

26 September 2008

Sir David Tweedie
Chairman
International Accounting Standards Board (IASB)
30 Cannon Street
London ED 4M 6 XH
United Kingdom

Dear Sir David

**IASB Discussion Paper: Preliminary Views on Amendments to IAS 19
Employee Benefits**

The Malaysian Accounting Standards Board welcomes the opportunity to provide comments to the IASB Discussion Paper on Preliminary Views on Amendments to IAS 19 Employee Benefits.

We commend the attempt to improve the accounting for defined benefit promises by eliminating the deferred recognition approach and smoothing features of IAS 19 in view of the widespread criticisms.

Having reviewed the DP, we are of the view that the proposals to improve the accounting for post-employment benefit promises have to be reconsidered.

Although we support IASB's preliminary view that entities should recognise all changes in the value of plan assets and post-employment benefit obligations in the financial statements in the period which they occur, we have reservations on how entities should present components of the defined benefit costs. We are concerned with Approach 1 because the presentation of gains or losses of the defined benefit plans would give a misleading picture of the entities' operations. Likewise, Approaches 2 and 3 would result in greater complexity in application, specifically the requirement to split components of the gains and losses on the defined benefit plans. The IASB has acknowledged that it is difficult to distinguish interest income on plan assets from other changes in the value of plan assets. Above all, we note that the IASB is currently working on the financial statements presentation project that seeks to address such presentation issues.

On balance, we propose that the IASB defer decision to eliminate the deferred recognition approach and retain the existing approach to defined benefit plans until the financial statement presentation project is complete or substantially in progress.

The IASB's plan to introduce the contribution-based promise category to capture those promises for which the measurement requirements of IAS 19 are difficult to apply. We believe the proposed contribution-based promise category may have unintended consequential effects of capturing some plans other than those intended

by the IASB, and this would affect the overall accounting for post employment benefits.

To require entities to measure contribution-based promises at fair value whilst at the same time maintaining the projected unit credit method to measure defined benefit plans is inconsistent. We strongly encourage that the IASB adopts a holistic review on the measurement basis to encompass defined benefit plans to circumvent any inconsistency in measurement basis for all post employment benefits. Consistency in measurement basis should be given precedence in determining the scope of this project.

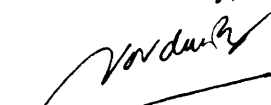
Considering the major flaws - which IASB acknowledged - in the recognition and measurement of an entity's liability for post-employment benefit promises, we believe it is imperative for the IASB to conduct a comprehensive review to address all areas even though this would take a slightly longer period to complete.

It is vital for the IASB to undertake this project together with the US Financial Accounting Standards Board rather than both boards pursuing the same subject separately as this may lead to different outcome which would impede the goal towards a converged standard for post employment benefits.

In view of the shortcomings discussed above, we suggest the Board to reexamine its priority to conduct a comprehensive review of IAS 19 to resolve the core issues in the Standard. We urge the Board to maintain IAS 19 in the short term, including the presentation of defined benefit promises because we are not convinced how the proposed changes could improve the Standard generally.

If you need further clarification, please contact the undersigned at +603 2240 9200 or email at nordin@masb.org.my.

Yours sincerely, .



Dr Nordin Mohd Zain
Executive Director