International Accounting Standards Board®

Press Release

FOR IMMEDIATE RELEASE 2 November 2006

IFRIC issues Interpretation on group and treasury share transactions

The International Financial Reporting Interpretations Committee (IFRIC)* has today issued an Interpretation—IFRIC 11 *IFRS 2—Group and Treasury Share Transactions*. The Interpretation addresses how to apply IFRS 2 *Share-based Payment* to share-based payment arrangements involving an entity's own equity instruments or equity instruments of another entity in the same group (eg equity instruments of its parent).

The Interpretation requires a share-based payment arrangement in which an entity receives goods or services as consideration for its own equity-instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments needed are obtained.

The Interpretation also provides guidance on whether share-based payment arrangements, in which suppliers of goods or services of an entity are provided with equity instruments of the entity's parent, should be accounted for as cash-settled or equity-settled in the entity's financial statements.

Introducing IFRIC 11, Robert Garnett, IASB Member and Chairman of IFRIC, said:

> IFRIC 11 will be welcomed by companies applying IFRS 2, because it gives helpful guidance on how share-based payment transactions involving an entity's own equity instruments or equity instruments of another entity in the same group should be accounted for. Until now there has been no guidance on how share-based payment arrangements in which an entity receives goods or services as consideration for equity instruments of the entity's parent should be accounted for in the entity's financial statements.

* The IFRIC is the interpretative arm of the International Accounting Standards Board (IASB).

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Subscribers to the IASB's Comprehensive Subscription Service can view the Interpretation from the secure online services area of the IASB's Website (www.iasb.org). Those wishing to subscribe should contact:

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NOTES TO EDITORS

About the IFRIC

The IFRIC first met in February 2002. It comprises 12 voting members (all part-time) drawn from a variety of countries and professional backgrounds, and it meets about six times a year under a non-voting chairman. The IFRIC's principal role is to consider, on a timely basis within the context of International Financial Reporting Standards and the IASB *Framework*, accounting issues that are likely to receive divergent or unacceptable treatment in the absence of authoritative guidance, with a view to reaching consensus on the appropriate accounting treatment. In developing Interpretations, the IFRIC works closely with similar national interpretation committees.

About the IASB

The IASB, based in London, began operations in 2001. It is funded by contributions collected by its Trustees, the IASC Foundation, from the major accounting firms, private financial institutions and industrial companies throughout the world, central and development banks, and other international and professional organisations. The 14 IASB members (12 of whom are full-time) are drawn from nine countries and have a variety of professional backgrounds. The IASB is committed to developing, in the public interest, a single set of high quality, global accounting standards that require transparent and comparable information in general purpose financial statements. In pursuit of this objective, the IASB co-operates with national accounting standard-setters to achieve convergence in accounting standards around the world.