

27 January 2011

International Valuation Standards Board
41 Moorgate
London EC2R6PP
United Kingdom

Dear Sirs

Discussion Paper: Valuation Uncertainty

The Malaysian Accounting Standards Board welcomes the opportunity to provide comments on the International Valuation Standards Board's ("IVSB") Discussion Paper on the topic of Valuation Uncertainty

We commend the IVSB's efforts to provide standards and guidance to improve the quality of valuations and we believe that disclosure of material valuation uncertainties would enhance the usefulness of valuation reporting to users.

We believe that a combination of qualitative and quantitative information is the most effective way of disclosing valuation uncertainty when the uncertainty (regardless whether it is abnormal or is within an acceptable range of possible outcomes) has a material impact on the valuation. Guidance should be provided on the extent of information that should be included in the qualitative assessment to promote consistency in valuation reporting. We also believe that valuation reports prepared for financial reporting purposes should be sufficiently comprehensive to allow reporting entities to meet the disclosure requirements set out by the International Accounting Standards Board. In this regard we hope the Board will consider providing more guidance, definition and interpretation in the valuation standards so as to be consistent with the requirements of the accounting standards.

Our detailed responses are enclosed in the Appendix of this letter. If you need further clarification or have any queries regarding this letter, please contact Ms Christine Lau at +603 2240 9200 or by email at christine@masb.org.my

Yours sincerely



Mohammad Faiz Azmi
Chairman

Appendix

Question 1

Do you agree that it is only when material, or abnormal, uncertainty attaches to a valuation on a specific time or date that specific disclosure is necessary when the valuation is reported? If not, please explain why you consider that an uncertainty statement should be provided in all cases.

In the context of financial reporting where the general purpose of financial reporting is to provide financial information about the reporting entity that is useful for decision making, we agree that an uncertainty statement be provided when the uncertainty (regardless whether the uncertainty is abnormal or is within an acceptable range of possible outcomes) has a material impact on the valuation and hence financial statements. The information is considered material if omitting it or misstating it could influence decisions that users make.

Hence we do not agree with the proposal to disclose measurement uncertainty only when the uncertainty falls outside the range of possible outcomes that would be expected and accepted by most market participants. The users of the valuation reports may not be market participants and hence unfamiliar with the range of possible outcomes.

Question 2

Do you believe that the Board had identified all major sources and types of material valuation uncertainty? If not please identify what additional causes of uncertainty exist and how often you encounter these in practice.

We believe the Board has identified all major sources of uncertainty. However, in respect of market uncertainty, we believe it should include blockage factor as market uncertainty arises when some entities hold a position comprising a large number of identical assets or liabilities that trade in an active market, such as a holding of financial instruments. The market's normal daily trading volume may not be deep enough to take in such large trades and hence value of these assets or liabilities will be impacted.

Question 3

Do you agree with the Board's conclusion that an explanation of any abnormal uncertainty identified and an explanation of the impact this has on the valuation (a qualitative statement) is more helpful to users in understanding the valuation than a purely numeric expression of the range of possible values created by the uncertainty (a qualitative statement) ?

We believe that a combination of qualitative and quantitative information is the most effective way of disclosing valuation uncertainty when the uncertainty (regardless whether the uncertainty is abnormal or is within an acceptable range of possible outcomes) has a material impact on the valuation. We would like to suggest that guidance be provided on the extent of information that should be included in the qualitative assessment.

Appendix

Question 4

Do you think the IVSB should include an explicit requirement in the proposed IVS 105, Valuation Reporting, to disclose any material uncertainty or is the principle that requires valuation reports not to be ambiguous or misleading sufficient?

We believe that an explicit requirement to disclose material uncertainty should be included to promote consistency in valuation reporting. The specific disclosure requirements should cover the general nature of the valuation uncertainty, the range values and a description of the sources of uncertainty together with the main assumptions used.

Question 5

Do you consider that there are cases where a qualitative statement of the causes and impact of uncertainty on the valuation is inadequate and should be either augmented or replaced by a quantitative statement? If so, please

- (a) State the circumstances and assets classes where you believe that quantitative statements are more helpful to users and,**
- (b) Provide a brief explanation or example of the type of quantitative statement that you believe would be useful.**

We believe it is important for the International Valuation Standards (IVS) to be consistent with the International Financial Reporting Standards (IFRS). Any valuation reports prepared for financial reporting should be sufficiently comprehensive to allow reporting entities to meet disclosure requirements set out by the IASB. Accordingly, a qualitative statement of any material uncertainty should always be supplemented by a quantitative assessment in the context of financial reporting in order to provide information that is suitable for use in measurement uncertainty analysis disclosure as required by the IASB Exposure Draft 2010/7 on Measurement Uncertainty Analysis Disclosure for Fair Value Measurements.

Question 6

Do you consider that it would be helpful if IVSC developed guidance on methods for making a quantitative disclosure of uncertainty under specific circumstances? If so please indicate the circumstances and any methods that you either use or encounter in your market.

We support a valuation standard which is principle-based but it would be helpful if IVSC could consider providing guidance on quantitative and qualitative disclosures for all circumstances.