

Dr. Alexander Schaub  
Director General  
European Commission  
Directorate General for the Internal Market

1049 Brussels

16 September 2005

Dear Dr. Schaub,

**Adoption of Amendments to IFRS 1 *First-time Adoption of IFRSs* and IFRS 6  
*Exploration for and Evaluation of mineral Resources***

Based on the requirements of the Regulation (EC) No 1606/2002 of the European Parliament and of the Council on the application of international accounting standards we are pleased to provide our opinion on the adoption of Amendments to IFRS 1 *First-time Adoption of IFRSs* and the Basis for Conclusions of IFRS 6 *Exploration for and Evaluation of mineral Resources*.

The amendments clarify the IASB's intention with respect to an exemption provided to first-time adopters of International Financial Reporting Standards (IFRSs) who choose to adopt IFRS 6 before 1 January 2006.

EFRAG supports the objective of the amendments to clarify the inconsistency between the wording of IFRS 1 paragraph 36B and the discussion in the Basis for Conclusions of IFRS 6, which provide an exemption to an entity that both (a) adopts IFRSs for the first time before 1 January 2006 and (b) applies IFRS 6 before that date.

We welcome the clarification of the IASB to provide these entities with an exemption from (i) providing comparative disclosures and also (ii) the recognition and measurement requirements of IFRS 6 for the comparative period.

The amendments become effective for annual periods beginning on or after 1 January 2005.

EFRAG has evaluated the amendments based on input from standard setters and market participants in accordance with EFRAG's due process.

EFRAG supports the amendments to the existing standards and has concluded that they meet the requirements of the Regulation (EC) No 1606/2002 of the European Parliament and of the Council on the application of international accounting standards that:

- i. they are not contrary to the 'true and fair principle' set out in Article 16(3) of Council Directive 83/349/EEC and Article 2(3) of Council Directive 78/660/EEC; and
- ii. they meet the criteria of understandability, relevance, reliability and comparability required of the financial information needed for making economic decisions and assessing the stewardship of management.

For the reasons given above, EFRAG believes that it is in the European interest to adopt the amendments and, accordingly, EFRAG recommends their adoption.

On behalf of the members of EFRAG, I should be happy to discuss our advice with you, other officials of the EU Commission or the Accounting Regulatory Committee as you may wish.

Yours sincerely,

Stig Enevoldsen  
**EFRAG, Chairman**