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**AMENDMENTS TO IFRS 3, COMBINATIONS BY CONTRACT ALONE OR INVOLVING
MUTUAL ENTITIES**

Dear Annette

We welcome the opportunity to offer our comments on the above draft.

We understand that leaving these exceptional combinations in limbo, effectively covered by the present IAS 22, is not a very elegant solution from the Board's point of view. However, it could have been better to live with that inelegant solution until a more coherent approach has been developed in Phase II, rather than introduce this stop-gap which potentially has many practical application problems. Among these we just mention the added difficulty of identifying an acquirer and the adoption of a relatively arbitrary valuation basis where no solid, cash-based cost-of-acquisition data are available.

On the transitional arrangements we believe that backdating the implementation of a new standard or amendment is unacceptable as a standard-setting practice. Implementation of a new standard or amendment should not be required at any date before the issue of the final standard. However, we understand that in this hopefully abnormal situation it may be the least bad approach.

Finally, we are of the opinion that, until another approach has been accepted after due process in Phase II, any amendment to the present IFRS 3 should retain internal consistency and treat costs directly related to the acquisition as part of its cost.

Yours sincerely,

F. Hoffmann-La Roche Ltd

Erwin Schneider

Alan Dangerfield