International Accounting Standards Board,
First Floor,
30 Cannon Street,
London, EC4M 6XH,
United Kingdom.

5th December, 2008

Exposure Draft
Simplifying Earnings per Share

Dear Sirs,

Thank you for the opportunity to comment on the above Exposure Draft. Following our review please find our answers to the questions posed in the paper hereunder.

In general we agree with the proposed amendments as we believe they are an aid to simplifying the calculation and should lead to consistency in the calculation between reporting entities.

Question 1 – *Mandatorily convertible instruments and instruments issuable for little or no cash or other consideration*

Paragraphs 18 and 19 of the exposure draft propose that the weighted average number of ordinary shares should include only instruments that give (or are deemed to give) their holder the right to share currently in profit or loss of the period. If ordinary shares issuable for little or no cash or other consideration or mandatorily convertible instruments do not meet this condition, they will no longer affect basic EPS.

a) Do you agree that the weighted average number of ordinary shares for basic EPS should include only instruments that give (or are deemed to give) their holder the right to share currently in profit or loss of the period? Why or why not?

Answer: Yes we agree with the above, it makes sense to include in the denominator only instruments that give the holder the right to share currently in profit or loss for the period.

b) Does the exposure draft apply this principle correctly to mandatorily convertible instruments and ordinary shares issuable for little or no cash or other consideration? Why or why not?

Answer: The introduction (IN 2) is strong in this regard, stating clearly that only instruments that give the holder the right to share in the profit or loss for the period should be included in the EPS calculation. Paragraphs 18-19 of the standard should state clearly that Basic EPS should reflect mandatorily convertible instruments only if they are participating instruments.

Question 2 – *Gross physically settled contracts to repurchase an entity's own shares and mandatorily redeemable ordinary shares.*

Paragraphs A31 and A32 of this exposure draft propose clarifying that an entity treats ordinary shares that are subject to a gross physically settled contract to repurchase its own shares as if the entity had already repurchased the shares. Therefore, the entity excludes those shares from the denominator of the EPS calculation. To calculate EPS, an entity allocates dividends to the financial liability relating to the present value of the redemption amount of the contract. Therefore, the liability is a participating instrument and the guidance in paragraphs A23-A28 applies to this instrument. However, such contracts sometimes require the holder to remit back to the entity any dividends paid on the shares to be repurchased. If that is the case, the liability is not a participating instrument.

The Board proposes that the principles for contracts to repurchase an entity's own shares for cash or other financial assets should also apply to mandatorily redeemable ordinary shares.

Do you agree with the proposed treatment of gross physically settled contracts to repurchase an entity's own shares and mandatorily redeemable shares? Why or why not?

Answer: Yes we agree with the proposed treatment. It makes sense to exclude the shares that the entity has a firm contract to repurchase from the EPS calculation. It is also correct to allocate dividends to the liability recognised for the redemption of the above shares.

Question 3 – *Instruments that are measured at fair value through profit or loss*

For an instrument (or derivative component of a compound instrument) that is measured at fair value through profit or loss, paragraphs 26 and A 28 propose that an entity should not:

a) adjust the diluted EPS calculation for the assumed exercise or conversion of that instrument; or
b) apply the guidance for participating instruments and two-class ordinary shares in paragraphs A 23-A 28.

Do you agree that the fair value changes sufficiently reflect the effect on ordinary equity holders of instruments measured at fair value through profit or loss and that recognising those changes in profit or loss eliminates the need for further adjustments to the calculation of EPS? Why or why not?

Answer: We agree with the above. Given that these instruments are measured at fair value and any changes to fair value are recognised in profit or loss for the period, the earnings used in the EPS calculation already reflect the effect of those instruments on ordinary equity holders.

Question 4 – *Options, warrants and their equivalents*

For the calculation of diluted EPS, an entity assumes the exercise of dilutive options, warrants and their equivalents that are not measured at fair value through profit or loss. Similarly, paragraph 6 of this exposure draft proposes clarifying that to calculate diluted EPS an entity assumes the settlement of forward contracts to sell its own shares, unless the contract is measured at fair value through profit or loss. In addition, the board proposes that the ordinary shares arising from the assumed exercise or settlement of those potential ordinary shares should be regarded as issued at the end-of-period market price, rather than at their average market price during the period.

a) Do you agree that to calculate diluted EPS an entity should assume the settlement of forward sale contracts on its own shares in the same way as options, warrants and their equivalents? Why or why not?

Answer: Yes, an entity should include forward sale contracts on its own shares if a definite contract exists. This makes sense especially if the entity is including contracts to repurchase its own shares in the EPS calculation. The diluted EPS should include those shares that a contract exists to sell in the future if they have a dilutive impact on the calculation.

b) Do you agree that ordinary shares arising from the assumed exercise or settlement of options, warrants and their equivalents should be regarded as issued at the end-of-period market price? Why or why not?

Answer: This would certainly seem a fair price to measure the shares at and may be more relevant than an average price. However, care must be taken to only include instruments in the diluted EPS if they have a dilutive impact.

Question 5 – *Participating instruments and two-class ordinary shares*

Paragraph A 23 proposes to extend the scope of the application guidance for participating instruments to include participating instruments that are classified as liabilities. In addition, the Board proposes to amend the application guidance for participating instruments and two-class ordinary shares. The proposed application guidance would introduce a test to determine whether a convertible financial instrument would have a more dilutive effect if the application guidance in paragraph A 26 and A 27 for participating instruments and two-class ordinary shares is applied or if conversion is assumed. The entity would assume the more dilutive treatment for diluted EPS. Also, the amended application guidance would require that, if the test causes an entity to assume conversion of dilutive convertible instruments, diluted EPS should reflect actual dividends for the period. In contrast, diluted EPS would not include dividends that might have been payable had conversion occurred at the beginning of the period.

Do you agree with the proposed amendments to the application guidance for participating instruments and two-class ordinary shares? Why or why not?

Answer: It makes sense that the scenario that gives the most dilutive effect be employed whether this be assuming the conversion occurs or not. We agree with the recognition criteria for dividends above.

Question 6 –*Disclosure requirements*

The Board does not propose additional disclosures beyond those disclosures already required in IAS 33.

Are additional disclosures needed? If so, what additional disclosures should be provided and why?

Answer: No, if the disclosure requirements as stated by IAS 33 are met by an entity, the information and reconciliations required should be adequate to provide the user with an understanding of the items included in the numerator and denominator in both the basic and diluted EPS calculation**.**

Please contact me with any queries.

Yours sincerely

Brendan McHugh
Group Financial Controller