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Our ref : AdK
Date : 30 March 2007
Re : Comment on the PAAinE Discussion Paper 2
the Performance Reporting Debate

Dear Sirs,

The Dutch Accounting Standards Board (DASB) appreciates the opportunity to respond on your first Discussion Paper on Performance Reporting.

We welcome the PAAinE project on performance reporting. We observe that IFRS gives far less guidance on the presentation of the income statement than to the presentation of the balance sheet. Since we feel that users of financial statements put more emphasis on earnings measures than on balance sheet measures, additional guidance on the presentation of the income statement is of great importance. Additional disclosure requirements however should be avoided.

We believe it is important that performance measures presented in the income statement are aligned with the performance measures that are used by management to run the business (Key Performance Indicators). Firm specific performance measures should be allowed, as long as it is clear how the measures are composed.

We believe that the PAAinE project should focus on how to evaluate firm performance compared to previous periods, and on the predictability of performance, i.e., users of financial statements should be able to evaluate the main trends in the performance of the firm. Since several IFRS standards allow alternative measurement methods (e.g., historical cost or fair value in IAS 16 and 40), valid peer comparison cannot be achieved by only harmonising the presentation of performance.

We believe that recycling is a necessary technique to differentiate the trend in earnings from spurious gains and losses. Recycling should therefore be maintained as a separate category of gains and losses.

Yours sincerely,

Hans de Munnik
Chairman DASB