



PRESS RELEASE
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SECP DEFERS APPLICATION OF IFRIC 4 AND IFRIC 12 TO FACILITATE CORPORATE SECTOR

ISLAMABAD – JUNE 22, 2009: The Securities and Exchange Commission of Pakistan (SECP) has, vide its Circular dated June 22, 2009, deferred the Implementation of two Interpretations issued by International Financial Reporting Committee (IFRIC) i.e. IFRIC 4 (Determining whether an arrangement contains a lease) and IFRIC 12 (Service Concession Arrangements) to all Companies for agreement entered till June 30, 2010.

Various companies from the corporate sector had approached SECP for the relaxation from the said IFRICs as their application would involve complex calculations and materially affect the status of the assets, available profits and distribution of dividends to the shareholders which would in turn effect the overall financing of the Companies.

In order to address these very significant issues, SECP also sought recommendations from the relevant regulatory bodies i.e. the Institute of Chartered Accountants of Pakistan (ICAP) and the Private Power and Infrastructure Board (PPIB) who have averred that Pakistan being an energy deficient country, therefore, need to encourage investment in this sector at least for some years without creating an invidious distinction between sectors.

SECP, in order to facilitate the companies facing problems and to boost the power sector to help overcome the current energy crises, has decided to defer the implementation of the said IFRICs to all companies till the conclusion of their agreements entered on or before June 30, 2010. 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.



Securities and Exchange Commission of Pakistan

Internal & External Communications Department

The requirements of IAS 8 have been made mandatory so that the investors/users of the financial statements have knowledge about the results with and without exemption. 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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