

Press Release



SUPERINTENDENCIA
VALORES Y SEGUROS

THE SVS PROVIDES INSTRUCTION ON NEW MEASURES FOR THE ADOPTION OF THE IFRS AND PUBLISHES A FECU-IFRS REGULATIONS PROJECT

In Circular N° 427, the regulator gave more specific instructions for the process of adopting the international financial reporting standards (IFRS).

At the same time, the organization has published a pending regulation on the presentation of financial statements, under the IFRS rules, available for comment on the SVS website until January 21, 2008.

This past Friday, December 28, the Superintendencia de Valores y Seguros (SVS), sent out the [Circular N°427](#), which serves as a counterpart to indications regarding the adoption process of the international accounting and financial information standards, also known as the IFRS.

The Circular specifies, among other matters, that the corporations that issue majority shares or stock equity that must submit their financial statements under the IFRS as of January 1, 2009, are those that, as of December 31, 2007, must set up a Board of Directors, or whose shares have an adjusted presence equal to or greater than 25%, during the last 180 working days

All other issuers of public offering securities (shares or debt titles) and securitizing companies will have to adopt the IFRS starting on January 1, 2010, and those entities listed in N°198 of the SVS and other corporations in the Registry that are not issuers, must adopt the IFRS starting on January 1, 2011.

The obligation to submit financial statements under the IFRS will also be applied to the subsidiaries that are listed in the Securities Registry.

Presentation of Financial Statements

The Circular also establishes the conditions and characteristics that corporations must observe when they submit their financial information, which must comply with the rules issued by the International Accounting Standards Board, IASB, available on their website, www.iasb.org (most of which can be found in Spanish).

Among other aspects, it instructs that financial information under the IFRS must be presented quarterly and annually in way that it is compared to the same period of the previous year. Nevertheless, those entities that must begin the process as of January 1, 2009, but which are not in the condition to present the information in a way that

compares to that of 2008, must continue to submit their financial information under the current regulations, in order to compare 2009 reporting with 2008 reporting and, additionally, they must provide a pro-forma quarterly and annual financial report on the 2009 results under the IFRS standards, in a non-comparative form.

The authority also indicates that the currency to be used when presenting financial statements will be the peso, although those corporations whose functional currency is the dollar may present their financial standards using this currency.

In the case of entities that must consolidate, they will only need to present their consolidated financial statements.

FECU-IFRS Regulations

At the beginning of this week, the SVS published regulation regarding the presentation format for the financial statements of corporations under the IFRS rules, which can be found in the "Pending Regulations" section of their website, www.svs.cl.

These rules will be available between December 31, 2007 and January 21, 2008, for comment by the general public, and the definitive instructions will be submitted later during the first two weeks of March 2008.

This regulation establishes that the presentation format for the financial statements of corporations, currently submitted through the Uniform Coded Statistical Sheet (FECU), must be submitted quarterly according to the rules established by the IFRS standards of the International Accounting Standards Board (IASB), which provides a presentation format for the financial statements called the FECU-IFRS.

Nevertheless, the proposal indicates that the management of a corporation may also present their financial statements in another format that more clearly represents their financial situation, financial performance and cash flow, in accordance with the standards established by the IFRS.

To access this document please follow the link below:

http://www.svs.cl/sitio/legislacion_normativa/normativa_tramite.php

Santiago, January 4, 2008.