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International Accounting Standards Board
30 Cannon Street
London
EC4M 6XH
United Kingdom

Antwerp, September 12, 2002

O/REF: A.4.1./cdc/4175/

Dear Madam, Sir,

Re: Exposure Draft of Proposed Improvements to International Accounting Standards (IAS)

We are pleased to submit our comment on the Exposure Draft of Proposed improvements to international accounting standards. The Investment Company for Flanders (De Investeringsmaatschappij voor Vlaanderen or GIMV) is one of the most important risk capital providers in Belgium. GIMV invests in a broad range of service, sales and industrial companies both in traditional and innovative sectors, young start-up companies, small-to-medium-sized organizations as well as large companies.

As investment company we very much favour the changes in scope to IAS 28 and IAS 31, whereby investments in associates and joint ventures held by venture capital organizations, mutual funds, unit trusts and similar entities are eliminated from the scope of IAS 28 and lAS 31 if these investments are measured according to fair value when such measurement is well-established practice in such industries. However we have some reservations:

1. the text does not give a definition of 'venture capital organisation',' mutual fund' , 'unit trust' or 'similar entities', leading to interpretation and arbitrariness. We recommend to fill this gap.
2. we do not see why the exemption is made for associates and joint ventures and not for subsidiaries. In our investment portfolio there are a number of investments where we have more than *50%*. However our interference in the management of the companies concerned is not different from that of our associated companies. Although we often have the right to influence the overall direction of an investee company, GIMY does not interfere in the day-to-day management of such companies. Because all these investments form one basket through which we achieve our goal, we find it inappropriate to measure part of these investments differently from the others. We therefore recommend to extend the

exemption also to subsidiaries which are part of the investment portfolio of an investment company. We do agree that if an investment company has subsidiaries that are in fact part of the structure through which the group operates its business, these subsidiaries should be consolidated.

3. The amended text states that when associates and joint ventures are thus measured at fair value, the changes in fair value are included in profit or loss in the period of the change. However, for the investments held by a venture capital organization that are not subsidiaries, associates or joint ventures, lAS 39 applies. Currently IAS 39 leaves the option for the changes in fair value of available-for-sale investments to be accounted for in income for the period or in equity. The revised text of IAS 39 (ED) requires changes in the fair value of available-for-sale investments to be recorded in equity. This may lead to the situation where a portfolio of investments of a venture capital organization is measured at fair value but where part of the changes are reported in income (associates and joint ventures) and another part in equity. This difference in treatment is meaningless and we therefore recommend to align the treatment of associates and joint ventures exempted from the scope of IAS 28 and lAS 31, with that of financial assets available-for-sale under IAS 39

Yours sincerely,

Marc Vercruysse

Chief Financial Officer