

*Question 1. Do you consider it useful that CESR Members provide recommendations to European listed companies on how to disclose financial information to the markets during the phase of transition from local GAAP to IFRS?*

Yes. It should be made clear whether this recommendation should be issued by individual CESR Members locally or whether the issue by the CESR is sufficient.

*Question 2. Do you agree that European listed companies should be encouraged to prepare the transition from local GAAP to IFRS as early as possible?*

Yes. However, the timing of the issue of this recommendation leaves European companies little time to prepare if they have not already started.

*Question 3. Do you agree that those companies should also be encouraged to communicate about this transition process? If yes, are the 4 milestones identified by CESR for such communication appropriate?*

Yes, companies should be encouraged to communicate about the transition process. The four milestones set out in paragraph 7 seem reasonable except for the reference to 2004 interim financial statements, for which we can find no further reference except in the context of comparative information in 2005 interim financial statements. We would recommend that the reference in paragraph 7 be restricted to 2004 annual financial statements.

*Question 4. What are your views on an encouragement to listed companies to disclose narrative information about their process of moving to IFRS and about the major identifiable differences in accounting policies this transition will bring about? Do you consider it appropriate to include such information in the 2003 annual report or in the notes to the 2003 financial statements?*

This would provide useful information for both investors and other users of the financial statements. It is important that that it is not a requirement to disclose this information but only a recommendation. The guidance should perhaps be extended to discourage quantitative disclosures, particularly since the standards that will be applied in 2005 will have, at best, only just completed their development process and will not have been fully interpreted. It is appropriate to include the discussion in the annual report but not within the notes to the financial statements, which will be audited.

*Question 5. Do you believe that listed companies should be encouraged not to wait until beginning 2006 for communicating about the impact of the transition to IFRS on the 2004 financial statements if such information is available earlier? Do you agree that quantified information in this regard should be given as soon as possible?*

Yes, listed companies should be encouraged to communicate if they are ready to do so in a sufficiently reliable manner. However, the timing of the disclosure of the information should be a matter for the company – if it is available for inclusion in the annual report, then the company should be encouraged to do so. However, the timing should be a matter for the company to determine.

*Question 6. Is it appropriate to refer to the Implementation Guidance published by IASB in connection with the IFRS1 for defining which quantified information should be disclosed as a result of the recommendations in § 11 and § 12? Do you believe other disclosures should be*

*envisaged? Do you agree with inclusion of such information in the annual report or in the notes to the financial statements?*

We do not agree that the full disclosure requirements. The recommendations effectively replicate the requirements of IFRS 1 (which are for line-by-line reconciliations of the income statements and balance sheets) a year early. We would recommend reconciliation of net income and net shareholders' funds (in a similar way to US listing requirements), to be contained in the annual report, as opposed to the financial statements.

*Question 7. Do you agree with the principle that any interim financial information published as of 2005 by listed companies should be prepared using the accounting standards that are to be used by those companies for the 2005 year end financial reporting, i.e. IFRS, in the way indicated here under?*

Yes. We would use the phrase "...anticipated accounting standards that are to be used..." to accommodate the situation where a late change in guidance is issued and a corresponding change to accounting policies is imposed.

*Question 8. Do you agree that when listed companies do not elect to apply IAS 34 for quarterly information published in 2005, they should be encouraged to prepare and disclose financial data by applying IFRS recognition and measurement principles to be applicable at year end?*

Companies should be encouraged to present their first and third quarter information in accordance with IFRS recognition and measurement principles.

*Question 9. Do you agree with the proposed encouragement for European listed companies to either fully apply IAS34 for half yearly reporting as from 2005 or, if this standard is not applied, to prepare the key half-year financial data that are to be published, in conformity with IFRS recognition and measurement principles to be applicable at year end?*

Yes.

*Question 10. CESR considered different possibilities for the presentation of comparative information for the corresponding period(s), but concluded that the above proposed solution could appropriately serve users of financial information without imposing too burdensome requirements on issuers. Do you concur with the proposed solutions? In particular, do you agree with the proposals that A) comparative figures should be provided and restated using same accounting basis as for the current year; B) previously published information for the previous period may be provided again; C) explanation of restatement of comparative figures should be given; D) in case of presentation of financial statement over 3 successive periods the restatement of the first (earliest) period could not be required; E) indicative format ("bridge approach") for the presentation of comparative information on the face of the financial statements when the first period presented is not restated?*

We agree that comparative information should be prepared in accordance with IFRS on the same basis as for the current year. We agree that previously published information may be provided again but we would not encourage it. A narrative explanation of the restatement of the comparative information should be given.

We are concerned about the provisions of the guidance as applied to situations where three successive periods are presented. As far as we are aware, this is generally the case in annual

financial statements of companies with listings in the US. We understand that the SEC is likely to require all comparative periods to be prepared under IFRS and so the bridge option would not be available in these cases.

*Question 11. Do you agree that, in addition to the presentation of comparative information in conformity with IFRS1 (i.e. prepared on the basis of IFRS provisions), it could be deemed useful to present again the comparatives prepared on the basis of previously applicable accounting standards?*

Our understanding of IFRS 1 is that all comparative restated periods will have to be reconciled to the previous information in the annual financial statements. Whilst it may seem attractive to extend these provisions (on a voluntary basis) to interim reporting, we believe it would result in a multiplicity of data that would risk rendering the interim reporting meaningless.

*Question 12. Do you agree that, when presentation of financial statements over 3 successive periods is required, it would be acceptable not to require the restatement to IFRS of the first (earliest) period? If yes, do you agree with the indicative format ("bridge approach") for the presentation of comparative information on the face of the financial statements when the first period presented is not restated?*

Please see our reply to question 10.