectual property rights		2,399,525	127,479	-	(6,566)	(271,694)	(2)	30,468	2,279,210
Membership(*1)		134,793	15,636	-	(3,326)	(181)	24	1,132	148,078
Development expense		99,163	4,484	-	(35)	(44,418)	(666)	35,811	94,339
Port facilities usage rights		305,081	-	-	(4,674)	(22,923)	-	3,914	281,398
Exploratation and evaluation assets		192,130	9,642	-	-	-	(123,888)	(613)	77,271
Customer relationships		421,773	-	-	-	(51,768)	-	4,870	374,875
Other intangible assets		493,211	141,578	74	(10,718)	(40,263)	(10,111)	(18,278)	555,493
	₩	5,170,825	298,819	26,330	(25,319)	(431,247)	(190,088)	59,153	4,908,473

(*1) Economic useful life of membership is indefinite.
(*2) In connection with exploration and evaluation of the AD-7 block in Myanmar, POSCO INTERNATIONAL Corporation failed to find economic gas. The Company recognized impairment loss of ₩118,140 million for the excess of the carrying amounts of related assets over the special energy loan which may be forgiven the case of project failure.
(*3) Represents assets transferred from construction-in-progress to intangible assets and assets transferred from property, plant and equipment, adjustments of foreign currency translation difference and others.

14. Other Assets

Other assets as of June 30, 2020 and December 31, 2019 are as follows:

(in millions of Won)		June 30, 2020	December 31, 2019
Current			
Advance payments	₩	409,503	453,538
Prepaid expenses		290,506	145,834
Firm commitment assets		15,943	17,490
Others		14,717	14,315
	₩	730,669	631,177
Non-current			
Long-term advance payments	₩	21,884	21,950
Long-term prepaid expenses		81,077	41,256
Others(*1)		172,742	262,035
	₩	275,703	325,241

(*1) As of June 30, 2020 and December 31, 2019, the Company recognized tax assets amounting to ₩128,472 million and ₩213,071 million, respectively, based on the Company's best estimate of the income tax amounts to be refunded when the result of the Company's appeal in connection with the additional income tax payment in prior years' tax audits and claim for rectification are finalized.

15. Borrowings

(a) Short-term borrowings and current portion of long-term borrowings as of June 30, 2020 and December 31, 2019 are as follows:

(in millions of Won)

	Lenders	Interest rate (%)		June 30, 2020	December 31, 2019
Short-term borrowings					
Bank overdrafts	JP Morgan and others	0.20 ~ 8.00	₩	207,799	159,075
Short-term borrowings	HSBC and others	0.21 ~ 9.75		6,335,935	5,327,258
				6,543,734	5,486,333
Current portion of long-term liabilities					
Current portion of long-term borrowings	Export-Import Bank of Korea and others	0.40 ~ 6.60		1,228,321	1,491,934
Current portion of debentures	The Goldman Sachs Group, Inc. and others	1.88 ~ 5.25		2,906,980	1,571,194
Less: Current portion of discount on debentures issued				(2,057)	(1,249)
				4,133,244	3,061,879
			₩	10,676,978	8,548,212

(b) Long-term borrowings, excluding current portion as of June 30, 2020 and December 31, 2019 are as follows:

(in millions of Won)

	Lenders	Interest rate (%)		June 30, 2020	December 31, 2019
Long-term borrowings	Export-Import Bank of Korea and others	0.19 ~ 8.50	₩	3,969,138	3,827,152
Less: Present value discount				(21,196)	(24,374)
Bonds	KB SECURITIES CO., LTD. and others	0.50 ~ 4.12		9,508,419	8,124,194
Less: Discount on debentures issued				(44,552)	(33,571)
			₩	13,411,809	11,893,401

(c) Assets pledged as collateral in regards to the borrowings as of June 30, 2020 are as follows:

(in millions of Won)	Lenders		Book value	Pledged amount
Cash and cash equivalents	Sinhan Bank and others	₩	23,928	24,228
Property, plant and equipment and Investment property	Korea Development Bank and others		4,842,765	5,343,459
Trade accounts and notes receivable	Korea Development Bank and others		46,971	44,737
Inventories	Export-Import Bank of Korea and others		99,613	12,650
Financial instruments	KOOKMIN BANK and others		42,739	41,539
		₩	5,056,016	5,466,613

16. Other Payables

Other payables as of June 30, 2020 and December 31, 2019 are as follows:

(in millions of Won)		June 30, 2020	December 31, 2019
Current			
Accounts payable	₩	697,924	832,845
Accrued expenses		680,361	742,370
Dividend payable		3,318	3,106
Lease liabilities		235,187	149,176
Withholdings		138,435	152,011
	₩	1,755,225	1,879,508
Non-current			
Accounts payable	₩	6,359	2,718
Accrued expenses		3,971	4,805
Lease liabilities		549,519	526,294
Long-term withholdings		53,552	51,312
	₩	613,401	585,129

17. Other Financial Liabilities

Other financial liabilities as of June 30, 2020 and December 31, 2019 are as follows:

(in millions of Won)		June 30, 2020	December 31, 2019
Current			
Derivative liabilities	₩	54,003	28,021
Financial guarantee liabilities		53,759	49,806
	₩	107,762	77,827
Non-current			
Derivative liabilities	₩	13,097	17,033
Financial guarantee liabilities		4,127	14,461
	₩	17,224	31,494

18. Provisions

(a) Provisions as of June 30, 2020 and December 31, 2019 are as follows:

(in millions of Won)		June 30, 2020		December 31, 2019	
		Current	Non-current	Current	Non-current
Provision for bonus payments	₩	54,201	37,240	76,432	47,237
Provision for construction warranties		6,698	176,863	7,655	162,773
Provision for legal contingencies and claims(*1)		5,544	67,363	6,996	77,488
Provision for the restoration(*2)		5,072	81,252	6,783	80,520
Others(*3,*4)		220,922	86,023	262,629	90,136
	₩	292,437	448,741	360,495	458,154

(*1) The Company recognized probable outflow of resources amounting to ₩46,785 million and ₩54,228 million as provisions for legal contingencies and asserted claim in relation to lawsuits against the Company as of June 30, 2020 and December 31, 2019, respectively.

(*2) Due to contamination of lands near the Company's magnesium smelting plant located in Gangneung province and others, the Company recognized present values of estimated costs for recovery, ₩19,989 million as provisions for restoration as of June 30, 2020. In order to determine the estimated costs, the Company has assumed that it would use all of technologies and materials available currently to restore the land to its original condition. In addition, the Company has applied a discount rate of 1.45%~1.60% to measure present value of these costs.

(*3) As of June 30, 2020 and December 31, 2019, POSCO ENERGY CO., LTD., and Korea Fuel Cell recognized ₩79,934 million and ₩178,959 million of provisions for warranties, respectively, for the service contract on fuel cell based on its estimate of probable outflow of resources.

(*4) As of June 30, 2020, the Company has recognized emission liabilities of ₩61,718 million for greenhouse gas emissions in excess of the quantity of free quota emission rights received, which is expected to be submitted.

(b) Changes in provisions for the six-month period ended June 30, 2020 and the year ended December 31, 2019 were as follows:

1) For the six-month period ended June 30, 2020

(in millions of Won)		Beginning	Increase	Utilization	Reversal	Others(*1)	Ending
Provision for bonus payments	₩	123,669	38,770	(74,528)	(1,393)	4,923	91,441
Provision for construction warranties		170,428	27,046	(11,063)	(2,358)	(492)	183,561
Provision for legal contingencies and claims		84,484	2,085	(12,893)	(1,005)	236	72,907
Provision for the restoration		87,303	12,179	(4,294)	(14,555)	5,691	86,324
Others		352,765	73,631	(72,263)	(77,867)	30,679	306,945
	₩	818,649	153,711	(175,041)	(97,178)	41,037	741,178

(*1) Includes adjustments of foreign currency translation differences and others.

2) For the year ended December 31, 2019

(in millions of Won)		Beginning	Increase	Utilization	Reversal	Others(*1)	Ending
Provision for bonus payments	₩	73,478	122,714	(86,084)	(3,077)	16,638	123,669
Provision for construction warranties		142,233	53,203	(22,858)	(3,444)	1,294	170,428
Provision for legal contingencies and claims		111,150	26,407	(37,087)	(18,098)	2,112	84,484
Provision for the restoration		89,168	23,559	(13,411)	(14,379)	2,366	87,303
Others		316,287	95,747	(38,260)	(86,458)	65,449	352,765
	₩	732,316	321,630	(197,700)	(125,456)	87,859	818,649

(*1) Includes adjustments of foreign currency translation differences and others.

19. Employee Benefits

(a) Defined contribution plans

The expenses related to post-employment benefit plans under defined contribution plans for the three-month and six-month periods ended June 30, 2020 and 2019 were as follows:

(in millions of Won)		For the three-month periods ended June 30		For the six-month periods ended June 30	
		2020	2019	2020	2019
Expenses related to post-employment benefit plans under defined contribution plans	₩	11,845	11,530	25,047	24,058

(b) Defined benefit plan

1) The amounts recognized in relation to net defined benefit liabilities in the statements of financial position as of June 30, 2020 and December 31, 2019 are as follows:

(in millions of Won)		June 30, 2020	December 31, 2019
Present value of funded obligations	₩	2,422,616	2,416,203
Fair value of plan assets(*1)		(2,234,092)	(2,255,149)
Present value of non-funded obligations		20,968	15,677
Net defined benefit liabilities	₩	209,492	176,731

(*1) As of June 30, 2020 and December 31, 2019, the Company recognized net defined benefit assets amounting to ₩13,445 million and ₩4,280 million respectively, since there are consolidated entities whose fair value of plan assets exceeded the present value of defined benefit obligations.

2) Changes in present value of defined benefit obligations for the six-month period ended June 30, 2020 and the year ended December 31, 2019 were as follows:

(in millions of Won)		June 30, 2020	December 31, 2019
Defined benefit obligation at the beginning of period	₩	2,431,880	2,137,161
Current service costs		122,511	236,735
Interest costs		23,630	51,900
Remeasurements		4,252	152,713
Benefits paid		(146,492)	(152,275)
Others		7,803	5,646
Defined benefit obligation at the end of period	₩	2,443,584	2,431,880

3) Changes in fair value of plan assets for the six-month period ended June 30, 2020 and the year ended December 31, 2019 were as follows:

(in millions of Won)		June 30, 2020	December 31, 2019
Fair value of plan assets at the beginning of period	₩	2,255,149	1,997,717
Interest on plan assets		22,152	48,210
Remeasurement of plan assets		20	(8,692)
Contributions to plan assets		88,297	342,915
Benefits paid		(136,625)	(124,962)
Others		5,099	(39)
Fair value of plan assets at the end of period	₩	2,234,092	2,255,149

4) The amounts recognized in condensed consolidated interim statements of comprehensive income for the three-month and six-month periods ended June 30, 2020 and 2019 were as follows:

		For the three-month periods ended June 30		For the six-month periods ended June 30	
(in millions of Won)		2020	2019	2020	2019
Current service costs	₩	61,202	56,060	122,511	114,990
Net interest costs		179	1,138	1,478	2,235
	₩	61,381	57,198	123,989	117,225

20. Other Liabilities

Other liabilities as of June 30, 2020 and December 31, 2019 are as follows:

(in millions of Won)		June 30, 2020	December 31, 2019
Current			
Due to customers for contract work	₩	779,829	676,054
Advances received		488,475	487,526
Unearned revenue		85,027	61,795
Withholdings		418,805	388,486
Firm commitment liabilities		6,965	15,637
Others		12,123	8,604
	₩	1,791,224	1,638,102
Non-current			
Unearned revenue	₩	18,675	27,161
Others		23,329	52,349
	₩	42,004	79,510

21. Financial Instruments

(a) Classification and fair value of financial instruments

1) The carrying amount and fair values of financial assets and financial liabilities by fair value hierarchy as of June 30, 2020 and December 31, 2019 are as follows

① June 30, 2020

			Fair value			
(in millions of Won)		**Book value**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets						
Fair value through profit or loss						
Derivative assets	₩	322,743	-	322,743	-	322,743
Short-term financial instruments		7,421,262	-	7,421,262	-	7,421,262
Debt securities		19,183	-	-	19,183	19,183
Other securities		311,402	7,743	1,145	302,514	311,402
Other receivables		2,000	-	-	2,000	2,000
Derivative hedging instruments(*2)		12,829	-	12,829	-	12,829
Fair value through other comprehensive income						
Equity securities		1,017,957	540,552	-	477,405	1,017,957
Debt securities		1,706	-	-	1,706	1,706
Financial assets measured at amortized cost(*1)						
Cash and cash equivalents		6,038,266	-	-	-	-
Trade accounts and notes receivable		7,542,447	-	-	-	-
Other receivables		2,282,860	-	-	-	-
Debt securities		688,921	-	-	-	-
Deposit instruments		2,796,499	-	-	-	-
	₩	28,458,075	548,295	7,757,979	802,808	9,109,082
Financial liabilities						
Fair value through profit or loss						
Derivative liabilities	₩	41,410	-	41,410	-	41,410
Derivative hedging instruments(*2)		25,690	-	25,690	-	25,690
Financial liabilities measured at amortized cost(*1)						
Trade accounts and notes payable		3,286,583	-	-	-	-
Borrowings		24,088,787	-	24,394,275	-	24,394,275
Financial guarantee liabilities		57,886	-	-	-	-
Others		2,257,530	-	-	-	-
	₩	29,757,886	-	24,461,375	-	24,461,375

(*1) Fair value of financial assets and liabilities measured at amortized cost except borrowings approximates their carrying amounts.

(*2) The Company applies hedge accounting which uses forward contracts as hedging instruments in order to hedge the risk of changes in fair value of product prices regarding firm commitments or purchase commitments. Also, the Company applies cash flow hedge accounting which uses currency swap as hedging instruments in order to hedge the risk of changes in foreign currency which influences cash flow from borrowings.

② December 31, 2019

(in millions of Won)		Book value	Fair value Level 1	Level 2	Level 3	Total
Financial assets						
Fair value through profit or loss						
Derivative assets	₩	106,104	-	106,104	-	106,104
Short-term financial instruments		6,861,242	-	6,861,242	-	6,861,242
Debt securities		28,087	-	-	28,087	28,087
Other securities		340,008	1,222	3,330	335,456	340,008
Other receivables		2,000	-	-	2,000	2,000
Derivative hedging instruments		6,174	-	6,174	-	6,174
Fair value through other comprehensive income						
Equity securities		1,204,902	782,108	73	422,721	1,204,902
Debt securities		5,686	-	-	5,686	5,686
Financial assets measured at amortized cost(*1)						
Cash and cash equivalents		3,514,872	-	-	-	-
Trade accounts and notes receivable		8,214,459	-	-	-	-
Other receivables		2,193,700	-	-	-	-
Debt securities		334,153	-	-	-	-
Deposit instruments		1,779,082	-	-	-	-
	₩	24,590,469	783,330	6,976,923	793,950	8,554,203
Financial liabilities						
Fair value through profit or loss						
Derivative liabilities	₩	32,193	-	32,193	-	32,193
Derivative hedging instruments		12,861	-	12,861	-	12,861
Financial liabilities measured at amortized cost(*1)						
Trade accounts and notes payable		3,442,989	-	-	-	-
Borrowings		20,441,613	-	20,666,476	-	20,666,476
Financial guarantee liabilities		64,267	-	-	-	-
Others		2,401,382	-	-	-	-
	₩	26,395,305	-	20,711,530	-	20,711,530

(*1) Fair value of financial assets and liabilities measured at amortized cost except borrowings approximates their carrying amounts.

2) Finance income and costs by category of financial instrument for the six-month periods ended June 30, 2020 and 2019 were as follows:

① For the six-month period ended June 30, 2020

(in millions of Won)		Finance income and costs						
		Interest income (expense)	Gain and loss on valuation	Gain and loss on foreign currency	Gain and loss on disposal	Others	Total	Other comprehensive loss
Financial assets at fair value through profit or loss	₩	82,003	7,804	-	2,854	998	93,659	-
Derivatives assets		-	264,487	-	138,177	-	402,664	-
Financial assets at fair value through other comprehensive income		-	-	-	-	25,568	25,568	(165,966)
Financial assets measured at amortized cost		121,999	-	296,873	(9,620)	(160)	409,092	-
Derivatives liabilities		-	(39,069)	-	(176,867)	-	(215,936)	(841)
Financial liabilities measured at amortized cost		(346,799)	-	(415,610)	-	130	(762,279)	-
	₩	(142,797)	233,222	(118,737)	(45,456)	26,536	(47,232)	(166,807)

② For the six-month period ended June 30, 2019

(in millions of Won)		Finance income and costs						
		Interest income (expense)	Gain and loss on valuation	Gain and loss on foreign currency	Gain and loss on disposal	Others	Total	Other comprehensive income (loss)
Financial assets at fair value through profit or loss	₩	68,097	(1,372)	-	6,424	630	73,779	-
Derivatives assets		-	107,978	-	82,589	-	190,567	-
Financial assets at fair value through other comprehensive income		-	-	-	-	50,748	50,748	17,844
Financial assets measured at amortized cost		85,880	-	285,705	(19,240)	(215)	352,130	-
Derivatives liabilities		-	(2,845)	-	(111,034)	-	(113,879)	(100)
Financial liabilities measured at amortized cost		(391,204)	-	(284,351)	(2,431)	(9,008)	(686,994)	-
	₩	(237,227)	103,761	1,354	(43,692)	42,155	(133,649)	17,744

3) Finance income and costs by category of financial instrument for the three-month periods ended June 30, 2020 and 2019 were as follows:

① For the three-month period ended June 30, 2020

(in millions of Won)	Finance income and costs						
	Interest income (expense)	Gain and loss on valuation	Gain and loss on foreign currency	Gain and loss on disposal	Others	Total	Other comprehensive income (loss)
Financial assets at fair value through profit or loss	₩ 40,881	7,471	-	2,549	768	51,669	-
Derivatives assets	-	(45,740)	-	82,386	-	36,646	-
Financial assets at fair value through other comprehensive income	-	-	-	-	262	262	36,870
Financial assets measured at amortized cost	70,267	-	(187,582)	(3,634)	(70)	(121,019)	-
Derivatives liabilities	-	33,221		(86,565)		(53,344)	(784)
Financial liabilities measured at amortized cost	(171,672)		236,596		(518)	64,406	-
	₩ (60,524)	(5,048)	49,014	(5,264)	442	(21,380)	36,086

② For the three-month period ended June 30, 2019

(in millions of Won)	Finance income and costs						
	Interest income (expense)	Gain and loss on valuation	Gain and loss on foreign currency	Gain and loss on disposal	Others	Total	Other comprehensive income (loss)
Financial assets at fair value through profit or loss	₩ 33,024	(2,156)	-	5,704	32	36,604	-
Derivatives assets	-	59,954	-	49,999	-	109,953	-
Financial assets at fair value through other comprehensive income	-	-	-	-	19,838	19,838	23,383
Financial assets measured at amortized cost	45,426	-	134,303	(9,832)	(107)	169,790	-
Derivatives liabilities	-	1,396	-	(70,694)	-	(69,298)	(132)
Financial liabilities measured at amortized cost	(190,726)	-	(151,301)	(194)	(1,737)	(343,958)	-
	₩ (112,276)	59,194	(16,998)	(25,017)	18,026	(77,071)	23,251

(b) 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, 2019.

22. Share Capital and Capital Surplus

(a) Share capital as of June 30, 2020 and December 31, 2019 are as follows:

(Share, in Won)		June 30, 2020	December 31, 2019
Authorized shares		200,000,000	200,000,000
Par value	₩	5,000	5,000
Issued shares(*1)		87,186,835	87,186,835
Shared capital(*2)	₩	482,403,125,000	482,403,125,000

(*1) As of June 30, 2020, the total number of ADRs of 30,935,880 outstanding in overseas stock market is equivalent to 7,733,970 shares of common stock.
(*2) As of June 30, 2020, the difference between the ending balance of common stock and the aggregate par value of issued common stock is ₩46,469 million due to retirement of 9,293,790 treasury stocks.

(b) Capital surplus as of June 30, 2020 and December 31, 2019 are as follows:

(in millions of Won)		June 30, 2020	December 31, 2019
Share premium	₩	463,825	463,825
Gain on disposal of treasury shares		796,623	796,623
Other capital surplus		74,701	115,803
	₩	1,335,149	1,376,251

(c) On February 25, 2017, POSCO ENERGY CO., LTD., a subsidiary of the Company, issued redeemable convertible preferred shares amounting to ₩245,000 million (8,643,193 shares) which are classified as non-controlling interests in the consolidated financial statements. Repayments of shares were made on February 25, 2020 (4,477,246 shares) and March 30, 2020 (4,165,947 shares).

23. Hybrid Bonds

(a) Hybrid bonds classified as equity as of June 30, 2020 and December 31, 2019 are as follows:

(in millions of Won)	Date of issue	Date of maturity	Interest rate (%)		June 30, 2020	December 31, 2019
Hybrid bond 1-2(*1)	2013-06-13	2043-06-13	4.60	₩	200,000	200,000
Issuance cost					(616)	(616)
				₩	199,384	199,384

(*1) Details of hybrid bonds issued by the Company as of June 30, 2020 are as follows:

	Hybrid bond 1-2
Maturity date	30 years (The Company has a right to extend the maturity date)
Interest rate	Issue date ~ 2023-06-12 : 4.6% Reset every 10 years as follows; · After 10 years: return on government bond of the Republic of Korea (10 years) + 1.40% · After 10 years: additionally +0.25% according to Step-up clauses · After 30 years: additionally +0.75%
Interest payments condition	Quarterly (Optional deferral of interest payment is available to the Company)
Others	The Company can call the hybrid bond at 10th anniversary of issuenace and interest payment date afterwards

The hybrid bond holders' preference in the event of liquidation is senior to the common shareholders, but subordinate to other creditors. The interest accumulated but not paid on the hybrid bonds as of June 30, 2020 amounts to ₩454 million.

(b) POSCO ENERGY CO., LTD., a subsidiary of the Company, issued hybrid bonds which are classified as non-controlling interests in the consolidated financial statements. Hybrid bonds as of June 30, 2020 and December 31, 2019 are as follows:

(in millions of Won)	Date of issue	Date of maturity	Interest rate (%)		June 30, 2020	December 31, 2019
Hybrid bond 1-4(*1)	2013-08-29	2043-08-29	5.21	₩	140,000	140,000
Issuance cost					(429)	(429)
				₩	139,571	139,571

(*1) Details of hybrid bonds issued by POSCO ENERGY CO., LTD. as of June 30, 2020 are as follows:

	Hybrid bond 1-4
Maturity date	30 years (The Company has a right to extend the maturity date)
Interest rate	Issue date ~ 2023-08-29 : 5.21% Reset every 10 years as follows; · After 10 years: return on government bond of the Republic of Korea (10 years) + 1.55% · After 10 years: additionally + 0.25% according to Step-up clauses · After 30 years: additionally +0.75%
Interest payments condition	Quarterly (Optional deferral of interest payment is available to the Issuer)
Others	The issuer can call the hybrid bond at 10th anniversary of issuance and interest payment date afterwards

The hybrid bond holders' preference in the event of liquidation is senior to the common shareholders, but subordinate to other creditors. The interest accumulated but not paid on the hybrid bonds as of June 30, 2020 amounts to ₩639 million.

24. Reserves

Reserves as of June 30, 2020 and December 31, 2019 are as follows:

(in millions of Won)		June 30, 2020	December 31, 2019
Accumulated comprehensive loss of investments in associates and joint ventures	₩	(599,389)	(676,416)
Changes in fair value of equity investments at fair value through other comprehensive		(448,053)	(285,073)
Foreign currency translation differences		(133,635)	(202,636)
Gains or losses on valuation of derivatives		(1,236)	(438)
Others		13,027	6,583
	₩	(1,169,286)	(1,157,980)

25. Treasury Shares

During the six-month period ended June 30, 2020, the Company entered into a trust contract of acquiring treasury shares following approval of the Board of Directors. The amount committed to purchase treasury shares by this trust contract is ₩1,000 billion, and the contract period is from April 13, 2020 to April 12, 2021. The number of treasury shares acquired according to the contract is 358,953 during the six-month period ended June 30, 2020.

As of June 30, 2020, the Company holds 7,430,147 treasury shares for share price stabilization and other purposes in accordance with the Board of Director's resolution.

26. Revenue

(a) Disaggregation of revenue

1) Details of revenue disaggregated by types of revenue and timing of revenue recognition for the six-month periods ended June 30, 2020 and 2019 were as follows:

① For the six-month period ended June 30, 2020

(in millions of Won)		Steel	Trading	Construction	Others	Total
Types of revenue						
Revenue from sales of goods	₩	13,227,955	9,738,336	-	367,967	23,334,258
Revenue from services		232,864	191,253	22,848	885,331	1,332,296
Revenue from construction contract		-	-	3,368,635	14,207	3,382,842
Others		18,599	87,032	4,019	108,321	217,971
	₩	13,479,418	10,016,621	3,395,502	1,375,826	28,267,367
Timing of revenue recognition						
Revenue recognized at a point in time	₩	13,246,554	9,825,368	104,538	476,289	23,652,749
Revenue recognized over time		232,864	191,253	3,290,964	899,537	4,614,618
	₩	13,479,418	10,016,621	3,395,502	1,375,826	28,267,367

② For the six-month period ended June 30, 2019

(in millions of Won)		Steel	Trading	Construction	Others	Total
Types of revenue						
Revenue from sales of goods	₩	15,919,961	10,936,991	-	341,736	27,198,688
Revenue from services		311,731	196,471	24,568	1,154,776	1,687,546
Revenue from construction contract		-	-	3,222,542	17,097	3,239,639
Others		22,938	68,902	3,452	114,408	209,700
	₩	16,254,630	11,202,364	3,250,562	1,628,017	32,335,573
Timing of revenue recognition						
Revenue recognized at a point in time	₩	15,942,899	11,005,893	5,728	461,406	27,415,926
Revenue recognized over time		311,731	196,471	3,244,834	1,166,611	4,919,647
	₩	16,254,630	11,202,364	3,250,562	1,628,017	32,335,573

2) Details of revenue disaggregated by types of revenue and timing of revenue recognition for the three-month periods ended June 30, 2020 and 2019 were as follows:

① For the three-month period ended June 30, 2020

(in millions of Won)		Steel	Trading	Construction	Others	Total
Types of revenue						
Revenue from sales of goods	₩	6,256,679	4,823,693	-	176,643	11,257,015
Revenue from services		108,391	108,114	10,788	368,404	595,697
Revenue from construction contract		-	-	1,762,872	7,587	1,770,459
Others		8,895	29,139	2,918	57,431	98,383
	₩	6,373,965	4,960,946	1,776,578	610,065	13,721,554
Timing of revenue recognition						
Revenue recognized at a point in time	₩	6,265,574	4,852,832	93,583	234,076	11,446,065
Revenue recognized over time		108,391	108,114	1,682,995	375,989	2,275,489
	₩	6,373,965	4,960,946	1,776,578	610,065	13,721,554

② For the three-month period ended June 30, 2019

(in millions of Won)		Steel	Trading	Construction	Others	Total
Types of revenue						
Revenue from sales of goods	₩	8,019,477	5,529,989	-	181,518	13,730,984
Revenue from services		150,001	98,407	12,500	509,075	769,983
Revenue from construction contract		-	-	1,717,341	10,637	1,727,978
Others		13,336	36,087	2,079	40,888	92,390
	₩	8,182,814	5,664,483	1,731,920	742,118	16,321,335
Timing of revenue recognition						
Revenue recognized at a point in time	₩	8,032,813	5,566,076	2,508	225,262	13,826,659
Revenue recognized over time		150,001	98,407	1,729,412	516,856	2,494,676
	₩	8,182,814	5,664,483	1,731,920	742,118	16,321,335

(b) Details of contract assets and liabilities from contracts with customers as of June 30, 2020 and December 31, 2019 are as follows:

(in millions of Won)		June 30, 2020	December 31, 2019
Receivables			
Accounts receivable	₩	7,542,447	8,214,459
Contract assets			
Due from customers for contract work		1,188,416	1,062,677
Contract liabilities			
Advance received		492,503	489,658
Due to customers for contract work		779,829	676,054
Unearned revenue		103,539	88,733

27. Revenue – Contract Balances

(a) Details of ongoing contracts as of June 30, 2020 and December 31, 2019 are as follows:

(in millions of Won)		June 30, 2020		December 31, 2019	
		Construction segment	Others	Construction segment	Others
Accumulated cost	₩	29,893,770	300,248	29,106,218	249,751
Accumulated contract profit		2,952,358	59,676	2,863,207	47,107
Accumulated contract loss		(1,199,546)	(2,403)	(1,182,989)	(2,211)
Accumulated contract revenue		31,646,582	357,521	30,786,436	294,647

(b) Details of due from customers for contract work and due to customers for contract work as of June 30, 2020 and December 31, 2019 are as follows:

(in millions of Won)		June 30, 2020		December 31, 2019	
		Construction segment	Others	Construction segment	Others
Due from customers for contract work	₩	1,213,373	52,824	1,087,119	49,317
Due to customers for contract work		(751,585)	(28,244)	(639,130)	(36,924)
	₩	461,788	24,580	447,989	12,393

(c) Details of the provisions of construction loss as of June 30, 2020 and December 31, 2019 are as follows:

(in millions of Won)		June 30, 2020	December 31, 2019
Construction segment	₩	33,298	35,526
Others		410	406
	₩	33,708	35,932

(d) Due to the factors causing the variation of costs for the six-month period ended June 30, 2020, the estimated total contract costs have changed. Details of changes in estimated total contract costs and the impact on profit before income taxes for the six-month period ended June 30, 2020 and future periods are as follows:

(in millions of Won)		Changes in estimated total contract costs	Changes in profit (loss) of contract		
			Net income	Future income	Total
Construction segment	₩	128,439	20,087	127,633	147,720
Others		2,665	3,451	869	4,320
	₩	131,104	23,538	128,502	152,040

The effect on the current and future profit is estimated based on the circumstances that have occurred from the commencement date of the contract to June 30, 2020. The estimation is evaluated for the total contract costs and expected total contract revenue as of the end of the period. Also, it may change during future periods.

(e) Uncertainty of estimates

1) Total contract revenues

Total contract revenues are measured based on contractual amount initially agreed. However, the contract revenues can increase due to additional contract work, claims and incentive payments, or decrease due to penalty when the completion of contract is delayed due to the Company's fault. Therefore, this measurement of contract revenues is affected by the uncertainty of the occurrence of future events.

2) Total contract costs

Contract revenues are recognized based on the percentage of completion, which is measured on the basis of the gross cost amount incurred to date. Total contract costs are estimated based on estimates of future material costs, labor costs, outsourcing cost and others. There is uncertainty in estimates on future contract costs due to various internal and external factors such as fluctuation of market, the risk of business partner and the experience of project performance and others. The significant assumptions including uncertainty of the estimate of total contract costs are as follows:

	Method of significant assumption
Material cost	Assumption based on recent purchasing price and quoted market price
Labor cost	Assumption based on standard monthly and daily labor cost
Outsourcing cost	Assumption based on the past experience rate of similar project and market price

Management reviews the assumptions used in estimated contract costs at each reporting period end and adjusts them, if necessary.

28. Selling and Administrative Expenses

(a) Other administrative expenses

Other administrative expenses for the three-month and six-month periods ended June 30, 2020 and 2019 were as follows:

(in millions of Won)		For the three-month periods ended June 30		For the six-month periods ended June 30	
		2020	2019	2020	2019
Wages and salaries	₩	197,024	197,241	410,520	405,863
Expenses related to post-employment benefits		19,502	18,202	41,881	40,070
Other employee benefits		40,293	43,344	85,751	89,121
Travel		3,537	11,514	9,890	21,181
Depreciation		37,905	31,294	72,857	65,620
Amortization		27,351	28,442	54,633	56,802
Communication		2,409	2,556	4,801	5,029
Electricity		1,849	2,001	4,030	4,031
Taxes and public dues		19,719	18,971	32,075	31,856
Rental		9,632	9,219	16,265	20,677
Repairs		1,311	4,107	3,238	6,624
Entertainment		1,437	2,609	3,545	5,641
Advertising		17,296	24,059	34,653	41,965
Research & development		25,405	26,299	49,271	56,682
Service fees		37,342	36,066	76,775	87,588
Vehicles maintenance		1,129	1,919	2,499	4,247
Industry association fee		2,373	1,980	6,039	5,417
Conference		2,482	3,957	5,325	7,810
Increase to provisions		355	1,084	1,882	2,482
Others		8,190	11,673	17,677	23,914
	₩	456,541	476,537	933,607	982,620

(b) Selling expenses

Selling expenses for the three-month and six-month periods ended June 30, 2020 and 2019 were as follows:

(in millions of Won)		For the three-month period ended June 30		For the six-month period ended June 30	
		2020	2019	2020	2019
Freight and custody expenses	₩	40,640	40,176	86,103	87,537
Operating expenses for distribution center		1,661	2,657	3,687	5,251
Sales commissions		20,194	22,563	67,919	38,599
Sales advertising		312	370	570	604
Sales promotion		1,393	2,478	3,236	5,015
Sample		331	617	872	1,128
Sales insurance premium		7,452	7,916	15,629	15,925
Contract cost		8,118	7,439	15,750	16,079
Others		4,247	5,987	8,560	11,325
	₩	84,348	90,203	202,326	181,463

29. Finance Income and Costs

Details of finance income and costs for the three-month and six-month periods ended June 30, 2020 and 2019 were as follows:

(in millions of Won)		For the three-month periods ended June 30		For the six-month periods ended June 30	
		2020	2019	2020	2019
Finance income					
Interest income(*1)	₩	111,148	78,450	204,002	153,977
Dividend income		1,030	19,870	26,566	51,378
Gain on foreign currency transactions		290,855	261,833	636,287	379,766
Gain on foreign currency translations		(227,550)	54,450	219,977	199,617
Gain on derivatives transactions		84,616	51,200	144,640	84,600
Gain on valuations of derivatives		(60,773)	59,795	281,200	146,869
Others		11,343	7,264	17,421	10,669
	₩	210,669	532,862	1,530,093	1,026,876
Finance costs					
Interest expenses	₩	171,672	190,726	346,799	391,204
Loss on foreign currency transactions		236,231	210,009	484,754	315,298
Loss on foreign currency translations		(221,940)	123,272	490,247	262,731
Loss on derivatives transactions		88,795	71,895	183,330	113,045
Loss on valuation of derivatives		(48,254)	(1,555)	55,782	41,736
Loss on disposal of trade accounts and notes receivable		3,670	9,832	9,656	19,240
Others		1,875	5,753	6,757	17,271
	₩	232,049	609,932	1,577,325	1,160,525

(*1) Interest income calculated using the effective interest method for the six-month periods ended June 30, 2020 and 2019 were ₩121,999 million and ₩85,880 million, respectively.

30. Other Non-Operating Income and Expenses

Details of other non-operating income and expenses for the three-month and six-month periods ended June 30, 2020 and 2019 were as follows:

(in millions of Won)		For the three-month periods ended June 30		For the six-month periods ended June 30	
		2020	2019	2020	2019
Other non-operating income					
Gain on disposals of assets held for sale	₩	-	8,536	299	8,536
Gain on disposals of investments in subsidiaries, associates and joint ventures		37,370	1,385	41,339	15,821
Gain on disposals of property, plant and equipment		2,511	4,080	7,346	16,362
Gain on valuation of firm commitment		17,548	9,258	37,666	28,968
Gain on valuation of emission rights		-	25,440	-	25,440
Gain on disposals of emission rights		16,823	-	24,566	-
Reversal of other provisions		561	5,595	839	6,170
Others		27,790	28,730	54,849	56,071
	₩	102,603	83,024	166,904	157,368
Other non-operating expenses					
Impairment loss on assets held for sale	₩	5,030	(849)	5,030	3,346
Loss on disposals of investments in subsidiaries, associates and joint ventures		5,121	3,716	10,073	5,586
Loss on disposals of property, plant and equipment		38,318	25,099	78,989	37,396
Impairment loss on property, plant and equipment		21,322	81,314	21,400	149,659
Loss on valuation of firm commitment		1,742	14,763	36,075	18,572
Idle tangible asset expenses		5,330	10,808	10,685	18,427
Increase to provisions		372	2,098	1,224	7,371
Donations		4,553	1,788	16,708	11,194
Others		21,885	27,942	37,253	52,318
	₩	103,673	166,679	217,437	303,869

31. Expenses by Nature

Expenses that are recorded by nature as cost of sales, selling and administrative expenses and other non-operating expenses in the statements of comprehensive income for the three-month and six-month periods ended June 30, 2020 and 2019 were as follows (excluding finance costs and income tax expense):

(in millions of Won)		For the three-month periods ended June 30		For the six-month periods ended June 30	
		2020	2019	2020	2019
Raw material used, changes in inventories and others	₩	8,300,004	9,577,372	16,948,281	19,256,695
Employee benefits expenses		852,159	870,497	1,772,198	1,746,165
Outsourced processing cost		2,056,490	1,992,121	4,086,789	3,762,751
Electricity and water		142,562	329,161	313,258	548,963
Depreciation(*1)		784,867	758,349	1,555,037	1,523,108
Amortization		116,107	104,471	230,394	203,733
Freight and custody expenses		329,787	362,400	682,131	731,634
Sales commissions		20,194	22,563	67,919	38,599
Loss on disposal of property, plant and equipment		38,318	25,099	78,989	37,396
Impairment loss on property, plant and equipment		21,322	81,314	21,400	149,659
Donations		4,553	1,789	16,708	11,194
Other		990,157	1,306,735	1,848,640	2,375,454
	₩	13,656,520	15,431,871	27,621,744	30,385,351

(*1) Includes depreciation expense of investment property.

32. Income Taxes

The effective tax rates of the Company for the six-month periods ended June 30, 2020 and 2019 were 32.10% and 31.05%, respectively.

33. Earnings per Share

Basic earnings per share for the three-month and six-month periods ended June 30, 2020 and 2019 were as follows:

(in Won except share information)		For the three-month periods ended June 30		For the six-month periods ended June 30	
		2020	2019	2020	2019
Profit attributable to controlling interest	₩	40,281,852,768	612,285,873,955	435,674,548,777	1,353,539,066,362
Interests of hybrid bonds		(1,662,931,506)	(1,662,931,506)	(3,325,863,013)	(3,307,589,040)
Weighted-average number of common shares outstanding (*1)		80,006,436	80,115,641	80,061,039	80,111,845
Basic earnings per share	₩	483	7,622	5,400	16,854

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

(Shares)		For the three-month periods ended June 30		For the six-month periods ended June 30	
		2020	2019	2020	2019
Total number of common shares issued	₩	87,186,835	87,186,835	87,186,835	87,186,835
Weighted-average number of treasury shares		(7,180,399)	(7,071,194)	(7,125,796)	(7,074,990)
Weighted-average number of common shares outstanding	₩	80,006,436	80,115,641	80,061,039	80,111,845

Since there were no potential shares of common stock which had dilutive effects as of June 30, 2020 and 2019, diluted earnings per share is equal to basic earnings per share.

34. Related Party Transactions

(a) Significant transactions between the controlling company and related companies for the six-month periods ended June 30, 2020 and 2019 were as follows:

1) For the six-month period ended June 30, 2020

(in millions of Won)		Sales and others(*1)		Purchase and others(*2)			
		Sales	Others	Purchase of material	Purchase of fixed assets	Outsourced processing cost	Others
Subsidiaries(*3)							
POSCO ENGINEERING & CONSTRUCTION CO.,LTD.	₩	3,548	11,096	15	442,305	60	12,835
POSCO COATED & COLOR STEEL Co., Ltd.		205,766	1,695	-	-	15,176	208
POSCO ICT(*4)		1,429	4,991	-	184,310	20,941	87,668
eNtoB Corporation		7	60	113,378	18,848	28	12,493
POSCO CHEMICAL CO., LTD		144,466	24,770	229,721	12,830	154,424	4,362
POSCO ENERGY CO., LTD.		1,553	1,216	9,995	3	-	11,110
POSCO INTERNATIONAL Corporation		2,795,437	54,331	110,798	-	11,371	2,083
POSCO Thainox Public Company Limited		106,717	137	3,454	-	-	-
POSCO America Corporation		96,266	-	-	-	-	3
POSCO Canada Ltd.		-	816	90,805	-	-	-
POSCO Asia Co., Ltd.		719,978	965	81,671	2,272	1,162	1,419
Qingdao Pohang Stainless Steel Co., Ltd.		70,768	66	-	-	-	176
POSCO JAPAN Co., Ltd.		548,842	-	16,420	2,959	-	1,088
POSCO-VIETNAM Co., Ltd.		101,105	223	-	-	-	20
POSCO MEXICO S.A. DE C.V.		68,574	99	-	-	-	304
POSCO Maharashtra Steel Private Limited		153,754	847	-	-	-	185
POSCO(Suzhou) Automotive Processing Center Co., Ltd.		57,645	-	-	-	-	-
POSCO VST CO., LTD.		132,216	56	-	-	-	20
POSCO INTERNATIONAL SINGAPORE PTE LTD.		-	804	291,649	-	-	-
Others		573,063	18,184	41,106	25,580	128,557	58,065
		5,781,134	120,356	989,012	689,107	331,719	192,039
Associates and joint ventures(*3)							
POSCO PLANTEC Co., Ltd.(*5)		65	41	916	84,839	4,086	12,431
SNNC		2,901	3,478	219,060	-	-	-
POSCO-SAMSUNG-Slovakia Processing Center		17,154	-	-	-	-	-
Roy Hill Holdings Pty Ltd		-	-	625,545	-	-	-
Others		14,332	54,933	28,954	-	-	13,348
		34,452	58,452	874,475	84,839	4,086	25,779
	₩	5,815,586	178,808	1,863,487	773,946	335,805	217,818

(*1) Sales and others mainly consist of sales of steel products to subsidiaries, associates and joint ventures.
(*2) Purchases and others mainly consist of subsidiaries' purchases of construction services and purchases of raw materials to manufacture steel products.
(*3) As of June 30, 2020, the Company provided guarantees to related parties (Note 35).
(*4) Others (purchase) mainly consist of service fees related to maintenance and repair of ERP System.
(*5) During the six-month period ended June 30, 2020, POSCO PLANTEC Co., Ltd. was excluded from associates due to the Company's loss of significant influence over the investee.

2) For the six-month period ended June 30, 2019

(in millions of Won)		Sales and others		Purchase and others			
		Sales	Others	Purchase of material	Purchase of fixed assets	Outsourced processing cost	Others
Subsidiaries							
POSCO ENGINEERING & CONSTRUCTION CO.,LTD.	₩	3,608	11,089	-	139,349	21	5,233
POSCO COATED & COLOR STEEL Co., Ltd.		233,408	1,707	-	-	7,684	491
POSCO ICT		1,509	4,989	-	148,817	17,055	88,838
eNtoB Corporation		7	60	159,576	16,936	59	13,431
POSCO CHEMICAL CO., LTD		197,793	25,129	255,299	7,578	156,383	2,010
POSCO ENERGY CO., LTD.		106,602	624	-	-	-	62
POSCO INTERNATIONAL Corporation		2,841,376	46,572	330,044	-	26,037	2,569
POSCO Thainox Public Company Limited		120,032	13,675	3,733	-	-	3
POSCO America Corporation		184,517	-	-	-	-	39
POSCO Canada Ltd.		340	604	151,892	-	-	-
POSCO Asia Co., Ltd.		861,771	585	248,431	-	987	2,796
Qingdao Pohang Stainless Steel Co., Ltd.		59,410	-	-	-	-	-
POSCO JAPAN Co., Ltd.		756,357	-	21,553	3,021	-	1,487
POSCO-VIETNAM CO., Ltd.		141,535	181	-	-	-	37
POSCO MEXICO S.A. DE C.V.		153,766	31	-	-	-	5
POSCO Maharashtra Steel Private Limited		333,608	187	-	-	-	256
POSCO(Suzhou) Automotive Processing Center Co., Ltd.		43,313	-	1,481	-	-	-
POSCO VST CO., LTD.		137,025	-	-	-	-	62
POSCO INTERNATIONAL SINGAPORE PTE LTD.		-	180	322,210	-	-	-
Others		425,315	14,560	81,055	10,572	133,582	60,791
		6,601,292	120,173	1,575,274	326,273	341,808	178,110
Associates and joint ventures							
POSCO PLANTEC Co., Ltd.		183	65	1,399	110,614	9,326	9,362
SNNC		2,747	3,380	244,626	-	-	10
POSCO-SAMSUNG-Slovakia Processing Center		31,764	-	-	-	-	-
Roy Hill Holdings Pty Ltd		-	-	482,848	-	-	-
Others		6,985	86,037	27,127	-	-	-
		41,679	89,482	756,000	110,614	9,326	9,372
	₩	6,642,971	209,655	2,331,274	436,887	351,134	187,482

(b) Significant transactions between the controlling company and related companies for the three-month periods ended June 30, 2020 and 2019 were as follows:

1) For the three-month period ended June 30, 2020

(in millions of Won)		Sales and others		Purchase and others			
		Sales	Others	Purchase of material	Purchase of fixed assets	Outsourced processing cost	Others
Subsidiaries							
POSCO ENGINEERING & CONSTRUCTION CO.,LTD.	₩	2,011	17	-	198,832	60	5,123
POSCO COATED & COLOR STEEL Co., Ltd.		89,666	1	-	-	6,818	91
POSCO ICT		718	2	-	85,004	10,483	41,213
eNtoB Corporation		3	-	55,786	9,743	9	6,931
POSCO CHEMICAL CO., LTD		61,232	4,828	105,977	8,690	71,609	653
POSCO ENERGY CO., LTD.		266	537	5,385	-	-	5,598
POSCO INTERNATIONAL Corporation		1,274,878	-	31,102	-	-	941
POSCO Thainox Public Company Limited		55,096	71	792	-	-	-
POSCO America Corporation		32,624	-	-	-	-	-
POSCO Canada Ltd.		-	753	51,250	-	-	-
POSCO Asia Co., Ltd.		402,677	746	36,185	504	766	910
Qingdao Pohang Stainless Steel Co., Ltd.		35,299	66	-	-	-	119
POSCO JAPAN Co., Ltd.		230,608	-	9,698	2,339	-	650
POSCO-VIETNAM Co., Ltd.		37,517	108	-	-	-	-
POSCO MEXICO S.A. DE C.V.		17,483	63	-	-	-	249
POSCO Maharashtra Steel Private Limited		36,314	44	-	-	-	-
POSCO(Suzhou) Automotive Processing Center Co., Ltd.		25,094	-	-	-	-	-
POSCO VST CO., LTD.		62,622	56	-	-	-	-
POSCO INTERNATIONAL SINGAPORE PTE LTD.		-	462	136,882	-	-	-
Others		304,164	3,644	14,283	12,622	67,484	28,998
		2,668,272	11,398	447,340	317,734	157,229	91,476
Associates and joint ventures							
SNNC		1,491	443	98,634	-	-	-
POSCO-SAMSUNG-Slovakia Processing Center		3,229	-	-	-	-	-
Roy Hill Holdings Pty Ltd		-	-	303,358	-	-	-
Others		4,625	39,739	16,589	-	-	5,695
		9,345	40,182	418,581	-	-	5,695
	₩	2,677,617	51,580	865,921	317,734	157,229	97,171

2) For the three-month period ended June 30, 2019

(in millions of Won)		Sales and others		Purchase and others			
		Sales	Others	Purchase of material	Purchase of fixed assets	Outsourced processing cost	Others
Subsidiaries							
POSCO ENGINEERING & CONSTRUCTION CO.,LTD.	₩	2,198	16	-	72,852	-	2,519
POSCO COATED & COLOR STEEL Co., Ltd.		116,211	1	-	-	5,315	119
POSCO ICT		729	-	-	87,989	8,498	42,677
eNtoB Corporation		3	-	81,080	10,952	33	7,907
POSCO CHEMICAL CO., LTD		93,869	5,799	124,303	5,513	78,253	1,881
POSCO ENERGY CO., LTD.		49,714	310	-	-	-	42
POSCO INTERNATIONAL Corporation		1,423,768	1	154,881	-	13,381	1,629
POSCO Thainox Public Company Limited		54,928	13,616	2,063	-	-	-
POSCO America Corporation		89,516	-	-	-	-	21
POSCO Canada Ltd.		340	529	75,279	-	-	-
POSCO Asia Co., Ltd.		445,133	498	100,397	-	429	2,235
Qingdao Pohang Stainless Steel Co., Ltd.		5,363	-	-	-	-	-
POSCO JAPAN Co., Ltd.		350,682	-	12,033	707	-	853
POSCO-VIETNAM Co., Ltd.		66,995	96	-	-	-	-
POSCO MEXICO S.A. DE C.V.		75,553	17	-	-	-	-
POSCO Maharashtra Steel Private Limited		142,945	92	-	-	-	256
POSCO(Suzhou) Automotive Processing Center Co., Ltd.		25,309	-	957	-	-	-
POSCO VST CO., LTD.		58,204	-	-	-	-	19
POSCO INTERNATIONAL SINGAPORE PTE LTD.		-	41	198,168	-	-	-
Others		204,728	3,439	25,317	4,790	66,424	34,354
		3,206,188	24,455	774,478	182,803	172,333	94,512
Associates and joint ventures							
POSCO PLANTEC Co., Ltd.		67	5	648	59,868	4,411	6,651
SNNC		1,399	1,100	128,978	-	-	-
POSCO-SAMSUNG-Slovakia Processing Center		7,901	-	-	-	-	-
Roy Hill Holdings Pty Ltd		-	-	280,820	-	-	-
Others		2,993	74,784	13,962	-	-	-
		12,360	75,889	424,408	59,868	4,411	6,651
	₩	3,218,548	100,344	1,198,886	242,671	176,744	101,163

(c) The related account balances from significant transactions between the controlling company and related companies as of June 30, 2020 and December 31, 2019 are as follows:

1) June 30, 2020

(in millions of Won)		Receivables			Payables			
		Trade accounts and notes receivable	Others	Total	Trade accounts and notes payable	Accounts payable	Others	Total
Subsidiaries								
POSCO ENGINEERING & CONSTRUCTION CO.,LTD.	₩	3,005	56	3,061	-	55,360	381	55,741
POSCO COATED & COLOR STEEL Co., Ltd.		35,652	-	35,652	-	9	3,089	3,098
POSCO ICT		123	-	123	2,602	70,313	35,076	107,991
eNtoB Corporation		-	34	34	2,698	31,539	18	34,255
POSCO CHEMICAL CO., LTD		20,537	2,904	23,441	11,092	45,121	17,606	73,819
POSCO ENERGY CO., LTD.		166	214	380	-	2,563	13,630	16,193
POSCO INTERNATIONAL Corporation		438,989	10	438,999	756	238	-	994
POSCO Thainox Public Company Limited		34,981	3	34,984	-	-	-	-
POSCO America Corporation		4,432	-	4,432	-	-	-	-
POSCO Asia Co., Ltd.		295,369	847	296,216	3,810	257	-	4,067
Qingdao Pohang Stainless Steel Co., Ltd.		21,523	-	21,523	-	-	-	-
POSCO MEXICO S.A. DE C.V.		40,423	707	41,130	-	-	-	-
POSCO Maharashtra Steel Private Limited		196,825	477	197,302	-	-	-	-
Others		597,632	43,367	640,999	15,367	28,726	85,326	129,419
		1,689,657	48,619	1,738,276	36,325	234,126	155,126	425,577
Associates and joint ventures								
SNNC		340	216	556	10,364	-	-	10,364
Roy Hill Holdings Pty Ltd		-	-	-	169,954	-	-	169,954
Others		408	38,077	38,485	4,042	-	-	4,042
		748	38,293	39,041	184,360	-	-	184,360
	₩	1,690,405	86,912	1,777,317	220,685	234,126	155,126	609,937

2) December 31, 2019

(in millions of Won)	Receivables			Payables			
	Trade accounts and notes receivable	Others	Total	Trade accounts and notes payable	Accounts payable	Others	Total
Subsidiaries							
POSCO ENGINEERING & CONSTRUCTION CO., LTD. ₩	5,702	65	5,767	-	78,512	385	78,897
POSCO COATED & COLOR STEEL Co., Ltd.	57,792	-	57,792	-	11	3,828	3,839
POSCO ICT	225	1	226	1,147	129,424	42,844	173,415
eNtoB Corporation	-	-	-	3,459	27,431	-	30,890
POSCO CHEMICAL CO., LTD	35,102	3,578	38,680	17,839	52,710	19,369	89,918
POSCO ENERGY CO., LTD.	1,876	4	1,880	-	3,229	14,912	18,141
POSCO INTERNATIONAL Corporation	633,073	-	633,073	345	2,218	3,839	6,402
POSCO Thainox Public Company Limited	52,826	2	52,828	916	-	-	916
POSCO America Corporation	8,448	-	8,448	-	-	-	-
POSCO Asia Co., Ltd.	508,962	748	509,710	12,784	171	-	12,955
Qingdao Pohang Stainless Steel Co., Ltd.	29,842	-	29,842	-	-	-	-
POSCO MEXICO S.A. DE C.V.	90,351	702	91,053	-	-	-	-
POSCO Maharashtra Steel Private Limited	235,917	444	236,361	-	-	-	-
Others	470,734	33,851	504,585	14,397	40,233	87,652	142,282
	2,130,850	39,395	2,170,245	50,887	333,939	172,829	557,655
Associates and jointventures							
POSCO PLANTEC Co., Ltd.	84	10	94	471	49,511	-	49,982
SNNC	297	65	362	19,769	-	-	19,769
Roy Hill Holdings Pty Ltd	-	-	-	93,383	-	-	93,383
Others	942	706	1,648	3,447	586	-	4,033
	1,323	781	2,104	117,070	50,097	-	167,167
₩	2,132,173	40,176	2,172,349	167,957	384,036	172,829	724,822

(d) Significant transactions between the Company, excluding the controlling company, and related companies for the six-month periods ended June 30, 2020 and 2019 were as follows:

1) For the six-month period ended June 30, 2020

(in millions of Won)	Sales and others		Purchase and others	
	Sales	Others	Purchase of material	Others
Associates and joint ventures				
POSCO PLANTEC Co., Ltd. ₩	2,558	-	5	-
New Songdo International City Development, LLC	51,863	26,450	-	46
SNNC	27,202	-	25,282	107,507
Chuncheon Energy Co., Ltd.	287	211	-	-
Noeul Green Energy Co., Ltd.	3,039	-	-	-
CSP - Compania Siderurgica do Pecem	18,311	4,925	123,368	-
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd	18,928	-	24,782	-
BX STEEL POSCO Cold Rolled Sheet Co., Ltd.	-	-	2,393	-
POS-SEAHSTEELWIRE(TIANJIN)CO.,Ltd	3,294	-	-	-
PT. Batutua Tembaga Raya	-	1,111	16,575	-
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	12,131	-	165	-
DMSA/AMSA	-	-	29,198	-
South-East Asia Gas Pipeline Company Ltd.	7	38,517	-	-
POSCO MITSUBISHI CARBON TECHNOLOGY	15,961	19,438	1,888	452
Samcheok Blue Power Co., Ltd. (Formarly, POSPower Co., Ltd.)	89,910	-	-	-
TK CHEMICAL CORPORATION	59,752	-	18,743	-
Others	61,699	29,773	17,714	16,853
₩	364,942	120,425	260,113	124,858

2) For the six-month period ended June 30, 2019

(in millions of Won)		Sales and others		Purchase and others	
		Sales	Others	Purchase of material	Others
Associates and joint ventures					
POSCO PLANTEC Co., Ltd.	₩	5,659	-	21	7,757
New Songdo International City Development, LLC		751	4,471	-	13
SNNC		44,025	-	18,961	31,156
Chuncheon Energy Co., Ltd.		1,145	-	-	-
Noeul Green Energy Co., Ltd.		3,361	-	-	1,217
USS-POSCO Industries		2	-	1,316	-
CSP - Compania Siderurgica do Pecem		84,598	7,419	220,542	10,586
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd		16,545	-	22,155	-
LLP POSUK Titanium		-	-	272	-
BX STEEL POSCO Cold Rolled Sheet Co., Ltd.		3	-	1,808	-
POS-SEAHSTEELWIRE(TIANJIN)CO.,Ltd		5,298	-	-	-
PT. Batutua Tembaga Raya		-	495	21,634	-
POSCO SeAH Steel Wire(Nantong) Co., Ltd.		13,751	-	173	-
Sebang Steel		-	-	4,862	-
DMSA/AMSA		-	-	30,613	-
South-East Asia Gas Pipeline Company Ltd.		27	9,387	-	-
POSCO MITSUBISHI CARBON TECHNOLOGY		44,649	16,369	2,620	1,120
Samcheok Blue Power Co., Ltd. (Formarly, POSPower Co., Ltd.)		79,272	-	-	-
TK CHEMICAL CORPORATION		86,987	-	39,454	-
Others		103,425	38,024	11,650	9,046
	₩	489,498	76,165	376,081	60,895

(e) Significant transactions between the Company, excluding the controlling company, and related companies for the three-month periods ended June 30, 2020 and 2019 were as follows:

1) For the three-month period ended June 30, 2020

(in millions of Won)		Sales and others		Purchase and others	
		Sales	Others	Purchase of material	Others
Associates and joint ventures					
POSCO PLANTEC Co., Ltd.	₩	-	-	-	-
New Songdo International City Development, LLC		31,663	26,450	-	43
SNNC		16,847	-	13,179	508
Chuncheon Energy Co., Ltd.		-	-	-	-
Noeul Green Energy Co., Ltd.		1,516	-	-	-
CSP - Compania Siderurgica do Pecem		1,566	493	39,178	-
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd		8,152	-	12,242	-
BX STEEL POSCO Cold Rolled Sheet Co., Ltd.		-	-	1,437	-
POS-SEAHSTEELWIRE(TIANJIN)CO.,Ltd		767	-	-	-
PT. Batutua Tembaga Raya		-	152	5,034	-
POSCO SeAH Steel Wire(Nantong) Co., Ltd.		7,287	-	101	-
DMSA/AMSA		-	-	3,035	-
South-East Asia Gas Pipeline Company Ltd.		-	18,511	-	-
POSCO MITSUBISHI CARBON TECHNOLOGY		7,096	37	814	185
Samcheok Blue Power Co., Ltd. (Formarly, POSPower Co., Ltd.)		48,026	-	-	-
TK CHEMICAL CORPORATION		24,411	-	6,547	-
Others		28,565	24,208	8,642	7,345
	₩	175,896	69,851	90,209	8,081

2) For the three-month period ended June 30, 2019

(in millions of Won)		Sales and others		Purchase and others	
		Sales	Others	Purchase of material	Others
Associates and joint ventures					
POSCO PLANTEC Co., Ltd.	₩	2,263	-	14	4,386
New Songdo International City Development, LLC		390	-	-	10
SNNC		26,013	-	13,918	10,532
Chuncheon Energy Co., Ltd.		135	-	-	-
Noeul Green Energy Co., Ltd.		1,699	-	-	630
USS-POSCO Industries		2	-	712	-
CSP - Compania Siderurgica do Pecem		62,328	5,352	100,154	10,201
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd		7,800	-	11,361	-
LLP POSUK Titanium		-	-	-	-
BX STEEL POSCO Cold Rolled Sheet Co., Ltd.		3	-	956	-
POS-SEAHSTEELWIRE(TIANJIN)CO.,Ltd		1,421	-	-	-
PT. Batutua Tembaga Raya		-	130	11,037	-
POSCO SeAH Steel Wire(Nantong) Co., Ltd.		5,658	-	93	-
Sebang Steel		-	-	4,159	-
DMSA/AMSA		-	-	13,858	-
South-East Asia Gas Pipeline Company Ltd.		22	4,582	-	-
POSCO MITSUBISHI CARBON TECHNOLOGY		20,034	-	1,280	407
Samcheok Blue Power Co., Ltd. (Formarly, POSPower Co., Ltd.)		41,863	-	-	-
TK CHEMICAL CORPORATION		43,612	-	17,525	-
Others		55,486	23,357	6,087	2,207
	₩	268,729	33,421	181,154	28,373

(f) The related account balances from significant transactions between the Company, excluding the controlling company, and related companies as of June 30, 2020 and December 31, 2019 are as follows:

1) June 30, 2020

(in millions of Won)		Receivables				Payables		
		Trade accounts and notes receivable	Loans	Others	Total	Trade accounts and notes payable	Others	Total
Associates and joint ventures								
New Songdo International City Development, LLC	₩	14,855	-	20,592	35,447	-	-	-
Chuncheon Energy Co., Ltd.		-	-	-	-	407	-	407
Samcheok Blue Power Co., Ltd. (Formarly, POSPower Co., Ltd.)		59,192	-	-	59,192	-	55,428	55,428
Nickel Mining Company SAS		-	62,977	144	63,121	-	-	-
CSP - Compania Siderurgica do Pecem		174,737	-	12,101	186,838	282	-	282
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd		7,981	-	-	7,981	2,762	-	2,762
PT. Batutua Tembaga Raya		-	39,017	984	40,001	1,399	-	1,399
POSCO SeAH Steel Wire(Nantong) Co., Ltd.		9,399	-	-	9,399	113	-	113
DMSA/AMSA		112	7,645	-	7,757	-	-	-
South-East Asia Gas Pipeline Company Ltd.		-	126,628	-	126,628	-	-	-
POSCO MITSUBISHI CARBON TECHNOLOGY		2,912	-	-	2,912	569	-	569
TK CHEMICAL CORPORATION		21,953	-	-	21,953	835	-	835
Others		56,080	160,200	101,593	317,873	471	13,244	13,715
	₩	347,221	396,467	135,414	879,102	6,838	68,672	75,510

2) December 31, 2019

(in millions of Won)		Receivables				Payables		
		Trade accounts and notes receivable	Loans	Others	Total	Trade accounts and notes receivable	Others	Total
Associates and joint ventures								
POSCO PLANTEC Co., Ltd.	₩	4,121	-	205	4,326	791	8	799
New Songdo International City Development, LLC		23,626	-	20,592	44,218	-	10	10
Chuncheon Energy Co., Ltd.		-	8,234	-	8,234	657	-	657
Samcheok Blue Power Co., Ltd. (Formarly, POSPower Co., Ltd.)		34,945	-	-	34,945	-	67,543	67,543
Nickel Mining Company SAS		-	60,516	120	60,636	-	-	-
CSP - Compania Siderurgica do Pecem		244,700	-	14,264	258,964	-	33	33
Zhongyue POSCO (Qinhuangdao) Tinplate Industrial Co., Ltd		10,273	-	-	10,273	633	-	633
PT. Batutua Tembaga Raya		-	36,291	19,993	56,284	56	-	56
POSCO SeAH Steel Wire(Nantong) Co., Ltd.		7,035	-	-	7,035	101	-	101
DMSA/AMSA		-	57,999	1,672	59,671	-	-	-
South-East Asia Gas Pipeline Company Ltd.		14	147,367	-	147,381	-	-	-
POSCO MITSUBISHI CARBON TECHNOLOGY		8,078	-	-	8,078	916	-	916
TK CHEMICAL CORPORATION		37,373	-	-	37,373	110	-	110
Others		94,914	138,663	97,804	331,381	7,128	13,379	20,507
	₩	465,079	449,070	154,650	1,068,799	10,392	80,973	91,365

(g) Significant financial transactions between the Company, excluding the controlling company, and related companies for the six-month period ended June 30, 2020 and the year ended December 31, 2019 were as follows:

1) June 30, 2020

(in millions of Won)		Beginning	Lend	Collect	Others(*2)	Ending
Associates and joint ventures						
UITrans LRT Co., Ltd.		10,579	5,919	-	-	16,498
DMSA/AMSA(*1)		57,999	-	-	(50,354)	7,645
South-East Asia Gas Pipeline Company Ltd.		147,367	-	(24,416)	3,677	126,628
PT. Batutua Tembaga Raya		36,291	-	-	2,726	39,017
PT. Tanggamus Electric Power		4,580	-	-	170	4,750
PT. Wampu Electric Power		5,519	-	-	205	5,724
PT. POSMI Steel Indonesia		2,316	-	-	86	2,402
Nickel Mining Company SAS		60,516	-	-	2,461	62,977
KRAKATAU POS-CHEM DONG-SUH CHEMICAL		6,947	-	(1,239)	296	6,004
POS-SeaAH Steel Wire (Thailand) Co., Ltd.		6,947	-	-	257	7,204
AMCI (WA) PTY LTD		78,553	1,567	-	1,496	81,616
POS-AUSTEM YANTAI AUTOMOTIVE CO.,LTD		5,789	-	-	215	6,004
POS-AUSTEM WUHAN AUTOMOTIVE CO.,LTD		9,262	-	-	343	9,605
Hyo-chun Co., Ltd.		2,382	-	-	-	2,382
Chun-cheon Energy Co., Ltd.		8,234	-	(8,234)	-	-
POS-AUSTEM Suzhou Automotive Co., Ltd		5,789	12,067	-	155	18,011
	₩	449,070	19,553	(33,889)	(38,267)	396,467

(*1) During the six-month period ended June 30, 2020, loans amounting to ₩52,692 million have been converted to ordinary shares of DMSA/AMSA, and its amount is included in others.

(*2) Includes adjustments of foreign currency translation differences and others.

2) December 31, 2019

(in millions of Won)	Beginning	Lend	Collect	Others(*2)	Ending
Associates and jointventures					
UITrans LRT Co., Ltd.	5,695	4,884	-	-	10,579
DMSA/AMSA(*1)	64,297	15,451	-	(21,749)	57,999
South-East Asia Gas Pipeline Company Ltd.	191,107	-	(48,027)	4,287	147,367
PT. Batutua Tembaga Raya	35,100	-	-	1,191	36,291
PT. Tanggamus Electric Power	4,423	-	-	157	4,580
PT. Wampu Electric Power	5,330	-	-	189	5,519
PT. POSMI Steel Indonesia	2,236	-	-	80	2,316
Nickel Mining Company SAS	59,664	-	-	852	60,516
KRAKATAU POS-CHEM DONG-SUH CHEMICAL	6,709	-	-	238	6,947
POSCO SeAH Steel Wire(Nantong) Co., Ltd.	3,354	-	(3,354)	-	-
POS-SeAH Steel Wire (Thailand) Co., Ltd.	6,709	-	-	238	6,947
AMCI (WA) PTY LTD	90,480	4,669	-	(16,596)	78,553
POS-AUSTEM YANTAI AUTOMOTIVE CO.,LTD	5,590	-	-	199	5,789
POS-AUSTEM WUHAN AUTOMOTIVE CO.,LTD	8,945	-	-	317	9,262
Hyo-chun Co., Ltd.	-	-	-	2,382	2,382
Chun-cheon Energy Co., Ltd.	-	8,234	-	-	8,234
POS-AUSTEM Suzhou Automotive Co., Ltd	-	5,827	-	(38)	5,789
₩	489,639	39,065	(51,381)	(28,253)	449,070

(*1) During the year ended December 31, 2019, loans amounting to ₩23,682 million have been converted to ordinary shares of DMSA/AMSA, and its amount is included in others.
(*2) Includes adjustments of foreign currency translation differences and others.

(h) For the six-month periods ended June 30, 2020 and 2019, details of compensation to key management officers were as follows:

(in millions of Won)		June 30, 2020	June 30, 2019
Short-term benefits	₩	53,802	56,769
Long-term benefits		8,525	7,249
Retirement benefits		9,322	10,389
	₩	71,649	74,407

Key management officers include directors (including non-standing directors), executive officials and fellow officials who have significant influences and responsibilities in the Company's business and operations.

35. Commitments and Contingencies

(a) Details of guarantees

Contingent liabilities on outstanding guarantees provided by the Company as of June 30, 2020 are as follows:

(in millions of Won)

Guarantor	Guarantee beneficiary	Financial institution	Guarantee limit			Guarantee amount	
				Foreign currency	Won equivalent	Foreign currency	Won equivalent
[The Company]							
POSCO	POSCO Asia Co., Ltd.	Credit Agricole	USD	50,000,000	60,035	50,000,000	60,035
	POSCO-VIETNAM Co., Ltd.	SMBC and others	USD	156,000,000	187,309	156,000,000	187,309
	POSCO MEXICO S.A. DE C.V.	BOA and others	USD	120,000,000	144,084	120,000,000	144,084
	POSCO COATED STEEL (THAILAND) CO., LTD.	SMBC and others	THB	5,501,000,000	213,879	5,501,000,000	213,879
	POSCO Maharashtra Steel Private Limited	ING and others	USD	83,784,000	100,599	83,784,000	100,599
	PT. KRAKATAU POSCO	Export-Import Bank of Korea and others	USD	1,350,300,000	1,621,306	862,114,318	1,035,142
	POSCO ASSAN TST STEEL INDUSTRY	SMBC and others	USD	146,527,500	175,936	131,874,750	158,342
POSCO INTERNATIONAL Corporation	Daewoo Global Development. Pte., Ltd	Export-Import Bank of Korea and others	USD	186,625,000	224,081	178,750,000	214,625
	POSCO INTERNATIONAL POWER (PNGLAE) LIMITED	KDB bank	USD	48,317,404	58,015	37,167,234	44,627
	GOLDEN LACE POSCO INTERNATIONAL CO., LTD.	Shinhan Bank and others	USD	11,000,000	13,208	11,000,000	13,208
	PT. Bio Inti Agrindo	Export-Import Bank of Korea and others	USD	148,168,985	177,907	146,062,714	175,378
	POSCO ASSAN TST STEEL INDUSTRY	ING	USD	14,652,750	17,594	14,652,750	17,594
	POSCO INTERNATIONAL AMERICA Corp. POSCO INTERNATIONAL SINGAPORE Pte. Ltd.. POSCO INTERNATIONAL MEXICO S.A. de C.V. POSCO INTERNATIONAL Japan Corp. POSCO INTERNATIONAL Malaysia SDN BHD POSCO INTERNATIONAL Deutschland GmbH POSCO INTERNATIONAL Italia S.R.L.	Bank Mendes Gans	USD	50,000,000	60,035	38,291,323	45,977
	Mykolaiv Milling Works PJSC.	Black Sea Trade and Development Bank	USD	26,144,680	31,392	26,144,680	31,392
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	POSCO E&C Vietnam Co., Ltd.	Export-Import Bank of Korea and others	USD	47,000,000	56,433	47,000,000	56,433
	POSCO Engineering and Construction India Private Limited	Hana bank	INR	221,000,000	3,514	192,852,525	3,066
	Songdo Posco family Housing	Shinyoung securities	KRW	20,000	20,000	20,000	20,000
	JB CLARK HILLS	KOREA INVESTMENT&SECURITIES Co., Ltd.	KRW	60,000	60,000	55,000	55,000
	PT.POSCO E&C INDONESIA	POSCO Asia Co., Ltd. and others	USD	10,900,000	13,088	10,900,000	13,088
	HONG KONG POSCO E&C (CHINA) INVESTMENT Co., Ltd.	POSCO Asia Co., Ltd. and others	USD	160,000,000	192,112	153,305,000	184,073
POSCO ICT	PT.POSCO ICT INDONESIA	POSCO Asia Co., Ltd. and others	USD	1,200,000	1,441	1,200,000	1,441
POSCO CHEMICAL CO., LTD	PT.Krakatau Posco Chemical Calcination	POSCO Asia Co., Ltd. and others	USD	15,200,000	18,251	12,000,000	14,408
POSCO COATED & COLOR STEEL Co., Ltd.	Myanmar POSCO C&C Company, Limited.	POSCO Asia Co., Ltd.	USD	13,986,947	16,794	13,986,947	16,794
POSCO ENERGY CO., LTD	PT. KRAKATAU POSCO ENERGY	Export-Import Bank of Korea and others	USD	193,900,000	232,816	96,985,535	116,451
POSCO Asia Co., Ltd.	POSCO America Corporation	SMBC	USD	70,000,000	84,049	70,000,000	84,049
[Associates and joint ventures]							
POSCO	CSP - Compania Siderurgica do Pecem	Export-Import Bank of Korea and others	USD	420,000,000	504,292	372,140,666	446,830
		BNDES	BRL	464,060,000	103,114	464,060,000	103,114
	LLP POSUK Titanium	SMBC	USD	13,500,000	16,209	13,500,000	16,209
	Nickel Mining Company SAS	SMBC	EUR	46,000,000	62,109	46,000,000	62,109
POSCO INTERNATIONAL Corporation	GLOBAL KOMSCO Daewoo LLC	Hana Bank	USD	8,225,000	9,876	7,875,000	9,456
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	New Songdo International City Development, LLC	Others	KRW	386,000	386,000	386,000	386,000
	POHANG E&E Co., LTD	Heungkuk Life Insurance Co., Ltd.	KRW	71,930	71,930	62,008	62,008
	UITrans LRT Co., Ltd.	Kookmin Bank and others	KRW	125,845	125,845	107,307	107,307
	Incheon-Gimpo Expressway Co, Ltd.	Kookmin Bank and others	KRW	311,468	311,468	289,379	289,379
	RPSD	Plan-up Sinsajeilcha Co., Ltd	KRW	45,000	45,000	37,000	37,000
	Metropolitan Outer Ring Expressway Co., ltd	Woori Bank and others	KRW	275,989	275,989	14,486	14,486
	Pureun Tongyeong Enviro Co., Ltd.	KDB Bank and others	KRW	22,714	22,714	15,542	15,542
	Pure Gimpo.Co.,Ltd	KDB Bank and others	KRW	44,740	44,740	31,946	31,946
	Clean Iksan Co.,Ltd	SAMSUNG FIRE & MARINE INSURANCE CO.,LTD	KRW	44,054	44,054	30,668	30,668
	NEXTRAIN Co., Ltd	Kookmin Bank and others	KRW	634,752	634,752	-	-
	Chun-cheon Energy Co., Ltd.	Kookmin Bank and others	KRW	149,200	149,200	145,300	145,300
POSCO ICT	UITrans LRT Co., Ltd.	Kookmin Bank	KRW	76,000	76,000	76,000	76,000
	Hyochun Co., Ltd.	Kyobo Securities	KRW	39,575	39,575	39,575	39,575
	Incheon-Gimpo Expressway Co., Ltd.	KDB Bank	KRW	100,000	100,000	100,000	100,000
	Shinahn wind power generation	NH INVESTMENT & SECURITIES CO.,LTD. and others	KRW	17,860	17,860	17,860	17,860
	Western Inland highway CO., LTD.	Kookmin Bank and others	KRW	964,100	964,100	964,100	964,100
	Metropolitan Outer Ring Expressway Co., ltd	Woori Bank and others	KRW	193,700	193,700	193,700	193,700
POSCO CHEMICAL CO., LTD	KRAKATAU POS-CHEM DONG-SUH CHEMICAL	Hana Bank	USD	1,140,000	1,369	506,667	608
POSCO(Suzhou) Automotive Processing Center Co.,Ltd.	POS-InfraAuto (Suzhou) Co., Ltd	Export-Import Bank of Korea and others	USD	769,500	924	769,500	924
[Others]							
POSCO INTERNATIONAL Corporation	Sherritt International Corporation and others	Export-Import Bank of Korea	USD	21,818,182	26,197	3,019,552	3,626
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	Ecocity CO.,LTD and others	Kookmin Bank and others	KRW	3,984,798	3,984,798	2,135,462	2,135,462
POSCO ICT	BLT Enterprise and others	Hana Bank and others	KRW	1,179,464	1,179,464	1,179,464	1,179,464
POSCO AUSTRALIA PTY LTD	Department of Trade and Investment (NSW Government) and others	Woori Bank and others	AUD	11,637,255	9,602	11,637,255	9,602
PT. Bio Inti Agrindo	KSU Mandob	Bank Muamalat	IDR	80,000,000,000	6,744	80,000,000,000	6,744
			USD	3,369,159,948	4,045,352	2,659,030,636	3,192,702
			KRW	8,747,189	8,747,189	5,900,797	5,900,797
			IDR	80,000,000,000	6,744	80,000,000,000	6,744
			INR	221,000,000	3,514	192,852,525	3,066
			THB	5,501,000,000	213,879	5,501,000,000	213,879
			EUR	46,000,000	62,109	46,000,000	62,109
			AUD	11,637,255	9,602	11,637,255	9,602
			BRL	464,060,000	103,114	464,060,000	103,114

(b) Other commitments

Details of other commitments of the Company as of June 30, 2020 are as follows:

Company	Description
POSCO	POSCO entered into long-term contracts to purchase iron ore, coal, nickel and others. The contracts of iron ore and coal generally have terms of more than three years and the contracts of nickel have terms of more than one year. These contracts provide for periodic price adjustments based on the market price. As of June 30, 2020, 81 million tons of iron ore and 12 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. The purchase price is subject to change, based on changes of the monthly standard oil price (JCC) and with a price ceiling.
	POSCO entered into consecutive voyage charter (CVC) contract for the transportation of raw materials. As of June 30, 2020, there are 39 vessels under CVC contracts and the average remaining contract period is about 9 years.
	POSCO entered into commitments with KOREA ENERGY AGENCY for long-term foreign currency borrowings up to the amount of USD 4.12 million. The borrowing is related to the exploration of gas hydrates in Western Fergana-Chinabad. The repayment of the borrowings depends on the success of the project. POSCO is not liable for the repayment in full or part of borrowings if the project fail. POSCO has agreed to pay a certain portion of its profits under certain conditions, as defined by the borrowing agreement. As of June 30, 2020, the ending balance of the borrowing amounts to USD 1.02 million.
	POSCO has provided a supplemental funding agreement, as the largest shareholder, as requested from the creditors including Norddeutsche Landesbank, for seamless funding to the construction of new power plant by POSCO ENERGY CO., LTD.
	POSCO provides a supplementary fund of up to ₩9.8 billion to the Company's subsidiary, Busan E&E Co., Ltd., at the request of creditors such as the Korea Development Bank.
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	As of June 30, 2020, POSCO ENGINEERING & CONSTRUCTION CO., LTD. has foreign currency guarantees of up to USD 2,481 million provided by financial institutions and uses USD 783 million with Woori Bank and others.
	The Company is responsible for completion of 2 projects, including the development of Parc One in Yeouido-dong. As of June 30, 2020, the outstanding amount of loans related to the responsible payment arrangement is ₩2,302 billion which may be assumed in the case of non-performance of developers. If the responsibility is not fulfilled, there are duties such as debt assumption and responsibility for lease.
POSCO ICT	As of June 30, 2020, in relation to contract enforcement, POSCO ICT was provided with ₩89,473 million, ₩2,882 million and ₩305 million guaranties from Korea Software Financial Cooperative, Seoul Guarantee Insurance and Engineering Guarantee Insurance, respectively.
	The Company is responsible for completion of 10 projects, including the construction of Bundang Center. As of June 30, 2020, the outstanding amount of developers' borrowings amounting to ₩737.2 billion. If the responsiblility is not fulfilled in which the Company provides payment guarantee.

(c) Litigation in progress

In March 2019, regarding the Songdo International City Development Project in Incheon, NSC Investment and TGC (the "applicant"), former partners of joint venture of POSCO ENGINEERING & CONSTRUCTION CO., LTD. ("POSCO E&C"), have applied to the International Chamber of Commerce of Singapore for arbitration in relation to the POSCO E&C's alleged contract violation (approximately USD 2 billion). In addition, the applicant filed a confirmation suit with the New York Southern District Court in March 2019 against the fact that all claims listed in the above arbitration application must be settled by ICC arbitration. The claimants are seeking damages allegedly resulting from POSCO E&C's purported wrongful seizure. As of June 30, 2020, the Company believes that the applicant's claims are not legally valid and that the present obligation for the above arbitration event does not exist and therefore did not recognize a provision.

The Company is involved in 325 lawsuits aggregating to ₩891.5 billion as defendant as of June 30, 2020, which arise from ordinary course of business such as claim for confirmation of employee status. The Company has recognized provisions amounting to ₩46.8 billion for 94 lawsuits based on its reliable estimate of outflow of resources. However, the Company has not recognized any provisions for the other lawsuits and claims since the Company believes that it does not have a present obligation as of June 30, 2020.

(d) Other contingencies

Company	Description
POSCO	POSCO has provided 3 blank checks to KOREA ENERGY AGENCY as collateral for long-term foreign currency borrowings.
POSCO INTERNATIONAL Corporation	As of June 30, 2020, POSCO INTERNATIONAL Corporation has provided 33 blank promissory notes and 17 blank checks to Korea Energy Agency and others as collateral for the guarantee on performance for contracts and others.
POSCO ENGINEERING & CONSTRUCTION CO., LTD.	As of June 30, 2020, POSCO ENGINEERING & CONSTRUCTION CO., LTD. has provided 29 blank checks and 4 blank promissory notes as collateral for agreements and outstanding loans, and has provided joint guarantee of ₩8,530,827 million for guarantee that partners had issued from Korea Housing & Urban Guarantee Corporation and others.
POSCO ICT	As of June 30, 2020, POSCO ICT has provided 6 blank checks to financial institutions as collateral for the guarantee on performance for contracts and others.

36. Cash Flows from Operating Activities

Changes in operating assets and liabilities for the six-month periods ended June 30, 2020 and 2019 were as follows:

(in millions of Won)		June 30, 2020	June 30, 2019
Trade accounts and notes receivable	₩	524,843	(310,248)
Other receivables		22,494	(197,582)
Inventories		1,260,868	(64,238)
Other current assets		(91,857)	82,503
Other non-current assets		(71,387)	(64,191)
Trade accounts and notes payable		(299,704)	(116,517)
Other payables		(75,977)	(50,573)
Other current liabilities		168,919	292,868
Provisions		(137,663)	(81,657)
Payments of severance benefits		(146,492)	(87,522)
Plan assets		48,328	45,377
Other non-current liabilities		3,130	(1,948)
	₩	1,205,502	(553,728)

37. Operating Segments

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 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 between other suppliers and purchasers in Korea and overseas. Other segments include power generation, 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, 2019.

Segment assets, liabilities and profit (loss) are generally measured based on separate financial statements in accordance with K-IFRS of the subsidiaries that constitute reportable operating segments.

(a) Information about reportable segments for the six-month periods ended June 30, 2020 and 2019 were as follows:

1) For the six-month period ended June 30, 2020

(in millions of Won)		Steel	Trading	Construction	Others	Total
External revenues	₩	13,479,418	10,016,621	3,395,502	1,375,826	28,267,367
Internal revenues		7,383,579	6,437,084	527,600	1,316,242	15,664,505
Inter segment revenue		5,199,890	2,949,668	489,800	1,234,354	9,873,712
Total revenues		20,862,997	16,453,705	3,923,102	2,692,068	43,931,872
Segment profits		137,727	150,120	239,257	184,814	711,918

2) For the six-month period ended June 30, 2019

(in millions of Won)		Steel	Trading	Construction	Others	Total
External revenues	₩	16,254,629	11,202,364	3,250,562	1,628,018	32,335,573
Internal revenues		8,810,998	8,118,637	271,167	1,313,099	18,513,901
Inter segment revenue		6,083,008	4,353,673	238,116	1,248,146	11,922,943
Total revenues		25,065,627	19,321,001	3,521,729	2,941,117	50,849,474
Segment profits		1,154,554	162,877	33,084	167,428	1,517,943

(b) Reconciliations of total segment profit or loss, to their respective consolidated financial statement line items for the six-month periods ended June 30, 2020 and 2019 were as follows:

(in millions of Won)		June 30, 2020	June 30, 2019
Total profit for reportable segments	₩	711,918	1,517,943
Corporate fair value adjustments		(38,676)	(40,729)
Elimination of inter-segment profits		(133,716)	(17,351)
Income tax expense		255,023	657,559
Profit before income tax expense	₩	794,549	2,117,422

38. Events after the Reporting Period

Pursuant to the resolution of the Board of Directors on August 7, 2020, the Company decided to pay interim cash dividends of ₩500 per common share (total dividend: ₩39.9 billion).