

15 March 2011

Sir David Tweedie, Chairman
International Accounting Standards Board (IASB)
IFRS Foundation/IASB
30 Cannon Street
London, EC4M 6XH
United Kingdom

(By fax +44 (0) 20 7246 6411 & by mail)

Dear Sir David,

On behalf of the Singapore Retailers Association and its members, I write to reflect our serious concerns about the proposed changes to the leasing standards by the International Accounting Standard Board (IASB) issued in August 2010. We urge the IASB to seriously re-consider the implementation of this practice initially scheduled to take place in mid 2011.

The following are some of our concerns vis-à-vis the proposed changes:

1. Substantial Changes to Financial Reporting

As the proposed change means that leases will be reflected as assets in balance sheets and current rent expenses will be replaced by depreciation and interest expense, key business performance indicators including earnings before interest and tax (EBIT) and earnings before interest, tax, depreciation and amortization (EBITDA) would change dramatically.

This change will inevitably pose a lot of challenges to corporate management in regard to its strategic decisions and effective communications of corporate KPI ratios to investors.

2. Judgments in Computation are Arbitrary

The proposed changes will require corporations to make more judgments and estimates simply for the sake of Financial Reporting, and such judgments and estimates are only arbitrary at best.

In addition, such arbitrary estimates and judgments do not have to be made under normal commercial circumstances and at such early stages, and management also has to re-examine such estimates from time to time, again not necessary for commercial purposes.

Furthermore, renewal options and termination, as well as contingent rentals, penalties and residual value guarantees, etc, have also to be taken into consideration when making such estimates and judgments.

Such an academic exercise is merely academic, unnecessary for commercial purposes and counter-productive.

3. Create Additional Workload & Demands for Extra Resources

The proposed change will also call for a major reshuffle of the required business processes on the part of retailers that necessitates a corresponding overhaul in their accounting, I.T., as well as internal control systems. Retailers, especially chain store retailers, would have to enhance their respective systems so that they could be able to capture, analyze and accumulate the necessary data from a portfolio of outlets that may be substantial in number. In doing so, it will inevitably create additional and unnecessary workload for the management and staff and it will also consume a significant amount of extra resources to support an overhaul of the entire business processes.

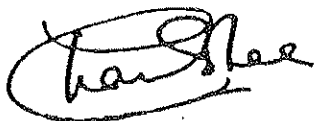
In summary, the proposal requires:

- Significant amount of extra effort – human resources and technology to support the new accounting processes
- Assumptions built in or included are too arbitrary and would unreasonably inflate expense, which will unfairly reflect actual performance of the business
- It will be particularly challenging for big chain retail operators (Lessee) as well as landlords (Lessor) to enter into such new accounting practice, a practice which does not contribute to any value-added benefit.

In view of the above, we sincerely request your Board to seriously re-examine its decision to implement the proposed changes on leasing accounting and take into prudent consideration the concerns of business entities in the international community.

Thank you very much for your attention

Yours sincerely,



Dato' Dr Jannie Chan
President