

Sir David Tweedie
Chairman of the
International Accounting Standards Board
30 Cannon Street

London EC4M 6XH
United Kingdom

Düsseldorf, October 28, 2005
511/520

Dear Sir David

Re.: Draft Technical Correction 1: Proposed Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates – Net Investments in a Foreign Operation

We appreciate the opportunity to comment on the draft Technical Correction mentioned above and would like to submit our comments as follows:

Question 1

*Do you agree with the proposal in this draft Technical Correction? If not, why not?
What changes do you propose and why?*

In principle we agree with the proposed amendments. However, according to paragraph 15 in the case of subsidiaries being a foreign operation, a monetary item that is a receivable from or payable to this foreign operation is part of the entity's net investment in that foreign operation if settlement of the item is neither planned nor likely to occur. According to paragraph 15B this applies for associates only in case of a receivable from such an associate. The Board should explain the different requirements for subsidiaries and associates in paragraphs 15 and 15B. Furthermore, the Board should state the reasons for amending the existing wording in IAS 28.

Question 2

Do you have any other comments on the proposals?

We wonder about the due process of the IASB issuing the first draft Technical Correction immediately after the comment period on the process of technical corrections elapsed. In our view, the Board loses credibility when issuing the first draft Technical Correction before the IASB has formally concluded on the process of technical corrections.

According to the proposed policy on technical corrections, technical corrections are limited to circumstances in which either it is clear that the words in a standard do not properly convey the Board's intention or unexpected consequences of a standard have become apparent, that the Board would have corrected, had it been aware of them when the standard was issued. Unfortunately the Board does not explain which of the two circumstances stated above apply for the draft Technical Correction.

We would be pleased to answer any questions that you may have or discuss any aspect of this letter.

Yours sincerely

Klaus-Peter Naumann
Chief Executive Officer

Norbert Breker
Technical Director
Accounting and Auditing