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Press Release

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Korea Accounting Standards Board Announces Korean Translation of International Financial Reporting Standards

The Korea Accounting Institute (KAI)/Korea Accounting Standards Board (KASB) released Korean translation of International Financial Reporting Standards (“K-IFRS”) in support of Korea’s full adoption of IFRS. The announcement of K-IFRS, a key implementation step of the IFRS roadmap that the FSC/FSS and KAI/KASB announced on March 15, marks the completion and acceptance of the translations of the 58 accounting standards and interpretations—37 standards and 21 interpretations—that will become Korea’s Generally Accepted Accounting Principles by 2011.¹

Under the IFRS roadmap, financial reporting using IFRS is to become mandatory for all listed companies beginning in 2011. Consolidated quarterly and semiannual financial reporting is also set to take effect beginning in 2011 for companies with assets of KRW2 trillion or more (2013 for others).

Although Korea has achieved a significant degree of consistency with international accounting standards as a result of harmonization efforts under way since 1999, the full adoption of IFRS is expected to bring about further benefits to business enterprises and investors at home and abroad. Among others, it will raise the transparency of Korea’s corporate financial reporting and thus improve investor confidence and the overall business climate at home. Internationally active domestic companies are also expected to benefit from reduced compliance cost at home and abroad as a direct result of financial reporting under a uniform set of rules provided by IFRS. With a particular focus on consolidated financial statements, IFRS is also expected to provide more useful and reliable information to investors than before.

Effective date for IFRS

The new accounting standards are set to become mandatory beginning with the first accounting year after January 1, 2011. Companies may also opt to report financial statements under IFRS beginning with the first accounting year after January 1, 2009.

¹ The K-IFRS comprises 8 International Financial Reporting Standards (IFRS), 29 International Accounting Standards (IAS), 11 Interpretations by International Financial Reporting Interpretation Committee (IFRIC), and 10 Interpretations by Standing Interpretations Committee (SIC).



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Future Tasks

- A number of legal and regulatory changes and other fine-tuning are expected in 2008 to ensure a smooth transition to the new accounting regime.
- Korean translation of IASB-issued Implementation Guidance—including Bases for Conclusions and Illustrative Examples—is planned.
- Various information dissemination and training/promotional programs for corporate managers and accounting professionals will also be implemented.
- The FSC/FSS expects to take an active part in the operation of IOSCO IFRS Database in order to facilitate consistent interpretation and application of IFRS by domestic companies.
- New disclosure rules mandating companies to issue IFRS impact analysis and readiness report before IFRS takes effect are planned in order to ensure an orderly transition to the new accounting regime.

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