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23 January 2009

Additional proposal to IFRS 1
International Accounting Standards Board
30 Cannon Street, London EC4M 6XH
United Kingdom


Dear Sir or Madam:

The Korea Accounting Standards Board (KASB) has finalized its proposal regarding amendments to IFRS 1. I would appreciate your including our proposals in your summary of analysis.

The enclosed proposals represent official positions of the KASB. They have been determined after extensive due process and deliberation.

Please do not hesitate to contact us if you have any inquiries regarding our proposals. You may direct your inquiries either to me (cwsuh@kasb.or.kr) or Mr. Sung-ho Joo (sung-ho.joo@kasb.or.kr), researcher of KASB.

Yours sincerely,



Dr. Chungwoo Suh
Chairman, Korea Accounting Standards Board

Cc: Sungsoo Kwon, Director of Research Department

In Korea, financial reporting under IFRS will be made mandatory for all listed companies from 2011. Korean companies, first time adopter at 2011, are required to apply all requirements retrospective to the date currently specified in IFRS 1 First-time Adoption of International Financial Reporting Standards(e.g. on or after 1 January 2004). For Korean companies, restating derecognition transaction for past 7 years would be costly and lead to arbitrary results.

Also, first time adopter may apply in either of (a) prospectively to transactions entered into after 25 October 2002; or (b) prospectively to transactions entered into after 1 January 2004, when financial assets or financial liabilities is measured at initial recognition. As a result, Korean companies, first time adopter at 2011, should apply the requirements retrospectively for past 7~9 years In this case, obtaining the fair value information for those past transaction of financial instruments may be impracticable or lack of readily available fair value information. Even though measurement of the fair value for those past transactions of financial instruments is possible, it would be costly and lack of reliability.

Therefore, KASB(The Korea Standards Board, KASB) asks IASB for several amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards to mitigate difficulties that Korean companies shall face in adopting IFRSs in 2011, including the following;

current IFRS 1	proposal by KASB
B2 Except as permitted by paragraph B3, a first-time adopter shall apply the derecognition requirements in IAS 39 <i>Financial Instruments: Recognition and Measurement</i> prospectively for transactions occurring <u>on or after 1 January 2004</u>	B2 Except as permitted by paragraph B3, a first-time adopter shall apply the derecognition requirements in IAS 39 <i>Financial Instruments: Recognition and Measurement</i> ____prospectively for transactions occurring <u>on or after the date later of (a) transition date to IFRSs or (b) 1 January 2004</u>

<p>D4 A first-time adopter may apply the transitional provisions in IFRS 4 <i>Insurance Contracts</i>. IFRS 4 restricts changes in accounting policies for insurance contracts, including changes made by a first-time adopter.</p>	<p>D4 A first-time adopter may apply the transitional provisions in IFRS 4 <i>Insurance Contracts</i>. <u>However, an entity does not need disclosure of comparative information that relates to annual periods beginning before date of transition to IFRSs.</u> IFRS 4 restricts changes in accounting policies for insurance contracts, including changes made by a first-time adopter.</p>
<p>D20 Notwithstanding the requirements of paragraphs 7 and 9, an entity may apply the requirements in the last sentence of IAS 39 paragraph AG76 and in paragraph AG76A, in either of the following ways:</p> <ul style="list-style-type: none"> (a) prospectively to transactions entered into after 25 October 2002; or (b) prospectively to transactions entered into after 1 January 2004. 	<p>D20 Notwithstanding the requirements of paragraphs 7 and 9, an entity may apply the requirements in the last sentence of IAS 39 paragraph AG76 and in paragraph AG76A, in either of the following ways:</p> <ul style="list-style-type: none"> (a) prospectively to transactions entered into after 25 October 2002; or (b) prospectively to transactions entered into after 1 January 2004. (c) <u>prospectively to transactions entered into after date of transition to IFRSs</u>