

# GOODWILL

Goodwill is the excess of the cost of shares in a consolidated company, including transaction expenses, over the Group's equity in the fair value of the identifiable assets and liabilities acquired at the acquisition date.

## Current Accounting Practice

Goodwill is amortized on a straight-line basis over a maximum of twenty years. In addition, in the same way as for other intangible assets, an impairment loss is recognized when the value in use of goodwill is considered as permanently impaired. The value in use of goodwill is measured by the discounted cash flows method.

In 2003, the book value of the assets of each of the businesses of Faurecia, Credipar and Gefco GmbH & Co KG, including goodwill, was compared with their value in use measured by the discounted cash flows method based on the latest available projections.

At December 31, 2003, based on the impairment tests described above, no impairment loss was recorded for Faurecia and Credipar goodwill. For Gefco GmbH & Co KG, an impairment loss was recognized for the total net book value of goodwill.

## IFRS

Under IFRS 3 - Business Combinations, goodwill shall no longer be amortized, but shall be tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Impairment tests shall be based on the recoverable amount of the corresponding cash generating unit (CGU), defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The method used to measure the recoverable amount of CGUs is described in Fact Sheet no. 5 "Impairment of long lived assets".

## Impact On The Group Accounts

The income statement will no longer be charged with goodwill amortization, but earnings will be impacted by any impairment losses.