



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
Chairman Secretariat

No. D (CS)/34/2009

June 22, 2009

**CIRCULAR NO. 21 /2009**

**Sub: Deferment of Application of IFRIC Interpretation 4 'Determining Whether an Arrangement Contains A Lease' and IFRIC Interpretation 12 'Service Concession Arrangements'**

Reference the Securities and Exchange Commission of Pakistan Circular No. 13/2006 dated August 31, 2006 and Circular No.2(13) DCS/SECP/2007 dated June 27, 2007 whereby the IPPs were given relaxation from the implementation of IFRIC 4 upto June 30, 2009. It has been represented by companies both listed and non listed companies that the application of IFRIC 4 and IFRIC 12 would materially effect the status of their assets, available profits and distribution of dividend to the shareholders.

2. The Commission, in view of the practical difficulties explained by the Companies that have executed Implementation Agreements with the Government and in consultation with Institute of Chartered Accountants of Pakistan and Private Power and Infrastructure Board, has decided to defer the Implementation of IFRIC-4 and IFRIC-12 to all Companies till June 30, 2010, subject to the following:

- (a) The relaxation would be available to these companies till the conclusion of their agreements, entered on or before June 30, 2010, with the Government or other authority/entity.
- (b) The relaxation from IFRIC 4 and 12 would apply to all companies and shall not be restricted to power sector. In case of power sector companies the relaxation would be available only in cases where "letter of intent" or "approval" was issued by the government on or before June 30, 2010. In other cases, the date of agreement with the government or the other authority/entity would determine the entitlement to the deferment and the same would be available till the conclusion of the existing agreement.

- (c) The requirement of IAS-8 shall be mandatory so that the investors/users of financial statements have knowledge about the results with and without the exemption.
3. The requirements of IFRIC-4 & 12 would be mandatory for companies which are given 'approval' or 'letter of intent' on or after July 01, 2010.
4. The said relaxation is given to facilitate the companies facing problems. However, the companies are encouraged to comply with the said IFRICs' but the fact of compliance shall be disclosed in their financial statements.



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Director

**Distribution:**

1. Stock Exchanges, Karachi, Lahore, Islamabad.
2. ICAP, Karachi.
3. All IPPs,
4. OGDC
5. Laraib Energy
6. Uch Power
7. Fauji Terminal
8. All Officers of the Commission