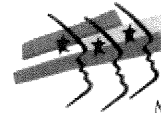




Association pour la participation des
entreprises françaises à l'harmonisation
comptable internationale



Mouvement
des Entreprises de France
MEDEF

IASB
Sir David Tweedy
30 Cannon Street
London EC4M 6XH
United Kingdom

Paris, April 16, 2007

Ref: Business Combinations phase II

Dear Sir David,

ACTEO & MEDEF are following very closely the IASB tentative decisions leading to a revised IFRS 3.

In our letter commenting on the exposure draft, we had raised some critical concerns on specifically two issues :

- 1- the potential lack of reliability that the “full goodwill method” would imply,
- 2- the consequences of freezing” goodwill at the acquisition date upon subsequent purchases of interests (or sales without loss of control), as in our view an exchange of equal fair values should have no impact on equity.

In its March session the Board deliberations have puzzled us in many ways :

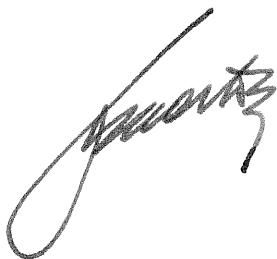
- 1- alternative views expressed at the time the exposure draft was issued were outlining the reliability issue that many commentators along with ACTEO & MEDEF have raised ; in December, a qualified majority of IASB members had approved that in principle NCI would be measured at fair value, whereas a qualified minority had advocated that an exception be made to the principle, for reliability concerns. In their March session, the reliability concern appeared forgotten, and a new concern for “undue cost or effort” arose, which does not seem to stem from former debates or comments received ; we therefore believe that a supplementary deliberation on this fundamental issue is needed, as the debate in March appeared confused ;
- 2- although it is of the highest importance that the revised IFRS 3 is finalised with the greatest care, staff seems to be rushed – or be rushing – to have the final standard be approved on June 30, 2007 at the latest. Where the IASB runs into controversial issues, the consequence should be to take even greater care, especially when a significant minority of Board members is supported by the great majority of constituents. To ensure that the required level of quality is reached, we believe the IASB should take all the time necessary to a proper finalisation of the standard ;

- 3- finally, we believe the IASB should not leave out of the scope of the standard issues which are indeed relevant to the scope of the standard. The example of circumstances of loss of control in so called non-reciprocal transfers seems to us to qualify as part of the scope. We do not understand why they have been left out. We also note that IFRIC has issued in 2006 wordings for rejection on the basis that IFRS 3 was under revision by the IASB. These issues do not seem to have been debated yet.

ACTEO

Patrice MARTEAU

Chairman



MEDEF

Agnès LEPINAY

Director of economic, financial and fiscal affairs

