

April 19, 2004

Mr. Jonathan G. Katz
Secretary
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, DC 20549-0609

Dear Mr. Katz:

Deloitte & Touche LLP is pleased to respond to the Securities and Exchange Commission's (the "SEC" or the "Commission") proposed rule *First-time Application of International Financial Reporting Standards* (the "Release" or "Proposed Rule").

We support the issuance of the Proposed Rule and commend the Commission for its efforts to address certain practical issues related to the initial adoption of International Financial Reporting Standards ("IFRS") by a significant number of companies beginning in 2005. Given the significance of the transition from local or home-country standards to IFRS, and the volume of recent amendments to IFRS, we believe that the preparation of financial statements for more than one comparable period in the year a company first adopts IFRS may be too difficult and burdensome for some companies.

We believe that certain aspects of the Proposed Rule could be improved. Our comments on these areas are included below:

Eligibility Requirements

Under proposed General Instruction G, companies are only eligible for the proposed accommodation if (i) the annual report relates to a financial year that begins no later than January 1, 2007; (ii) prior to the company's publication of audited financial statements for that financial year, the company had not published audited financial statements prepared in accordance with IFRS for any earlier financial year; and (iii) the audited financial statements for the company's financial year to which the annual report relates are prepared in accordance with IFRS.

We believe there are circumstances beyond 2007 in which the proposed accommodation may be appropriate. For example, under the European Union's regulation on the application of international accounting standards, Member States may, in certain cases, allow companies to defer use of IFRS until financial periods beginning *in or after* January 2007. In such cases, a company may have a financial period beginning in 2007 although after January 1, that would not be eligible for the proposed accommodation under the Release. Given the potential number of companies impacted, the Commission should consider aligning the "sunset date" with the scope of the requirements in Europe to adopt IFRS.

First-time adopters of IFRS

In order to be eligible for the proposed accommodation, a company must not have published audited financial statements prepared in accordance with IFRS for *any* earlier financial year. Under IFRS 1 *First-time Adoption of International Financial Reporting Standards* (“IFRS 1”), in order to be considered a “first-time adopter”, a company, in addition to other criteria, must not have presented its *most recent previous* financial statements in accordance with IFRS.

Consequently, a company that prepared IFRS financial statements several years ago and subsequently complied with only local GAAP would not be eligible for the proposed accommodation, but would be considered a first-time adopter under IFRS 1. The Commission should consider revising its eligibility requirements for this situation.

We note, however, that there may be cases where a company would have available IFRS compliant financial statements for the earliest of the three years presented. In these cases, we believe that such information should be presented in the company’s Form 20-F.

Primary Financial Statements

We do not believe that providing three years of condensed U.S. GAAP financial information in a level of detail consistent with interim financial statements prepared under Article 10 of Regulation S-X would necessarily be burdensome for companies adopting IFRS for the first-time. We note that such information generally would exist as a result of preparing the U.S. GAAP reconciliation.

We agree with the Commission’s proposal to include condensed U.S. GAAP income statements and believe that providing such information would be useful to investors as it will be the only source of three-year trend information prepared on a consistent basis of accounting. However, we disagree with the Commission’s proposal to include condensed U.S. GAAP balance sheets. We do not believe that such information is necessary as no accommodation is being provided for balance sheet data. Also, given the current requirements of Item 17 of Form 20-F, we question the additional benefit to investors of including condensed U.S. GAAP balance sheets.

Applicability to foreign private issuers not using IFRS

We do not believe that foreign private issuers not using IFRS should be required to present condensed U.S. GAAP financial information in their initial registration statements filed with the SEC. We note that the purpose of providing the additional U.S. GAAP condensed financial information in documents other than an initial registration statement is to provide investors with three-year trend information prepared on a consistent basis of accounting.

Where a company is adopting IFRS for the first-time, that three-year record would not otherwise be available. While it may not be overly burdensome to provide condensed U.S. GAAP financial information in an initial registration statement, we question whether such a requirement would significantly add to the level of information already provided to investors.

Previous GAAP financial statements

We believe that it would be appropriate to permit, but not require, foreign private issuers to include, incorporate by reference or refer to Previous GAAP financial information. We note that companies preparing financial statements on a basis other than U.S. GAAP already present financial information prepared on two different bases of accounting (i.e., local GAAP and U.S. GAAP). As a result, we do

not believe that investors would necessarily be confused by the inclusion of information on different bases of accounting as they are already accustomed to evaluating information prepared on different bases of accounting in the same filing.

Selected Financial Data

We believe that the selected financial data provided by a company adopting IFRS for the first-time should be consistent with existing SEC requirements. Therefore, five years of selected financial data based on U.S. GAAP should be required in the same section of the filing as the required IFRS selected financial data.

We do not believe that selected financial data based on Previous GAAP should be required unless Previous GAAP financial information is otherwise included, incorporated by reference or referred to elsewhere in the filing. In cases where a company provides Previous GAAP selected financial data, we believe that such information should be located in the same section of the filing as the IFRS and U.S. GAAP selected financial data.

We do not believe that a “side-by-side” presentation format is appropriate and, therefore, should be prohibited. In addition, we do not believe that the inclusion of Previous GAAP selected financial information in one location would cause investor confusion regarding the basis of accounting used.

Operating and Financial Review

We believe that the operating and financial review should discuss any aspects of the differences between Previous GAAP and IFRS that the company believes are necessary for an understanding of the reconciliation. In addition, we believe that when Previous GAAP financial information is included, incorporated by reference or referred to, the operating and financial review discussion relating to the Previous GAAP financial information should refer to the reconciliation between Previous GAAP and U.S. GAAP, and should discuss any aspects of the differences between Previous GAAP and U.S. GAAP that the company believes are necessary for an understanding of the financial statements as a whole.

Other Disclosures

Consistent with the proposed accommodation to permit omission of IFRS financial statements for the third financial year, we believe that first-time adopters of IFRS should not be required to provide IFRS Industry Guide information for periods earlier than the two years of IFRS financial statements presented.

Financial Statements and Information for Interim Periods for the Transition Year

We believe that foreign private issuers should be provided a choice of whether to provide interim financial statements prepared under Previous GAAP or IFRS in cases where such information is included in a registration statement filed during the Transition Year. We note that companies may have difficulty obtaining financial information in accordance with Previous GAAP for interim periods in the Transition Year as they will have already fully converted from Previous GAAP to IFRS.

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We note that IFRS 1 requires that interim financial reports for periods covered by a company's first IFRS financial statements (i.e., the Transition Year) include various reconciliations of equity and profit or loss from Previous GAAP to IFRS. This information should serve as a "bridge" from the audited annual financial information included on a Previous GAAP basis to IFRS.

Disclosures about first-time adoption of IFRS

Disclosure about exceptions to IFRS

While we agree with the additional qualitative disclosures proposed, we do not believe that foreign private issuers should be required to disclose more quantitative information with respect to the mandatory or elective exceptions than that already required under IFRS 1. We note that companies may have difficulty quantifying the impact of certain exceptions used, in particular, those related to business combinations and financial instruments.

Reconciliation from Previous GAAP

We believe that the disclosures under IFRS 1 related to the reconciliation from Previous GAAP to IFRS are generally consistent with the current requirements of Item 17 of Form 20-F. While we agree that the implementation guidance in IG63 provides an appropriate level of information for investors, we do not believe it is necessary to prescribe such requirements.

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We would be pleased to discuss our comments with you. If you have any questions please contact either John Wolfson (203-761-3741) or D.J. Gannon at (202-220-2110).

Very truly yours,

Deloitte & Touche LLP

cc: Chairman William H. Donaldson
Commissioner Cynthia A Glassman
Commissioner Harvey J. Goldschmid
Commissioner Paul S. Atkins
Commissioner Roel C. Campos

Alan L. Beller, Director, Division of Corporation Finance
Donald T. Nicolaisen, Chief Accountant, Office of the Chief Accountant