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Berlin, 07 January 2008

Dear Stig,

Exposure Draft ED 9 Joint Arrangements

We appreciate the opportunity to comment on the EFRAG's Draft Comment Letter to the International Accounting Standards Board's Exposure Draft ED 9 Joint Arrangements. This letter represents the view of the German Accounting Standards Board.

Overall, we agree with EFRAG's significant concerns regarding the proposals included in ED9.

Regarding your questions on pages 7 and 12 of your draft comment letter we have the following comments:

Your question on page 7:

An important objective for the IASB in this project was to clarify the existing descriptions, which it believed to be causing problems in practice. Have they caused you problems in practice and are the revised descriptions better?

It appears from discussions that it depends on the industry and the country whether the term joint venture has been used for jointly controlled entities only or as a generic term for different types of joint ventures. We therefore believe that the change of the wording regarding joint ventures in the narrower and broader sense may lead to clarity for some and confusion for others. However, we have some concerns regarding the renaming of jointly controlled assets/operations and the descriptions of the different types of joint arrangements as outlined in our attached comment letter to the IASB.

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Your question on page 12:

It has been suggested to us that some entities are already looking at different legal forms of joint arrangement which would allow them to recognise the arrangements as joint operations or assets in order not to lose their key performance measures as a result of ED 9's requirements. Do you believe that your company or other companies will seek different legal forms for their joint arrangements which will allow them to avoid having to use the equity method?

We expect companies seeking different legal forms for their joint arrangements which will allow them to avoid applying the equity method, as the income from the investment in a joint venture has to be presented in each venturers' consolidated income statement in one line only when applying the equity method. By applying ED 9.21-22 (recognition of joint operations and joint assets) the components (e.g. revenues) are presented separately in the corresponding line of the income statement.

For the detailed comments we refer to our Comment Letter to the International Accounting Standards Board's Exposure Draft ED 9 Joint Arrangements, which is attached to the letter.

If you would like to discuss any aspects of this comment letter in more detail, please do not hesitate to contact me.

Yours sincerely,

Liesel Knorr
President