

Mr. Michael Buschhueter
The International Accounting Standards Board
First Floor
30 Cannon Street
London, EC4M 6XH
United Kingdom

20 March 2009

Dear Mr. Buschhueter,

First and foremost, I would like to introduce myself to you briefly. My name is Paul SONG, Director of Terosa Consultant Limited, a financial consulting firm, located in Hong Kong, mainly specialized in independent company research and corporate advisory service from the perspectives of corporate governance and shareholder values.

To my knowledge, the International Accounting Standards Board (IASB) is undergoing a project named 'the Proposed Amendments to IAS 33 (Simplifying EPS)'. It is with this in mind, and in coordination with a school of Korean and foreign institutional investors investing in the Korean stock markets, that I would like to highlight some issues with respect to the accounting treatment of Korean 'Non-Voting Preferred Shares (NVPS)' with regards to the determination of 'Earnings per Share (EPS)'. As you might be aware, in Korea, a class of shares named Non-Voting Preferred Shares (NVPS) has been in existence since the mid-1980s, created to foster Korean capital markets and help raise capital with no dilution of management control.

The NVPS are second class shares relative to the ordinary shares in the context of absence of voting rights, but, in return, with 1% point additional dividend entitlement to the ordinary shares. The NVPS had been widely used for capital-raising in Japan and Korea, but are different from the preferred shares adopted in the West which receive pre-determined dividend payments, similar to coupon payments, and have a pre-determined expiry.

To my understanding, the Korea Accounting Standard Board (KASB) submitted the country opinion on your project, including the argument with respect to the Korean NVPS Dividend Treatment on 08 December 2008. Given the overall characteristics of the NVPS with respect to the legality of no seniority in the liquidation, no cumulativeness and no participatoriness in dividend entitlement and little preferential rights in eternal sacrifice of the voting rights, the NVPS is nothing but another unique type of the ordinary shares in Korea.

Hence, the NVPS should be treated as the ordinary shares, based on the definition of the ordinary shares being "An ordinary share is an equity instrument

that is subordinate to all other classes of equity instruments" outlined on the paragraph 6 of the IAS 33.

At the same time, the KASB apparently opinionated the replacement of the 'ordinary shares' with the 'shares' in the paragraph 18 (b) of IAS 33, "a class of ordinary shares with a dividend rate different from that of another class of ordinary shares, but, without prior or senior rights", to avoid possible controversies in the future, stemming from the name of the preferred shares, set aside the real features of the NVPS.

In conclusion, I, together with a school of institutional investors aware of Korean NVPS distorted accounting treatment with regards to the EPS determination, do sincerely and cordially ask the IASB to give considerate thoughts on the KASB's proposal of widening the ordinary share definition to encompass the NVPS and the replacement of the 'ordinary shares' wording with the 'shares' in the run-up to the amendments of the IAS 33.

Hope that this may be of use and help to you. In the meantime, should you have any queries or requests, please do kindly let me know.

Yours sincerely,

Paul SONG