EUROPEAN ROUND TABLE OF INDUSTRIALISTS

Sir David Tweedie Chair, International Accounting Standards Board (IASB). 30 Cannon Street, London EC4M 6XH,

Mr. Bob Herz Chair, Financial Accounting Standards Board (FASB). 107 Merritt 7, P.O. Box 5116, Norwalk CT 06856-5116,





LETTER OF COMMENT NO. \

9 January 2008

Dear Sirs,

Performance Reporting

The European Round Table of Industrialists wishes to express to your respective boards its views on the letter recently sent to you by the Corporate Reporting Users' Forum concerning "Performance Reporting".

There are some specific points where ERT has somewhat different positions: for instance, many companies have a clear preference for the presentation of "performance" in two separate statements, in order to more clearly identify the key elements which Corporate Reporting Users Forum (CRUF) mentioned. Additionally, the level of detail in segment reporting needs to be further discussed.

Nevertheless, we concur wholeheartedly with the intention of CRUF's letter, that performance reporting must first be determined, and guided by what is practically useful for communication between preparers and users, even if this means that conceptually perfect solutions are not completely achieved.

The IASB's discussion paper (3 November 2006), "Preliminary Views on an improved Conceptual Framework for Financial Reporting" rightly states in OB6, "Financial reporting is not an end in itself. It is a mean of communicating to the users of financial reports information that is useful..."

We strongly share CRUF's view that suppression of after-tax net income as a separately identified item would mark a retrograde step for financial reporting. Net income is a key measure of "performance" in the "flow of activities" sense in which preparers and users understand the term, and want to see it reflected in reporting.

In general, ERT experts see practical usefulness as a necessary criterion for high-quality standards. Without this, IFRS financial reporting risks being relegated to a pure filing bureaucratic document, with the essential communication between preparers and users, the primary parties involved, being diverted to other channels.

Yours sincerely

Leif Johansson

Chairman PRT International Accounting Working Group

Pär Östberg

Chairman ERT CFO Taskforce

Pc: CRUF c/o Mr Peter Elwin Cazenove Equities 20 Moorgate London EC2R 6DA

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