**Question 2**

The following is the Statement of Changes in Equity for the year ended 31 December 2009 and 31 December 2010.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Ordinary | 10% Cumulative |  |  |  |
|  | Shares | Preference | Retained | Share |  |
|  | of RM1 each | Share | earnings | premium | Total |
|  | $ | $ | $ | $ | $ |
| 1 January 2009 | 600,000 | 500,000 | 250,000 | 100,000 | 1,450,000 |
| Issue of new shares | 200,000 |  |  | 200,000 | 400,000 |
| Profit for the year |  |  | 150,000 |  | 150,000 |
| Interim dividend |  |  |  |  |  |
| Preference share | - | - | (37,500) | - | (37,500) |
| Ordinary share | - | - | (60,000) | - | (60,000) |
| 31 December 2009 | 800,000 | 500,000 | 302,500 | 300,000 | 1,902,500 |
| 1 January 2010 | 800,000 | 500,000 | 302,500 | 300,000 | 1,902,500 |
| Bonus issue | 100,000 | - | - | - | 100,000 |
| Profit for the year | - | - | 200,000 | - | 200,000 |
| Interim dividend |  |  |  |  |  |
| Preference share | - | - | (18,750) | - | (18,750) |
| Ordinary share | - | - | (67,500) | - | (67,500) |
| 31 December 2010 | 900,000 | 500,000 | 416,250 | 300,000 | 2,116,250 |

Additional information:

1. The company issued 200,000 ordinary shares at $2 on 1 October 2009.
2. The company declared a bonus issue of 100,000 ordinary shares on 1 December 2010.
3. Tax rate for 2009 and 2010 is 25%.

**Required:**

**Calculate the basic earnings per share for the year 2009 and 2010. (10 marks)**