

PART A

Calculation of earnings

	<u>Normal Earnings \$ million</u>	<u>Headline Earnings \$ million</u>
Net income	212,5	212,5
Earnings of Decis	<u>14,59</u> 227,09	<u>12,83</u> 225,33
Redeemable preference dividends	<u>(0,75)</u>	<u>(0,75)</u>
Earnings for ordinary and diluted EPS calculations	<u>226,34</u>	<u>224,58</u>

WEIGHTED AVERAGE NUMBER OF SHARES

	<u>20x5</u>	<u>Weighted Average 20x5</u>
In issue at beginning of year	<u>50 000 000</u>	<u>50 000 000</u>
Adjusted for bonus portion 68,75 / 66,46	51 722 840	51 722 840
Shares for full value	<u>8 277 160</u> X3/12	<u>2069 290</u>
	60 000 000	53 792 130
Mandatorily convertible preference share	<u>6 000 000</u>	<u>6 000 000</u>
EPS	66 000 000	59 792 130
Options		
For value original options 5 000 000 x (35.33+(24x26/36)) / 72 = 3657176		
Not for value = 1342824 x ¹⁰ / ₁₂		1119020
For value additional options 1 000 000 x (44+(36x33/36))/74 = Antidilutive		0
FDEPS		<u>60 911 150</u>

Theoretical ex-rights:

$$\frac{(50\,000\,000 \times 68,75) + (10\,000\,000 \times 55)}{50\,000\,000 + 10\,000\,000}$$

$$\frac{3\,437\,500\,000 + 550\,000\,000}{60\,000\,000}$$

3 987 500 000
60 000 000

66,46

68,75
66.46 = 1.0345

	<u>Normal</u>		<u>Headline</u>
EPS	- continuing operations	385,06	
	- discontinuing operations	(6,52)	
	(3,9 / 59 792 130)		
	Attributable to ord S/H's	<u>378,54c</u>	224,58/59 792 130 = 375,60c
	(226,34 / 59 792 130)		
DEPS	- continuing operations	377,99	
	- discontinuing operations	(6,40)	
	Attributable to ord S/H's	<u>371,59c</u>	224,58/ 60 911 150 = 368,70c
	(226,34 / 60 911 150)		

Calculation Of Earnings Per Share From Continuing Operations

Net income after tax and preference dividend	226,34
Trading losses Pex Ltd 6 000 000 x ,65	<u>3,90</u>
Control figure	<u>230,24</u>

Calculation Of Sequence For Assessing Dilution Of Potential Ordinary Shares

The only potential ordinary shares are share options, which are dilutive. No further calculations are thus necessary.

PART B

To: Mr Gars
 From: Mr Accountant
 Re: Calculation of EPS, DEPS and DPS for Hoodlum Ltd for the year ended
 31 March 20x5

The following minimum disclosure is required in terms of IAS 33

At bottom of Statement of Comprehensive Income

	20x5	20x4
EPS	378,54c	Xx
- continuing operations	385,06	
- discontinuing operations	(6,52)	
DEPS	371,59c	Xx
- continuing operations	377,99	
- discontinuing operations	(6,40)	

NOTES TO THE FINANCIAL STATEMENTS

EARNINGS PER SHARE

The calculation of earnings per share is based on earnings of \$226 340 000 (20x4) and a weighted average of 59 792 130 ordinary (20x4) shares in issue during the year after adjusting for the bonus element in the rights issue and the compulsorily convertible preference shares.

EARNINGS

	\$ Million
Net income per income statement	227,09
Attributable to redeemable preference shareholders	<u>(0,75)</u>
Basic and diluted earnings	<u>226,34</u>

WEIGHTED AVERAGE NUMBER OF SHARES

Calculation basic EPS	59 792 130
Options deemed to have been issued for no consideration	1119020
	<u>60 911 150</u>

EARNINGS PER ORDINARY SHARE

Mandatorily convertible preference shares have been included as ordinary shares (6 000 000) in the basic earnings per share calculation as required by IAS 33.

Options were granted to directors during the year to acquire 5 million ordinary shares at \$35-33 exercisable in 3 annual trenches of 25% each commencing from 1 June 20x7 and 1 million ordinary shares at \$44-00 exercisable in 3 annual trenches of 25% each commencing on 1 January 20x8.

HEADLINE EARNINGS PER SHARE

	20x5	20x4
Headline EPS	375,60c	Xx
Diluted headline EPS	368,70c	Xx

RECONCILIATION OF EARNINGS AND HEADLINE EARNINGS (long form)

	Net \$ million
Net profit per statement of comprehensive income	227,09
Preference dividends	<u>(.75)</u>
IAS 33 Earnings	226,34
Less IAS 40 Surplus on expropriation of investment property	
	<u>(1,76)[^]</u>
Headline earnings	<u>224,58</u>

[^] 8m*22%