19 January 2008

International Accounting Standards Board
30 Cannon Street, London EC4M6XH,
United Kingdom

<u>Subject: Comments on proposed amendments to IFRS 1 in relation to 'Additional Exemptions for First-time Adopters'</u>

Please find my comments on the exposure draft in the following page for review and discussion.

Regards,

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Deemed cost for oil and gas assets

1. *Do you agree with the proposed deemed cost option for entities using full cost accounting under previous GAAP? Why or why Not? If not, what alternative do you propose and why?*

   I support the proposed deemed cost option on the grounds that unnecessary costs and time to arrive at cost of oil & gas asset under IFRS can be saved. I also suggest allowing deemed cost option for entities using successful efforts accounting, that had determined exploration and evaluation assets under their previous GAAP, where the recognition requirements are different from IFRS (i.e. different capitalized costs), based on the same grounds of time and cost.

   I also suggest further clarifying the second paragraph of 19A to avoid any misunderstanding between readers:

   "The entity shall test exploration and evaluation assets and assets in the development and production phases for impairment at the date of transition to IFRSs in accordance with IFRS 6 *Exploration for and Evaluation of Mineral Resources* or IAS 36 *Impairment of Assets* respectively and, if necessary, reduce the amount determined in accordance with (a) or (b) above, **with corresponding reduction in the retained earnings at the date of transition**. For the purposes of this paragraph, oil and gas assets comprise only those assets used in the exploration, evaluation, development or production of oil and gas."

   In relation to paragraph 25EA (b), I suggest that instead of recognizing directly in retained earnings any difference between the re-measured amount of decommissioning, restoration and similar liability and those determined under previous GAAP should be allocated to the respective asset's deemed cost determined under paragraph 19A. The impairment testing should be performed after such allocation. My argument for supporting this treatment is that determination of these liabilities should not be significantly different between different GAAPS (ignoring the discounting element) and should be treated more as an estimation change and adjusted prospectively through additional depreciation of the related oil and gas asset.

Oil and gas assets - disclosure

2. *Do you agree with the proposed disclosure requirements relating to the deemed cost option for oil and gas assets? Why or why not?*

   Yes. But I would also like to suggest a description of the difference between the deemed cost and cost under IFRS (i.e. types of cost not allowed to be capitalized under IFRS and vice-versa). This should just be a description and not a quantitative exercise.

Deemed cost for operations subject to rate regulation

3. *Do you agree with the proposed deemed cost option for entities with operations subject to rate regulation? Why or why not? If not, what alternative do you propose and why?*

   No comments.

Leases

4. *Do you agree with the proposal not to require the reassessment of whether an arrangement contains a lease in the circumstances described in this exposure draft? Why or why not?*

   No comments.

Assessments under previous GAAP before the date of transition to IFRSs

5. *Do you agree that the situation referred to in question 4 is the only one in which additional relief of this type is needed? If not, in what other situations is relief necessary and why?*

   No comments.