Project	**Earnings per Share**
Topic	**Plan for Board Deliberations**

1. Many respondents recommended either stopping the project or, at least, delaying it until the Board finalises the projects on financial instruments with characteristics of equity and financial statements presentation. The IASB work plan states that those projects will result in final standards in 2011. In February 2009, we presented a summary of comment letters to the Analyst Representative Group (ARG). Most ARG members recommended that the Board should:

    a. stop the project; and

    b. discuss whether it should revise IAS 33 when it has completed its work on financial instruments with characteristics of equity and financial statements presentation.

2. The staff agrees with the recommendation of those ARG members. We believe that many proposals in the ED will improve the calculation of EPS. However, we question whether it is cost-beneficial to implement those improvements today. Many respondents stated that they are not aware of major application issues in the current version of IAS 33 and that they believe that IAS 33 and SFAS 128 are already sufficiently converged. Because respondents do not think that there is an urgent need to implement the proposals, we believe that the Board should first finalise other projects that might impact EPS and avoid requiring preparers to implement additional amendments to the EPS calculation in a few years. We are also concerned that successive changes to EPS requirements might impair the comparability of historical time series of EPS and therefore reduce the decision usefulness of EPS for users.

3. Furthermore, we believe that while there is no short-term need to amend IAS 33, the ED has highlighted a need to conduct a comprehensive review of the EPS calculation. In particular, we note that many respondents disagreed with the proposed EPS treatment of instruments that are measured at fair value through profit or loss because they disagree with the objective of the diluted EPS calculation as set out in IAS 33.

4. In addition, many respondents asked the Board to review potential inconsistencies in the methods to determine diluted EPS. For example some respondents questioned why IAS 33 has different calculation methods for options, warrants and their equivalents and convertible instruments. Some respondents questioned also the assumptions underpinning both calculation methods. Therefore, we believe that the objective and scope of the EPS project should be reassessed before the Board resumes deliberations.

5. If the Board should decide that the benefits from proceeding with the proposed amendments in the short term outweigh the costs arising from possible further changes in the short or medium term we propose the following time table:

Board Meeting 1	• Instruments that are measured at fair value through profit or loss • Disclosures for instruments that are measured at fair value through profit or loss

Board Meeting 2	• Mandatorily convertible instruments and instruments issuable for little or no cash or other consideration • Gross physically settled contracts to repurchase an entity's own shares and mandatorily redeemable ordinary shares • Options, warrants and their equivalents • Participating instruments and two-class ordinary shares • Disclosures • Other issues raised by respondents
Board Meeting 3	• Sweep issues

6. While we believe that deliberations could be completed in three Board meetings, we do not assume that this means a deliberation period of three months. The project staff who work on the EPS project are also allocated to other high priority projects. Therefore, lack of staff availability could impede timely completion of the project.

7. In addition, we note that the Board has received many requests to clarify the wording in the ED. We believe that it will take significant time to address those drafting comments and to develop application guidance and illustrative examples. We believe that even more drafting time will be necessary if the Board decides that IAS 33 and SFAS 128 should use identical wording.

8. The EPS project is a convergence project with the FASB. The FASB issued simultaneously an Exposure Draft to amend SFAS 128. The FASB ED contains all proposals in the IASB ED plus additional amendments to align the EPS calculation in US GAAP with that in IFRSs. The FASB received 20 comment letters on its Exposure Draft and will discuss them in April 2009. The FASB staff will ask the FASB whether it wishes to continue the project. If the FASB decision should be different from the IASB's decision we will bring the question back to the IASB and will ask the Board to affirm its decision.

Questions to the Board

1. ***Does the Board need additional information to decide whether to continue the project now? If yes, what information do you need?***

2. ***If no further information is needed, should the EPS project be:***

   a. ***continued with a view to issuing a final standard in 2009;***

   b. ***paused, to be resumed automatically when the Board completes the projects on financial instruments with characteristics of equity and on financial statements presentation; or***

   c. ***stopped until the Board completes the projects on financial instruments with characteristics of equity and on financial statements presentation. The need for, and scope of, an EPS project would be reassessed when those two projects are completed?***