

Compliance of Segment Reporting
By Bursa Malaysia Main Board
Companies

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ABSTRACT

MASB 22 *Segmental Reporting* has replaced IAS 14 *Reporting Financial Information by Segment* and becomes operative for financial statements covering periods beginning on or after 1 January 2002. Previous studies on segment reporting in Malaysia were based on IAS 14. This study provides empirical evidence on the extent of compliance of segment data disclosure as required by MASB 22 *Segmental Reporting* by Main Board public listed companies in Bursa Malaysia, and also discusses whether there is any significant relationship between segment disclosure compliance and certain firm-specific characteristics. The study is based on a sample of 391 listed diversified companies. Findings showed that out of the total number of companies examined, 99.2% complied with the 75% ruling and 77.5% complied with primary segment disclosure requirements of MASB 22. Further analysis by firm size, financial leverage and industry membership revealed that compliance with the 75% ruling is not significantly related to any of these three firm characteristics. It was also found that compliance of primary segment disclosure requirements is significantly related to industry membership but not firm size and financial leverage.