

23 January 2009

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

Dear Sir David

**IASB EXPOSURE DRAFT OF ADDITIONAL EXEMPTIONS FOR FIRST-TIME
ADOPTERS – PROPOSED AMENDMENTS TO IFRS 1**

The Malaysian Accounting Standards Board welcomes the opportunity to provide comments to the IASB on Exposure Draft of Additional Exemptions for First-time Adopters – Proposed Amendments to IFRS 1.

We support the Board's effort to provide exemptions to first-time adopters of IFRSs and we believe the additional exemptions proposed will be a welcomed relief to first-time adopters particularly entities in the oil and gas industry and entities with operations subject to rate regulation. Generally, we support the proposed amendments except those stated in paragraphs 19B and 25EA, details of which are elaborated below.

Nonetheless, we believe it is crucial for the Board to address situation involving cases where entity's previous GAAP introduced the same accounting as those required by IFRSs. We suggest that IFRS 1 introduces a principle that an entity need not reassess the accounting for a transaction at the date of transition to IFRSs on the basis of facts and circumstances at that date if the entity's previous GAAP had introduced the same accounting as IFRSs based on an assessment of facts and circumstances at an earlier date.

For jurisdictions where the national standards are virtually identical with IFRSs save for the effective date, IFRS 1 should include a principle that an entity need not reassess the accounting treatments at the date of transition to IFRSs as the recognition and measurement principles of those national standards are identical to that of IFRSs. In such case, IAS 8 should be the appropriate standard to apply when entities in these jurisdictions migrate to the IFRS regime. Requiring these jurisdictions to reassess requirements that are already under IFRS requirements is not justifiable as the only difference between those national standards and IFRS is the nomenclature and effective date. When those national standards are initially adopted and applied, the entities in these jurisdictions would have carried out an identical assessment in a manner as required by IAS 8 or the specific transitional provisions of the standards.

Some are of the view that IFRS 1 should be applied in view of the different effective dates of those national standards with IFRSs; otherwise, the financial statements

would not be comparable. However, this situation is no different from the exemptions given in IFRS 1 because once exemptions are given in IFRS 1 there will always be transactions in the financial statements that will be accounted for differently from the "pure" IFRS requirements. If the IASB has provided exemptions to jurisdictions whose previous GAAP are different from IFRS as enshrined in IFRS 1, we see no reason why for jurisdictions where the national standards were based upon IFRS should not be given the exemption from applying IFRS 1.

Proposed paragraph 19B

The exemption given in paragraph 19B is based on the premise that "Obtaining the fair value information ... may also be impracticable, ..." as stated in BC11. However, we find this anomalous as valuation technique can be applied in determining the fair value information, and more so when these assets are subject to impairment requirement which the entity may need to apply a valuation technique in determining the recoverable amount. Therefore, it may not be appropriate to state in paragraph BC11 that obtaining fair value information is impracticable.

It is also unusual that the proposed paragraph 19B states that "An entity shall apply this election item by item ..." as allowing the choice of election on an item by item basis may be subject to abuse. We suggest that it would be more appropriate to require entities to apply the election 'class by class' as this would be in line with the requirements of IAS 16 Property, Plant and Equipment.

Proposed paragraph 25EA

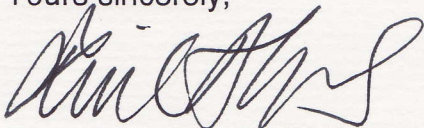
We believe the exemption in the proposed paragraph 25EA should also be extended to entities other than those in the oil and gas industry that had used the full cost accounting method.

We believe all first-time adopters, including other industries (and not just specific industry petition), should be accorded the same exemptions so as to provide a same level playing field for all entities transitioning to IFRS.

If you need further clarification, please contact Dr Nordin Mohd Zain at +603 2240 9200 or email at nordin@masb.org.my or beeleng@masb.org.my

Thank you.

Yours sincerely,



Dato' Zainal Abidin Putih
Chairman