

São Paulo, October 29, 2008.

Exposure Draft (IAS33): Simplifying Earnings per Share

Dear Sir or Madam,

As published on internet, I would like to send you some suggestions to simplify IAS33. Although you have an special consideration to the questions presented, some points I suggested are not directly related to these questions, but helps to clarify important points of this Standard.

I attached a comparative table, with three columns: "IAS 33 text", "Suggestions" and "Rationale".
Thank you indeed for your attention.

Best Regards,

Isabel Cristina Sartorelli.

IAS 33 Text	Suggestion	Rationale
Scope 2 This Standard shall apply to: (a) the separate or individual financial statements of an entity: (i) whose ordinary shares or potential ordinary shares are traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets) or (ii) that files, or is in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing ordinary shares in a public market; and (b) the consolidated financial statements of a group with a parent: (i) whose ordinary shares or potential ordinary shares are traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets) or (ii) that files, or is in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing ordinary shares in a public market.	Scope 2 This Standard shall apply to:the separate/ individual financial statements of an entity, or the consolidated financial statements of a group with a parent, in two situations: (i) whose ordinary shares or potential ordinary shares are traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets) or (ii) that files, or is in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing ordinary shares in a public market; and	The idea is to simplify the text, to facilitate the understanding of users who do not have English as mother tongue.

4 When an entity presents both consolidated financial statements and separate financial statements prepared in accordance with IAS 27 Consolidated and Separate Financial Statements, the disclosures required by this Standard need be presented only on the basis of the consolidated information. An entity that chooses to disclose earnings per share based on its separate financial statements shall present such earnings per share information only in its statement of comprehensive income. An entity shall not present such earnings per share information in the consolidated financial statements.	4 When an entity presents both consolidated financial statements and separate financial statements prepared in accordance with IAS 27 Consolidated and Separate Financial Statements, the disclosures required by this Standard need be presented only on the basis of the consolidated information. An entity that chooses to disclose earnings per share based on its separate financial statements shall present such earnings per share information only in its separate statement of comprehensive income, and in this case shall not present in the consolidated financial statements.	The idea is to simplify the text, to facilitate the understanding of users who do not have English as mother tongue.
11 The objective of basic earnings per share information is to provide a measure of the interests of each ordinary share of a parent entity in the performance of the entity over the reporting period.	11 The objective of basic earnings per share information is to provide a measure of the interests of each ordinary share of a parent entity in the performance of the entity over the reporting period. 11A If an entity is not a parent each reference in this Standard to “parent entity” shall be read as “entity”.	The idea is to simplify the text, to facilitate the understanding of users who do not have English as mother tongue. Besides, on 11A, I included the note you put on exposure draft.
Earnings 12 For the purpose of calculating basic earnings per share, the amounts attributable to ordinary equity holders of the parent entity in respect of: (a) profit or loss from continuing operations attributable to the parent entity; and (b) profit or loss attributable to the parent entity shall be the amounts in (a) and (b) adjusted for the after-tax amounts of preference dividends, differences arising on the settlement of preference shares, and other similar effects of preference shares classified as equity.	Earnings 12 For the purpose of calculating basic earnings per share, the amounts attributable to ordinary equity holders of the parent entity should be adjusted for the after-tax amounts of preference dividends, differences arising on the settlement of preference shares, and other similar effects of preference shares classified as equity. Adjustment is needed when concerns to: (a) profit or loss from continuing operations attributable to the parent entity; and (b) profit or loss attributable to the parent entity	The idea is to simplify the text, to facilitate the understanding of users who do not have English as mother tongue.
26 The weighted average number of ordinary shares outstanding during the period and for all periods presented shall be adjusted for events, other than the conversion of potential ordinary shares, that have changed the number of ordinary shares outstanding without a corresponding change in resources.	26 The weighted average number of ordinary shares outstanding during the period and for all periods presented shall be adjusted for events, except when the conversion of potential ordinary shares changed the number of ordinary shares outstanding without a corresponding change in resources.	The idea is to simplify the text, to facilitate the understanding of users who do not have English as mother tongue.
27 Ordinary shares may be issued, or the number of ordinary shares outstanding may be reduced, without a corresponding change in resources. Examples include: (a) a capitalisation or bonus issue (sometimes referred to as a stock dividend); (b) a bonus element in any other issue, for example a bonus element in a rights issue to existing shareholders; (c) a share split; and	27 The number of ordinary shares outstanding may be reduced, or ordinary shares may be issued, without a corresponding change in resources. Examples include: (a) a capitalisation or bonus issue (sometimes referred to as a stock dividend); (b) a bonus element in any other issue, for example a bonus element in a rights issue to existing shareholders; (c) a share split; and (d) a reverse share split (consolidation of shares).	The idea is to simplify the text, to facilitate the understanding of users who do not have English as mother tongue.

(d) a reverse share split (consolidation of shares).		
<p>28. In a capitalisation or bonus issue or a share split, ordinary shares are issued to existing shareholders for no additional consideration. Therefore, the number of ordinary shares outstanding is increased without an increase in resources. The number of ordinary shares outstanding before the event is adjusted for the proportionate change in the number of ordinary shares outstanding as if the event had occurred at the beginning of the earliest period presented. For example, on a two-for-one bonus issue, the number of ordinary shares outstanding before the issue is multiplied by three to obtain the new total number of ordinary shares, or by two to obtain the number of additional ordinary shares.</p>	<p>28. Ordinary shares are issued to existing shareholders for no additional consideration in this events: capitalisation, bonus issue or share split. Therefore, the number of ordinary shares outstanding is increased without an increase in resources. Before the event, this number is adjusted for its proportionate change as if the event had occurred at the beginning of the earliest period presented.</p> <p>For example, on a two-for-one bonus issue, the number of ordinary shares outstanding before the issue is multiplied by three to obtain the new total number of ordinary shares, or by two to obtain the number of additional ordinary shares.</p>	<p>The idea is to simplify the text, to facilitate the understanding of users who do not have English as mother tongue.</p>
<p>44 In determining whether potential ordinary shares are dilutive or antidilutive, each issue or series of potential ordinary shares is considered separately rather than in aggregate. The sequence in which potential ordinary shares are considered may affect whether they are dilutive. Therefore, to maximise the dilution of basic earnings per share, each issue or series of potential ordinary shares is considered in sequence from the most dilutive to the least dilutive, ie dilutive potential ordinary shares with the lowest 'earnings per incremental share' are included in the diluted earnings per share calculation before those with a higher earnings per incremental share. Options and warrants are generally included first because they do not affect the numerator of the calculation.</p>	<p>44 In determining whether potential ordinary shares are dilutive or antidilutive, each issue or series of potential ordinary shares is considered separately rather than in aggregate. The sequence in which potential ordinary shares are considered may affect whether they are dilutive. Therefore, to maximise the dilution of basic earnings per share, each issue or series of potential ordinary shares is considered in sequence from the most dilutive to the least dilutive, ie dilutive potential ordinary shares with the lowest 'earnings per incremental share' are included in the diluted earnings per share calculation before those with a higher earnings per incremental share. Options, warrants and their equivalents are generally included first because they do not affect the numerator of the calculation.</p>	<p>I included "their equivalents", once it was included in other paragraphs. If options and warrants affect the numerator and "thier equivalents" do not affect, so they are not equivalents at all.</p>