

23 April 2013

Mr Hans Hoogervorst
Chairman
International Accounting Standards Board
30 Cannon Street
London, EC4M 6XH
United Kingdom

Dear Mr Hoogervorst,

EXPOSURE DRAFT ED/2012/7: ACQUISITION OF AN INTEREST IN A JOINT OPERATION (PROPOSED AMENDMENT TO IFRS 11)

The Malaysian Accounting Standards Board welcomes the opportunity to provide comments on the IASB Exposure Draft (ED/2012/7) on Acquisition of an Interest in a Joint Operation (Proposed amendment to IFRS 11).

Having reviewed the proposed amendment to IFRS 11 *Joint Arrangements* and the proposed consequential amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, we agree with the proposal as it would address the diversity in practice and improve financial reporting for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in IFRS 3 *Business Combinations*.

Our detailed responses are enclosed in the Appendix of this letter for your consideration.

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

Question 1: Relevant principles

The IASB proposes to amend IFRS 11 and IFRS 1 so that a joint operator accounting for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business applies the relevant principles on business combinations accounting in IFRS 3 and other Standards, and discloses the relevant information required by those Standards for business combinations.

Do you agree with the proposed amendment? Why or why not? If not, what alternative do you propose?

We support the proposed amendment as it would address the diversity in practice and improve financial reporting for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in IFRS 3.

Question 2: Scope

The IASB intends to apply the proposed amendment to IFRS 11 and the proposed consequential amendment to IFRS 1 to the acquisition of an interest in a joint operation on its formation. However, it should not apply if no existing business is contributed to the joint operation on its formation.

Do you agree with the proposed amendment? Why or why not? If not, what alternative do you propose?

We agree that the proposal should be applied to the acquisition of an interest in a joint operation on its formation.

Question 3: Transition requirement

The IASB intends to apply the proposed amendment to IFRS 11 and the proposed consequential amendment to IFRS 1 prospectively to acquisitions of interests in joint operations in which the activity of the joint operation constitutes a business on or after the effective date.

Do you agree with the proposed transition requirement? Why or why not? If not, what alternative do you propose?

We agree with the proposed transition requirement as retrospective application of the proposal might involve the use of hindsight in determining the acquisition-date fair values of the identifiable assets and liabilities to be recognised as part of the transaction. The proposal is consistent with the requirement of paragraph 53 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which prohibits the use of hindsight when applying a new accounting policy to a prior period.