



Persatuan Pemaju Hartanah Dan Perumahan Malaysia  
马来西亚房地产发展商会  
Real Estate And Housing Developers' Association Malaysia

## **PRESS STATEMENT**

### **REHDA concerned about looming IFRIC 15 deadline**

*Kuala Lumpur, 18 June 2011*

The Real Estate and Housing Developers' Association of Malaysia (REHDA) is concerned that the issues surrounding the implementation of the International Financial Reporting Interpretations Committee 15 (IFRIC 15) on property development companies in Malaysia is still not resolved.

On 30 August 2010, the Malaysian Accounting Standards Board (MASB) had announced its decision to temporarily defer the application of IFRIC 15 from 1 July 2010 to 1 January 2012. This was to allow stakeholders in Malaysia to continue to deliberate its implementation and give feedback on a proposed new Standard on Revenue from Contracts with Customers (New Revenue Standard). The New Revenue Standard, when issued, will subsume the requirements of IFRIC 15. It was anticipated that the New Revenue Standard will be finalised by mid 2011 however to date REHDA understands that international consultations are still ongoing.

During a press conference held after REHDA's Annual Delegates Conference today, Datuk Seri Michael Yam, President of REHDA said "MASB's decision in August 2010 to defer the implementation of IFRIC 15 was a relief and greatly welcomed by the industry. Since then, we also appreciate the various opportunities afforded to REHDA to present its views on the New Revenue Standard to both MASB as well as the International Accounting Standards Board (IASB)."

"We believe that the IASB now understands better and appreciates that the primary business model of the Real Estate Industry in Asia, which is still based on selling off plan with the purchaser and his end financier paying progressively as construction progresses, is indeed different from the predominant "Build then Sell (BTS)" model practised in the West. Until such time there is a change in the delivery system, accounts of property developers must reflect the current business, legal and commercial reality adopted in Malaysia." he added.

In the case of IFRIC 15, the use of the percentage of completion (POC) method is permitted, depending on the laws of each jurisdiction and the terms of the agreements entered into with property purchasers. Pursuant to the New Revenue Standard, the terms of agreements entered into with customers will still be the deciding factor on how income should be recognised.

"REHDA is firmly of the view that even under the New Revenue Standard, the POC method of recognising property development income appropriately reflects the present business, legal and regulatory framework in Malaysia" Datuk Seri Michael emphasised.

"In any case, pending the finalisation of the New Revenue Standard, it would be counter-productive to force the implementation of IFRIC 15. In the event that the New Revenue Standard is not finalised by 1 January 2012, we hope the MASB will consider further extending the timeline for implementation and permit the continued use of the present MASB FRS201 standard which prescribes the use of the POC method in Malaysia" he continued.

“We would also advise all REHDA members against any early adoption of IFRIC 15 given that there is still no consensus on the proper application of this standard which, in any case, will soon be obsolete. Without proper guidance and a clear consensus on the proper interpretation of IFRIC 15 in the Malaysian context, premature adoption can only cause confusion and may result in undesirable consequences” he concluded.

**Issued by:**

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