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For Immediate Release

**MASB DEFERS DATE OF PROPOSED STANDARDS ON FINANCIAL INSTRUMENTS AND UNIT TRUSTS**

KUALA LUMPUR, June 26, 2003 -- Malaysian Accounting Standard Board (MASB) today announced its decision to defer the intended date for the implementation of its proposed standards on Financial Instruments: Recognition and Measurement, and Financial Reporting by Unit Trusts. The intended date of implementation was initially planned for 1 July 2003.

In a statement issued today, the MASB clarified that the deferment is necessary due to the current revision of Financial Instruments standards (IAS 39 and IAS 32) undertaken by the International Accounting Standards Board (IASB). The IASB is reviewing these two standards and will be issuing revised standards by quarter 3, 2003. The revision has impact on the proposed standards currently being reviewed by the Malaysian accounting body, namely on MASB ED35 Financial Instruments – Recognition and Measurement, and MASB ED26 Financial Reporting by Unit Trusts and may require consequential changes. The proposed standards were last issued as exposure drafts for public comments.

MASB ED 35, Financial Instruments - Recognition and Measurement was exposed to the public for comments in March 2002. This proposed Standard, based on IAS 39 (revised 2000), was deemed to be one of the more complex standards issued by International Accounting Standards Committee (now replaced by IASB). It puts into place rules on recognising and measuring financial assets and liabilities. The exposure period lapsed on 21 September 2002, but was followed by industry meetings on the issue.

According to the MASB, the timing of its new standard on financial instrument would hinge on the completion of the revisions of IAS39, which is expected to be in the third quarter of 2003. An implementation of the earlier intended date of 1 July 2003 for the MASB Standard would have to be deferred to the third quarter of 2004.

The MASB also clarified that the issuance of a unit trusts standard will have to be deferred as well. The proposed standard on unit trusts was earlier targeted for issuance in July 2003 but has to be delayed following similar changes to IAS39. The MASB has decided to review the unit trust proposed standard in light of this development and plans to issue the standard by the third quarter of 2004.

MASB ED 26 prescribed guidance for financial reporting for unit trusts. The proposal was to streamline valuation of units held under trust at fair value, a concept upon which IAS32 and 39 were propagated. In this draft, the MASB also proposed that units held by unitholders in trust funds be recorded in equity similar to those treated for shares held by shareholders in a company. A proposal was made by the IASB to re-classify contributions from unitholders from that of being an equity of the trust fund to that of a liability.

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