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## Malaysia's Convergence with IFRS in 2012

1st August 2008

### Press release by the FRF and MASB:

#### Malaysia's Convergence with IFRS in 2012

The Financial Reporting Foundation (FRF) and Malaysian Accounting Standards Board (MASB) today issued a statement about their plans to bring Malaysia to full convergence with International Financial Reporting Standards (IFRS) by 1 January 2012.

MASB's chairman, Dato' Zainal Abidin Putih said, "Since 1978, we have been incorporating the provisions of the international standards into our local accounting standards; and today we are convinced that by becoming fully IFRS compliant, Malaysia's capital and financial market will be further enhanced."

Compliance with IFRS, which are used by more than a hundred countries around the world, will facilitate comparability and increase transparency. "However," he added, "we're not jumping on the bandwagon for the sake of joining the crowd. IFRS is really a robust set of standards. Because of the international consultative approach to standard-setting, a lot of thought has gone into IFRS. It gets input from literally hundreds of people with diverse expertise, from diverse jurisdictions."

To facilitate a phased changeover to IFRS, the effective date for applying *FRS 139 Financial Instruments: Recognition and Measurement* will be 1 January 2010. By 2012, all approved accounting standards applicable to entities other than private entities will converge fully with IFRS. This convergence plan will not affect private entities that are currently applying the Private Entity Reporting Standards (PERS). Private entities will continue to apply PERS until such time the Board decides otherwise.

Dato' Johan Raslan, chairman of the Financial Reporting Foundation (FRF), the oversight body of the MASB, explains the changeover milestones.

"Other economies, such as Korea, India and Canada have announced IFRS convergence by 2011," he said. "With the adoption of FRS 139 in 2010, and a further 2 years to adopt the remaining standards, 2012 is considered the right date for convergence."

Dato' Zainal advises, "We hope that with this advanced notice, companies will have sufficient time to prepare themselves for the changeover."

He understands that many of them have been preparing for the changeover. "All of our current standards have already incorporated IFRS provisions anyway. Only a few more substantive standards need to be formally adopted between now and 2012, and we have already discussed those with the affected parties."

Welcoming the decision, Securities Commission Chairman Dato' Zarinah Anwar said, "Businesses operate in an increasingly global environment. Therefore, this move will help to give Malaysian companies and our capital market the recognition they deserve."

#### Note to the Editor:



#### Malaysia and accounting standards

1978 First adoption of few international accounting standards, IAS

1997 Parliamentary Act established MASB, conferring MASB standards a legal standing for all companies

2005 Renaming of MASB standards to Financial Reporting Standards (FRS) in line with International Financial

Reporting Standards (IFRS)

2006 Introduction of two-tier financial reporting for private and non-private entities

2007 FRS made identical to IFRS

2008 Announcement of convergence plan with IFRS by 2012

#### About the FRF and MASB

The Financial Reporting Foundation (FRF) and the Malaysian Accounting Standards Board (MASB) were established under the Financial Reporting Act 1997 (FRA 1997).

The FRF, as a trustee body, has responsibility for the oversight of the MASB's performance, financial and funding arrangements. The FRF also acts as a sounding board for the MASB, that is, the FRF would be the first to review MASB's technical pronouncements before it goes out to the public.

The MASB is the independent authority to develop and issue accounting and financial reporting standards in Malaysia.



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The MASB mission is to develop and promote high quality accounting and reporting standards that are consistent with international best practice for the benefit of users, preparers, auditors and the public.

MASB, after 10 years into its establishment has produced a total of 208 technical pronouncements, comprising 85 Standards (including interpretations), 2 Forewords, 1 Framework, 2 SOPs, 5 Technical Releases, 19 translations and 94 Exposure Drafts.

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