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4 November 2008

Exposure Draft 'Improvement to IFRSs'
International Accounting Standards Board
30 Cannon Street, London EC4M 6XH
United Kingdom

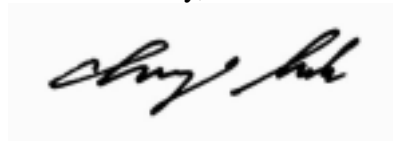
Dear Sir or Madam:

The Korea Accounting Standards Board (KASB) has finalized its comments on Exposure Draft 'Improvement to IFRSs'. I would appreciate your including our comments in your summary of analysis.

The enclosed comments 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 comments. You may direct your inquiries either to me(cwsuh@kasb.or.kr) or to Mr. Sung-ho Joo (sung-ho.joo@kasb.or.kr), researcher of KASB.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'chungwoo suh', is displayed on a light gray rectangular background.

Dr. Chungwoo Suh
Chairman, Korea Accounting Standards Board

Cc: Sungsoo Kwon, Director of Research Department

We are pleased to comment on the Exposure Draft 'Improvement to IFRSs'. Our comments include views from a public hearing and responses collected from the various associations. We finalized the comment letter through the due process established in KASB.

Question 1

Do you agree with the Board's proposal to amend the IFRS as described in the exposure draft? If not, why and what alternative do you propose?

Overall we agree with the proposed amendments but would like to comment on the amendments to IFRS 2, IFRS 8, and IAS 39.

IFRS 2

An entity newly established as drop down is not an acquirer and also should not be an acquiree because it does not meet the definition of 'business' under IFRS 3. Considering it, we understand the transaction does not meet the definition of 'business combination'.

Therefore, we think it is necessary to clarify whether the transaction in which an entity newly established as drop down transfers equity instruments as consideration for the division is within the scope of IFRS 2 and equity instrument should be measured using fair value of the division acquired.

IFRS 8

In the paragraph 'Therefore, making no disclosure of segment assets would be in accordance with the IFRS in some cases', the 'some cases' might be not clear enough and be read some other legitimate cases would exist other than the stated one, which consequently would cause difficulties for practitioners to decide whether or not segment assets are to be disclosed. Accordingly, to achieve the goal of this amendment, the paragraph should be rephrased as follows,

‘Therefore, making no disclosure of segments assets would be in accordance with the IFRS in that case.’

By doing so, such case is limited to the situation where segment assets are not reviewed by the chief operating officer.

Or, further explanations should be followed by the 'some cases' to clarify what the IASB intends the referred 'some cases' to be exactly interpreted.

We also have a minor suggestion. In the last sentence of the proposed paragraph BC35, it would be clearer to understand by adding a word 'external' right before 'reporting purposes only'.

IAS 39**-Scope exemption of business combination contracts**

We agree to the clarification of this paragraph. However, there is an argument in practice that non-currently exercisable option can also be excluded from the scope of IAS 39. It is argued that option contracts related to business combination are exempted from IAS 39 because such contracts are applied by the second sentence in the paragraph 5 of IAS 39 which states that contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements are not applied by this Standard.

Therefore, we believe that it is necessary to explain why the second sentence in the paragraph 5 of IAS 39 does not apply to the option contracts related to business combination.

-Bifurcation of an embedded foreign currency derivative

We do not agree to the amendment to this paragraph. It is our belief that all of the (i), (ii) and (iii) of the paragraph AG33(d) are involved with more than one characteristics of functional currency. In other words, (i) is the functional currency of the entity, (ii) would be a functional currency if the entity trades only the product in the example, and (iii) would be a functional currency on the assumption that economic environment is regarded as one entity.

In this sense, the amendment to (iii) that replaces 'economic environment' concept with 'characteristics of a functional currency' would confuse users.

Hence we believe that clarification of 'economic environment' would be more helpful than the current proposed amendment.

Question 2

Do you agree with the proposed transition provisions and effective date for issue as described in the exposure draft? If not, why and what alternative do you propose?

We agree.

Question 3

The Board proposes to include in the Appendix of IAS 18 Revenue guidance on determining whether an entity is acting as a principal or as an agent. What indicators, if any, other than those considered by the Board should be included in the guidance proposed?

In the Appendix of IAS 18, the proposed indicators which don't have priorities can't provide precise guidance. Therefore, users might be confused to apply indicators in practice.

We also noted that this amendment is not convergent with US GAAP. This amendment provided four indicators, including the strong indicators of EITF 99-19. However, unlike EITF, there are no priorities of indicators.

We suggest that this improvement should provide priorities of indicators or identify necessary indicators. In other words, we suggest the relative strength of each indicator should be considered.