

20 April, 2009



The Chief Executive
International Accounting Standards Board

Dear Sir,

We refer to your “Request for views on FASB proposals” paper dated 20 March, 2009 where you sought the views from interested parties on proposals from the US Financial Accounting Standards Board (FASB) that deal with guidance on fair value measurement and impairments of financial instruments.

We are concerned with the difficulty encountered when applying the “significant or prolonged” decline in the fair value concept used in IAS 39 for AFS assets. These words are not defined in IAS 39 and we consider the major auditing firms, which have arbitrarily defined these terms, have done so using little regard to the long-term investment philosophy of traditional long-term investment companies.

The current FASB indicator for impairment refers to management’s intent and ability to hold an impaired security for a period of time sufficient to allow for any anticipated recovery in fair value. We consider that this approach to impairment for AFS assets is significantly more reasonable than that of the IASB and it is unfortunate that the IASB did not adopt this approach when initially considering the matter of impairment.

We understand the FASB proposed change to the impairment recognition and measurement requirements for securities classified as AFS incorporates an assertion that

- (a) management does not intend to sell the security; and
- (b) it is more likely than not that management will not have to sell the security before recovery of its cost basis.

This change does not appear to remove or reduce the flexibility given to management to review the investments on a case-by-case basis.

Currently, we consider that the major accounting firms have adopted an inflexible and rigid interpretation of the impairment clauses in IAS 39. It is unsatisfactory that two companies with an equity investment in a listed AFS stock are forced to treat it differently with regards to impairment purely on the basis of the accounting cost and the length of time that they have held the

Argo Investments Limited

ABN 35 007 519 520

**Head Office and
Share Registry Enquiries**

GPO Box 2692
Adelaide, South Australia 5001
Level 12, 19 Grenfell Street
Adelaide, South Australia 5000

Telephone (08) 8212 2055
Facsimile (08) 8212 1658
Toll Free 1300 300 770
Email invest@argoinvestments.com.au

Sydney Office

GPO Box 4313
Sydney, New South Wales 2001
Level 25, Suite 2502, 259 George Street,
Sydney, New South Wales 2000

Telephone (02) 8274 4700
Facsimile (02) 8274 4777

investment with no consideration given to a loss event that would impact on the estimated future cash flows of the financial assets.

We are of the opinion that the FASB treatment for determining whether an impairment of AFS assets is only temporary should be adopted by the IASB.

Yours faithfully,
ARGO INVESTMENTS LIMITED

A handwritten signature in black ink, appearing to read 'B.R. Aird', is positioned below the company name.

B.R. Aird
Company Secretary