

Please find set out below the comments on the following Exposure Drafts:

Exposure Draft of Revised IAS 1

Para 59

Other current liabilities are not settled as part of the current operating cycle, but are due for settlement within twelve months of the balance sheet date. Examples are the current portion of non-current financial liabilities, bank overdrafts, dividends payable, income taxes

Para 65 (o)

As a minimum, the face of the balance sheet shall include line items that present the following amounts: issued capital and reserves attributable to owners of the parents.

Para 93

Changes in an entity's equity between two balance sheet dates reflect the increase or decrease in its net assets during the period. Except for changes resulting from transactions with owners acting in their capacity as owners, such as capital contributions and dividends, the overall change in equity represents

Exposure Draft of Limited Revisions to IAS 10

Para 11

If dividends to holders of equity instruments are declared after the balance sheet date, an entity shall not recognise those dividends as a liability at the balance sheet date.

Para 12

Dividends declared after the balance sheet date but before the financial statements are authorised for issue, the dividends are not recognised as a liability in the period covered by the financial statements because they do not meet the criteria of a present obligation

Comments:

The above 3 paragraphs in the Exposure Draft appear to contradict each other. Para 59 cites dividends payable as an example of a current liability. Dividends payable to the shareholders of a company are clearly transactions with owners as owners of the company and hence should be included in the 'reserves attributable to owners of the

parents' as indicated in Para 65(o) and further clarified by Para 93. In this instance, they would not be part of current liabilities. The above contradiction is further compounded by the proposed amendments to Para 11 and Para 12 of Exposure Draft of Limited Revisions to IAS 10 (Events after the Balance Sheet Date). Paras 11 and 12 seem to imply that these dividends which are declared after the balance sheet date shall be recognised as a liability in the subsequent financial statements if they still remain outstanding. If dividends payable are indeed recognised as transactions with owners as owners of the company, we would suggest the following amendments to the Exposure Drafts:

- (1) IAS 1 Para 59 - dividends payable should not appear as an example of current liabilities
- (2) IAS 10 Para 11 - this paragraph perhaps should be amended to clarify that if dividends are declared after the balance sheet date, an entity should not recognise those dividends as a component of equity.

It is our view that the suggested versions in the present format will give rise to differences in presentation in the financial statements and that this would also determine whether companies distribute two interim dividends as opposed to one interim and one final dividend. We believe that there should be no difference in the accounting treatment for interim dividend (which does not require shareholders' approval) and a final dividend. In substance, these are 'distributions' to 'owners ' of the company as opposed to 'obligations' to third parties/creditors of the company. We believe that substance should prevail over form and that a standard presentation be adopted.

Thank you.

Yours faithfully
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