

Private Entity Reporting Standards (PERS) in Malaysia

How Do They Compare with IFRS?

(applicable for entities with financial periods beginning on /after 1 January 2009 – Includes updates to 31 December 2009)



**PRIVATE ENTITY REPORTING STANDARDS (PERS) IN MALAYSIA
- HOW DO THEY COMPARE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)?
(applicable for private entities with financial periods beginning on / after 1 January 2009)**

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**PRIVATE ENTITY REPORTING STANDARDS (PERS) IN MALAYSIA
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(applicable for private entities with financial periods beginning on / after 1 January 2009)**

Introduction

- Malaysia accounting framework consists of two sets of accounting standards which takes effect for annual periods beginning on or after 1 January 2006 as follows:

| Type of entities | MASB approved accounting standards |
|--|---|
| (1) Entities other than private entities | Financial Reporting Standards (FRS) |
| (2) Private entities | Private Entity Reporting Standards (PERS) |

- This document is applicable to private entities incorporated under the Companies Act, 1965 that:
 - are not required to prepare / lodge any financial statements under any law administered by the Securities Commission (SC) or Bank Negara Malaysia (BNM); and
 - are not a subsidiary / associate of / jointly controlled by, an entity which is required to prepare / lodge any financial statements under any law administered by the SC or BNM.

The meaning of ‘subsidiary’, ‘associate’ and ‘jointly controlled’ are as respectively defined as and explained in FRS 127 “Consolidated and Separate Financial Statements”, FRS 128 “Investments in Associates” and FRS 131 “Interest in Joint Ventures”.

An entity may only be treated as a private entity in relation to such annual periods or interim periods throughout which it is a private entity.

Private entities shall comply with either:-

- PERS in their entirety; or
- FRS in their entirety.

- This document is applicable for private entities. It contains the overall comparison and significant differences between:
 - PERS issued by the Malaysian Accounting Standards Board; and
 - IFRS issued by the International Accounting Standards Board

that are applicable for private entities with financial periods beginning on / after 1 January 2009.

Where the applicable dates of the IFRS are later than financial periods beginning on or before 1 January 2009, this will be indicated.

**PRIVATE ENTITY REPORTING STANDARDS (PERS) IN MALAYSIA
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Updates since previous editions

PERS are generally based on accounting standards issued by the International Accounting Standards Committee up to 1998. No new PERS is issued subsequent to 1 January 2006. Therefore changes to this publication only relate to amendments in IFRS.

(a) December 2007 (applicable for entities with financial periods beginning on / after 1.1.2007 – includes updates to 31 December 2007)

The main changes in this edition as compared to December 2006 edition are:

New in IFRS

- IFRS 8 “Operating Segments”
- IFRIC Interpretation 11 “IFRS 2 – Group and Treasury Share Transactions”
- IFRIC Interpretation 12 “Service Concession Arrangements”
- IFRIC Interpretation 13 “Customer Loyalty Programmes”
- IFRIC Interpretation 14 “IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction”

and the removal of

- IAS 30 “Disclosures in Financial Statements of Banks and Similar Financial Institutions”, which is being superseded by IFRS 7

(b) June 2008 (applicable for entities with financial periods beginning on / after 1.1.2008 – includes updates to 30 June 2008)

The main changes in this edition as compared to December 2007 edition are:

New in IFRS

- Amendment to IFRS 1 “First-time Adoption of International Financial Reporting Standards” and IAS 27 “Consolidated and Separate Financial Statements” – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendment to IFRS 2 “Share-based Payment” – Vesting Conditions and Cancellations
- IFRS 3 “Business Combinations” and IAS 27 “Consolidated and Separate Financial Statements” – revised in January 2008
- IAS 1 “Presentation of Financial Statements” – revised in September 2007
- Amendments to IAS 32 “Financial Instruments: Presentation” and IAS 1 “Presentation of Financial Statements” – Puttable Financial Instruments and Obligations Arising on Liquidation
- IAS 23 “Borrowing Costs” – revised in March 2007
- Improvements of IFRSs – issued in May 2008

**PRIVATE ENTITY REPORTING STANDARDS (PERS) IN MALAYSIA
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(applicable for private entities with financial periods beginning on / after 1 January 2009)**

Updates since previous editions (continued)

(c) December 2008 (applicable for entities with financial period beginning on / after 1.1.2008 – includes updates to 31 December 2008)

The main changes in this edition as compared to June 2008 edition are:

New in IFRS

- Amendments to IAS 39 “Financial Instruments: Recognition and Measurement” – Eligible Hedged Items
- Amendments to IAS 39 and IFRS 7 – Reclassification of Financial Assets
- IFRIC Interpretation 15 “Agreements for the Construction of Real Estate”
- IFRIC Interpretation 16 “Hedges of a Net Investment in a Foreign Operation”
- IFRIC Interpretation 17 “Distribution of Non-cash Assets to Owners”

(d) December 2009 (applicable for entities with financial period beginning on / after 1.1.2009 – includes updates to 31 December 2009)

The main changes in this edition as compared to December 2008 edition are:

New in IFRS

- IFRS 1 “First-time Adoption of International Financial Reporting Standards” – revised in November 2008
- Amendments to IFRS 1 “First-time adoption of International Financial Reporting Standards” – Additional Exemptions to First-time Adopters
- Amendments to IFRS 2 “Share-based Payment” – Group Cash-settled Share-based Payment Transactions
- Amendments to IFRS 7 “Financial Instruments: Disclosures” – Improving Disclosures about Financial Instruments
- IFRS 9 “Financial Instruments”
- IAS 24 “Related Party Disclosures” – revised in November 2009
- Amendment to IAS 32 “Financial Instruments: Presentation” – Classification of Rights Issues
- Improvements to IFRSs – issued in April 2009
- Amendments to IFRIC 9 “Reassessment of Embedded Derivatives” and IAS 39 “Financial Instruments: Recognition and Measurement” – Embedded Derivatives
- Amendments to IFRIC 14 “IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction” – Prepayments of a Minimum Funding Requirement
- IFRIC Interpretation 18 “Transfers of Assets from Customers”
- IFRIC Interpretation 19 “Extinguishing Financial Liabilities with Equity Instruments”

**PRIVATE ENTITY REPORTING STANDARDS (PERS) IN MALAYSIA
- HOW DO THEY COMPARE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)?
(applicable for private entities with financial periods beginning on / after 1 January 2009)**

(d) December 2009 (applicable for entities with financial period beginning on / after 1.1.2009 – includes updates to 31 December 2009) (continued)

and the removal of

- IAS 1 “Presentation of Financial Statements”, which is superseded by IAS 1 “Presentation of Financial Statements” (revised in 2007)
- IAS 14 “Segment Reporting”, which is superseded by IFRS 8 “Operating Segments”
- IAS 23 “Borrowing Costs”, which is superseded by IAS 23 “Borrowing Costs” (revised in 2007)

This summary is not meant to provide a comprehensive analysis to facilitate in-depth interpretations of PERS; instead it is intended to be a general guide to provide a broad understanding of the key differences between Malaysian PERS and IASB Standards. Accordingly, the summary should not be used or relied upon as a substitute to reading the relevant PERS and IASB Standards.

Section I: Overall comparison between Malaysian PERS and IFRS applicable for entities with financial periods beginning on/after 1 January 2009

| MASB Standards | | IFRS / IAS / SIC Interpretation / IFRIC Interpretation (see page 38 for footnote *) | | Overall comparison | Significant differences |
|----------------------------|--|---|---|--|-------------------------|
| MASB 1 (issued in 1999) | Presentation of Financial Statements | IAS 1 (revised in 2007) | Presentation of Financial Statements | <ul style="list-style-type: none"> MASB 1 is consistent with IAS 1 (1999) in all material respects. In addition, MASB 1.72 requires disclosure, with respect to long-term liabilities, of summary of interest rates, repayment terms, covenants, subordinations, conversion features and amounts of unamortised premium or discount. (note: This disclosure is required by IFRS 7). Changes to IAS 1 in 2003 & 2005 and revision to IAS 1 in 2007 have not been incorporated into MASB 1. | Pg 27 – 28 |
| | | Amendments to IAS 1 (issued in 2008) | Puttable Financial Instruments and Obligations Arising on Liquidation | <ul style="list-style-type: none"> No equivalent amendments issued by MASB as PERS. | N/A |
| MASB 2 (issued in 1999) | Inventories | IAS 2 (amended in 2006) | Inventories | <ul style="list-style-type: none"> MASB 2 is consistent with IAS 2 (1999) in all material respects except that exempt enterprises (<i>definition included in page 44</i>) need not comply with MASB 2.37(d), 2.37(e), 2.39 and 2.40. Changes to IAS 2 in 2003 have not been incorporated into MASB 2. | Pg 28 – 29 |
| MASB 3 (issued in 1999) | Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies | IAS 8 (amended in 2006) | Accounting Policies, Changes in Estimates and Errors | <ul style="list-style-type: none"> MASB 3 is consistent with IAS 8 (1993) in all material respects. Changes to IAS 8 in 2003 have not been incorporated into MASB 3. | Pg 29 |
| MASB 4 (issued in 1999) | Research and Development Costs | - | | <ul style="list-style-type: none"> MASB 4 is consistent with IAS 9 in all material respects. The IASC, however, withdrew IAS 9 with the issuance of IAS 38. | - |
| MASB 5 (issued in 1999) | Cash Flow Statements | IAS 7 (amended in 2006) | Cash Flow Statements | <ul style="list-style-type: none"> MASB 5 is consistent with IAS 7 in all material respects. | - |

Section I: Overall comparison between Malaysian PERS and IFRS applicable for entities with financial periods beginning on/after 1 January 2009

| MASB Standards | | IFRS / IAS / SIC Interpretation / IFRIC Interpretation (see page 38 for footnote *) | | Overall comparison | Significant differences |
|----------------------------|--|--|--|--|-------------------------|
| MASB 6 (issued in 1999) | The Effects of Changes in Foreign Exchange Rates | IAS 21 (amended in 2006) | The Effects of Changes in Foreign Exchange Rates | <ul style="list-style-type: none"> • MASB 6 is consistent with IAS 21 (1999) in all material respects except for the matters set out below: <ul style="list-style-type: none"> ○ MASB 6 permits a limited aspect of hedge accounting to be applied to trading transactions covered by forward exchange contracts as well as foreign currency liabilities (MASB 6.11(a)) and other financial instruments which are designated as and which provide an effective hedge of net investments in foreign entities and foreign equity investments (MASB 6.19). ○ MASB 6 contains extra conditions for the treatment of exchange differences in equity and their offsetting (MASB 6.19). • Changes to IAS 21 in 2003 and 2005 have not been incorporated into MASB 6. | Pg 30 |
| MASB 7 (issued in 1999) | Construction Contracts | IAS 11 (amended in 2006) | Construction Contracts | <ul style="list-style-type: none"> • MASB 7 is consistent with IAS 11 in all material respects except that exempt enterprises (<i>definition included in page 44</i>) need not comply with this standard. | Pg 30 |
| MASB 9 (issued in 1999) | Revenue | IAS 18 (amended in 2006) | Revenue | <ul style="list-style-type: none"> • MASB 9 is consistent with IAS 18 in all material respects except that: <ul style="list-style-type: none"> ○ exempt enterprises (<i>definition included in page 44</i>) need not comply with MASB 9.21 and 9.27 to recognise revenue from rendering of services using stage of completion method; ○ MASB 9 does not deal with sale of development units in property development activities [MASB 9.7(e)]. This is covered in MASB 32 “Property Development Activities”; and ○ MASB 9 defines “probable” as “more likely than not to occur” and a probability of greater than 50 per cent would be regarded as more likely than not. | Pg 31 |

Section I: Overall comparison between Malaysian PERS and IFRS applicable for entities with financial periods beginning on/after 1 January 2009

| MASB Standards | IFRS / IAS / SIC Interpretation / IFRIC Interpretation (see page 38 for footnote *) | Overall comparison | Significant differences |
|------------------------------------|--|---|-------------------------|
| MASB 10 Leases (issued in 1999) | IAS 17 Leases (amended in 2006) SIC-15 Operating Leases – (amended in Incentives 2006) | <ul style="list-style-type: none"> • MASB 10 is consistent with IAS 17 (1997) and SIC-15 in all material respects except that MASB 10: <ul style="list-style-type: none"> ○ Excludes Islamic leases from its scope. ○ requires leasehold land and buildings to be treated as fixed assets in accordance with MASB 15. ○ provides numerical guidance to determine classification of lease as finance or operating (Finance lease if the lease term is more than / equal to 75% of economic life or if the present value of the minimum lease payments at inception of lease if more than / equal to 90% of asset's fair value). • Changes to IAS 17 in 2003 have not been incorporated into MASB 10. | Pg 32 |

Section I: Overall comparison between Malaysian PERS and IFRS applicable for entities with financial periods beginning on/after 1 January 2009

| MASB Standards | IFRS / IAS / SIC Interpretation / IFRIC Interpretation (see page 38 for footnote *) | Overall comparison | Significant differences |
|---|---|--|-------------------------|
| <p>MASB 11 (issued in 1999) Consolidated Financial Statements and Investments in Subsidiaries</p> | <p>IAS 27 (amended in 2006) Consolidated and Separate Financial Statements</p> | <ul style="list-style-type: none"> • MASB 11 is consistent with IAS 27 (1989) in all material respects except for the matters set out below: <ul style="list-style-type: none"> ○ In a parent's separate financial statements, IAS 27 (1989) requires that investments in subsidiaries that are included in the consolidated financial statements to be either carried at cost, accounted for using the equity method, or accounted for as available-for-sale financial asset in accordance with IAS 39. MASB 11 prescribes only the cost method or revalued amounts for investments in subsidiaries. ○ IAS 27 (1989) exempts a wholly owned parent or a virtually wholly owned parent from the requirement to present consolidated financial statements (IAS 27.8). Virtually wholly owned is often taken to mean that the parent owns 90% or more of the voting power (IAS 27.10). MASB 11 exempts a wholly owned parent not to present consolidated financial statements if the parent itself is wholly owned by another parent incorporated in Malaysia (MASB 11.8). ○ MASB 11 includes guidance and treatment for changes in stakes and composition of a group (MASB 11.37 to 11.43). ○ In the case of companies incorporated under the Companies Act 1965, an investee-company shall be deemed as a subsidiary when a more than 50% ownership criterion is met. MASB 11, nevertheless, requires a rebuttal for the investee-company not to be consolidated on grounds of fair presentation when control does not exist (MASB 11.13). ○ IAS 27 requires investment that ceases to fall within the definition of subsidiary to be accounted for in accordance with IAS 39. MASB 11 requires those investments to be accounted for in accordance with Malaysian Approved Accounting Standard IAS 25. The initial carrying amount, calculated using the equity method, as at the date the restriction came into effect should be regarded as cost and adjusted for any impairment loss. • Changes to IAS 27 in 2003 have not been incorporated into MASB 11. | <p>Pg 33 – 34</p> |

Section I: Overall comparison between Malaysian PERS and IFRS applicable for entities with financial periods beginning on/after 1 January 2009

| MASB Standards | | IFRS / IAS / SIC Interpretation / IFRIC Interpretation (see page 38 for footnote *) | Overall comparison | Significant differences | |
|--------------------------|---------------------------|--|---|--|------------|
| | | Amendments to IAS 27 (issued in 2008) | Cost of Investment in a Subsidiary, Jointly Controlled Entity and Associate | <ul style="list-style-type: none"> No equivalent amendments issued by MASB as PERS. | N/A |
| | | IAS 27 (revised in 2008) [Effective for financial periods beginning on / after 1 July 2009] | Consolidated and Separate Financial Statements | <ul style="list-style-type: none"> No equivalent revision issued by MASB as PERS. | N/A |
| MASB 12 (issued in 1999) | Investments in Associates | IAS 28 (amended in 2006) | Investments in Associates | <ul style="list-style-type: none"> MASB 12 is consistent with IAS 28 (1999) in all material respects except that in the investor's separate financial statements, IAS 28 (1999) requires investments in associates to be either carried at cost; or accounted for using the equity method; or accounted for as available-for-sale financial assets (or financial assets held for trading - only for investment in an associate that is included in the financial statements of an investor that does not issue consolidated financial statement) as described in IAS 39 (IAS 28.12 and 28.14). MASB 12 prescribes only method of cost or revalued amounts for investments in associates. (MASB 12.12 and 12.14). Additional guidance: MASB 12.33 prescribes guidance in the event there are reciprocal shareholdings between an investing group and its associates – the profit or loss and increment or decrement of net assets of the investor which the associate has accounted for in its financial statements should be disregarded when the investor applies the equity method to account for its investment in the associate. Changes to IAS 28 in 2003 have not been incorporated into MASB 12. | Pg 35 – 36 |
| MASB 14 (issued in 2000) | Depreciation Accounting | - | - | <ul style="list-style-type: none"> MASB 14 is consistent with IAS 4 in all material respects and, in turn, consistent with the treatment of depreciation of intangible assets included in IAS 38 (1998) that superseded IAS 4. | - |

Section I: Overall comparison between Malaysian PERS and IFRS applicable for entities with financial periods beginning on/after 1 January 2009

| MASB Standards | | IFRS / IAS / SIC Interpretation / IFRIC Interpretation (see page 38 for footnote *) | | Overall comparison | Significant differences |
|-----------------------------|-------------------------------|--|-------------------------------|---|-------------------------|
| MASB 15 (issued in 2000) | Property, Plant and Equipment | IAS 16 (amended in 2006) | Property, Plant and Equipment | <ul style="list-style-type: none"> • MASB 15 is consistent with IAS 16 (1998) in all material respects except for: <ul style="list-style-type: none"> ○ MASB 15 requires, in circumstances where depreciation charge of an asset is immaterial owing to a long useful economic life or high residual value, the carrying amount should be subjected to impairment review at the end of each reporting period (MASB 15.56). ○ IAS 16 (1998) permits a transfer from revaluation reserve to retained earnings in respect of the difference between depreciation based on the revalued carrying cost of the asset and depreciation based on the asset's original cost (IAS 16.39). Reference to this transfer has been deleted from MASB 15, hence, this transfer is not allowed under MASB 15. ○ MASB 15 incorporates guidance as to when hotel properties should be classified as property, plant and equipment, rather than investment property (MASB 15.6 and 15.7). ○ MASB 15 provides guidance when depreciation of property is considered as immaterial (MASB 15.55 and 15.56). • Changes to IAS 16 in 2003 have not been incorporated into MASB 15. | Pg 36 – 38 |

Section I: Overall comparison between Malaysian PERS and IFRS applicable for entities with financial periods beginning on/after 1 January 2009

| MASB Standards | | IFRS / IAS / SIC Interpretation / IFRIC Interpretation (see page 38 for footnote *) | | Overall comparison | Significant differences |
|--------------------------|--|---|--|---|-------------------------|
| MASB 16 (issued in 2000) | Financial Reporting of Interests in Joint Ventures | IAS 31 (amended in 2006) SIC-13 (amended in 2006) | Interests in Joint Ventures Jointly Controlled Entities – Non-Monetary Contributions by Venturers | <ul style="list-style-type: none"> • MASB 16 is consistent with IAS 31 (1999) in all material respects except for the matters set out below: <ul style="list-style-type: none"> ○ MASB 16 has confined the method of reporting of a venturer's interests in jointly controlled entities to the equity method (MASB 16.34) whereas IAS 31 (1999) permit the use of proportionate consolidation as benchmark treatment and the equity method as allowed alternative treatment (IAS 31.25 and 31.32). ○ MASB 16 requires a venturer to recognise any interest in jointly controlled entities at cost or revalued amount in its individual financial statements (MASB 16.34(b) and 16.38). IAS 31 (1999) is silent on the treatment in separate financial statements of a venturer (IAS 31.38). ○ MASB 16 requires investor to account for its interest in a joint venture entity acquired and held exclusively with a view to its subsequent disposal in the near future and joint venture entity operates under severe long-term restrictions that significantly impair its ability to transfer funds to the venturer in accordance with Malaysian Approved Accounting Standard IAS 25 (MASB 16.40), whereas IAS 31 (1999) requires application of IAS 39. • Changes to IAS 31 in 2003 have not been incorporated into MASB 16. | Pg 38 – 39 |
| MASB 19 (issued in 2000) | Events After the Balance Sheet Date | IAS 10 (amended in 2006) | Events After the Balance Sheet Date | <ul style="list-style-type: none"> • MASB 19 is consistent with IAS 10 (1999) in all material respects. • Changes to IAS 10 in 2003 have not been incorporated into MASB 19. | Pg 39 |
| MASB 20 (issued in 2000) | Provisions, Contingent Liabilities and Contingent Assets | IAS 37 (amended in 2005) | Provisions, Contingent Liabilities and Contingent Assets | <ul style="list-style-type: none"> • MASB 20 is consistent with IAS 37 in all material respects. | - |
| MASB 23 (issued in 2001) | Impairment of Assets | IAS 36 (amended in 2005) | Impairment of Assets | <ul style="list-style-type: none"> • MASB 23 is consistent with IAS 36 (1998) in all material respects. • Changes to IAS 36 in 2004 have not been incorporated into MASB 23. | Pg 39 – 40 |

Section I: Overall comparison between Malaysian PERS and IFRS applicable for entities with financial periods beginning on/after 1 January 2009

| MASB Standards | | IFRS / IAS / SIC Interpretation / IFRIC Interpretation (see page 38 for footnote *) | | Overall comparison | Significant differences |
|-----------------------------|--|--|---|---|-------------------------|
| MASB 25 (issued in 2001) | Income Taxes | IAS 12 (amended in 2006) | Income Taxes | <ul style="list-style-type: none"> • MASB 25 is consistent with IAS 12 (1999) and SIC-21 in all material respects, except for deferred tax in respect of: <ul style="list-style-type: none"> ○ reinvestment tax allowance (other than in a business combination situation) which should not be recognised on initial recognition of an asset as well as in subsequent periods in accordance with MASB 25.36; and | Pg 41 |
| | | SIC-21 (amended in 2006) | Income Taxes – Recovery of Revalued Non-Depreciable Assets | | |
| MASB 27 (issued in 2001) | Borrowing costs | IAS 23 (revised in 2007) | Borrowing Costs | <ul style="list-style-type: none"> • MASB 27 is consistent with IAS 23 (1995) in all material respects. • Unlike the revised IAS 23, MASB 27 allows the option of immediately recognising as an expense borrowing costs that relate to qualifying assets that take a substantial period of time to get ready for use or sale. | - |
| MASB 28 (issued in 2002) | Discontinuing Operations | IFRS 5 (amended in 2006) | Non-current Assets Held for Sale and Discontinued Operations | <ul style="list-style-type: none"> • MASB 28 is consistent with IAS 35 (1999) in all material respects. • Changes introduced by IFRS 5 have not been incorporated into MASB 28. | Pg 41 – 42 |
| MASB 29 (issued in 2002) | Employee Benefits | IAS 19 (amended in 2006) | Employee Benefits | <ul style="list-style-type: none"> • MASB 29 is consistent with IAS 19 (2002) in all material respects except that MASB 29 does not incorporate amendments made in IAS 19 in 2002 to prevent the recognition of gains solely as a result of actuarial losses or past service cost and the recognition of losses solely as a result of actuarial gains. • Changes to IAS 19 in 2004 have not been incorporated into MASB 29. | Pg 42 |
| MASB 30 (issued in 2002) | Accounting and Reporting by Retirement Benefit Plans | IAS 26 (issued in 1998) | Accounting and Reporting by Retirement Benefit Plans | <ul style="list-style-type: none"> • MASB 30 is consistent with IAS 26 in all material respects. | - |

Section I: Overall comparison between Malaysian PERS and IFRS applicable for entities with financial periods beginning on/after 1 January 2009

| MASB Standards | | IFRS / IAS / SIC Interpretation / IFRIC Interpretation (see page 38 for footnote *) | | Overall comparison | Significant differences |
|--------------------------|--|---|--|--|-------------------------|
| MASB 31 (issued in 2003) | Accounting for Government Grants and Disclosure of Government Assistance | IAS 20 (amended in 2006) | Accounting for Government Grants and Disclosure of Government Assistance | <ul style="list-style-type: none"> • MASB 31 is consistent with IAS 20 (1999) in all material respects except for the following matters: <ul style="list-style-type: none"> ○ IAS 20 (1999) states that it is usual for an enterprise to assess and account both the non-monetary government grant and asset at fair value, or as an alternative, nominal value is sometimes used. MASB 31 prescribes that it is usual for an entity to assess the fair value of the non-monetary government grant and to account for both grant and asset at that fair value. ○ IAS 20 (1999) allows grant relating to assets to be presented in the balance sheet either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset. MASB 31 requires additional disclosure if grant relating to assets is presented by deducting the grant in arriving at the carrying amount of the assets. ○ IAS 20 (1999) allows grant relating to income to be presented as a credit in the income statement or alternatively they are deducted in reporting the related expense. MASB 31 requires additional disclosure and reason why the alternative approach is adopted. ○ MASB 30 uses the word “revocation” of government grant instead of “repayment” of government grant as used in IAS 20 (1999). MASB 31 also provides explanation that in circumstances where a grant is revoked by government, such revocation may require an entity to make good the grant by transferring its resources in various forms. | Pg 43 |
| MASB 32 (issued in 2003) | Property Development Activities | - | | <ul style="list-style-type: none"> • Under MASB 32, interests on uncompleted properties are considered to have passed to the buyers of the properties upon the entering into the sale and purchase agreements. Accordingly, revenue and cost of sales on such properties are recognised on a percentage of completion basis. <p>However, in accordance with IFRS, such contracts (which are not specifically negotiated for the construction) do not meet the definition of construction contracts in IAS 11. Rather, they are agreements for the purchase and sale of such units to be accounted for as sale of goods under IAS 18.</p> | N/A |

Section I: Overall comparison between Malaysian PERS and IFRS applicable for entities with financial periods beginning on/after 1 January 2009

| MASB Standards | IFRS / IAS / SIC Interpretation / IFRIC Interpretation (see page 38 for footnote *) | Overall comparison | Significant differences |
|---|--|---|-------------------------|
| IAS 25 Accounting for Investments (adopted in 1998) | - | <ul style="list-style-type: none"> • MASB has adopted IAS 25 as PERS in Malaysia for investments. The IASC, however, withdrew IAS 25 with the issuance of IAS 39 and IAS 40, which are mainly based on the use of fair values instead of historical cost. • The scope of IAS 39 is wider than IAS 25 and there is no PERS governing the accounting treatment for derivatives and hedging instruments. The MASB has published the following FAQ on what to do in this instance. <p>(a) If there are other transactions entered into by my company (a private entity) such as derivatives and hedging instruments where no existing PERS addresses, should my company comply with FRS 139 “Financial Instruments: Recognition and Measurement” applicable to entities other than Private Entities?</p> <p>In principle, if a private entity enters into a transaction not covered by PERS, it would refer to the prevailing standard on the basis of the requirements in MASB 1 “Presentation of Financial Statements” accords management to use its judgement in developing an accounting policy that provides the most useful information to users of the enterprise’s financial statements. In making this judgement, management considers: (a) the requirements and guidance in MASB Standards and any other technical pronouncements issued by MASB dealing with similar related issues; (b) the definitions, recognition and measurement criteria for assets, liabilities, income and expenses set out in the MASB’s A Proposed Framework for the Preparation and Presentation of Financial Statements; and (c) other regulatory requirements and accepted industry practices to the extent, but only to the extent, that these are consistent with (a) and (b) of this paragraph.</p> <p>In the case of financial derivatives and hedging instruments, your company may wish to refer to FRS 139 in accounting for the derivatives and hedging instruments.</p> | N/A |
| IAS 29 Financial Reporting in Hyperinflationary Economies (adopted in 2002) | IAS 29 Financial Reporting in Hyperinflationary Economies (amended in 2006) | <ul style="list-style-type: none"> • MASB has adopted IAS 29 as PERS in Malaysia, therefore there is no difference. | - |
| MAS 5 Accounting for Aquaculture (adopted in 1998) | - | <ul style="list-style-type: none"> • MAS 5 applies the historical cost convention to accounting for aquaculture, whereas IAS 41 applies fair value to the wider definition of agriculture. | N/A |

Section I: Overall comparison between Malaysian PERS and IFRS applicable for entities with financial periods beginning on/after 1 January 2009

| MASB Standards | IFRS / IAS / SIC Interpretation / IFRIC Interpretation (see page 38 for footnote *) | Overall comparison | Significant differences |
|---|---|--|-------------------------|
| IB-1 Preliminary and (issued in 2000) Pre-operating Expenditure | - | <ul style="list-style-type: none"> No equivalent Interpretation issued by the IASB on this topic. Nonetheless, the principles in this Interpretation are consistent with the "Framework for the Preparation and Presentation of Financial Statements" issued by the IASC. | N/A |
| - | IFRS 1 (revised in 2005) First-time Adoption of International Financial Reporting Standards | <ul style="list-style-type: none"> No equivalent revision issued by MASB as PERS. | N/A |
| | Amendments to IFRS 1 (issued in 2008) Cost of Investment in a Subsidiary, Jointly Controlled Entity and Associate | <ul style="list-style-type: none"> No equivalent amendments issued by MASB as PERS. | N/A |
| | IFRS 1 (revised in 2008) First-time Adoption of International Financial Reporting Standards [Effective for financial periods beginning on / after 1 July 2009] | <ul style="list-style-type: none"> No equivalent revision issued by MASB as PERS. | N/A |
| | Amendments to IFRS 1 (issued in 2009) Additional Exemptions to First-time Adopters [Effective for financial periods beginning on / after 1 January 2010] | <ul style="list-style-type: none"> No equivalent amendments issued by MASB as PERS. | N/A |
| - | IFRS 2 (amended in 2005) Share-based Payment | <ul style="list-style-type: none"> No equivalent Standard issued by MASB as PERS. | N/A |
| | Amendments to IFRS 2 (issued in 2008) Vesting Conditions and Cancellations | <ul style="list-style-type: none"> No equivalent amendments issued by MASB as PERS. | N/A |

Section I: Overall comparison between Malaysian PERS and IFRS applicable for entities with financial periods beginning on/after 1 January 2009

| MASB Standards | IFRS / IAS / SIC Interpretation / IFRIC Interpretation (see page 38 for footnote *) | Overall comparison | Significant differences |
|----------------|---|--|-------------------------|
| | Amendments to IFRS 2 (issued in 2009) Group Cash-settled Share-based Payment Transactions [Effective for financial periods beginning on / after 1 January 2010] | <ul style="list-style-type: none"> No equivalent amendments issued by MASB as PERS. | N/A |
| - | IFRS 3 Business Combinations (amended in 2005) | <p>MASB 21 "Business Combinations" which was based on IAS 22 was removed from PERS as of 1 January 2006. The MASB has published the following FAQ on what to do in its absence.</p> <p>(a) My company (a private entity) used merger accounting in MASB 21, to account for a business combination that took place before 31 December 2005. With the removal of MASB 21 from PERS, what should my company do now?</p> <p>In principle, if a private entity enters into a transaction not covered by PERS, it would refer to the prevailing standard on the basis of the requirements in MASB 1 "Presentation of Financial Statements" accords management to use its judgement in developing an accounting policy that provides the most useful information to users of the enterprise's financial statements. In making this judgement, management considers: (a) the requirements and guidance in MASB Standards and any other technical pronouncements issued by MASB dealing with similar related issues; (b) the definitions, recognition and measurement criteria for assets, liabilities, income and expenses set out in the MASB's A Proposed Framework for the Preparation and Presentation of Financial Statements; and (c) other regulatory requirements and accepted industry practices to the extent, but only to the extent, that these are consistent with (a) and (b) of this paragraph.</p> <p>In the case of business combinations, therefore, your company may wish to refer to FRS 3 "Business Combinations" applicable to entities other than Private Entities.</p> <p>(b) My company (a private entity) undertook a business combination in 2006. Since there is no accounting standard on business combinations in the PERS, how should my company account for the business combinations?</p> <p>Same answer as explained in (a) above.</p> | N/A |

Section I: Overall comparison between Malaysian PERS and IFRS applicable for entities with financial periods beginning on/after 1 January 2009

| MASB Standards | IFRS / IAS / SIC Interpretation / IFRIC Interpretation (see page 38 for footnote *) | Overall comparison | Significant differences |
|----------------|---|---|-------------------------|
| | IFRS 3 Business Combinations (revised in 2008) | <ul style="list-style-type: none"> No equivalent revision issued by MASB as PERS. | N/A |
| - | IFRS 4 Insurance Contracts (amended in 2005) | <ul style="list-style-type: none"> No equivalent Standard issued by MASB as PERS. | N/A |
| - | IFRS 6 Exploration for and Evaluation of Mineral Resources (amended in 2005) | <ul style="list-style-type: none"> No equivalent Standard issued by MASB as PERS. | N/A |
| - | IFRS 7 Financial Instruments: Disclosures (issued in 2005) | <ul style="list-style-type: none"> No equivalent Standard issued by MASB as PERS. Note that MASB 24 "Financial Instruments: Disclosure and Presentation" which was based on IAS 32 "Financial Instruments: Disclosure and Presentation" was withdrawn as of 1 January 2006. | N/A |
| | Amendments to IFRS 7 Reclassification of Financial Assets (issued in 2008) | <ul style="list-style-type: none"> No equivalent amendments issued by MASB as PERS. | N/A |
| | Amendments to IFRS 7 Improving Disclosures about Financial Instruments (issued in 2009) | <ul style="list-style-type: none"> No equivalent amendments issued by MASB as PERS. | N/A |
| - | IFRS 8 Operating Segments (issued in 2006) | <ul style="list-style-type: none"> No equivalent Standard issued by MASB as PERS since MASB 22 "Segment Reporting" was withdrawn as of 1 January 2006. Note that this standard would not be applicable for private entities as per their definition stated on page 1 of this document. | N/A |
| - | IFRS 9 Financial Instruments [Effective for financial periods beginning on / after 1 January 2013] | <ul style="list-style-type: none"> No equivalent Standard issued by MASB as PERS. | N/A |

Section I: Overall comparison between Malaysian PERS and IFRS applicable for entities with financial periods beginning on/after 1 January 2009

| MASB Standards | IFRS / IAS / SIC Interpretation / IFRIC Interpretation (see page 38 for footnote *) | Overall comparison | Significant differences |
|----------------|---|--|-------------------------|
| - | IAS 24 Related Party Disclosures (amended in 2006) | <p>No equivalent Standard issued by MASB as PERS since MASB 8 “Related Party Disclosures” was withdrawn as of 1 January 2006. However, MASB 1.72 requires amounts payable to and receivable from the parent enterprise, fellow subsidiaries and associates and other related parties to be disclosed separately. In addition, there are requirements in the Malaysian Companies Act, 1965 on related party disclosure as follows:</p> <ul style="list-style-type: none"> • related corporations are defined as holding company, subsidiaries and fellow subsidiaries • Disclosure: <ul style="list-style-type: none"> ○ Significant transactions and balances with related corporations ○ Amount outstanding of loan made, guaranteed or secured by the company to a director of the company / director of a holding company / subsidiary / fellow subsidiary ○ Amount outstanding of loan made, guaranteed or secured by the company to another corporation in which one or more directors of the company / holding company / subsidiary / fellow subsidiary owns a controlling interest. ○ Amount owing by the company / subsidiary to a director of the company. | N/A |
| | IAS 24 Related Party Disclosures (revised in 2009) [Effective for financial periods beginning on / after 1 January 2011] | <ul style="list-style-type: none"> • No equivalent revision issued by MASB as PERS. | N/A |

Section I: Overall comparison between Malaysian PERS and IFRS applicable for entities with financial periods beginning on/after 1 January 2009

| MASB Standards | IFRS / IAS / SIC Interpretation / IFRIC Interpretation (see page 38 for footnote *) | Overall comparison | Significant differences |
|----------------|--|--|-------------------------|
| - | IAS 32 (amended in 2006) Financial Instruments: Disclosure and Presentation | <p>No equivalent Standard issued by MASB as PERS since MASB 24 “Financial Instruments: Disclosure and Presentation” has been removed from PERS as of 1 January 2006. The MASB has published the following FAQ on what to do in its absence.</p> <p>(a) My company (a private entity) had previously issued redeemable preference shares (RPS) and in accordance with MASB 24, had classified the RPS as a liability. Since MASB 24 has been removed from PERS, what should my company do now?</p> <p>In the absence of a specific MASB Standard, MASB 1 “Presentation of Financial Statements” accords management to use its judgement in developing an accounting policy that provides the most useful information to users of the enterprise's financial statements. In making this judgement, management considers: (a) the requirements and guidance in MASB Standards and any other technical pronouncements issued by MASB dealing with similar related issues; (b) the definitions, recognition and measurement criteria for assets, liabilities, income and expenses set out in the MASB's A Proposed Framework for the Preparation and Presentation of Financial Statements; and (c) other regulatory requirements and accepted industry practices to the extent, but only to the extent, that these are consistent with (a) and (b) of this paragraph.</p> <p>Guidance on the classification of RPS is provided in FRS 132 “Financial Instruments: Disclosure and Presentation” applicable to entities other than Private Entities. Therefore, your company may wish to refer to FRS 132 on the subject matter.</p> | N/A |

Section I: Overall comparison between Malaysian PERS and IFRS applicable for entities with financial periods beginning on/after 1 January 2009

| MASB Standards | IFRS / IAS / SIC Interpretation / IFRIC Interpretation (see page 38 for footnote *) | Overall comparison | Significant differences |
|----------------|--|---|-------------------------|
| | | <p>(b) Following (a) above, if my company issues RPS in year 2007, how should this second batch of RPS be classified? As MASB 24 has been removed from PERS and hence no requirement for my company to classify these RPS as liabilities, will there be two different classifications on the RPS?</p> <p>If MASB has not issued any guidance in the PERS on the classification of RPS in year 2007, your company should refer to the prevailing standard on the basis of the requirements in MASB 1 as explained in the Answer to Question (a) above.</p> <p>On whether there will be two different classifications on RPS, your company should refer to the requirements in MASB 1. That Standard prescribes that the presentation and classification of items in the financial statements should be retained from one period to the next unless: (a) a significant change in the nature of the operation of the enterprise or a review of its financial statement presentation demonstrates that the change will result in a more appropriate presentations of transactions; or (b) the change is required by PERS and other technical pronouncements issued by MASB or other directive or regulation.</p> | |
| | Amendments to IAS 32 (issued in 2008) Puttable Financial Instruments and Obligations Arising on Liquidation | <ul style="list-style-type: none"> No equivalent amendments issued by MASB as PERS. | N/A |
| | Amendments to IAS 32 (issued in 2009) Classification of Rights Issues [Effective for financial periods beginning on / after 1 January 2010] | <ul style="list-style-type: none"> No equivalent amendments issued by MASB as PERS. | N/A |
| - | IAS 33 (amended in 2006) Earnings Per Share | <ul style="list-style-type: none"> No equivalent Standards issued by MASB as PERS since MASB 13 "Earnings Per Share" was withdrawn as of 1 January 2006. Note that this standard would not be applicable for private entities as per their definition stated on page 1 of this document. | N/A |

Section I: Overall comparison between Malaysian PERS and IFRS applicable for entities with financial periods beginning on/after 1 January 2009

| MASB Standards | IFRS / IAS / SIC Interpretation / IFRIC Interpretation (see page 38 for footnote *) | Overall comparison | Significant differences |
|----------------|--|---|-------------------------|
| - | IAS 34 Interim Financial Reporting (amended in 2006) | <ul style="list-style-type: none"> No equivalent Standard issued by MASB as PERS since MASB 26 "Interim Financial Reporting" was withdrawn as of 1 January 2006. | N/A |
| - | IAS 38 Intangible Assets (revised in 2006) | <ul style="list-style-type: none"> No equivalent Standard issued by MASB as PERS other than MASB 4 "Research and Development Costs" and MASB 14 "Depreciation Accounting". | N/A |
| - | IAS 39 Financial Instruments: Recognition and Measurement (amended in 2005) | <ul style="list-style-type: none"> No equivalent Standard issued by MASB as PERS. | N/A |
| | Amendments to IAS 39 Reclassification of Financial Assets (issued in October 2008) | <ul style="list-style-type: none"> No equivalent amendments issued by MASB as PERS. | N/A |
| | Amendments to IAS 39 Eligible Hedged Items (issued in July 2008) [Effective for financial periods beginning on / after 1 July 2009] | <ul style="list-style-type: none"> No equivalent amendments issued by MASB as PERS. | N/A |
| | Amendments to IAS 39 Embedded Derivatives (issued in 2009) [Effective for financial periods beginning on / after 30 June 2009] | <ul style="list-style-type: none"> No equivalent amendments issued by MASB as PERS. | N/A |
| - | IAS 40 Investment Property (amended in 2006) | <ul style="list-style-type: none"> No equivalent Standard issued by MASB as PERS. | N/A |

Section I: Overall comparison between Malaysian PERS and IFRS applicable for entities with financial periods beginning on/after 1 January 2009

| MASB Standards | IFRS / IAS / SIC Interpretation / IFRIC Interpretation (see page 38 for footnote *) | Overall comparison | Significant differences |
|----------------|--|--|-------------------------|
| - | IAS 41 Agriculture (amended in 2005) | <ul style="list-style-type: none"> No equivalent Standard issued by MASB as PERS. | N/A |
| - | Improvements to IFRSs (Issued in 2008) | <ul style="list-style-type: none"> No equivalent Standards issued by MASB as PERS. | N/A |
| - | Improvements to IFRSs (Issued in 2009) | <ul style="list-style-type: none"> No equivalent Standards issued by MASB as PERS. | N/A |
| - | IFRIC Interpretation 1 (issued in 2004) Changes in Existing Decommissioning, Restoration and Similar Liabilities | <ul style="list-style-type: none"> No equivalent Interpretation issued by MASB as PERS. | N/A |
| - | IFRIC Interpretation 2 (issued in 2004) Members' Shares in Co-operative Entities and Similar Instruments | <ul style="list-style-type: none"> No equivalent Interpretation issued by MASB as PERS. | N/A |
| - | IFRIC Interpretation 4 (issued in 2004) Determining whether and Arrangement Contains a Lease | <ul style="list-style-type: none"> No equivalent Interpretation issued by MASB as PERS. | N/A |
| - | IFRIC Interpretation 5 (issued in 2004) Rights to Interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds | <ul style="list-style-type: none"> No equivalent Interpretation issued by MASB as PERS. | N/A |

Section I: Overall comparison between Malaysian PERS and IFRS applicable for entities with financial periods beginning on/after 1 January 2009

| MASB Standards | IFRS / IAS / SIC Interpretation / IFRIC Interpretation (see page 38 for footnote *) | Overall comparison | Significant differences |
|----------------|---|--|-------------------------|
| - | IFRIC Interpretation 6 (issued in 2005) Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment | <ul style="list-style-type: none"> No equivalent Interpretation issued by MASB as PERS. | N/A |
| - | IFRIC Interpretation 7 (issued in 2005) Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies | <ul style="list-style-type: none"> No equivalent Interpretation issued by MASB as PERS. | N/A |
| - | IFRIC Interpretation 8 (issued in 2006) Scope of IFRS 2 | <ul style="list-style-type: none"> No equivalent Interpretation issued by MASB as PERS. | N/A |
| - | IFRIC Interpretation 9 (issued in 2006) Reassessment of Embedded Derivatives | <ul style="list-style-type: none"> No equivalent Interpretation issued by MASB as PERS. | N/A |
| | Amendments to IFRIC Interpretation 9 [Effective for financial periods beginning on / after 30 June 2009] Embedded Derivatives | <ul style="list-style-type: none"> No equivalent amendments issued by MASB as PERS. | N/A |
| - | IFRIC Interpretation 10 (issued in 2006) Interim Financial Reporting and Impairment | <ul style="list-style-type: none"> No equivalent Interpretation issued by MASB as PERS. | N/A |

Section I: Overall comparison between Malaysian PERS and IFRS applicable for entities with financial periods beginning on/after 1 January 2009

| MASB Standards | IFRS / IAS / SIC Interpretation / IFRIC Interpretation (see page 38 for footnote *) | Overall comparison | Significant differences |
|----------------|---|--|-------------------------|
| - | IFRIC Interpretation 11 (issued in 2006) IFRS 2 – Group and Treasury Share Transactions | <ul style="list-style-type: none"> No equivalent Interpretation issued by MASB as PERS. | N/A |
| - | IFRIC Interpretation 12 (issued in 2006) Service Concession Arrangements | <ul style="list-style-type: none"> No equivalent Interpretation issued by MASB as PERS. | N/A |
| - | IFRIC Interpretation 13 (issued in 2007) Customer Loyalty Programmes (Effective for financial periods beginning on/after 1.7.2008) | <ul style="list-style-type: none"> No equivalent Interpretation issued by MASB as PERS. | N/A |
| - | IFRIC Interpretation 14 (issued in 2007) IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction | <ul style="list-style-type: none"> No equivalent Interpretation issued by MASB as PERS. | N/A |
| | Amendments to IFRIC Interpretation 14 [Effective for financial periods beginning on / after 1 January 2011] Prepayments of a Minimum Funding Requirements | <ul style="list-style-type: none"> No equivalent amendments issued by MASB as PERS. | N/A |
| - | IFRIC Interpretation 15 (issued in July 2008) Agreements for the Construction of Real Estate | <ul style="list-style-type: none"> No equivalent Interpretation issued by MASB as PERS. | N/A |

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| MASB Standards | IFRS / IAS / SIC Interpretation / IFRIC Interpretation (see page 38 for footnote *) | Overall comparison | Significant differences |
|----------------|--|--|-------------------------|
| - | IFRIC Interpretation 16 Hedges of a Net Investment in a Foreign Operation (issued in July 2008) | <ul style="list-style-type: none"> No equivalent Interpretation issued by MASB as PERS. | N/A |
| - | IFRIC Interpretation 17 Distributions of Non-cash Assets to Owners (issued in November 2008) [Effective for financial periods beginning on / after 1 July 2009] | <ul style="list-style-type: none"> No equivalent Interpretation issued by MASB as PERS. | N/A |
| - | IFRIC Interpretation 18 Transfers of Assets from Customers (issued in January 2009) [Effective for financial periods beginning on / after 1 July 2009] | <ul style="list-style-type: none"> No equivalent Interpretation issued by MASB as PERS. | N/A |
| - | IFRIC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments (issued in November 2009) [Effective for financial periods beginning on / after 1 July 2010] | <ul style="list-style-type: none"> No equivalent Interpretation issued by MASB as PERS. | N/A |
| - | SIC Interpretation 7 Introduction of Euro (amended in 2005) | <ul style="list-style-type: none"> No equivalent Interpretation issued by MASB as PERS. | N/A |

Section I: Overall comparison between Malaysian PERS and IFRS applicable for entities with financial periods beginning on/after 1 January 2009

| MASB Standards | IFRS / IAS / SIC Interpretation / IFRIC Interpretation (see page 38 for footnote *) | Overall comparison | Significant differences |
|----------------|--|--|-------------------------|
| - | SIC Interpretation 10 (issued in 1998) Government Assistance – No Specific Relation to Operating Activities | <ul style="list-style-type: none"> No equivalent Interpretation issued by MASB as PERS. | N/A |
| - | SIC Interpretation 12 (revised in 2004) Consolidation – Special Purpose Entities | <ul style="list-style-type: none"> No equivalent Interpretation issued by MASB as PERS. | N/A |
| - | SIC Interpretation 25 (amended in 2005) Income Taxes – Changes in the Tax Status of an Entity or its Shareholders | <ul style="list-style-type: none"> No equivalent Interpretation issued by MASB as PERS. | N/A |
| - | SIC Interpretation 27 (amended in 2005) Evaluating the Substance of Transactions Involving the Legal Form of a Lease | <ul style="list-style-type: none"> No equivalent Interpretation issued by MASB as PERS. | N/A |
| - | SIC Interpretation 29 (amended in 2005) Disclosure – Service Concession Arrangements | <ul style="list-style-type: none"> No equivalent Interpretation issued by MASB as PERS. | N/A |
| - | SIC Interpretation 31 (amended in 2005) Revenue – Barter Transactions Involving Advertising Services | <ul style="list-style-type: none"> No equivalent Interpretation issued by MASB as PERS. | N/A |
| - | SIC Interpretation 32 (amended in 2005) Intangible Assets – Web Site Costs | <ul style="list-style-type: none"> No equivalent Interpretation issued by MASB as PERS. | N/A |

Section II: Significant differences between Malaysian PERS and IFRS applicable for entities with financial periods beginning on/after 1 January 2009

| Standards | Scope and definitions | Measurement and recognition | Presentation and disclosure |
|---|---|--|--|
| <p>MASB 1 “Presentation of Financial Statements” (issued in 1999) [similar to IAS 1 (1999) in all material respects]</p> <p>as compared to IAS 1 “Presentation of Financial Statements” (amended in 2006)</p> | <p><u>Additional guidance in IAS 1 (2006) as compared to IAS 1 (1999) that have not been incorporated into MASB 1</u></p> <p>1. Definition of impracticable (IAS 1.11)</p> | <p><u>Difference between MASB 1 and IAS 1 (1999)</u></p> <p>1. MASB 1.22 states, in the absence of specific MASB Standards, management should consider:</p> <p>(a)...;</p> <p>(b)...; and</p> <p>(c) other regulatory requirements and accepted industry practices...</p> <p>Paragraph 22 of IAS 1 (1999) / paragraph 11 of IAS 8 (2006) is similar to MASB 1 in respect to (a) & (b) above. However, IAS 1.22(c) / paragraph 12 of IAS 8 (2006) refers to ‘pronouncements of other standard setting bodies’ whereas MASB 1.22(c) refers to ‘other regulatory requirements’.</p> <p><u>Differences between IAS 1 (2006) and IAS 1 (1999) that have not been incorporated into MASB 1</u></p> <p>1. Application of IFRS ‘presumed’ to result in true and fair presentation (IAS 1.13)</p> <p>2. Use of true and fair override restricted only to extremely rare circumstances where compliance with a requirement in a Standard or an Interpretation would be so misleading that it would conflict with the objective of financial statements set out in the Framework (IAS 1.17-22)</p> | <p><u>Differences between IAS 1 (2006) and IAS 1 (1999) that have not been incorporated into MASB 1</u></p> <p>1. Disclosure of significant judgments made in applying accounting policies and key assumptions or uncertainties affecting their estimates (IAS 1.113-124)</p> <p>2. Tightening of requirements for classification and disclosure of current and non-current items on the balance sheet in IAS 1 (2006) (IAS 1.51, 57-67). For example:</p> <p>(a) classification is based solely on conditions existing at balance sheet date (IAS 1.63)</p> <p>(b) clarification that cash or a cash equivalent is classified as current unless it is restricted from being exchanged or used to settle a liability for at least twelve months after balance sheet date (IAS 1.57(d))</p> <p>3. IAS 40, agriculture and IFRS 5 assets and liabilities are recognised separately on balance sheet in accordance with IAS 1 (2006) (IAS 1.68, 68A)</p> <p>4. In IAS 1 (2006), minority interest is presented within equity, separately from parent shareholders’ equity (IAS 1.68(o), IAS 27.33)</p> <p>5. In IAS 1 (2006), profit or loss in income statement as well as total income and expenses for the period recognised directly in equity are allocated between minority interest and equity holders of parent (IAS 1.82, 96)</p> |

Section II: Significant differences between Malaysian PERS and IFRS applicable for entities with financial periods beginning on/after 1 January 2009

| Standards | Scope and definitions | Measurement and recognition | Presentation and disclosure |
|--|---|--|--|
| | | | <p>6. In IAS 1 (2006), share of associates' profit attributable to equity holders of the associates is presented after tax and minority interests (IAS 1.IG)</p> <p>7. Extraordinary activities in income statement is prohibited in IAS 1 (2006) (IAS 1.81, 85)</p> <p>8. IAS 1 (2006) does not require disclosure of results of operating activities and number of employees (IAS 1.81, 126)</p> <p>9. IAS 1 (2006) requires disclosures of:</p> <ul style="list-style-type: none"> • The entity's objectives, policies and processes for managing capital; • Quantitative data about what the entity regards as capital; • Whether the entity has complied with any capital requirements; and • If it has not complied, the consequences of such non-compliance. |
| <p>MASB 2 "Inventories" (issued in 1999) [similar to IAS 2 (1999) in all material respects] as compared to IAS 2 "Inventories" (amended in 2006)</p> | <p><u>Differences between MASB 2 and IAS 2 (1999)</u></p> <p>1. In MASB 2 exempt enterprise (<i>definition included in page 44</i>) need not comply with the disclosure requirements in MASB 2.37(d), 37(e), 39 & 40</p> <p><u>Difference between IAS 2 (2006) and IAS 2 (1999) that has not been incorporated into MASB 2</u></p> <p>1. IAS 2 (2006) provides scope exclusion for measurement of commodity broker-trader inventories measured at fair value less costs to sell (IAS 2.3(b))</p> | <p><u>Additional guidance in IAS 2 (2006) as compared to IAS 2 (1999) that have not been incorporated into MASB 2</u></p> <p>1. IAS 2 (2006) clarifies that difference between cost of inventory acquired under deferred purchase and normal purchase price is interest expense (IAS 2.18)</p> <p>2. IAS 2 (2006) clarifies the difference between net realisable value and fair value less costs to sell (IAS 2.6, 7)</p> <p><u>Differences between IAS 2 (2006) and IAS 2 (1999) that have not been incorporated into MASB 2</u></p> <p>1. LIFO method is prohibited in IAS 2 (2006) (IAS</p> | <p><u>Differences between IAS 2 (2006) and IAS 2 (1999) that have not been incorporated into MASB 2</u></p> <p>1. IAS 2 (2006) requires disclosure of inventories held at fair value less cost to sell (IAS 2.36(c))</p> <p>2. IAS 2 (2006) requires disclosure of amount of any write-down of inventories included as an expense in the period (IAS 2.36(e))</p> <p>3. IAS 2 (2006) no longer requires separate disclosure of Inventories held at net realisable value (IAS 2.IN17)</p> |

Section II: Significant differences between Malaysian PERS and IFRS applicable for entities with financial periods beginning on/after 1 January 2009

| Standards | Scope and definitions | Measurement and recognition | Presentation and disclosure |
|--|---|---|--|
| | | <p>2.IN13)</p> <p>2. IAS 2 (2006) requires entities to use same cost formula for inventories of similar nature and use (IAS 2.25)</p> | |
| <p>MASB 3 “Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies” (issued in 1999) [similar to IAS 8 (1993) in all material respects]</p> <p>as compared to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” (amended in 2006)</p> | <p><u>Additional guidance in IAS 8 (2006) as compared to IAS 8 (1993) that has not been incorporated into MASB 3</u></p> <p>1. IAS 8 (2006) provides definitions for materiality, impracticable, change in an accounting estimate and prior period errors (IAS 8.5)</p> <p><u>Difference between IAS 8 (2006) and IAS 8 (1993) that has not been incorporated into MASB 3</u></p> <p>1. Hierarchy of sources introduced to assist in determining policies where IFRS guidance is not available (IAS 8.7-12, 21)</p> | <p><u>Additional guidance in IAS 8 (2006) as compared to IAS 8 (1993) that have not been incorporated into MASB 3</u></p> <p>1. IAS 8 (2006) clarifies that changes to estimates are to be recognised in period of change, including those that create assets or liabilities, or affect equity (IAS 8.37)</p> <p>2. IAS 8 (2006) clarifies difference between retrospective application (change in policy) and retrospective restatement (correction of error) (IAS 8.IN8-IN9, 5, 22-23, 41-42)</p> <p><u>Differences between IAS 8 (2006) and IAS 8 (1993) that have not been incorporated into MASB 3</u></p> <p>1. IAS 8 (2006) eliminates concept of fundamental error (IAS 8.IN12)</p> <p>2. IAS 8 (2006) provides guidance on accounting for material errors (IAS 8.41-48)</p> <p>3. Retrospective application is mandatory for changes in accounting policies and correction of errors in IAS 8 (2006). Allowed alternative of prospective application is removed (IAS 8.41-48).</p> <p>4. In IAS 8 (2006), prospective application only used when determination of retrospective effect of a change in policy is impracticable (IAS 8.27, 50-53).</p> | <p><u>Differences between IAS 8 (2006) and IAS 8 (1993) that have not been incorporated into MASB 3</u></p> <p>1. IAS 8 (2006) requires disclosure of impact of new standard or interpretation that has been issued but not yet effective (IAS 8.30-31)</p> <p>2. IAS 8 (2006) requires more detailed disclosures of effect of changes to policies and errors, i.e. effect on each line item and on basic and diluted earnings per share (IAS 8.28-31, 49)</p> |

Section II: Significant differences between Malaysian PERS and IFRS applicable for entities with financial periods beginning on/after 1 January 2009

| Standards | Scope and definitions | Measurement and recognition | Presentation and disclosure |
|---|---|--|--|
| <p>MASB 6 “The Effects of Changes in Foreign Exchange Rates” (issued in 1999) [similar to IAS 21 (1999) in all material respects]</p> <p>as compared to IAS 21 “The Effects of Changes in Foreign Exchange Rates” (amended in 2006)</p> | <p><u>Difference between MASB 6 and IAS 21 (1999)</u></p> <p>1. MASB 6 permits a limited aspect of hedge accounting to be applied to trading transactions covered by forward exchange contracts (MASB 6.11(a)) and other financial instruments which are designated as hedge of net investments in foreign entities (MASB 6.19-20)</p> <p><u>Differences between IAS 21 (2006) and IAS 21 (1999) that have not been incorporated into MASB 6</u></p> <p>1. IAS 21 (2006) introduces functional currency as primary currency of entity’s operating environment (IAS 21.8)</p> <p>2. IAS 21 (2006) introduces presentation currency as currency used to present financial statements (IAS 21.8)</p> | <p><u>Difference between MASB 6 and IAS 21 (1999)</u></p> <p>1. MASB 6 contains extra conditions for the treatment of exchange differences in equity and their offsetting (MASB 6.19)</p> <p><u>Differences between IAS 21 (2006) and IAS 21 (1999) that have not been incorporated into MASB 6</u></p> <p>1. IAS 21 (2006) eliminates the distinction between integral foreign operations and foreign entities. Foreign entities method is used to translate all foreign operations (IAS 21.11)</p> <p>2. In IAS 21 (2006), change in functional currency is accounted for prospectively (IAS 21.35)</p> <p>3. In IAS 21 (2006), goodwill and fair value adjustments on acquisition of foreign entity are expressed in acquiree’s functional currency and translated at closing rate – applied prospectively (retrospective application permitted) (IAS 21.47, 59)</p> <p>4. IAS 21 (2006) removes the option to capitalise foreign exchange differences incapable of being hedged (IAS 21.IN10)</p> | <p><u>Difference between MASB 6 and IAS 21 (1999)</u></p> <p>1. Requirement to disclose realised and unrealised gains and losses from foreign exchange translation (MASB 6.42(a)), and closing rates used in translation (MASB 6.42(d))</p> <p><u>Differences between IAS 21 (2006) and IAS 21 (1999) that have not been incorporated into MASB 6</u></p> <p>1. IAS 21 (2006) requires to disclose reason for using a different currency from the functional currency for presentation of items in financial statements (IAS 21.53)</p> <p>2. IAS 21 (2006) requires to disclose details of, and reason for, any change in functional currency (IAS 21.54)</p> |
| <p>MASB 7 “Construction Contracts” (issued in 1999) [similar to IAS 11 (1999) in all material respects]</p> <p>as compared to IAS 11 “Construction Contracts” (amended in 2006)</p> | <p><u>Difference between MASB 7 and IAS 11 (1999)</u></p> <p>1. Exempt enterprise (<i>definition included in page 44</i>) need not comply with MASB 7 (MASB 7.2)</p> | <p><u>Difference between MASB 7 and IAS 11 (1999)</u></p> <p>1. IAS 11.27 clarifies that contract costs incurred that relate to future activity on the contract are classified as contract work in progress. MASB 7 is silent in this respect.</p> | <p>No significant difference.</p> |

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| <p>MASB 9 “Revenue” (issued in 1999) [similar to IAS 18 (1999) in all material respects]</p> <p>as compared to IAS 18 “Revenue” (amended in 2006)</p> | <p><u>Differences between MASB 9 and IAS 18 (1999)</u></p> <ol style="list-style-type: none"> 1. MASB 9 does not deal with rental income from investment property (MASB 9.7(b)) and sales of development units in property development activities (MASB 9.7(e)) 2. In MASB 9 exempt enterprise (<i>definition included in page 44</i>) need not comply with paragraphs 21 and 27 to recognise revenue from rendering services using stage of completion method 3. Probable is defined in MASB 9 as “more likely than not to occur” and a probability of greater than 50 per cent would be regarded as more likely than not to occur | <p>No significant difference.</p> | <p>No significant difference.</p> |

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| <p>MASB 10 “Leases” (issued in 1999) [similar to IAS 17 (1997) in all material respects]</p> <p>as compared to IAS 17 “Leases” (amended in 2006) and SIC-15 “Operating Leases – Incentives”</p> | <p><u>Difference between MASB 10 and IAS 17 (1997)</u></p> <ol style="list-style-type: none"> MASB 10 scoped out Islamic leases (MASB 10.4) <p><u>Differences between IAS 17 (2006) and IAS 17 (1997) that have not been incorporated into MASB 10</u></p> <ol style="list-style-type: none"> In IAS 17 (2006), investment properties held under operating and finance leases are to be measured using the finance lease accounting methodology (IAS 17.IN5, 19 & IAS 40.IN18) Definition of implicit interest rate in IAS 17 (2006) takes into consideration initial direct costs of lessor (IAS 17.4) IAS 17 (2006) defines initial direct costs as incremental costs directly attributable to negotiating / arranging a lease (IAS 17.4) IAS 17 (2006) clarifies the distinction between inception of lease (when leases are classified) and commencement of lease (when recognition takes place) (IAS 17.4) IAS 17 (2006) simplifies definitions for unearned finance income and net investment in the lease (IAS 17.4) | <p><u>Differences between MASB 10 and IAS 17 (1997)</u></p> <ol style="list-style-type: none"> In IAS 17, leases of land treated as operating leases (unless title passes to lessee) and payments made represent prepaid lease rentals (IAS 17.14, 15). However, leasehold land and buildings are required to be treated as fixed assets in accordance with MASB 15 (MASB 10.14) MASB 10 provides guidance to determine classification of lease as finance or operating. When the lease term is for 75% or more of the economic life of the leased asset or when the present value of the minimum lease payments (at the inception of the lease) equals or exceeds 90% of the asset’s fair value, such leases are classified as finance lease (MASB 10.10) <p><u>Differences between IAS 17 (2006) and IAS 17 (1997) that have not been incorporated into MASB 10</u></p> <ol style="list-style-type: none"> In IAS 17 (2006), leases of land and buildings are required to split into land component and buildings component (IAS 17.14-18). In IAS 17 (2006), lessor’s initial direct costs on finance lease are part of finance lease receivables (IAS 17.38) In IAS 17 (2006), lessor’s initial direct costs on operating lease are capitalised as part of carrying value of asset and realised over lease term (IAS 17.52) In IAS 17 (2006), initial direct costs of manufacturer / dealer lessor in respect of finance leases are expensed when profits are recognised (IAS 17.38) | <p>No significant difference.</p> |

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| <p>MASB 11 “Consolidated Financial Statements and Investments in Subsidiaries” (issued in 1999) [similar to IAS 27 (1989) in all material respects] as compared to IAS 27 “Consolidated and Separate Financial Statements” (amended in 2006)</p> | <p><u>Difference between MASB 11 and IAS 27 (1989)</u></p> <p>1. MASB 11 exempts a wholly owned parent not to present consolidated financial statements only if the parent itself is wholly owned by another parent incorporated in Malaysia (MASB 11.8)</p> <p><u>Differences between IAS 27 (2006) and IAS 27 (1989) that have not been incorporated into MASB 11</u></p> <p>1. IAS 27 (2006) applies to accounting for investments in subsidiaries, jointly controlled entities and associates in separate financial statements of the parent, venturer, investor (IAS 27.3)</p> <p>2. In IAS 27 (2006), unincorporated entities are included in definition of subsidiary (IAS 27.4)</p> <p>3. IAS 27 (2006) applies to venture capital organisations, mutual funds, unit trusts and similar entities (IAS 27.19)</p> <p>4. In IAS 27 (2006), existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity, are considered when assessing control (IAS 27.14)</p> <p>5. In IAS 27 (2006), subsidiaries which are intended to be disposed of within 12 months are consolidated and considered under IFRS 5 (IAS 27.IN7, IFRS 5.27-28)</p> | <p><u>Differences between MASB 11 and IAS 27 (1989)</u></p> <p>1. In parent’s separate financial statements, MASB 11 prescribes only the cost method or revalued amounts for investments in subsidiaries (MASB 11.44)</p> <p>2. MASB 11 includes guidance and treatment for changes in stakes and composition of a group (MASB 11.37-43)</p> <p>3. MASB 11 requires investment that ceases to be a subsidiary to be accounted for in accordance with Malaysian Approved Accounting Standard IAS 25 “Accounting for Investments” (MASB 11.32)</p> <p><u>Additional guidance in MASB 11 as compared to IAS 27 (1989)</u></p> <p>1. In the case of companies incorporated under the Malaysian Companies Act 1965, an investee-company shall be deemed as a subsidiary when a more than 50% ownership criterion is met. MASB 11 however requires a rebuttal for the investee-company not to be consolidated on grounds of fair presentation when control does not exist (MASB 11.13)</p> <p><u>Differences between IAS 27 (2006) and IAS 27 (1989) that have not been incorporated into MASB 11</u></p> <p>1. In IAS 27 (2006), criteria for exemption from preparing consolidated financial statements are as follow: (IAS 27.10)</p> <p>(a) Wholly-owned subsidiary, or partially-owned subsidiary where minority have given permission for parent not to present consolidated financial statements;</p> | <p><u>Difference between MASB 11 and IAS 27 (1989)</u></p> <p>1. MASB 11 requires entities to disclose a list of <u>all</u> investments in subsidiaries and their principal activities (MASB 11.47(a))</p> <p><u>Difference between IAS 27 (2006) and IAS 27 (1989) that has not been incorporated into MASB 11</u></p> <p>1. IAS 27 (2006) requires disclosure of details of nature and extent of severe long-term restrictions affecting consolidated subsidiaries (IAS 27.40(f))</p> |

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| | | <p>(b) Capital instruments not traded in public market;</p> <p>(c) Not in process of listing debt or equity instruments in a public market and;</p> <p>(d) Ultimate or intermediate parent prepares consolidated IFRS financial statements</p> <p>2. IAS 27 (2006) requires use of uniform policies (IAS 27.28) – exception on grounds of impracticality withdrawn</p> <p>3. IAS 27 (2006) requires all subsidiaries to be consolidated (IAS 27.12). Exclusion of a subsidiary from consolidation on grounds of severe long-term restrictions prohibited (IAS 27.IN9)</p> <p>4. In IAS 27 (2006), investments (subsidiaries, associates and jointly controlled entities) in separate financial statements are accounted for at cost, as IAS 39 asset, or IFRS 5 asset (IAS 27.37).</p> <p>5. In IAS 27 (2006), investments in jointly controlled entities and associates accounted under IAS 39 in consolidated financial statements is accounted for consistently in separate financial statements (IAS 27.39)</p> | |

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| <p>MASB 12 “Investments In Associates” (issued in 1999) [similar to IAS 28 (1999) in all material respects]</p> <p>as compared to IAS 28 “Investments in Associates” (amended in 2006)</p> | <p><u>Differences between IAS 28 (2006) and IAS 28 (1999) that have not been incorporated into MASB 12</u></p> <ol style="list-style-type: none"> 1. IAS 28 (2006) does not apply to investments held by venture capital organisations or mutual funds, unit trusts and similar entities including investment-linked insurance funds, that upon initial recognition are designated as at fair value through profit or loss under IAS 39 (IAS 28.1) 2. In IAS 28 (2006), unincorporated entities are included in definition of associate (IAS 28.2) 3. In IAS 28 (2006), existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity, are considered when assessing significant influence (IAS 28.8-9) 4. In IAS 28 (2006), investments in associates where intention is to dispose of within 12 months are considered under IFRS 5 (IAS 28.IN9, BC14) | <p><u>Difference between MASB 12 and IAS 28 (1989)</u></p> <ol style="list-style-type: none"> 1. In parent’s separate financial statements, MASB 12 prescribes only the cost method or revalued amounts for investments in associates (MASB 12.12, 14) <p><u>Differences between IAS 28 (2006) and IAS 28 (1999) that have not been incorporated into MASB 12</u></p> <ol style="list-style-type: none"> 1. In IAS 28 (2006), criteria used for exemption of equity accounting for investments in associates is consistent with those used in IAS 27 – criteria for exemption to prepare group financial statements (IAS 28.13, IAS 27.10) 2. In IAS 28 (2006), equity method is to be applied whether or not subsidiaries exist (IAS 28.13). 3. In IAS 28 (2006), investment that ceases to be an associate is to be accounted under IAS 39; carrying amount at that date regarded as cost (IAS 28.18, 19). 4. In IAS 28 (2006), equity method applied even where influence is severely restricted (IAS 28.IN10); 5. IAS 28 (2006) requires use of uniform policies (IAS 28.26). Exception on grounds of impracticality withdrawn 6. IAS 28 (2006) introduces three-month restriction for associate’s non-coterminous year-end (IAS 28.24-25) 7. IAS 28 (2006) clarifies that interests held by jointly controlled entities are also ignored when determining group’s total interest in an associate (IAS 28.21) | <p><u>Additional requirements in MASB 12 as compared to IAS 28 (1999)</u></p> <ol style="list-style-type: none"> 1. MASB 12 requires disclosure of investor’s share of net assets other than associate’s goodwill, investor’s share of goodwill in the associates and resulting goodwill on acquisition of associate (MASB 12.38) 2. MASB 12 requires investor’s share of taxes disclosed as a separate item in the income statement (MASB 12.39) <p><u>Differences between IAS 28 (2006) and IAS 28 (1999) that have not been incorporated into MASB 12</u></p> <ol style="list-style-type: none"> 1. In IAS 28 (2006), goodwill is included in carrying value of the investment and not separately recognised (IAS 28.23, 33) 2. IAS 28 (2006) requires disclosure of summary of assets, liabilities, revenues and profit or loss of associates (IAS 28.37(b)) and of those not equity accounted for (IAS 28.37(i)) 3. IAS 28 (2006) requires disclosure of investor’s share of changes in associate’s equity as separate line item in statement of changes in equity (IAS 28.39) 4. IAS 28 (2006) requires disclosure of investor’s share of any discontinued operations of associates (IAS 28.38) 5. IAS 28 (2006) requires disclosure of the fact that associate is not accounted for using the equity method (IAS 28.37(h)) |

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| | | <p>8. In IAS 28 (2006), entities are to consider carrying amount of equity investment and other long-term interests in associate when recognising investor's share of associate's losses (IAS 28.29)</p> | <p>6. IAS 28 (2006) requires disclosure of reporting date of associates if different from investor's and reason for using a different reporting date or period (IAS 28.37(e))</p> <p>7. IAS 28 (2006) requires disclosure of nature and extent of long-term restrictions placed on associate (IAS 28.37(f))</p> |
| <p>MASB 15 "Property, Plant and Equipment" (issued in 2000) [similar to IAS 16 (1998) in all material respects]</p> <p>as compared to IAS 16 "Property, Plant and Equipment" (amended in 2006)</p> | <p><u>Difference between IAS 16 (2006) and IAS 16 (1998) that has not been incorporated into MASB 15</u></p> <p>1. PPE that meets IFRS 5 criteria as held for sale are scoped out from IAS 16 (IAS 16.3(a))</p> | <p><u>Additional guidance in MASB 15 as compared to IAS 16 (1998)</u></p> <p>1. MASB 15 provides guidance as to when hotel properties should be classified as PPE rather than investment property (MASB 15.6-7) and when depreciation of property is considered immaterial (MASB 15.55-56)</p> <p><u>Differences between MASB 15 and IAS 16 (1998)</u></p> <p>1. MASB 15 requires, in circumstances where depreciation charge of an asset is immaterial owing to a long useful economic life or high residual value, the carrying amount should be subject to impairment review at the end of each reporting period (MASB 15.56)</p> <p>2. MASB 15 does not permit transfer from revaluation reserve to retained earnings in respect of the difference between depreciation based on the revalued carrying cost of the asset and depreciation based on the asset's original cost (MASB 15.45)</p> <p><u>Difference between IAS 16 (2006) and IAS 16 (1998) that have not been incorporated into MASB 15</u></p> <p>1. In IAS 16 (2006), subsequent expenditure is recognised if it meets general recognition criteria (IAS 16.IN6). Previous IAS 16 only allowed</p> | <p><u>Differences between MASB 15 and IAS 16 (1998)</u></p> <p>1. MASB 15 requires that in year of valuation of PPE, disclosure of the name of firm of independent valuer, name of valuer and his qualification (MASB 15.82(d))</p> <p>2. MASB 15 requires movement of accumulated impairment losses to be disclosed separately from that of accumulated depreciation (MASB 15.78(d))</p> <p><u>Differences between IAS 16 (2006) and IAS 16 (1998) that have not been incorporated into MASB 15</u></p> <p>1. IAS 16 (2006) introduces additional disclosures for revalued assets (IAS 16.77)</p> <p>2. Prior-year comparatives for PPE mandatory in IAS 16 (2006) (IAS 16.73(e))</p> <p>3. IAS 16 (2006) requires held-for-sale PPE separately classified in financial statements (IFRS 5.38)</p> |

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| | | <p>recognition when expenditure improves condition of asset beyond its originally assessed standard of performance</p> <ol style="list-style-type: none"> 2. In IAS 16 (2006), dismantling, removal and restoration costs, as a consequence of using the item for purpose other than to produce inventories, are included in carrying amount of PPE (IAS 16.16(c),18) 3. Concept of commercial substance is introduced in IAS 16 (2006) for recognition of exchanged assets (IAS 16.24-25) 4. In IAS 16 (2006), use of revaluation method depends on ability to measure fair value reliably (IAS 16.31) 5. In IAS 16 (2006), residual value at every balance sheet date is based on expected future circumstances measured at balance sheet date prices, i.e. no adjustment made for effect of changing prices (IAS 16.6) 6. Residual value and useful life to be assessed annually at balance sheet date in IAS 16 (2006) (IAS 16.51) 7. In IAS 16 (2006), depreciation commences when asset is made available for use, i.e. when in location and condition necessary for it to be capable of operating in manner intended (IAS 16.55) 8. In IAS 16 (2006), depreciation continues through idle periods and ceases at earlier of when asset is derecognised or classified as held-for-sale (IAS 16.55) 9. IAS 18 revenue recognition criteria acts as trigger for derecognition of PPE in IAS 16 (2006) (IAS 16.69) | |

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| | | <p>10. IAS 16 (2006) states that recognition of a replacement component of PPE item results in derecognition of the replaced part (IAS 16.70)</p> | |
| <p>MASB 16 “Financial Reporting of Interests in Joint Ventures” (issued in 2000) [similar to IAS 31 (1999) in all material respects]</p> <p>as compared to IAS 31 “Interests in Joint Ventures” (amended in 2006) and SIC-13 “Jointly Controlled Entities – Non-Monetary Contributions by Venturers”</p> | <p><u>Differences between IAS 31 (2006) and IAS 31 (1999) that have not been incorporated into MASB 16</u></p> <ol style="list-style-type: none"> 1. IAS 31 (2006) does not apply to venturer’s interest in jointly controlled entities held by venture capital organisations or mutual funds, unit trusts and similar entities including investment-linked insurance funds, that upon initial recognition are designated as at fair value through profit or loss under IAS 39 (IAS 31.1) 2. In IAS 31 (2006), investments in joint ventures where intention is to dispose within 12 months is considered under IFRS 5 (IAS 31.IN7, BC13) | <p><u>Differences between MASB 16 and IAS 31 (1999)</u></p> <ol style="list-style-type: none"> 1. MASB 16 confined the method of reporting of a venturer’s interest in jointly controlled entities to equity method (MASB 16.34) 2. In parent’s separate financial statements, MASB 16 prescribes venturer to recognise any interest in jointly controlled entities at cost or revalued amounts (MASB 16.34(b), 38) <p><u>Differences between IAS 31 (2006) and IAS 31 (1999) that have not been incorporated into MASB 16</u></p> <ol style="list-style-type: none"> 1. In IAS 31 (2006), criteria used for exemption of equity accounting and proportionate consolidation for investments in joint ventures is consistent with those used in IAS 27 – criteria for exemption to prepare group financial statements (IAS 31.2(b)-(c)) 2. In IAS 31 (2006), proportionate consolidation or equity method applied whether or not subsidiaries exist (IAS 31.31), instead of disclosing in the notes to the accounts the effect had equity method been applied. 3. In IAS 31 (2006), proportionate consolidation or equity method applied even where influence severely restricted (IAS 31.IN8) – joint control must be lost before proportionate consolidation or equity method ceased to apply. | <p><u>Additional disclosure in MASB 16 as compared to IAS 31 (1999)</u></p> <ol style="list-style-type: none"> 1. Where no consolidated financial statements are prepared, to disclose in the notes to the accounts the effect had the equity method been applied (MASB 16.38) |

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| | | <p>4. In IAS 31 (2006), where joint control ceases, investment in jointly controlled entity is accounted for under IAS 39; IAS 27 if control is obtained; IAS 28 if significant influence is held (IAS 31.45, 51)</p> | |
| <p>MASB 19 “Events After the Balance Sheet Date” (issued in 2000) [similar to IAS 10 (1999) in all material respects] as compared to IAS 10 “Events After the Balance Sheet Date” (amended in 2006)</p> | <p>No significant difference.</p> | <p><u>Additional guidance in IAS 10 (2006) as compared to IAS 10 (1999) that has not been incorporated into MASB 19</u></p> <p>1. Clarification that dividends declared after balance sheet date is not to be recorded as liability at balance sheet date (IAS 10.12) and that past practices of paying dividends should not be considered a constructive obligation as such practices do not give rise to a liability to pay dividends (IAS 10.BC4)</p> | <p>No significant difference.</p> |
| <p>MASB 23 “Impairment of Assets” (issued in 2001) [similar to IAS 36 (1998) in all material respects] as compared to FRS 136 “Impairment of Assets” (amended in 2005)</p> | <p><u>Difference between IAS 36 (2005) and IAS 36 (1998) that have not been incorporated into MASB 23</u></p> <p>1. Investment property and assets held for sale and disposal groups are scoped out from IAS 36 (IAS 36.2(f) & (i), 3)</p> | <p><u>Differences between IAS 36 (2005) and IAS 36 (1998) that have not been incorporated into MASB 23</u></p> <p>1. In IAS 36 (2005), recoverable amount for indefinite lived intangibles, intangibles not yet available for use and goodwill to be measured annually (IAS 36.10) unless certain criteria to allow use of more recent computation has been fulfilled (IAS 36.99)</p> <p>2. IAS 36 (2005) prohibits reversal of impairment losses on goodwill (IAS 36.124)</p> <p>3. IAS 36 (2005) allows impairment test of goodwill to be tested at any time during an annual period, provided it is performed consistently (IAS 36.96)</p> <p>4. IAS 36 (2005) clarifies elements to be considered in determining value in use (IAS 36.30, 33)</p> | <p><u>Differences between IAS 36 (2005) and IAS 36 (1998) that have not been incorporated into MASB 23</u></p> <p>1. IAS 36 (2005) requires disclosure of reason for and amount of goodwill arising in the year not yet allocated to CGUs (IAS 36.133)</p> <p>2. IAS 36 (2005) requires disclosures of assumptions used in estimating recoverable amount for CGUs containing goodwill or indefinite lived intangibles (IAS 36.134-135)</p> <p>3. IAS 36 (2005) requires disclosures of amount of goodwill allocated to each CGU and, where appropriate, a declaration that no individual CGU holds a substantial portion (IAS 36.135)</p> |

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| | | <ol style="list-style-type: none"> <li data-bbox="960 209 1597 331">5. IAS 36 (2005) provides new guidance for management when making assumptions of future cash flows from asset's use (IAS 36.34-38) <li data-bbox="960 368 1597 555">6. IAS 36 (2005) clarifies that goodwill is allocated to CGUs benefiting from the synergies, irrespective of whether net assets of acquiree are assigned to those CGUs; such CGUs are not larger than a segment (IAS 36.80); the 'bottom-up' and 'top-down' approach now removed. <li data-bbox="960 592 1597 683">7. IAS 36 (2005) clarifies that changes in entity's reporting structure will require reallocation of goodwill for all CGUs affected (IAS 36.87) <li data-bbox="960 719 1597 842">8. IAS 36 (2005) clarifies that carrying amount of investment in associate (including goodwill) is impaired when IAS 39 requirements indicate that asset may be impaired (IAS 28.33) <li data-bbox="960 879 1597 938">9. IAS 36 (2005) provides additional guidance on present value techniques (IAS 36.A1-A21) <li data-bbox="960 975 1597 1098">10. IAS 36 (2005) states that cash flows from any asset or CGU affected by internal transfer pricing is determined using estimate of value in arms-length transaction (IAS 36.70) <li data-bbox="960 1134 1597 1209">11. IAS 36 (2005) requires entity to allocate goodwill to CGUs benefiting from synergies within 12 months of end of period (IAS 36.84) <li data-bbox="960 1246 1597 1321">12. IAS 36 (2005) states that CGU to which goodwill acquired during the year is allocated to be tested for impairment before year end (IAS 36.96) <li data-bbox="960 1358 1597 1433">13. IAS 36 (2005) provides specific criteria to use prior-period recoverable amount in current year impairment test (IAS 36.99) | |

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|--|---|--|---|
| <p>MASB 25 “Income Taxes” (issued in 2001) [similar to IAS 12 (1999) in all material respects]</p> <p>as compared to IAS 12 “Income Taxes” (amended in 2006) and SIC-21 “Income Taxes – Recovery of Revalued Non-Depreciable Assets”</p> | <p>No significant difference.</p> | <p><u>Differences between MASB 25 and IAS 12 (1999)</u></p> <ol style="list-style-type: none"> In accordance with MASB 25.36, deferred tax asset should not be recognised on reinvestment allowances arising from initial recognition of an asset as well as in subsequent periods. | <p>No significant difference.</p> |
| <p>MASB 28 “Discontinuing Operations” (issued in 2002) [similar to IAS 35 (1999) in all material respects]</p> <p>as compared to IFRS 5 “Disposal of Non-current Assets and Discontinued Operations” (amended in 2006)</p> | <p><u>Differences between IFRS 5 and IAS 35 (1999) that have not been incorporated into MASB 28</u></p> <ol style="list-style-type: none"> Subsidiaries, investments in associates and investments in jointly controlled assets where intention is to dispose within 12 months are considered under IFRS 5 Clarification that an asset under a finance lease and classified as held for sale to be accounted for under IFRS 5 (IAS 17.41A) | <p><u>Differences between IFRS 5 and IAS 35 (1999) that have not been incorporated into MASB 28</u></p> <ol style="list-style-type: none"> In IFRS 5, assets or disposal groups classified as held for sale are carried at the lower of carrying amount and fair value less costs to sell (IFRS 5.15) IFRS 5 clarifies that depreciation on PPE ceases at earlier of derecognition and classification as held for sale (IAS 16.55) In IFRS 5, investments in associates no longer meeting held for sale criteria is accounted for using equity method from date originally assessed as held for sale. Financial statements for prior periods to be amended for reclassification (IAS 28.15) In IFRS 5, investments in jointly controlled entities that no longer meeting held-for-sale criteria are accounted for using equity method or proportionate consolidation from date originally assessed as held for sale. Financial statements | <p><u>Differences between IFRS 5 and IAS 35 (1999) that have not been incorporated into MASB 28</u></p> <ol style="list-style-type: none"> In IFRS 5, non-current asset that meets criteria as held for sale is to be separately classified in financial statements (IFRS 5.38). Not-current assets reclassified as current when held-for-sale criteria met (IFRS 5.3) In IFRS 5, profit or loss from discontinued operations is disclosed as single line item in income statement (IFRS 5.33(a)) In IFRS 5, assets held for sale and assets and liabilities included in disposal group are separately presented on balance sheet (IFRS 5.38) In IFRS 5, segment results for individual reportable segments are split between continuing and discontinued operations (IAS 14.52) |

Section II: Significant differences between Malaysian PERS and IFRS applicable for entities with financial periods beginning on/after 1 January 2009

| Standards | Scope and definitions | Measurement and recognition | Presentation and disclosure |
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| | | <p>for prior periods to be amended for reclassification (IAS 31.43)</p> | <p>5. IFRS 5 requires restatement of prior-period segment results to reflect operations classified as discontinued at latest balance sheet date (IAS 14.52A)</p> <p>6. In IFRS 5, assets and liabilities in disposal group cannot be shown net (IFRS 5.38)</p> <p>7. In IFRS 5, PPE classified as held for sale is to be included in reconciliation of carrying amount at beginning and end of period (IAS 16.73(e)(ii))</p> <p>8. In IFRS 5, announcement of plan to discontinue an operation and classification of assets as held for sale are non-adjusting events, which would generally result in disclosure (IAS 10.22(b-c)).</p> |
| <p>MASB 29 “Employee Benefits” (issued in 2002) [similar to IAS 19 (1999) in all material respects]</p> <p>as compared to IAS 19 “Employee Benefits” (amended in 2006)</p> | <p>No significant difference.</p> | <p><u>Difference between IAS 19 (1999) and IAS 19 (2002) & IAS 19 (2006) that have not been incorporated into MASB 29</u></p> <ol style="list-style-type: none"> 1. Amendments to IAS 19 in 2002 to prevent the recognition of gains solely as a result of actuarial losses or past service cost and the recognition of losses solely as a result of actuarial gains have not been incorporated into MASB 29. 2. Amendments to IAS 19 in 2004 on “Actuarial Gains and Losses, Group Plans and Disclosures” providing an additional option to recognise all actuarial gains and losses as they occur, outside profit or loss, in a statement of total recognised gains and losses. | <p><u>Differences between IAS 19 (1999) and IAS 19 (2006) that have not been incorporated into MASB 29</u></p> <ol style="list-style-type: none"> 1. Additional disclosures in paragraph 120A of IAS 19 (2004). |

Section II: Significant differences between Malaysian PERS and IFRS applicable for entities with financial periods beginning on/after 1 January 2009

| Standards | Scope and definitions | Measurement and recognition | Presentation and disclosure |
|--|---|---|--|
| <p>MASB 31 “Accounting for Government Grants and Disclosure of Government Assistance” (issued in 2003) [similar to IAS 20 (1999) in all material respects]</p> <p>as compared to IAS 20 “Accounting for Government Grants and Disclosure of Government Assistance” (amended in 2005)</p> | <p><u>Difference between MASB 31 and IAS 20 (1999)</u></p> <ol style="list-style-type: none"> MASB 31 uses the word “revocation” of government grant instead of “repayment” of government grant (MASB 31.33-34). It provides explanation that in circumstances where a grant is revoked by government, such revocation may require an entity to make good the grant by transferring its resources in various forms. | <p><u>Difference between MASB 31 and IAS 20 (1999)</u></p> <ol style="list-style-type: none"> MASB 31 prescribes that it is usual for an entity to assess and account both the non-monetary government grant and asset at fair value (MASB 31.23) | <p><u>Differences between MASB 31 and IAS 20 (1999)</u></p> <ol style="list-style-type: none"> If an entity presenting grant related to assets by deducting the grant in arriving at the carrying amount of the assets, MASB 31.25 requires disclosure, for each class of assets and the total of these classes, a reconciliation of depreciation before and after deduction of related grant recognised in income. If an entity presenting grant related to income as a deduction from the related expense, MASB 31.30 requires disclosure of a reconciliation of the related expense before and after deduction of the grant. In addition, the reason why this alternative approach is adopted should also be disclosed. |

- * Issued – new IFRS
Revised – revision/amendments to an existing FRS.
Amended – incorporated consequential amendments resulting from other issued / revised IFRS.

Section III: Definition of Exempt Enterprise

Definition

Exempt enterprise (as defined in MASB SOP 1 “Exempt Enterprise”) is an enterprise that meets all the following criteria: (i) it does not have public accountability; (ii) at balance sheet date, all of its owners are members of the enterprise’s governing body; and (iii) it is not large. An enterprise is deemed to be large if it exceeds any 2 of the following conditions: (i) annual gross revenue of RM10 million; (ii) gross assets of RM5 million at year end; (iii) average of 50 employees for the year.

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