

AMENDMENTS TO THE FINANCIAL REPORTING ACT 1997

Amendments to the Financial Reporting Act 1997 was gazetted by Parliament of Malaysia on 31 December 2004. The amendments, among others, allow foreign companies listed on a stock exchange in Malaysia to apply either:

- (a) MASB approved accounting standards; or
- (b) any acceptable international accounting standards issued by accounting standards issuing bodies recognised by MASB under section 26A.

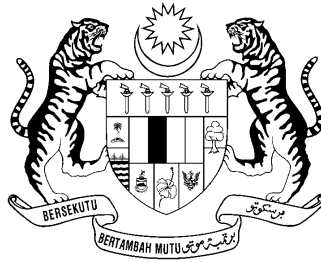
Foreign companies are now given a choice of using either MASB Standards or internationally recognised accounting standards in their entirety for the preparation of financial statements. The Board, under its powers pursuant to section 26A, approved the accounting standards issued by the following standards issuing bodies as acceptable international accounting standards:

- (1) International Accounting Standards Board
- (2) Financial Accounting Standards Board, United States of America
- (3) Accounting Standards Board, United Kingdom
- (4) Australian Accounting Standards Board, Australia.

The amendments do not affect the status of compliance of MASB accounting standards by Malaysian companies.

Effective Date

This amendment takes effect from 1 January 2005.



LAWS OF MALAYSIA

Act A1233

FINANCIAL REPORTING (AMENDMENT) ACT 2004

Date of Royal Assent ... 28 December 2004

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LAWS OF MALAYSIA**Act A1233****FINANCIAL REPORTING (AMENDMENT) ACT 2004**

An Act to amend the Financial Reporting Act 1997.

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ENACTED by the Parliament of Malaysia as follows:

Short title

1. This Act may be cited as the Financial Reporting (Amendment) Act 2004.

Amendment of section 2

2. The Financial Reporting Act 1997 [Act 558], which is referred to as the “principal Act” in this Act, is amended in section 2{

(a) by inserting after the definition of “Fund” the following definition:

“issues bulletin” means a statement issued or approved by the Board under subsection 7(1) concerning the interpretation, application or implementation of any approved accounting standards or matters relating to approved accounting standards or any matter relating to accounting practices used for the preparation of financial statements, either generally or in relation to any specific accounting principles or transactions;’;

(b) by inserting before the definition of “accounting standards” the following definition:

‘ “acceptable internationally recognised accounting standards” means accounting standards issued by other accounting standards issuing bodies granted recognition by the Board under section 26A;’;

(c) by substituting for the definition of “approved accounting standards” the following definition:

‘ “approved accounting standards” means—

(a) new accounting standards issued by the Board under paragraph 7(1)(a);

(b) existing accounting standards adopted by the Board under paragraph 7(1)(b); and

(c) in relation to foreign companies listed on a stock exchange in Malaysia, acceptable internationally recognised accounting standards;’;

(d) by inserting after the definition of “issues bulletin” the following definition:

‘ “MASB approved accounting standards” means approved accounting standards other than acceptable internationally recognised accounting standards;’; and

(e) by inserting after the definition of “Central Bank” the following definition:

‘ “foreign company” has the same meaning as in the Companies Act 1965;’.

Amendment of section 5

3. Paragraph 5(1)(f) of the principal Act is amended by inserting before the semicolon the words “or his representative who shall be a council member of the Malaysian Institute of Accountants”.

Amendment of section 6

4. Section 6 of the principal Act is amended—

(a) in subsection (1), by substituting for the words “The Chairman of the Foundation and eight other members” the words “Nine members of the Foundation”;

(b) by substituting for subsection (2) the following subsection:

“(2) The Chairman of the Foundation shall preside over all meetings of the Foundation.”; and

(c) by inserting after subsection (2) the following subsections:

“(3) If the Chairman of the Foundation is absent from any meeting of the Foundation, the members present at the meeting of the Foundation shall elect one of the members specified in paragraphs 5(1)(a) to (f) present to preside over that meeting.

(4) Any member of the Foundation may take part in a meeting of the Foundation using teleconferencing or videoconferencing or other electronic means.

(5) A member of the Foundation who takes part in a meeting of the Foundation using teleconferencing or videoconferencing or other electronic means is deemed to have attended the meeting.

(6) Subject to subsections (2), (3), (4) and (5), the Foundation may determine the conduct of its proceedings.”.

Amendment of section 7

5. Section 7 of the principal Act is amended—

(a) in subsection (1)—

(i) by inserting after paragraph (b) the following paragraph:

“(ba) to amend, substitute for, suspend, defer, withdraw or revoke any approved accounting standards in whole or in part;”;

- (ii) by substituting for paragraph (c) the following paragraph:

“(c) to issue, approve, review, revise, amend, substitute for, suspend, defer, withdraw or revoke any issues bulletin in whole or in part;”;

- (iii) by inserting after paragraph (c) the following paragraph:

“(ca) to issue, approve, review, revise, amend, substitute for, suspend, defer, withdraw or revoke any statement of principles, any technical and other releases and any other document relating to financial reporting by whatever name called in whole or in part ;”;
and

- (iv) in paragraph (h), by inserting after the word “perform” the words “any other function conferred or imposed upon it by this Act or”;

- (b) in subsection (2), by substituting for the words “paragraph (1)(a), (b), (c) or (g)” the words “paragraph (1)(a), (b), (ba), (c), (ca) or (g)”;

- (c) by deleting subsection (4).

Amendment of section 9

6. Section 9 of the principal Act is amended—

- (a) by inserting after subsection (2) the following subsections:

“(2A) Any member of the Board may take part in a meeting of the Board using teleconferencing or videoconferencing or other electronic means.

(2B) Any member of the Board who takes part in a meeting of the Board using teleconferencing or videoconferencing or other electronic means is deemed to have attended the meeting.”; and

- (b) in subsection (5), by substituting for the words “The Board” the words “Subject to subsections (2), (2A), (2B), (3), (4) and (6), the Board”.

Amendment of section 17

7. Section 17 of the principal Act is amended—

- (a) in the shoulder note, by substituting for the words “Technical Director” the words “chief executive officer”; and
- (b) in subsection (2), by substituting for the words “Technical Director” the words “chief executive officer”.

Amendment of section 18

8. Subsection 18(2) of the principal Act is amended by substituting for the words “Technical Director” the words “chief executive officer”.

New Part IIIA

9. The principal Act is amended by inserting after Part III the following Part:

“PART IIIA

STANDARDS

Other issuing bodies

26A. The Board may grant recognition to other accounting standards issuing bodies if the Board is of the opinion that—

- (a) the accounting standards issuing bodies are of international standing and repute; and
- (b) the accounting standards of the accounting standards issuing bodies are acceptable for the purpose of financial statements which are required to be prepared or lodged under any law administered by the Securities Commission, the Central Bank or the Registrar of Companies by foreign companies listed on a stock exchange in Malaysia.

Standards for foreign companies

26b. Financial statement which are required to be prepared or lodged under any law administered by the Securities Commission, the Central Bank or the Registrar of Companies by foreign companies listed on a stock exchange in Malaysia shall comply in their entirety with either—

- (a) any acceptable internationally recognised accounting standards; or
- (b) MASB approved accounting standards.

Standards for persons other than foreign companies

26c. Financial statements which are required to be prepared or lodged under any law administered by the Securities Commission, the Central Bank or the Registrar of Companies by any person other than foreign companies listed on a stock exchange in Malaysia shall comply with MASB approved accounting standards only.

Compliance with approved accounting standards

26d. Where financial statements are required to be prepared or lodged under any law administered by the Securities Commission, the Central Bank or the Registrar of Companies, such financial statements shall be deemed not to have complied with the requirements of such law unless they have been prepared and are kept in accordance with the approved accounting standards.”.

Deletion of section 27

10. The principal Act is amended by deleting section 27.

