

**[ SEC MEMORANDUM CIRCULAR NO. 10, October 09, 1998 ]**

**RULES AND REGULATIONS GOVERNING FORM AND CONTENT OF FINANCIAL STATEMENTS**

The Commission in its Resolution No. 6191 series of 1998 dated October 2, 1998 approved the adoption of Statement of Financial Accounting Standards No. 29 (Earnings Per Share) which was approved on October 4, 1997 by the Accounting Standards Council. Accordingly, Part II (m) (15) of RSA Rule 48-1 (Rules and Regulations Governing Form and Content of Financial Statements) is hereby amended to read as follows:

(15) Earnings per share. Present earnings per share data in the financial statements of issuers of securities in accordance with the following rules:

- A. Basic earnings per share should be calculated by dividing the net income or loss for the period attributable to common shareholders by the weighted average number of common shares outstanding during the period.
- B. For the purpose of calculating basic earnings per share, the net income or loss for the period attributable to common shareholders should be the net income or loss for the period after deducting preferred dividends.
- C. For the purpose of calculating basic earnings per share, the number of common shares should be the weighted average number of common shares outstanding during the period.
- D. The weighted average number of common shares outstanding during the period and for all periods presented should be adjusted for events, other than the conversion of potential common shares, that have changed the number of common shares outstanding, without a corresponding change in resources.
- E. For the purpose of calculating diluted earnings per share, the net income attributable to common shareholders and the weighted average number of shares outstanding should be adjusted for the effects of all dilutive potential common shares.
- F. For the purpose of calculating diluted earnings per share, the amount of net income or loss for the period attributable to common shareholders, as calculated in accordance with paragraph (b), should be adjusted by the after-tax-effect:
  - i. any dividends on dilutive potential common shares which have been deducted in arriving at the net income attributable to common shareholders as calculated in accordance with paragraph (B);