

Draft for comments**Comments should be sent to Commentletter@efrag.org****by 5 January 2007**

XXXXXX XXXX
Acting Director General
European Commission
Directorate General for the Internal Market
1049 Brussels

XX January 2007

Dear XXXXXXXXXX

Adoption of IFRS 8 *Operating Segments*

Based on the requirements of the Regulation (EC) No 1606/2002 of the European Parliament and of the Council on the application of international accounting standards we are pleased to provide our opinion on the adoption of IFRS 8 *Operating Segments*, which was published by the IASB on 30 November 2006. It was issued in draft as ED 8 and EFRAG commented on that draft.

IFRS 8 replaces IAS 14 *Segment Reporting*. Both standards set out requirements for the disclosure of information about an entity's operating segments. As the wording of IFRS 8 is the same as that of US SFAS 131 *Disclosures about Segments of an Enterprise and Related Information*, the effect of replacing IAS 14 with IFRS 8 is to converge IFRS with US GAAP, except for some minor differences. IFRS 8 becomes effective for annual periods beginning on or after 1 January 2009, with early application permitted.

EFRAG has evaluated IFRS 8 based on input from standard setters and market participants in accordance with EFRAG's due process.

EFRAG supports IFRS 8 and has concluded that it meets the requirements of the Regulation (EC) No 1606/2002 of the European Parliament and of the Council on the application of international accounting standards that:

- i. it is not contrary to the 'true and fair principle' set out in Article 16(3) of Council Directive 83/349/EEC and Article 2(3) of Council Directive 78/660/EEC; and
- ii. it meets the criteria of understandability, relevance, reliability and comparability required of the financial information needed for making economic decisions and assessing the stewardship of management.

For the reasons given above, EFRAG believes that it is in the European interest to adopt IFRS 8 and, accordingly, EFRAG recommends its adoption.

On behalf of the members of EFRAG, I should be happy to discuss our advice with you, other officials of the EU Commission or the Accounting Regulatory Committee as you may wish.

Yours sincerely,

Stig Enevoldsen
EFRAG, Chairman