International Accounting Standards Board®

Press Release

15 November 2007

The IASB welcomes SEC vote to remove reconciliation requirement

The International Accounting Standards Board (IASB) welcomed the decision taken today by the US Securities and Exchange Commission (SEC) to remove the requirement for non-US companies reporting under International Financial Reporting Standards (IFRSs) as issued by the IASB to reconcile their financial statements to US generally accepted accounting principles (GAAP).

The development of a single, high quality language for financial reporting that is accepted throughout the world's capital markets has been the primary goal of the IASB since its inception in 2001 and today's decision is an important step towards achieving that objective.

The adoption of IFRSs by the European Union with effect from 2005, and similar decisions by Australia, Hong Kong and South Africa, led the way in a process that has resulted in over 100 countries now requiring or permitting the use of IFRSs. The SEC's decision follows those announced by other leading countries in 2007 to establish time lines for the acceptance of IFRSs in their domestic markets or accelerate convergence of national standards with IFRSs. Among those are Canada, India and Korea, all of which will adopt IFRSs by 2011. In Brazil listed companies will have to comply with IFRSs from 2010, and convergence between Japanese GAAP and IFRSs is expected by 2011. At the beginning of this year China introduced a completely new set of accounting standards that are intended to produce the same results as IFRSs.

Commenting on the SEC's decision Sir David Tweedie, Chairman of the IASB, said:

> We are delighted that the US Securities and Exchange Commission has decided to allow non-US issuers to file under IFRSs without the need for reconciliation to US GAAP. The IASB remains strongly committed to its joint work with the US Financial Accounting Standards Board set out in the Memorandum of

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Understanding in February 2006 in order to achieve our goal of providing the world's integrating capital markets with a common language for financial reporting.

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Notes to Editors

About the IASB

The International Accounting Standards Board (IASB) began operations in 2001. To fund the operations of the IASB contributions are collected by its Trustees, the IASC Foundation, from the major accounting firms, private financial institutions and industrial companies throughout the world, central and development banks, and other international and professional organisations.

The 14 Board members (12 of whom are full-time) are drawn from nine countries and have wide international experience and a variety of functional backgrounds. The IASB is committed to developing, in the public interest, a single set of high quality, global accounting standards that require transparent and comparable information in general purpose financial statements. In pursuit of this objective, the IASB co-operates with national accounting standard-setters to achieve convergence in accounting standards around the world.

Convergence of IFRSs and US GAAP

In February 2006 the IASB and the US national accounting standard-setter, the Financial Accounting Standards Board (FASB), published a Memorandum of Understanding outlining what had to be done by the two boards as a precondition for the US Securities and Exchange Commission's removing by 2009 the requirement for foreign registrants using IFRSs to reconcile their financial statements to US generally accepted accounting principles (GAAP). The memorandum made two important general points. First, the boards would not be expected to achieve uniformity in their requirements: this lifted the prospect of having to concentrate on a possibly endless series of changes before the reconciliation requirement could be removed; instead the boards would simply align the major principles where differences existed. Second, it was agreed that to try to eliminate differences between two standards that are each in need of significant improvement would not be the best use of the boards' resources; instead a new common standard would be developed that would improve financial information for investors. Details of progress by the boards in their convergence programme are available on the IASB Website (www.iasb.org).