

Sir David Tweedie, Chairman

Letter of Comment No: 207
File Reference: 1204-001

International Accounting Standards Board

30 Cannon Street

UK-London EC4M6XH

Asunción, October 28, 2005

Dear Sir,

Coomecipar is a multiactive production, consumer, savings, loan, and service cooperative of healthcare professionals.

It was established in 1962 with 61 members and currently it has 21,000 members.

It has five branches, two agencies and the Main Office.

The main financial services are savings, loans, and credit cards. Social services are Health Care, Solidarity, Education, Training, and a Cultural Program for members and the community in general.

In Paraguay, with a population of over five million, about 750,000 cooperative members represent 15% of the country's population. The effect is passed on to more than two million people.

Cooperatives generate 15% of the GDP (the highest in Latin America). They turn out 84% of the dairy products, and are a source of income for 70,000 people. Cooperatives hold 18% of national savings and grant 25% of all personal loans. They generate around 40% of agricultural exports, and represent 50% of the agricultural and industrial sectors' domestic production.

The Paraguayan cooperative movement is regarded as the best one in Latin America, for having the largest percentage of savings portfolio in the world (18%) and the highest loan portfolio percentage in Latin America (25%).

With concern, Coomecipar states its comments before the IASB as regards the project for amendments to the IFRS 3 —“Business Combinations”— which apparently continues with the intention of including mutual entities, an expression that seems to include mutuals and cooperatives.

Having analyzed all the answers to the 2004 inquiry by the IASB regarding the inclusion of “mutual entities” in the IFRS 3, Coomecipar would like to remind you that 78.6% of all respondents rejected the inclusion of such entities, among them, all the business economic

players, and that this negative response was not just a matter of time or the retroactive application, but it was linked to the nature of the entity and the way such entities operate. Therefore, based on the due process, the proposed inclusion in 2005 of cooperatives and mutual entities into the IFRS 3 should not proceed.

Coomecipar is convinced that the business combinations among mutuals and cooperatives cannot be properly addressed under the present proposal, or that an entity may acquire a cooperative, as explained in the proposed amendments.

Therefore, Coomecipar request that the IASB does not continue with its intention to include mutual entities within the scope of the standard, and that it defer this decision until an adequate method is found in the third phase of the project for business combinations. We suggest that the various stakeholders be consulted regarding any future method, to evaluate at an early stage all the implications for cooperatives and mutuals.

Sincerely,

HILDA ALVARADO DE CARRON

TREASURER

BOARD OF ADMINISTRATION

CESAR EDUARDO FRANCO

CHAIRMAN

BOARD OF ADMINISTRATION