



International Accounting Standards Board®

Press Release

FOR IMMEDIATE RELEASE

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IFRIC publishes proposed guidance on interim financial reporting and impairment

The International Financial Reporting Interpretations Committee (IFRIC)* today released for public comment a draft Interpretation, D18 *Interim Financial Reporting and Impairment*.

The proposed Interpretation has been developed in response to requests for clarification of the interaction between International Accounting Standard (IAS) 34 *Interim Financial Reporting* and two other standards, IAS 36 *Impairment of Assets* and IAS 39 *Financial Instruments: Recognition and Measurement*, and the effect of that interaction on subsequent interim and annual financial statements.

The proposed Interpretation clarifies that an entity cannot reverse an impairment loss recognised in a previous interim period in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost.

Introducing the draft Interpretation, Robert Garnett, IFRIC Chairman and IASB member, said:

The IFRIC believes that for entities preparing interim financial reports the proposed Interpretation will provide useful guidance on the application of the impairment requirements for goodwill and for certain financial assets.

Subscribers to the IASB's Comprehensive Subscription Service can view the draft Interpretation from the secure online services area of the IASB's Website (www.iasb.org). From 13 January 2006 the complete text of the draft Interpretation will be freely available from the Website. The proposals are open for public comment until 31 March 2006.

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* The IFRIC is the interpretative arm of the International Accounting Standards Board (IASB).

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NOTES TO EDITORS

About the IFRIC

The IFRIC first met in February 2002. It comprises 12 voting members (all part-time) drawn from a variety of countries and professional backgrounds, and it meets about nine times a year under a non-voting chairman. The IFRIC's principal role is to consider, on a timely basis within the context of International Financial Reporting Standards and the IASB *Framework*, accounting issues that are likely to receive divergent or unacceptable treatment in the absence of authoritative guidance, with a view to reaching consensus on the appropriate accounting treatment. In developing Interpretations, the IFRIC works closely with similar national interpretation committees.

About the IASB

The IASB, based in London, began operations in 2001. It is funded by contributions collected by its Trustees, the IASC Foundation, from the major accounting firms, private financial institutions and industrial companies throughout the world, central and development banks, and other international and professional organisations. The 14 IASB members (12 of whom are full-time) are drawn from nine countries and have a variety of professional backgrounds. The IASB is committed to developing, in the public interest, a single set of high quality, global accounting standards that require transparent and comparable information in general purpose financial statements. In pursuit of this objective, the IASB co-operates with national accounting standard-setters to achieve convergence in accounting standards around the world.

A Deloitte & Touche study indicates that 94 countries either require or permit the use of IFRSs for publicly traded companies beginning in 2005. Some other jurisdictions, including Australia, New Zealand, the Philippines and Singapore, base their national practices on international standards. In September 2002 the IASB and the US standard-setter, the Financial Accounting Standards Board, reached an agreement to work towards the convergence of existing US and international practices and the joint development of future standards. In October 2004, the IASB and the Accounting Standards Board of Japan agreed to initiate discussions about a joint project to minimise differences between IFRSs and Japanese accounting standards towards a final goal of convergence of their standards. In January 2005 the two boards announced their agreement to launch a joint project to reduce differences between IFRSs and Japanese accounting standards, and in March the boards met to decide on the initial programme of work for the project. The Canadian Accounting Standards Board has proposed that Canadian standards for public companies should converge with IFRSs over a five-year transitional period. In November 2005 representatives of the China Accounting Standards Committee of the People's Republic of China and the IASB met in Beijing to discuss the convergence of Chinese accounting standards with IFRSs.