

Guy Keutgen
Director-Secretary general

Sir David Tweedie
Chairman
IASB
30 Cannon Street
London EC4M6XH

Brussels, 16 September 2002

Dear Sir,

Exposure draft of proposed improvements to International Accounting Standards - IAS 2

I'm writing to comment the question 1 concerning IAS 2.
It relates to the proposal to eliminate the allowed alternative treatment (the LIFO) for the evaluation of the cost of inventories and the valorisation of cost of product sold.

We are in agreement with the objective of the IASB namely the elimination of alternative treatments in order to permit a better comparison between financial statements, to deal with some convergence issues and to improve the quality of IAS.

In no way, we consider that the elimination of LIFO method will contribute to reach such objectives.

This elimination Will generate another divergence with US Gaap. FASB doesn't have in mind to suppress the LIFO method.

The utilisation of LIFO method is widespread in different sectors of activity. We consider that LIFO method gives a better picture and a better information about the gross margin by comparing a turnover to a cost of product which is closed by the purchased market value of the products sold. While the FIFO method juxtaposes a turnover to a one or two months aged cost of product sold.

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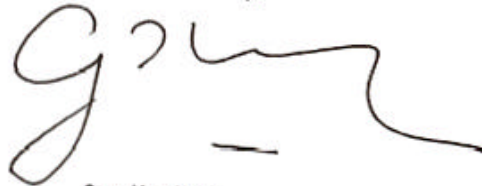
> Continuation of letter of 16 September 2002

Many American companies are using LIFO, the elimination of LIFO would lead to an absence of comparability between the European and the American companies.

In such a case, communication on financial performance would have to be made on management accounting information which will not be in accordance with published financial statements.

For those reasons we consider that the elimination of LIFO will not contribute to an improvement of the quality of IAS and of the financial statement reporting.

Yours sincerely,

A handwritten signature in dark ink, appearing to be 'Guy Keutgen', with a stylized, flowing script.

Guy Keutgen