

INTERIM FINANCIAL REPORTING IN THE ASIA-PACIFIC REGION: A REVIEW OF REGULATORY REQUIREMENTS

Nguyen Huu Cuong*, Gerry Gallery**, Tracy Artiach***

Abstract

This paper addresses the question of how interim financial reporting regulation varies across the Asia-Pacific region. Using a content analysis method, the study investigates the relevant regulations in eight selected countries in the Asia-Pacific region which differ in a number of country-level attributes. We find that the regulations in the region show considerable variation in terms of the form of regulatory enforcement, reporting lag, audit requirements, and reporting form. By providing the first in-depth review of the nature of differences in interim financial reporting in key countries in the Asia-Pacific region, the findings of this study will be of interest to investors, regulators and researchers in their quest for international “convergence” in financial reporting practices.

Keywords: Interim Financial Reporting, Accounting Regulation, Asia-Pacific, Disclosure

*Corresponding author. University: School of Accountancy, Queensland University of Technology, Brisbane, Australia

** University: School of Accountancy, Queensland University of Technology, Brisbane, Australia

*** University: School of Accountancy, Queensland University of Technology, Brisbane, Australia

1. Introduction

Interim Financial Reporting (IFR) can play an important informative role in capital markets, provided the contents of the interim reports are accurate and timely. Interim reports issued by listed firms may differ because entities issue the reports in compliance with various sources of regulations. The paper aims to examine regulations governing IFR practices in the rapidly growing Asia-Pacific region. While there has been considerable effort on a global basis to harmonise and implement International Financial Reporting Standards (IFRSs), there has been no apparent effort to harmonise interim reporting rules. Further, there are no known global or regional comparative studies of IFR regulations in the extant literature. Also, the extant literature offers little guidance on the optimal level and form of IFR regulations and is not assisted by the general nature of international accounting standard on *Interim Financial Reporting* – IAS 34. In practice, IFR is regulated by a variety of statutory securities regulations, stock exchanges rules and by accounting standards that differ across countries. This leads to considerable diversity in disclosure practices. However, the nature and the extent variation has not been documented and highlighted in the disclosure literature.

International Accounting Standard 34 *Interim Financial Reporting* (IAS 34), issued by International Accounting Standard Board (IASB), defines IFR as the disclosure of updated information for an interim period, thereby providing information to stakeholders in a timelier manner than annual financial reports:

“An interim financial report is a financial report that contains either a complete or condensed set of financial statements for a period shorter than an entity’s full financial year” (IAS 34 para. IN2).

According to the objective of IAS 34, IFR plays an important information role in capital markets when the reports provide up-to-date information to users (IAS 34, para. Objective). It allows users to project the numbers for the upcoming annual reporting (Gordon, 1961) and may be more useful than audited, but less timely, annual financial reports (Ball & Brown, 1968). Nonetheless, questions as to the nature of IFR regulations have been raised that remain unanswered in the absence of empirical research.

The paper is motivated by the fact that there has been significant effort on a global basis to establish one set of IFRSs; however, there has been little effort to harmonise interim reporting, leading to a continued diversity in IFR practices. Accounting standards on interim reports are loose and allow for substantial discretion on various aspects of IFR including the interim period, reporting lag, reporting form, audit requirements, and accounting methods. For example, IAS 34 (para. 1) does not mandate the frequency or timing of IFR disclosure. Similarly, domestic requirements are not well regulated. Prior research has suggested that IFR requirements may under-regulated in one country but over-regulated in others (e.g., Tan & Tower, 1997). As such, interim reporting regulations are likely to differ and consequently, interim reporting disclosure extent and quality may vary considerably across countries. This diversity is likely to influence the usefulness of reported

information because the lack comparability of IFR accounting numbers complicates cross-country analysis and investment decision-making. A lack of agreement on an appropriate interim reporting model also makes it difficult for domestic regulatory bodies to decide how and the extent to which interim reports should be regulated. To date, there has been little research that compares IFR worldwide or even on a regional basis. In addition, the accounting literature provides little guidance on the optimal form and extent of IFR and related regulations.

The paper is organised as follows. Section 2 provides a summary of the main aspects of IFR under the International Accounting Standard. Section 3 presents an outline of the regulatory requirements for preparing and releasing interim financial reports in each of the eight selected countries of the study. Section 4 concludes by offering suggestions for future studies.

2. International Accounting Standard (IAS) for Interim Financial Reporting (IFR) – Key Features

IAS 34 *Interim Financial Reporting* (IAS 34) was first issued by the IASB's predecessor, the International Accounting Standard Committee, in February 1998 and adopted by the IASB in April 2001.¹ The objective of the standard is to prescribe the form, the minimum content and the principles for recognition and measurement in the preparation and presentation of an interim financial report. The objective is justified on the basis that:

“Timely and reliable interim financial information reporting improves the ability of investors, creditors, and others to understand an entity's capacity to generate earnings and cash flows and its financial condition and liquidity.” (IAS 34 para. Objective)

In contrast to many other international accounting standards, IAS 34 permits considerable discretion by entities in its application. Notably, it “does not mandate which entities should be required to publish interim financial reports, how frequently or how soon after the end of an interim period” (IAS 34 para. 1). Whilst frequency is not defined, IAS 34 encourages a publicly traded entity to produce interim reports at least for the period of the first half of its financial year, and to release it within 60 days after that period's end (IAS 34 para. 1). An entity shall issue either a complete set of financial statements or a set of condensed ones (IAS 34 para. 4) by using the

same accounting policies as are applied in annual financial reports (IAS 34 para. 28).

3. IFR Regulation in the Asia-Pacific Region

Since many of the provisions in IAS 34 are substantially voluntary in nature, it is not surprising that IFR practices vary across countries, especially in the required disclosures, the length of an interim reporting period and the time permitted until release of the interim reports (reporting lag). Such variation across countries can be attributed to the influence of national securities regulations, stock exchanges listing rules², and rules and guidelines of domestic accountancy bodies.

Given the extent of discretion and regulations, five main aspects of IFR regulation are relevant to the study: i) regulation enforcement; ii) interim reporting period; iii) report form; iv) audit requirement; and v) the accounting measurement policy. *Regulation enforcement* refers to the extent to which interim reporting regulations are mandatory or voluntary. *Interim reporting period* refers to the regularity or required reporting interval of interim reports (either half-yearly or quarterly periodic reports). *Report form* is the content of the interim report and refers to the preparation of either a complete or condensed set of interim reports. *Audit requirement* is the extent to which regulation varies regarding the audit of the interim report with the alternatives being non-audit, audit committee (internal) review, audit review or full audit of the interim report. The final aspect, *the accounting measurement policy* is the domestic accounting standard setter's policy on the recognition and measurement method for preparing the interim report with the two possible alternatives being either the integral or discrete (or independent) methods.³ However, because the discrete method is adopted for interim reports by all of the selected countries, the

² The Stock exchanges examined in this study are the main boards for each selected sample country. Therefore, only listing and disclosure rules imposed by the main boards are analysed.

³ Under *the integral view*, which tends to be endorsed by the US GAAP, the interim report is considered as an integral part of the annual accounting period where annual operating expenses are to be estimated and allocated to the interim periods. Consequently, the results of subsequent interim periods must be adjusted to reflect prior estimation errors. Under *the discrete view*, which tends to be endorsed by IAS 34, each interim period is considered as a discrete accounting period. The same accounting methods are applied to recognise and measure disclosed items in both IFR and annual financial reporting. More specifically, the rules required to recognise interim expense are the same as those applied to annual expense recognition, and no special interim accruals or deferrals are permitted (Mackenzie, Coetsee, Njikizana & Chamboko, 2011).

¹ The most recent updated version of IAS 34 was issued in January 2013, and is effective for annual periods begin on or after January 1, 2013. However, the version discussed in this paper was published in January 2011, which is applicable for the sample interim reports (financial year end 2012).

comparison of the differences in regulations governing interim reports focuses on only the first four aspects identified above.

The following sub-section provides a source of the relevant regulations governing interim reporting

with a summary of the reporting requirements for each country within the study and is summarised in Table 1.

Table 1. A summary of the variation in IFR regulations in eight Asia-Pacific countries

Country	Sources of IFR regulation	IFR Mandatory Requirements
Australia	Corporations Act 2001 (<i>as amended 2011</i>) ASX Listing Rules AASB 134 (<i>adopted IFRS Jan 1, 2005</i>)	Half-yearly reports in a condensed or a full form within two months after the period's end, requiring an audit review.
Japan	Financial Instruments and Exchange Act (<i>Act No. 25 of 1948, as amended Act No. 99 of 2007</i>) TSE Securities Listing Regulations ASBJ 12	Quarterly reports in a condensed form within 45 days after the period's end, requiring an audit review.
Hong Kong	Companies Ordinance (<i>Cap 32 of 1950, as amended 2011</i>) HKEx Main Board Listing Rules HKAS 34 (<i>adopted IFRS Jan 1, 2004</i>)	Half-yearly reports in a condensed form within three months after the period's end, requiring an internal audit committee review.
Malaysia	Securities Industry Act 1983 (<i>as amended 2006</i>) BMSB Main market listing requirements MFRS 134	Quarterly reports in a condensed form within two months after the period's end, with no audit requirement stipulated.
Singapore	Companies Act (<i>Act 42 of 1967</i>) Securities and Futures Act (<i>Act 42 of 2001</i>) SGX Listing Rules FRS 34	Quarterly reports (for listed firms that their market capitalisation exceeds \$75 million) or half-yearly reports (for the other listed firms) in a condensed (or full) form within 45 days after the period's end, with no audit requirement stipulated.
Philippines	Corporate Code (<i>Batas Pambansa Bilang 68</i>), PSE Listing and Disclosure Rules PAS 34	Quarterly reports in a condensed form within 45 days after the period's end, with no audit requirement stipulated.
Thailand	Securities and Exchanges Act, B.E. 2535 (<i>1992 as amended 2008</i>) SET Rule Books TAS 34	Quarterly reports in a full form within 45 days after the period's end, requiring an audit review.
Vietnam	Law on Securities Ministry of Finance's Circulars (<i>on information disclosure</i>) VAS 27	Quarterly reports in either a condensed or a full form within 20 days after the period's end, with no audit requirement stipulated; AND Half-yearly reports in either a condensed or full form within 45 days after the period's end, requiring an audit review.

Note: All countries require the use of a discrete method. A full form means a complete set of financial statements as described in IAS 1 *Presentation of Financial Statements*; whereas a condensed form means a set of condensed financial statements, including, at the minimum, (i) a condensed financial position, (ii) a condensed statement or condensed statements of profit or loss and other comprehensive income, (iii) a condensed statement of changes in equity, (iv) a condensed statement of cash flows, and (v) selected explanatory notes. An audit review means a review engagement or a limited assurance engagement, which provides some assurance about the quality of information disclosed in interim reports but not providing as much assurance as an audit of annual reports.

3.1. IFR Regulations in Australia

In Australia, IFR reporting requirements for listed firms are stipulated in the *Corporation Act 2001*, the Australian Securities Exchange (ASX) Listing Rules, and Accounting Standard AASB 134 *Interim*

Financial Reporting (AASB 134). The *Corporation Act 2001* stipulates that a listed firm must prepare half-yearly financial reports in accordance with accounting standards (sec. 302 & 304). The reports must be audit reviewed (or audited) in accordance with auditing regulations (sec. 302). The ASX listing

rules affirm half-yearly disclosures required by the *Corporations Act 2001* and require the reports to be lodged with Australia Securities and Investments Commission (ASIC) within two months of the accounting period's end date (ASX listing rule 4.2A & 4.2B).⁴

Australia adopted IFRS for annual reporting periods beginning on or after January 1, 2005 (Australian Accounting Standards Board, 2011) and as such AASB 134 applies to interim periods beginning on or after 1 January 2005 (para. Aus 1.4). AASB 134 stipulates that listed entities must prepare their half-yearly reports in accordance with the *Corporations Act 2001* (para. Aus 1.1). AASB 134 prescribes components, forms, and contents of the interim financial reports. A listed entity has the option of issuing either a condensed or a full set of interim financial statements including statements of financial position, comprehensive income, changes in equity, cash flows, and notes or other explanatory information (AASB 134, para. 5a-e). In addition, a listed entity is required to provide a financial position statement as at the beginning of the earliest comparative period when the entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements (AASB 134, para. 5f).

In summary, ASX listed entities are required to prepare half-yearly reports using the discrete method either in a condensed (or full) form, and to lodge the reports with ASIC within two months of the accounting period's end. The reports are required to be audit reviewed (or audited).

3.2. IFR Regulations in Japan

Regulations prescribing IFR practices in Japan include the *Financial Instruments and Exchange Act* (Act No. 25 of 1948), the Tokyo Stock Exchange (TSE) Listing Rules, and Accounting Standards Board of Japan Statement No.12 *Accounting Standard for Quarterly Financial Reporting* (ASBJ 12). The *Financial Instruments and Exchange Act* stipulates a listed company must provide audit-reviewed quarterly

⁴ Commitments test entities and mining exploration entities are required to prepare quarterly cash flow reports (ASX listing rule 4.7 & 5.1, app. 4C & 5B). Commitments test entities' refers to entities listed on the ASX but do not satisfy the ASX's profit test listing rule. The entities are listed under the assets test based on *Quarterly report for entities admitted on the basis of commitments* (ASX listing rule, app. 4C). In addition to quarterly cash flows, a mining exploration entity must lodge with the ASX a "quarterly activity report" on its exploration results (ASX listing rule 5.6, app. 5A). Mining exploration entities must lodge quarterly reports with the ASX immediately when the information is available and within one month after the quarter's end (ASX listing rule 5.3).

reports for each three-month period of the financial year within 45 days after the period's end (article 24-4-7 & 193-2). In conformity with the *Financial Instruments and Exchange Act*, TSE Listing Rules 308 and 438 affirm that a listed company must issue quarterly financial reports which are must be audit reviewed.

Japan has not adopted IFRS for its public companies, but it has permitted specific public companies to early-adopt IFRS in 2010.⁵ ASBJ 12 specifies that a condensed quarterly financial report includes a balance sheet, a statement of income, a statement of cash flows, and notes to financial statements (Accounting Standards Board of Japan, 2007). A quarterly statement of changes in owners' equity and other net assets is not required in a quarterly financial report.

In summary, TSE listed entities are required to prepare quarterly financial reports using the discrete method in a condensed form and lodge the reports within 45 days of the period's end. The quarterly reports are required to be audit reviewed.

3.3. IFR Regulations in Hong Kong

Regulations managing IFR practices in Hong Kong comprise the *Companies Ordinance* (Act 42 of 1967), the Hong Kong Exchanges and Clearing Limited (HKEx) Listing Rules, and Hong Kong Accounting Standard 34 *Interim Financial Reporting* (HKAS 34). The *Companies Ordinance* requires listed companies to prepare IFR (sec. 79H). A listed company must deliver IFR in the English or Chinese language to the Registrar.⁶ The HKEx Listing Rules 13.48 mandates a listed issuer to prepare its half-yearly reports in respect of the first six months of its financial year and to make them available within three months after that period's end.⁷ At a minimum, the set of interim reports must include a balance sheet, an income statement, a cash flows statement, a statement of changes in equity, comparative figures for the

⁵ Criteria for domestic Japanese to be eligible to voluntarily start using IFRS and announcement for IFRS adoption are available at IAS plus (Deloitte Global Services Limited, 2012a). However, in June 2011, the Minister of Financial Services indicated that mandatory adoption would not be required for the fiscal year ending March 31, 2015 and if mandatory adoption is decided a 5 – 7 preparation period would be provided. (Deloitte Global Services Limited, 2012a).

⁶ "The Registrar" refers the High Court or any Senior Deputy Registrar of the High Court, any Deputy Registrar of the High Court, and any Assistant Registrar of the High Court appointed by the Chief Justice for the purposes of this section.

⁷ Listing rules discussed here refer to *the main board listing rules*, which does not include listing rules required for firms listed on second board, known as Growth Enterprise Market.

statements, along with accounting policies and explanatory notes (HKEx, 2012, app. 16, sec. 37). Half-yearly reports must be reviewed by the listed firm's audit committee and be available within three months from the firm's period end date (rule 13.48; app. 16 - sec. 39).

The HKEx also recommends a listed firm should prepare and disclose its quarterly financial statement within 45 days after the end of the relevant quarter (HKEx, 2012, app. 14, sec. C.1.6). A listed firm's quarterly financial statements should be reviewed by its audit committee (HKEx, 2012, app. 14, sec. C.3.3).

Hong Kong's accounting standards were fully converged with IFRSs effective from January 1, 2005 (Hong Kong Institute of Certified Public Accountants, 2011b). Consequently, HKAS 34 is identical to IAS 34 (Hong Kong Institute of Certified Public Accountants, 2011a, app. D).

In summary, HKEx listed entities are required to prepare half-yearly reports using the discrete method in a condensed form, and to lodge the reports within three months of the firms' period end date. The reports are to be reviewed by the listed entities' audit committees. Additionally, listed entities on the main board of HKEx are, in accordance with the HKEx' recommendation, encouraged to voluntarily disclose quarterly reports within 45 days of the firms' period end date.

3.4. IFR Regulations in Malaysia

IFR practices in Malaysia are described in the *Securities Industry Act 1983*, the Bursa Malaysia Securities Berhad (BMSB) Listing Rules, and Malaysian Financial Reporting Standard 134 *Interim Financial Reporting* (MFRS 134). The *Securities Industry Act 1983* stipulates that a listed firm must submit its IFR to the Securities Commission immediately after the end of period figures are available (sec. 99D). The BMSB Listing Rule 9.22-1 requires an issuer to provide its quarterly reports within two months of the firm's quarter end date. The reports, at least, must contain certain items of a balance sheet, an income statement, a statement of cash flows, and a statement showing changes in equity and exploratory notes (rule 9.22-2 & app. 9B - part A). No specific audit requirement is stipulated by the Malaysian regulations.

Malaysia has planned for full convergence with IFRSs by January 1, 2012 (Deloitte Global Services Limited, 2012b). MFRS 134 – effective for annual accounting period on or after January 1, 2012 – is identical to IAS 34 (Malaysian Accounting Standards Board, 2011, pp. 938-939). Accordingly, MFRS 134 is in its nature therefore not mandatory to any entity.

In summary, BMSB listed entities are required to prepare quarterly financial reports using the discrete method in a condensed form, and to lodge the reports within two months of the firms' period end

date. No specific audit requirement for the interim reports is imposed by the Malaysian regulations.

3.5. IFR Regulations in Singapore

IFR regulations in Singapore consist of the *Companies Act* (Act 42 of 1967), the *Securities and Futures Act* (Act 42 of 2001), the Singapore Exchange (SGX) Listing Rules, and Financial Reporting Standard 34 *Interim Financial Reporting* (FRS 34). The *Companies Act* does not provide details for preparing interim reports, but requires directors of any company incorporated in the country to provide financial statements that comply with financial reporting standards (sec. 201). Even though the *Securities and Futures Act* requires a borrowing entity to lodge its first six-month financial reports with the authority within three months after the period's end (sec. 268), beyond initial listing, it has no stipulation about periodic disclosures by the listed entities.

In contrast, the SGX Listing Rule 705 mandates a listed company with a market capitalisation exceeding S\$75 million to provide IFR for each of the first three quarters of its financial year. The reports are required to be available immediately after the figures are available and no later than 45 days after the firm's quarter end date. The rule further mandates listed companies, which are not mandatorily required to provide quarterly financial reports, to disclose first half-yearly financial reports in the same time frame as quarterly financial reports. Listed firms disclose the first three quarterly financial reports in any format as long as those reports are consistent through three quarters, whilst half-yearly financial reports are mandatorily presented in the form similar to the most recent audited annual reports (SGX Listing Rule app. 7.2). Because the Appendix 7.2 of the SGX listing rules describes specific items to be disclosed, the form of quarterly reports provided by firms listed on the SGX is regarded as a condensed form. No specific audit requirement is stipulated by the Singaporean regulations.

In 2009, according to the Singapore Accounting Standards Council (SASC) (2012), Singapore had planned to fully converge financial reporting standards with IFRSs by 2012. However, on 2 March 2012, the SASC stated that full convergence will not be implemented in 2012, after they reviewed the plan (Deloitte Global Services Limited, 2012c). However, as of November 2008, the SASC has promulgated a set of accounting standards and interpretations that are nearly identical to the current set of IFRS (Deloitte Global Services Limited, 2012c). As for FRS 34, this standard is identical to IAS 34. Accordingly, FRS 34 is best regarded as a voluntary standard. According to FRS 34, "the Council on Corporate Disclosure and Governance encourages publicly traded entities to provide interim financial reports that conform to the recognition, measurement, and disclosure principles

set out in this Standard” (para. 1). A listed firm is also encouraged to provide IFR at least as of the end of the first half of their financial year, within 60 days after the period’s end (FRS 34, para. 1).

In summary, SGX listed firms with market capitalisation exceeds S\$75 million are required to disclose quarterly financial reports, whilst the other listed firms are required to provide half-yearly financial statements. All listed firms prepare interim reports in a condensed form by using the discrete method, and to lodge the reports within 45 days of the firms’ period end date. The Singaporean regulations do not impose any specific audit requirement for the interim reports.

3.6. IFR Regulations in the Philippines

IFR practices in the Philippines are regulated by the *Corporate Code of the Philippines* (Batas Pambansa Bilang 68), the Philippine Stock Exchange (PSE) Listing and Disclosure Rules, and Philippine Accounting Standard 34 *Interim Financial Reporting* (PAS 34). The *Corporate Code of the Philippines* stipulates that every business entity (doing business in the Philippines) must provide its reports of specific period based upon the requirements of the Securities and Exchange Commission (sec. 141). The PSE Listing Rule 17.2 mandates a listed company to file with the exchange its three quarterly reports in a condensed form (i.e. form 17-Q of the Securities and Exchange Commission) within 45 days from end of the first three quarters of the fiscal year. A listed company is allowed to request an extension of five calendar days if it is not able to provide its quarterly reports by the deadline (PSE, 2009). The Philippine regulations do not impose any specific audit requirement for the quarterly reports.

The Philippines has fully adopted IFRS from 2005 without modification (Deloitte Global Services Limited, 2012d). Accordingly, PAS 34 is identical to IAS 34 and is in its nature not mandatory to any entity.

In summary, PSE listed entities are required to prepare quarterly financial reports using the discrete method in a condensed form, and to lodge the reports within 45 days of the fiscal quarter end date. No specific audit requirement for IFR is imposed by the Philippine regulations.

3.7. IFR Regulations in Thailand

IFR regulations in Thailand are prescribed in the *Securities and Exchange Act – B.E. 2535* (1992), the Stock Exchange of Thailand (SET) Listing Rules, and Thai Accounting Standard 34 *Interim Financial Reporting* (TAS 34). The *Securities and Exchange Act* sec. 56 mandates a listed firm to prepare quarterly financial reports and have them reviewed by an auditor. The SET listing rules oblige an issuer to produce its four quarterly financial reports and to

commission auditors to review the reports in conformity with the *Securities and Exchange Act* (Stock Exchange of Thailand, 2001, 2007, 2009). The reports must be submitted to the SET and the Securities and Exchange Commission within 45 days after the accounting period end date (Stock Exchange of Thailand, 2007, 2009). The due date of each quarterly report is clearly scheduled (approximately 45 days after each calendar quarter). Listed firms are required to lodge with the SET a translated English version of their quarterly reports in the full financial statements version (Stock Exchange of Thailand, 2007, 2009).

Thailand has fully adopted IFRS for the 50 most actively trading listed companies in 2011 and planed to fully adopt IFRS for top 100 listed companies on the SET in 2013 (Deloitte Global Services Limited, 2012e). However, IAS 34 has been already fully implemented in Thailand from 2008 (Deloitte Touche Tohmatsu Jaiyos, 2008; PricewaterhouseCoopers, 2008). Consequently, TAS 34 is identical to IAS 34. In this sense, TAS 34 is in its nature not mandatory to any entity.

In summary, SET listed entities are required to prepare quarterly reports using the discrete method in a full form, and to lodge the reports with the SET, and the Securities and Exchange Commission within 45 days of the period’s end. Interim reports require an audit review.

3.8. IFR Regulations in Vietnam

IFR regulations for listed firms in Vietnamese include the *Enterprise Law 2005*, the *Law on Accounting 2003*, the *Law on Securities 2006*, and Vietnamese Accounting Standard 27 *Interim Financial Reporting* (VAS 27)⁸. The *Enterprise Law* requires that all accounting work in enterprises is in accordance with the *Law on Accounting* (article 9). According to the *Law on Accounting*, a business entity is obliged to comply with accounting standards when producing their financial reporting (article 29). The *Law on Accounting’s* guidelines (i.e. Decree 129/2004/ND-CP) require state enterprises to prepare quarterly financial statements, and to file the reports with tax offices, statistical bodies, and business registration bodies within 20 days of the period’s end (article 15). Nevertheless, no specific requirement for interim reports is imposed on listed entities.

The *Law on Securities* mandates a listed company to disclose quarterly financial reports within five days after the completion of that reporting (article 103). Pursuant to the *Law on Securities*, Circular No. 52/2012/TT-BTC instructs that a listed company must

⁸ In Vietnam, accounting standards are promulgated by the Ministry of Finance by various decisions. VAS 27 is prescribed in Decision 15/2005/QD-BTC. For more details about the legal system and legal enforcement in the country, we refer the readers to Nguyen (2011).

disclose its quarterly financial statements within 20 (or 45) days of the period's end for single (or parent) listed entities (article 10.3). Apart from quarterly financial reports, a listed firm is also required to prepare half-yearly financial reports for the first six months of the financial year. The half-yearly reports must be audit reviewed and disclosed within five working days as from the auditor signed date, and no more than 45 (or 60) days after the period's end for single (or parent) listed entities (article 10.2).

To date, Vietnam has neither adopted IFRS nor announced a formal date for IFRS adoption. However, IAS 34 is in effect, fully implemented in Vietnam, even though the country has not adopted IFRS (PricewaterhouseCoopers, 2008). As specifically stated in paragraph 2, VAS 27 differs from IAS 34 in that VAS 27 is mandatory for entities that are required to publish their interim reports in accordance with the country's laws and regulations. Reporting entities are encouraged to provide IFR in a form identical to annual reports (VAS 27, para. 6).

In summary, listed entities in Vietnam are required to prepare both quarterly and half-yearly financial reports using the discrete method. This requirement distinguishes Vietnamese IFR regulation from the other countries reviewed above that mandate either quarterly or half-yearly financial reports, but not both. Firms are encouraged, but are not required to be present the reports in a full form. Additionally, only half-yearly financial reports require an audit review. For single listed entities, the permitted reporting lag for quarterly financial reports is 20 days and for half-yearly financial reports it is 45 days; whereas for parent listed entities the permitted reporting lag is 45 days and 60 days, respectively.

3.9. Summary of IFR Institutional Differences

The above region review highlights a number of important IFR differences across the Asia-Pacific region. Mandatory quarterly reporting is required by five countries, namely Japan, Malaysia, the Philippines, Thailand, and Vietnam. In the three remaining countries, Australia, Hong Kong and Singapore half-year reporting is mandatory, but there is also voluntary quarterly reporting. Singapore is the exception for certain companies in that a mandatory requirement for disclosing quarterly financial information only applies to the high market-capitalisation SGX-listed entities. Another exception applies to Australian mining exploration and commitments test entities which are required to lodge their quarterly cash flow statements to the ASX.

The reporting time lag for disclosing mandatory quarterly reports ranges from 20 days (Vietnam) to 45 days (Japan, Singapore, the Philippines, and Thailand) and 60 days (Malaysia) from the quarter's end. The reporting format varies from a full form (for Thailand) to a choice of a full form and a condensed

form of interim reporting (Vietnam), or a condensed form (Japan, Malaysia, Singapore, and the Philippines). An audit review of quarterly reporting is required in Japan and Thailand whilst no specific audit requirement is stipulated in the four remaining countries.

Mandatory half-yearly reporting is required by Australia, Hong Kong, and Vietnam. For the four other countries, namely Japan, Malaysia, the Philippines, and Thailand, half-year reporting is voluntary. Whereas in Singapore, listed firms with a market capitalisation less than S\$75 million are required to provide half-yearly reporting. The maximum reporting time lag for announcing the reports ranges widely from 45 days (Vietnam) to 90 days (Hong Kong) from the firms' period end date. The format of mandatory half-yearly financial reports is likely to vary because Hong Kong prescribes the minimum components required to be disclosed; while Australia and Vietnam allow listed firms to provide half-yearly information either in a condensed or a full form. The mandatory half-yearly reports are required to be audit reviewed (Australia and Vietnam) or internal audit reviewed (Hong Kong).

In summary, there are four aspects of cross-country variations in IFR regulations: the form of regulation enforcement, reporting time lag, audit requirement, and reporting form. These are all likely to contribute to substantial disparity in IFR practices across the region.

4. Conclusion and Further Research

This paper highlights the significant variations in regulations on interim reports in a range of major countries in the Asia-Pacific region. As a result of complying with the national regulations on IFR, listed firms incorporated in different countries are expected to disclose interim reports that vary in the interim reporting period, the form, the content and also auditing extent. Therefore, future research is needed to investigate IFR disclosure practices by listed firms in the region to comprehensive document the variations. Further, the extant literature identifies various country-level differences have influence on corporate regulatory practices and corporate reporting as well as disclosure decisions. The factors are likely to lead to cross-country variations in interim reporting regulations and levels of interim reporting compliance and disclosure, and as a consequence, the overall quality of interim reporting disclosure. Thus, there is a need for further study to examine this possible effect of country-level attributes, such as legal origin, enforcement, stage of economic development, and stage of IFRS adoption.

References

1. Accounting Standards Board of Japan. (2007). *Statement No. 12: Accounting Standard for quarterly financial statements*. Retrieved from

- https://www.asb.or.jp/asb/asb_e/technical_topics_reports/quarterly/quarterly_as.pdf.
2. Australian Accounting Standard Board. (2012). *Australian Accounting Standard AASB 134 - Interim Financial Reporting*. Retrieved from http://www.aasb.gov.au/admin/file/content105/c9/AA SB134_07-04_COMPsep11_07-12.pdf.
 3. Australian Accounting Standards Board. (2011). *Pronouncements*. Retrieved from <http://www.aasb.gov.au/Pronouncements.aspx>.
 4. Australian Securities Exchange. (2012). *ASX Listing Rules*. Retrieved from <http://www.asxgroup.com.au/asx-listing-rules-guidance-notes-and-waivers.htm>.
 5. Ball, R., & Brown, P. (1968). An empirical evaluation of accounting income numbers. *Journal of Accounting Research*, 6(2), 159-178.
 6. Bursa Malaysia Securities Berhad. (2012). *Main Market - Listing Requirements*. Retrieved from http://www.bursamalaysia.com/misc/regulation_rules_bm_main_LR.pdf.
 7. Companies Act (Act 42 of 1967) of Singapore. Retrieved from <http://statutes.agc.gov.sg/aol/browse/titleResults.w3p:letter=C;type=actsAll>.
 8. Companies Ordinance (Act 42 of 1967) of Hong Kong. Retrieved from [http://intax-info.com/pdf/law_by_country/Hong%20Kong/Companies%20Ordinance%20\(as%20amended%202011\).pdf](http://intax-info.com/pdf/law_by_country/Hong%20Kong/Companies%20Ordinance%20(as%20amended%202011).pdf).
 9. Corporation Code of the Philippines (Batas Pambansa Bilang 68). Retrieved from http://www.chanrobles.com/legal5corporationcode.html#.UNzy_OSTyRo.
 10. Corporations Act 2001 of Australia. Retrieved from <http://www.comlaw.gov.au/Details/C2011C00189/ac648bc6-6656-4f08-ae7a-7f2a543a3e8b>.
 11. Deloitte Global Services Limited. (2012a). *IAS Plus Jurisdictions: Japan*. Retrieved from <http://www.iasplus.com/en/jurisdictions/asia/country11>.
 12. Deloitte Global Services Limited. (2012b). *IAS Plus Jurisdictions: Malaysia*. Retrieved from <http://www.iasplus.com/en/jurisdictions/asia/country13>.
 13. Deloitte Global Services Limited. (2012c). *IAS Plus Jurisdictions: Singapore*. Retrieved from <http://www.iasplus.com/en/jurisdictions/asia/country20>.
 14. Deloitte Global Services Limited. (2012d). *IAS Plus Jurisdictions: Thailand*. Retrieved from <http://www.iasplus.com/en/jurisdictions/asia/country23>.
 15. Deloitte Global Services Limited. (2012e). *IAS Plus Jurisdictions: the Philippines*. Retrieved from <http://www.iasplus.com/en/jurisdictions/asia/country18>.
 16. Deloitte Touche Tohmatsu Jaiyos. (2008). *IFRS and GAAP in the Kingdom of Thailand*. Bangkok.
 17. Enterprise Law 2005 (No: 60/2005/QH11) of Vietnam. Retrieved from http://vbqppl.moj.gov.vn/vbpq/en/_layouts/printeng.aspx?id=5953.
 18. Financial Instruments and Exchange Act (Act No. 25 of 1948) of Japan. Retrieved from www.fsa.go.jp/common/law/fie01.pdf.
 19. Gordon, S. (1961). Concepts Underlying Interim Financial Statements. *The Accounting Review*, 36(2), 222-231.
 20. Government of Vietnam. (2004). *Decree 129/2004/ND-CP: Detailing and guiding the implementation of a number of articles of the Accounting Law., applicable to business activities*. Retrieved from <http://www.business.gov.vn/assets/41CC4E6F-6C02-4A96-BCA3-17FB59D8C292.pdf>.
 21. Hong Kong Exchanges and Clearing Limited. (2012). *Main Board Listing Rules - Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*. Retrieved from http://www.hkex.com.hk/eng/rulesreg/listrules/mbrules/Documents/consol_mb.pdf.
 22. Hong Kong Institute of Certified Public Accountants. (2011a). *Hong Kong Accounting Standard 34: Interim Financial Reporting*. Wanchai: Hong Kong Institute of Certified Public Accountants.
 23. Hong Kong Institute of Certified Public Accountants. (2011b). *Members' handbook Volume II - Financial Reporting Standards*. Wanchai.
 24. International Accounting Standard Board. (2012). *IAS 34 Interim Financial Reporting*.
 25. Law on Accounting 2003 (No: 03/2003/QH11). Retrieved from http://vbqppl.moj.gov.vn/vbpq/en/_layouts/printeng.aspx?id=8595.
 26. Law on Securities 2006 (No: 70/2006/QH11). Retrieved from http://vbqppl.moj.gov.vn/vbpq/en/_layouts/printeng.aspx?id=4745.
 27. Mackenzie, B., Coetsee, D., Njikizana, T., & Chamboko, R. (2011). *Wiley Interpretation and Application of International Financial Reporting Standards 2011*. John Wiley & Sons.
 28. Malaysian Accounting Standards Board. (2011). *Malaysian Financial Reporting Standards - MFRS 134 Interim Financial Reporting*. Retrieved from http://www.masb.org.my/images/MFRS2011/MFRS_134.pdf.
 29. Minister of Finance of Vietnam. (2005). *Decision 12/2005/QD-BTC on the issuance and publication of six Vietnamese standards on accounting (Batch 4)*. Retrieved from http://www.mof.gov.vn/portal/pls/portal/btc.qppl_search.download_file?p_file=35323&p_type=1.
 30. Ministry of Finance of Vietnam. (2012). *Circular 52/2012/TT-BTC Guiding the disclosure of information on securities market*. Retrieved from http://vbqppl.moj.gov.vn/vbpq/Lists/Vn%20bn%20ph%20lut/View_Detail.aspx?ItemID=27585.
 31. Nguyen, H. C. (2011). The possibilities of adopting IAS/IFRS in Vietnam: An analysis. *Corporate Ownership & Control*, 9(1), 161-171.
 32. Philippine Stock Exchange. (2003). *Disclosure Rules - Revised disclosures rules, penalties and fines and implementing guidelines on Articles XVI, Section 2(f)*. Retrieved from <http://www.pse.com.ph/stockMarket/listedCompaniesRules.html?tab=0>.
 33. Philippine Stock Exchange. (2009). *Guidelines for extension of deadline for filing Annual and Quarterly Reports (Memo No. 2009-0214)*. Retrieved from <http://www.pse.com.ph/stockMarket/listedCompaniesRules.html?tab=0>.

34. PricewaterhouseCoopers. (2008). *A Comparison of IFRS and Thai GAAP, Vietnamese GAAP, Cambodian GAAP and Laos GAAP*.
35. Securities and Exchange Act B.E. 2535 (1992) of Thailand. Retrieved from http://www.sec.or.th/laws_notification/file_dw_en/We b_SEA.pdf.
36. Securities and Futures Act (Act 42 of 2001) of Singapore. Retrieved from <http://statutes.agc.gov.sg/aol/browse/titleResults.w3p;letter=S;type=actsAll>.
37. Securities Industry Act 1983 of Malaysia. Retrieved from <http://www.agc.gov.my/Akta/Vol.%206/Act%20280.pdf>.
38. Singapore Accounting Standards Council. (2009). *FRS 34 - Interim Financial Reporting*. Retrieved from <http://www.accountants.org.sg/Handbook/Vol%201/FRS/FRS%2034.doc>.
39. Singapore Accounting Standards Council. (2012). *Press Release*. Retrieved from http://www.asc.gov.sg/news/press_release_02032012.html.
40. Singapore Exchange. (2011). *Rule Books - Mainboard Rules*. Retrieved from http://rulebook.sgx.com/en/display/display_viewall.html?rbid=3271&e.
41. Stock Exchange of Thailand. (2001). *Regulations of the Stock Exchange of Thailand*. Retrieved from http://www.set.or.th/dat/content/rule/en/BorJorPor0100_EN.pdf.
42. Stock Exchange of Thailand. (2007). *Disclosure Manual*. Retrieved from http://www.set.or.th/en/regulations/supervision/files/disclosure_manual_en_07.pdf.
43. Stock Exchange of Thailand. (2009). *The Listed Companies Handbook*. Bangkok.
44. Tan, S., & Tower, G. (1997). Comparing compliance: Too much regulation, or insufficient attention? *Australian Accountant*, 67(9), 56-59.
45. Tokyo Stock Exchange. (2012). *Securities Listing Regulations*. Retrieved from http://www.tse.or.jp/english/about/rules/b7gje60000044tu-att/securities_listing_regulations.pdf.