

March 1, 2013

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

Via online submission

Dear Mr Hoogervorst,

**COMMENTS ON IASB EXPOSURE DRAFT ED/2012/3  
EQUITY METHOD: SHARE OF NET ASSET CHANGES  
(PROPOSED AMENDMENTS TO IAS 28)**

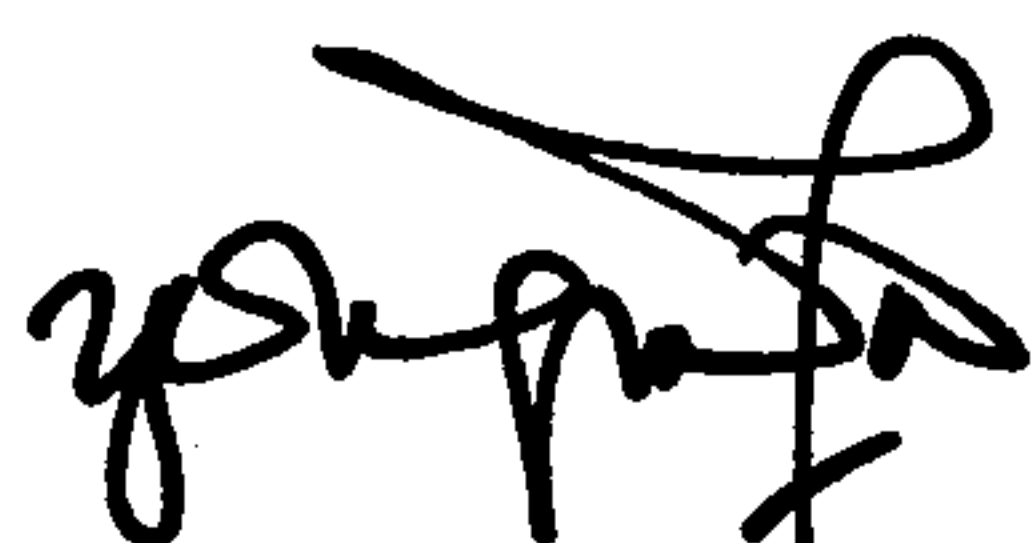
We thank you for the opportunity to comment on the IASB Exposure Draft ED/2012/3, *Equity Method: Share of Net Asset Changes (Proposed amendments to IAS 28)*.

In this regard, we are pleased to attach the Institute's comments as set out in **Appendix I** for your consideration.

Please do not hesitate to contact the undersigned or the Institute's Senior Technical Manager, Ms Hoh Kim Hyan, at 03-2698 9622 should you require any clarification.

Thank you.

Yours faithfully,



FOO YOKE PIN (Mr)  
Executive Director

THE MALAYSIAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
(INSTITUT AKAUNTAN AWAM BERTAULIAH MALAYSIA)

**Comments from**  
**Accounting and Auditing Technical Committee**  
**International Accounting Standards Board**  
**Exposure Draft ED/2012/3**  
***Equity Method: Share of Other Net Asset Changes***  
***(Proposed amendments to IAS 28)***

**Question 1**

The IASB proposes to amend IAS 28 so that an investor should recognise in the investor's equity its share of the changes in the net assets of the investee that are not recognised in profit or loss or OCI of the investee, and that are not distributions received. Do you agree? Why or why not?

**MICPA Response:**

MICPA agrees as this would reflect the investor's correct share of the net assets of the investee.

**Question 2**

The IASB also proposes that an investor shall reclassify to profit or loss the cumulative amount of equity that the investor had previously recognised when the investor discontinues the use of the equity method. Do you agree? Why or why not?

**MICPA Response:**

MICPA disagrees to this proposed amendment.

MICPA feels that the cumulative amount previously recognised should be taken to retained earnings and not profit or loss as the cumulative amount arose in prior years.

**Question 3:**

Do you have any other comments on the proposals?

**MICPA Response:**

Para 22(b) of MFRS 128 / IAS 28, *Investments in Associates and Joint Ventures*, requires that an entity shall discontinue the use of the equity method from the date when its investment ceases to be an associate or a joint venture, whereby if the retained interest in the former associate or joint venture is a financial asset, the entity shall measure the retained interest at fair value. The fair value of the retained interest shall be regarded as its fair value on initial recognition as a financial asset in accordance with MFRS 9 / IFRS 9. The entity shall recognise in profit or loss any difference between:

- (i) the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture; and
- (ii) the carrying amount of the investment at the date the equity method was discontinued.

In this regard, MICPA is of the view that the difference between the fair value of the retained interest and the balance of the proportionate share of the carrying amount of the retained interest at the date the equity method was discontinued should be taken to retained earnings.

MICPA also feels that this same principle should apply when a subsidiary is part disposed and ceases to be a subsidiary.