

CFO SUMMIT
"CFO to the Rescue"
July 6-7, 2009
Sheraton Imperial Hotel
Kuala Lumpur

Tech Talk: IFRS Convergence: Essential Info that CFOs should know

Countries around the region have announced convergence to IFRS

1. How will it impact the role and responsibility of the CFO

Key points:

- Convergence is inevitable. MASB announced on 1.8.2008 full convergence to IFRSs on 1.1.2012
- CFOs should take this seriously.
- If your company is unable to fully converge with IFRS on 1.1.2012 it will have serious implications on its shareholder value. Quality of financial reporting has been evidenced to impact firms' value and competitiveness in attracting investors.
- Early engagement with your Boards and strategizing your readiness for adoption of FRS 139 on Financial Instruments on 1.1.2010 and full convergence in 2012 is critical. CFOs play a major role here.
- Some essential steps include:
 - Ensuring staff are adequately trained to handle the implementation of FRS 139;
 - Early engagement with your auditors to identify implementation issues
 - Have regular meeting with your fellow CFOs to discuss implementation issues. An industry based CFO meeting will be useful.

2. Areas CFOs need to look out for during these uncertain times

Key points:

- Given uncertainty, CFOs need to be very cautious in making appropriate assumptions that are necessary to value their financial assets and liabilities.
- I would stress that professional judgment needs to be exercised. Integrity and honesty is of utmost importance.
- Ensure you are surrounded by competent advisors and staff who are well versed with the FRSs.

3. Is fair value accounting still relevant?

- Absolutely. I have no doubts about that.

4. What changes need to be made in terms of infrastructure, people and mindsets?

Key points:

- Shift in mindset is the most critical. Once CFOs see convergence and the need to be fully compliant with IFRSs and impact of quality financial reporting on shareholder value, they will appreciate the importance of shifting from a paradigm of compliance mentality (have to do because the regulators require it) to a view of "enhancing the quality of financial reporting" as a strategy to improve shareholder value.
- Once CFOs appreciate the benefits of enhanced quality financial reporting, the rest will fall into place.
- Investments in systems and people will follow naturally.
-