

30 January 2012

Hans Hoogervorst
Chairman
International Accounting Standards Board
30 Cannon Street
London ED 4M 6 XH
United Kingdom

Dear Mr Hoogervorst

IASB EXPOSURE DRAFT ED/2011/4 – Investment Entities

The Malaysian Accounting Standards Board welcomes the opportunity to provide comments on the IASB Exposure Draft ED/2011/4 – Investment Entities.

Having considered the proposals, we did not reach a consensus whether it is appropriate to provide an exception to the consolidation principle.

Consistent with the views articulated in the basis for conclusions, some of our Board members believe the proposals will result in more relevant information being provided to users of financial statements. However, others hold views that are consistent with the alternative view expressed by the IASB members who dissented to the proposals.

Those who hold the latter views also believe that in the vast majority of situations where the threshold to exercise control is exceeded, control is actually exercised by investment entities and not avoided, and therefore, consolidation must be the right answer. They suggest that only if that presumption can be rebutted -- for example relinquishing rights to control board appointments -- then consolidation can appropriately be avoided.

We suggest that the IASB considers working on a rebuttable presumption approach, i.e. where control leads to consolidation whereas if control is actually rebutted, consolidation can be avoided.

In addition, we make the following other comments:

- a) If the IASB does finally adopt the proposal in the ED to not require investment entities to prepare consolidated financial statements in respect of their controlled entities, then a parent of an investment entity that is not an "investment entity" itself should not be required to consolidate any controlled investees held by the investment entity.

- b) Entities that are currently permitted to measure investments in joint ventures or associates at fair value through profit or loss under IAS 28 *Investments in Associates and Joint Ventures*, but that do not meet the definition of an investment entity, should not be precluded from continuing to use fair value through profit or loss to account for such investments.

If you need further clarification, please contact Ms Tan Bee Leng at +603 2240 9200 or by email at beeleng@masb.org.my.

Thank you.

Yours sincerely,



Mohammad Faiz Azmi
Chairman