

November 24, 2009

International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Dear Sir/Madam,

**Comments on Exposure Draft
“Improvements to International Financial Reporting Standards”**

We welcome the opportunity to comment on the Exposure Draft “Improvements to International Financial Reporting Standards” (ED). The views expressed below are those of the International Issues Standing Committee of the Accounting Standards Board of Japan (ASBJ).

1. We basically agree with the proposed amendments to International Financial Reporting Standards (IFRSs) in the ED. We hope that the IASB will further deliberate to achieve as appropriate improvements as possible, taking our comments into consideration.
2. We would like to comment on the interrelation between the proposed amendment to IAS 27 *Consolidated and Separate Financial Statements* and IFRS 9 *Financial Instruments* issued on November 12, 2009.

Interrelation between the proposed amendment to IAS 27 and IFRS 9

3. We agree with the ED’s proposal to clarify that the investor shall apply the provisions of IAS 39 *Financial Instruments: Recognition and Measurement* to determine the impairment of its investments in subsidiaries, jointly controlled entities and associates for impairment in its separate financial statements.
4. However, IFRS 9 eliminates the provisions of IAS 39 about measurement at cost of (paragraph 46(c)) and impairment on (paragraph 58 and 66) investments in equity instruments that do not have a quoted market price in an active market and whose

fair value cannot be reliably measured. We note that as a result of the elimination of these provisions the ED's proposal will be inconsistent with IAS 39 as amended by IFRS 9 and therefore the proposal need to be modified, accordingly.

5. The ED's proposed amendment to paragraph 38 of IAS 27 attempts to clarify that, measurement of investments in subsidiaries, jointly controlled entities and associates both (a) at cost and (b) at fair value through profit or loss are in separate financial statements in accordance with IAS 39. However, as noted in paragraph 4, measurement of equity instruments at cost would be no longer permitted in accordance with IAS 39 as amended by IFRS 9. Therefore, we suggest that paragraph 38(b) of IAS 27 should be modified to "at fair value through profit or loss **in accordance with IAS 39 and IFRS 9.**"
6. The ED also proposes to add paragraph 38D to IAS 27 in order to clarify that the investor shall apply the provisions of IAS 39 to determine the impairment of its investments in subsidiaries, jointly controlled entities and associates in its separate financial statements. However, since IFRS 9 eliminated the provisions of impairment for investments in equity instruments, proposed paragraph 38D should be modified in order to be consistent with IAS 39 as amended by IFRS 9.

We expect that our comments contribute to the forthcoming deliberations in the project.

Yours sincerely,



Atsu Kato
Chairman, International Issues Standing Committee
Board member, Accounting Standards Board of Japan