



Submitted electronically via 'Open to Comments' page on IFRS Foundation website

IFRS Foundation
IASB
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Amsterdam, 20 November 2012

Ref: B2012.64

Subject: Eumedion's response to IASB's Request for Information on 'Post-Implementation Review:
IFRS 8 Operating Segments'

Dear Sirs, Madams,

Eumedion welcomes the opportunity to respond to IASB's request for information on the post-implementation review of IFRS 8. By way of background, Eumedion is the Dutch based corporate governance forum for institutional investors. Our 70 Dutch and non-Dutch participants together have more than EUR 1 trillion assets under management. They invest for their clients and their beneficiaries in listed companies worldwide. Our views therefore represent a perspective of users of financial statements.

The comments submitted in this response are to complement the comments and views discussed in the meeting of 14 September 2012 where representatives of IASB, EFRAG and ESMA jointly discussed IFRS 8 with a group of participants of Eumedion.

We regard the potential relevance of segment reporting as very high for investors. Our answers do not only highlight a number of issues, but also contain some suggestions for improvements to the standard.

Answers to the questions in the Request for Information

Question 1: Are you comparing IFRS 8 with IAS 14 or with a different, earlier segment-reporting Standard that is specific to your jurisdiction? In providing this information, please tell us:

(a) what your current job title is;

(b) what your principal jurisdiction is; and

(c) whether your jurisdiction or company is a recent adopter of IFRSs.

Eumedion is a corporate governance platform with a focus on the largest 75 listed companies incorporated in the Netherlands, although our participants tend to invest in many jurisdictions. The Netherlands is not a recent adopter of IFRS.

Question 2: What is your experience of the effect of the IASB's decision to identify and report segments using the management perspective? Investors: please focus on whether our initial assessment - that the management perspective would allow you to better understand the business - was correct. What effect has IFRS 8 had on your ability to understand the business and to predict results?

IAS 14, the preceding standard, relied on segmentation based on risk and return characteristics. Risk and return characteristics typically are factors that tend to be in line with the perspective of investors. If risk and return characteristics are significantly different between two activities, we would tend to prefer a separate operating segment for each activity even though through the eyes of management they may be managed as one; and reversely, if risk and return characteristics are not significantly different between two activities, we would tend to prefer the activities to be aggregated into a single segment, even though through the eyes of management they may be dissimilar.

Segment reporting is more useful if the output can be compared with previous years, not just the previous year. We believe that the risk and return assessment for segment definition in the preceding standard is more likely to result in a more stable segment definition than the 'through the eyes of management' perspective in IFRS 8. If there is no significant change in the risk and return characteristics of the segments, in many cases, we would prefer a company to keep the segment definitions identical, even if there is a change in how management manages its business segments.

'Matrix' segmentation (introduced by IFRS 8) reduced usefulness

We believe 'matrix segmentation', where the segments are a mix of different types of segments (for example geographical and business segments mixed in one table), tends to reduce usefulness for investors:

- Segment reporting is more useful if the output can be compared with direct competitors. Matrix segmentation tends to result in very company specific output that is significantly more difficult, if not impossible, to compare amongst direct competitors.
- We have reason to believe that matrix segment reporting also more often results in changes, making multi-year comparison more difficult.

'Through the eyes of management' perspective too often results in lack of granularity in segment definition

There is a wide variety of quality in segment definition. Unfortunately, too often the segment definition is not granular enough for investors. We observed many companies distinguishing only two operating segments.

Some companies provide a higher, and more useful, granularity outside the annual report. For example, the listed company Royal Dutch Shell provides such higher granularity not only in investor presentations, but also in an 'Investor's handbook' and in quarterly updated Excel files. A disadvantage of only having a higher granularity in the investor material and not in the annual report is that such information tends to fall outside the scope of an external audit. In general, the terms used in investor presentations by companies often are not as clearly defined as the line-items in the annual report.

Royal Dutch Shell reported five operating segments under IAS 14 in 2006. Although the introduction of IFRS 8 initially increased the number of segments in 2007, in 2009 a change in how management views the company reduced the number of operating segments to only 3¹; this clearly resulted in a less useful segment reporting in the annual report for investors. The fact that some companies have reduced the number of operating segments is not necessarily an enforcement issue, as the reduction in usefulness may be inherent to the standard's management perspective.

In general, Eumedion worries that the significant discretion management has to define and redefine segments 'through the eyes of management', has resulted in a standard where possible sub-par reporting is too difficult for external auditors and public enforcers to act on.

We believe that the management perspective introduced by IFRS 8 for segment definition did not contribute to improved understanding of the business by investors.

Question 3: How has the use of non-IFRS measurements affected the reporting of operating segments? Investors: please comment on the effect that the use of non-IFRS measurements has had on your ability to understand the operating risks involved in managing a specific business and the operating performance of that business. It would be particularly helpful if you can provide examples from published financial statements to illustrate your observations and enable us to understand the effects that you describe.

¹ Appendix: Royal Dutch Shell segment reporting 2006 versus 2011

Reconciliation to IFRS numbers

We believe non-IFRS line items in segment reporting could provide, and often does provide useful information to investors.

However, in practice we observe a high number of companies that present line items that are identical to the line items in the primary statements. We believe many investors are not aware that the 'through the eyes of management' perspective effectively allows management to allocate certain charges to an 'other/eliminations' segment to an extent that may be well beyond what is true and fair from an investor perspective, and still claim full compliance with the standard. Since the net effect of such a practice is nil, it remains undetected in the column that reconciles the numbers to IFRS. Therefore, investors remain uncertain how useful the presented segment reporting really is.

We also observe many instances where the column that would provide a reconciliation from 'through the eyes of management' to the IFRS numbers, is missing. As this will be interpreted by many investors that the reported line item is IFRS compliant in all of the individual columns, a revised standard could explicitly require such compliance with IFRS if a reporting entity chooses not to include such column.

Another suggestion we would like to make to the IASB is the following: a reporting entity should only be allowed to use line items mentioned in the IFRS primary financial statements if the IFRS definition is consistently used for the entire line item in the segment reporting. If a company chooses to deviate from measurement used in the primary statements, the name of the line item displayed should be accompanied by the word 'adjusted'. If a company chooses to report an 'adjusted' line item, it should also include the unadjusted line item, as measured in the primary statements.

We observe a number of companies where the reconciliation is an integral part of an 'other' or 'eliminations' column. We believe this is an enforcement issue, and not necessarily a problem of the standard, as the standard clearly disallows such practice.

Question 4: How has the requirement to use internally-reported line items affected financial reporting? Investors: please focus on how the reported line items that you use have changed. Please also comment on which line items are/would be most useful to you, and why, and whether you are receiving these.

We support companies to continue to report non-IFRS line items. It allows companies to provide industry or even company specific performance indicators that can add to the insight of investors. As discussed before, we consider it best practice that if a reporting entity chooses to report adjusted IFRS line items, the unadjusted IFRS line items should also be included as a separate line in the segment report.

Although certain line items are relevant in many cases (like revenues, operating profit, depreciation & amortisation, capital expenditures), there are very few line items that are universally relevant for all industries. We believe IFRS 8 should not specify individual line items for operating segments, as there are too few that are truly universally relevant in this context.

Question 5: How have the disclosures required by IFRS 8 affected you in your role? Investors: please provide examples from published operating segment information to illustrate your assessment of the disclosures relating to operating segments. Do you now receive better information that helps you to understand the company's business? Please also comment on the specific disclosure requirements of IFRS 8—for example, those relating to the identification and aggregation of operating segments; the types of goods and services attributed to reportable segments; and the reconciliations that are required. It would also be useful to indicate whether you regularly request other types of segment disclosures.

In addition to our answer to question 2, we prefer a standard that requires companies to report both a business, and a geographical breakdown. Unfortunately, we observe quite a number of companies providing a geo breakdown only, where we would have preferred a business breakdown. Only in a rare case where the mix of businesses is very similar across all geographies, for example because the company predominantly sells a single product, a more detailed geographical breakdown together with a less detailed business breakdown may provide sufficient insight to investors as well. In most other cases, line items like margins per country will remain difficult to interpret as differences between countries could be dominated by unknown differences in business mix. We would support a standard that, in addition to a business breakdown, also requires a basic geographical breakdown by destination, and if significantly different also by origin.

Impact of partial ownership of subsidiaries

The group structure is highly relevant for analysts, also in the context of segment reporting. Unfortunately, disclosure on group structure is too often overlooked by companies². IFRS 8 did not improve segment disclosure on this important topic. In this respect, 'through the eyes of management' has in most cases not resulted in more useful information for investors.

There are examples of companies that are clearly aware of the relevance of partial ownership of subsidiaries. One of them is Vivendi SA. Vivendi includes in the segment reporting paragraph the following overview (page 19 of the consolidated financial statements³):

² On 29 October 2012, the Netherlands Authority Financial Markets published a report on the quality of disclosure on non-controlling interest by Dutch companies: <http://www.afm.nl/~media/Files/fin-verslag/2012/themaonderzoek-minderheidsbelangen.ashx>

³ http://www.vivendi.com/files/IMG/pdf/20120302_03_02_2012_Chapter_4_of_2011_Annual_Report.pdf

- As a reminder, the Vivendi group operates through six businesses at the heart of the worlds of content, platforms and interactive networks. As of December 31, 2011, Vivendi's ownership interest in each of these businesses was as follows:
 - Activision Blizzard: 60%.
 - Universal Music Group (UMG): 100%.
 - SFR: 100% (please refer to section 1.1 related to the acquisition of Vodafone's 44% interest in SFR, completed in June 2011).
 - Maroc Telecom Group: 53%.
 - GVT: 100%, and
 - Canal+ Group: 100% (Canal+ Group holds an 80% interest in Canal+ France).

As the operating segment information relates to fully consolidated numbers, these numbers are based on the (often fictitious) assumption that all of the subsidiaries are fully owned. If this is not the case, investors need insight in what proportion of the reported segment reporting numbers is attributable to the common shareholders, i.e. excluding the amounts attributable to external shareholders. The term 'proportionate share' represents the common shareholders' proportionate share of the fully consolidated numbers. If all of the subsidiaries are fully owned, the proportionate shares are identical to the fully consolidated amounts.

Eumedion requests IASB to revise IFRS 8 to provide insight in proportionate shares. The segment reporting of companies that fully consolidate partly owned subsidiaries should include a column for each segment to indicate what percentage of the reported number is attributable to the common shareholder. The picture below explains the format we envisage for the German listed company Fresenius SE & Co.KGaA:

Example: company 'Fresenius SE & Co.KGaA'

Operating segment reporting with room for improvement

Fully consolidated (EUR in mln)	Operating segment					Total
	FMC	Kabi	Helios	Vamed	Other	
Revenue	9,192	3,964	2,665	737	(36)	16,522
EBIT	1,491	803	270	44	(45)	2,563

Estimated segment ownership

Estimated outside shareholders' ownership, based on 'non-controlling interest / Group income'	69.7%	6.8%	7.4%	25.7%	0.0%	42.8%
	Operating segment					
Estimated company's proportionate shares (EUR in mln)	FMC	Kabi	Helios	Vamed	Other	Total
Revenue	2,782	3,693	2,468	547	(36)	9,454
EBIT	451	748	250	33	(45)	1,437

Suggested operating segment reporting format

(EUR in mln, company's proportionate share as %)	Operating segment					Total
	FMC	Kabi	Helios	Vamed	Other	
Revenue	9,192 x%	3,964 x%	2,665 x%	737 x%	(36) x%	16,522 x%
EBIT	1,491 x%	803 x%	270 x%	44 x%	(45) x%	2,563 x%

The percentages can be displayed between the columns as demonstrated in the third table (please note: only if the percentages are significantly different from 100%).

Question 6: How were you affected by the implementation of IFRS 8? Investors: please focus on whether the way in which you use financial reports has changed as a result of applying IFRS 8. Please explain to us what that effect was and the consequences of any changes to how you analyse data or predict results.

We do not believe IFRS 8 has changed the way analysts analyse companies. However, the answers to the previous questions highlighted multiple issues with IFRS 8, that are likely to have resulted in analysts having to spend more time trying to get to the same level of insight, and/or settle for less insight for their economic decision making. In general, both outcomes result in additional costs and/or uncertainty not only for the asset manager, but also for the assets owners and beneficiaries.

If you would like to discuss our views in further detail, please do not hesitate to contact us.

Our contact person is Martijn Bos (martijn.bos@eumedion.nl, +31 20 7085 885).

Yours sincerely,



Rients Abma

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Appendix: Royal Dutch Shell segment reporting 2006 versus 2011

Annual report Royal Dutch Shell 2006, under IAS 14

Page 112: "NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

<..>

IFRS 8 Operating Segments is effective from January 1, 2009, although early adoption by the Group is under consideration. The standard replaces IAS 14 Segment Reporting and converges with US GAAP. Adoption will simplify the way in which segment information is disclosed in the Consolidated Financial Statements as the Group currently complies with both IFRS and US GAAP requirements."

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SEGMENT INFORMATION

[A] INFORMATION BY BUSINESS SEGMENT

							\$ million
	Exploration & Production	Gas & Power	Oil Products	Chemicals	Corporate and Other	Eliminations	2006 Total
Revenue							
Third party	17,909	15,887	248,581	36,306	162		318,845
Intersegment	37,047	1,303	2,728	4,444	–	(45,522)	–
Total	54,956	17,190	251,309	40,750	162	(45,522)	318,845
Segment result	29,377	1,242	7,378	702	(1,021)		37,678
Share of profit of equity accounted investments	3,075	1,515	1,712	494	(125)		6,671
Interest and other income							1,428
Interest expense							1,149
Taxation							18,317
Income from continuing operations							26,311
Income/(loss) from discontinued operations							–
Income for the period							26,311
							Dec 31, 2006
Segment assets	71,551	36,716	74,561	12,394	2,851		198,073
Equity accounted investments	6,595	3,949	7,242	2,454	500		20,740
Taxation, cash and financial asset investments							16,463
Total assets							235,276
Segment liabilities	17,000	25,518	37,459	5,081	3,264		88,322
Debt and taxation							32,009
Total liabilities							120,331
							2006
Capital expenditure	16,638	1,977	3,363	821	297		23,096
New equity accounted investments	357	222	94	56	122		851
Depreciation, depletion and amortisation charge	9,008	289	2,580	668	70		12,615
of which:							
Impairment losses	1	–	140	66	5		212
Impairment reversals	–	–	5	–	–		5

							\$ million
	Exploration & Production	Gas & Power	Oil Products	Chemicals	Corporate and Other	Eliminations	2005 Total
Revenue							
Third party	23,970	13,766	237,210	31,018	767		306,731
Intersegment	21,704	1,858	16,643	3,978	–	(44,183)	–
Total	45,674	15,624	253,853	34,996	767	(44,183)	306,731
Segment result	25,268	392	11,608	1,219	(1,146)		37,341
Share of profit of equity accounted investments	4,112	999	1,713	423	(124)		7,123
Interest and other income							1,171
Interest expense							1,068
Taxation							17,999
Income from continuing operations							26,568
Income/(loss) from discontinued operations	–	–	–	(307)	–		(307)
Income for the period							26,261
							Dec 31, 2005
Segment assets	59,351	43,631	67,253	12,087	2,325		184,647
Equity accounted investments	5,152	2,947	6,173	2,330	303		16,905
Taxation, cash and financial asset investments							17,964
Total assets							219,516
Segment liabilities	14,280	34,333	36,298	4,997	2,406		92,314
Debt and taxation							29,278
Total liabilities							121,592
							2005
Capital expenditure	10,858	1,568	2,810	387	293		15,916
New equity accounted investments	372	34	34	212	53		705
Depreciation, depletion and amortisation charge	8,277	290	2,622	599	193		11,981
of which:							
Impairment losses	130	–	85	20	70		305
Impairment reversals	–	–	5	4	–		9

							\$ million
							2004
	Exploration & Production	Gas & Power	Oil Products	Chemicals	Corporate and Other	Eliminations	Total
Revenue							
Third party	18,400	9,625	210,424	26,877	1,060		266,386
Intersegment	18,895	1,210	11,924	2,620	10	(34,659)	–
Total	37,295	10,835	222,348	29,497	1,070	(34,659)	266,386
Segment result	17,335	(200)	8,698	1,235	(848)		26,220
Share of profit of equity accounted investments	2,463	1,142	1,277	437	(304)		5,015
Interest and other income							1,483
Interest expense							1,059
Taxation							12,168
Income from continuing operations							19,491
Income/(loss) from discontinued operations	–	–	–	(199)	(35)		(234)
Income for the period							19,257
							Dec 31, 2004
Segment assets	57,452	18,611	62,101	12,820	2,582		153,566
Equity accounted investments	5,120	3,619	6,177	3,952	322		19,190
Taxation, cash and financial asset investments							14,690
Total assets							187,446
Segment liabilities	12,165	10,834	31,933	5,001	3,145		63,078
Debt and taxation							32,985
Total liabilities							96,063
							2004
Capital expenditure	8,699	1,357	2,761	529	220		13,566
New equity accounted investments	358	276	62	339	23		1,058
Depreciation, depletion and amortisation charge	7,698	903	3,357	695	192		12,845
of which:							
Impairment losses	7	634	612	105	6		1,364
Impairment reversals	211	–	–	–	–		211

The statement of income information above is provided in accordance with IAS 14 “Segment Reporting”. Operating segment results are appraised by management on the basis of income including share of profit of equity accounted investments, certain interest and other income and interest expense and income from discontinued operations and after tax. This forms the basis of the discussion of segment earnings in the Operating and Financial Review (OFR).

The table below reconciles the IAS 14 segment results to the segment results used for management reporting. Management believes that the Segment earnings – OFR provides a more complete overview of other components that impact the earnings of business segments within the Group as it includes the share of profit of equity accounted investments as well as interest income/expense and taxes.

							\$ million
							2006
	Exploration & Production	Gas & Power	Oil Products	Chemicals	Corporate and Other		Total
Segment result – IAS 14	29,377	1,242	7,378	702	(1,021)		37,678
Share of profit of equity accounted investments	3,075	1,515	1,712	494	(125)		6,671
Interest and other income	32	236	59	(2)	1,103		1,428
Interest expense	349	5	52	11	732		1,149
Taxation	16,940	338	1,972	119	(1,052)		18,317
Income/(loss) from discontinued operations	–	–	–	–	–		–
Segment earnings – OFR	15,195	2,650	7,125	1,064	277		26,311

						\$ million
						2005
	Exploration & Production	Gas & Power	Oil Products	Chemicals	Corporate and Other	Total
Segment result – IAS 14	25,268	392	11,608	1,219	(1,146)	37,341
Share of profit of equity accounted investments	4,112	999	1,713	423	(124)	7,123
Interest and other income	37	228	110	6	790	1,171
Interest expense	309	5	41	15	698	1,068
Taxation	14,870	41	3,408	335	(655)	17,999
Income/(loss) from discontinued operations	–	–	–	(307)	–	(307)
Segment earnings – OFR	14,238	1,573	9,982	991	(523)	26,261

						\$ million
						2004
	Exploration & Production	Gas & Power	Oil Products	Chemicals	Corporate and Other	Total
Segment result – IAS 14	17,335	(200)	8,698	1,235	(848)	26,220
Share of profit of equity accounted investments	2,463	1,142	1,277	437	(304)	5,015
Interest and other income	167	733	89	(12)	506	1,483
Interest expense	262	–	28	13	756	1,059
Taxation	9,880	(140)	2,439	300	(311)	12,168
Income/(loss) from discontinued operations	–	–	–	(199)	(35)	(234)
Segment earnings – OFR	9,823	1,815	7,597	1,148	(1,126)	19,257

[B] INFORMATION BY GEOGRAPHICAL AREA

						\$ million
						2006
	Europe	Other Eastern Hemisphere	USA	Other Western Hemisphere	Total	
Third party revenue	136,307	76,898	80,974	24,666	318,845	
Segment assets at December 31:						
Property, plant and equipment and intangible assets	30,138	40,679	19,603	15,376	105,796	
Other	32,290	19,200	30,142	10,645	92,277	
Total	62,428	59,879	49,745	26,021	198,073	
Capital expenditure	4,481	10,099	2,926	5,590	23,096	

						\$ million
						2005
	Europe	Other Eastern Hemisphere	USA	Other Western Hemisphere	Total	
Third party revenue	122,684	61,388	101,308	21,351	306,731	
Segment assets at December 31:						
Property, plant and equipment and intangible assets	26,558	34,003	19,767	11,580	91,908	
Other	30,802	15,054	35,270	11,613	92,739	
Total	57,360	49,057	55,037	23,193	184,647	
Capital expenditure	3,358	8,876	1,948	1,734	15,916	

						\$ million
						2004
	Europe	Other Eastern Hemisphere	USA	Other Western Hemisphere	Total	
Third party revenue	94,206	50,652	103,429	18,099	266,386	
Segment assets at December 31:						
Property, plant and equipment and intangible assets	32,399	27,885	20,815	11,347	92,446	
Other	23,982	13,572	17,272	6,294	61,120	
Total	56,381	41,457	38,087	17,641	153,566	
Capital expenditure	3,235	7,186	1,903	1,242	13,566	

Royal Dutch Shell Annual report 2011

“Nature of operations and segmental reporting

Shell is engaged in the principal aspects of the oil and gas industry in more than 80 countries and reports its business through three segments. Upstream combines the operating segments Upstream International and Upstream Americas, which have similar characteristics and are engaged in searching for and recovering crude oil and natural gas; the liquefaction and transportation of gas; the extraction of bitumen from oil sands that is converted into synthetic crude oil; and wind energy. Downstream is engaged in manufacturing; distribution and marketing activities for oil products and chemicals; in alternative energy (excluding wind); and CO2 management. Corporate represents the key support functions, comprising holdings and treasury, headquarters, central functions and Shell’s self-insurance activities. Integrated within the Upstream and Downstream segments are Shell’s trading activities.”

12 | Shell Annual Report and Form 20-F 2011
Business Review > Business overview

Segmental reporting

Upstream combines the operating segments Upstream International and Upstream Americas, which have similar economic characteristics, products and services, production processes, type and class of customers and methods of distribution. Upstream and Downstream earnings include their respective elements of Projects & Technology and of trading activities. Corporate represents the key support functions comprising holdings and treasury, headquarters, central functions and Shell’s self-insurance activities.

REVENUE BY BUSINESS SEGMENT (INCLUDING INTER-SEGMENT SALES)				\$ MILLION		
	2011	2010		2009		
Upstream						
Third parties	42,260	32,395		27,996		
Inter-segment	49,431	35,803		27,144		
Total	91,691	68,198		55,140		
Downstream						
Third parties	427,864	335,604		250,104		
Inter-segment	782	612		258		
Total	428,646	336,216		250,362		
Corporate						
Third parties	47	57		88		
Total	47	57		88		

REVENUE BY GEOGRAPHICAL AREA (EXCLUDING INTER-SEGMENT SALES)							\$ MILLION	
	2011	%	2010	%	2009	%		
Europe	187,498	39.9	137,359	37.3	103,424	37.2		
Asia, Oceania, Africa	148,260	31.5	110,955	30.2	80,398	28.9		
USA	91,946	19.6	77,660	21.1	60,721	21.8		
Other Americas	42,467	9.0	42,082	11.4	33,645	12.1		
Total	470,171	100.0	368,056	100.0	278,188	100.0		

4 SEGMENT INFORMATION

A – Income information by business segment

2011	\$ MILLION			
	Upstream	Downstream	Corporate	Total
Revenue and other income				
Revenue				
Third party	42,260	427,864	47	470,171
Inter-segment	49,431	782	-	
Share of profit/(loss) of equity-accounted investments	7,127	1,896	(286)	8,737
Interest and other income	4,150	1,106	325	5,581
Total				484,489
Earnings on a current cost of supplies basis	24,455	4,289	86	28,830
Other items				
Depreciation, depletion and amortisation charge of which:	8,827	4,251	150	13,228
Impairment losses	325	1,194	-	1,519
Impairment reversals	-	4	-	4
Interest expense	756	83	534	1,373
Taxation charge/(credit)	23,994	1,632	(1,151)	24,475

2010	\$ MILLION			
	Upstream	Downstream	Corporate	Total
Revenue and other income				
Revenue				
Third party	32,395	335,604	57	368,056
Inter-segment	35,803	612	-	
Share of profit/(loss) of equity-accounted investments	4,900	1,167	(114)	5,953
Interest and other income	3,616	418	109	4,143
Total				378,152
Earnings on a current cost of supplies basis	15,935	2,950	91	18,976
Other items				
Depreciation, depletion and amortisation charge of which:	11,144	4,254	197	15,595
Impairment losses	1,724	1,192	39	2,955
Impairment reversals	40	8	-	48
Interest expense	663	84	249	996
Taxation charge/(credit)	14,822	998	(950)	14,870

[Note 4 continued]

2009				\$ MILLION
	Upstream	Downstream	Corporate	Total
Revenue and other income				
Revenue				
Third party	27,996	250,104	88	278,188
Inter-segment	27,144	258	-	
Share of profit of equity-accounted investments	3,852	1,110	14	4,976
Interest and other income	652	480	833	1,965
Total				285,129
Earnings on a current cost of supplies basis	8,354	258	1,310	9,922
Other items				
Depreciation, depletion and amortisation charge of which:	9,875	4,399	184	14,458
Impairment losses	792	1,616	10	2,418
Impairment reversals	432	151	-	583
Interest expense/(credit)	645	84	(187)	542
Taxation charge/(credit)	8,942	195	(835)	8,302

Segment earnings on a current cost of supplies basis reconcile to income for the period as follows:

	\$ MILLION		
	2011	2010	2009
Total segment earnings on a current cost of supplies basis	28,830	18,976	9,922
Current cost of supplies adjustment:			
Purchases	2,825	1,789	3,242
Taxation	(789)	(510)	(895)
Share of profit of equity-accounted investments	319	219	449
Income for the period	31,185	20,474	12,718

B - Net capital investment and equity-accounted investments by business segment

NET CAPITAL INVESTMENT				\$ MILLION
	2011	2010	2009	
Net capital investment				
Upstream	19,083	21,222	22,326	
Downstream	4,342	2,358	6,232	
Corporate	78	100	324	
Total	23,503	23,680	28,882	
Proceeds from disposals	7,548	6,882	2,853	
Capital investment	31,051	30,562	31,735	
Exploration expense, excluding exploration wells written off	(1,462)	(1,214)	(1,186)	
Investments in equity-accounted investments	(1,886)	(2,050)	(2,955)	
Leases and other adjustments	(1,402)	(358)	(1,078)	
Capital expenditure	26,301	26,940	26,516	

EQUITY-ACCOUNTED INVESTMENTS			\$ MILLION
	Dec 31, 2011	Dec 31, 2010	
Upstream	21,683	20,955	
Downstream	16,303	12,453	
Corporate	4	6	
Total	37,990	33,414	

[Note 4 continued]

C - Information by geographical area

2011					\$ MILLION
	Europe	Asia, Oceania, Africa	USA	Other Americas	Total
Third-party revenue, by origin	187,498	148,260	91,946	42,467	470,171
Intangible assets, property, plant and equipment and equity-accounted investments at December 31	27,509	83,409	44,234	39,440	194,592

2010					\$ MILLION
	Europe	Asia, Oceania, Africa	USA	Other Americas	Total
Third-party revenue, by origin	137,359	110,955	77,660	42,082	368,056
Intangible assets, property, plant and equipment and equity-accounted investments at December 31	28,580	76,553	39,934	36,091	181,158

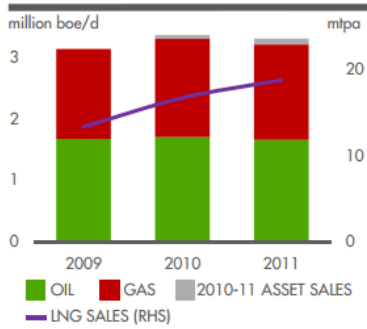
2009					\$ MILLION
	Europe	Asia, Oceania, Africa	USA	Other Americas	Total
Third-party revenue, by origin	103,424	80,398	60,721	33,645	278,188
Intangible assets, property, plant and equipment and equity-accounted investments at December 31	33,404	67,822	32,082	34,842	168,150

Investor presentation on full year 2011 results

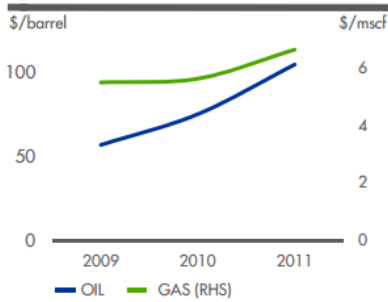
http://www-static.shell.com/static/investor/downloads/financial_information/quarterly_results/2011/q4/q4_2011_analyst_presentation.pdf

EARNINGS AND PERFORMANCE 2009-2011

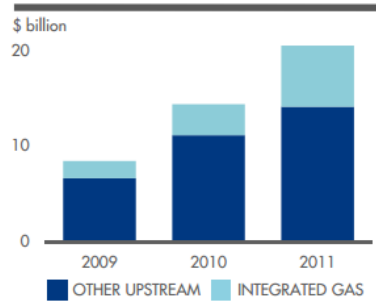
UPSTREAM PRODUCTION



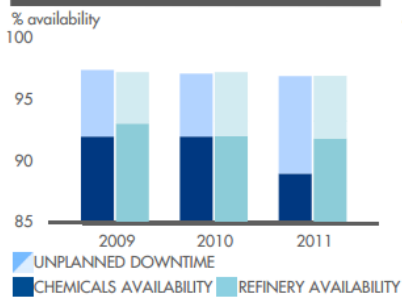
OIL & GAS REALISATIONS



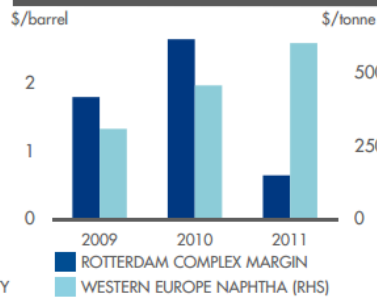
UPSTREAM EARNINGS



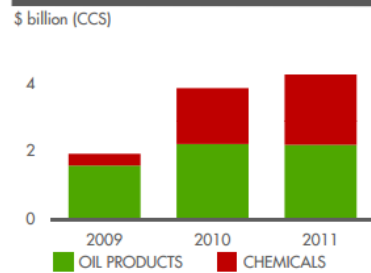
DOWNSTREAM AVAILABILITY



DOWNSTREAM MARGINS



DOWNSTREAM EARNINGS



EARNINGS EXCLUDE IDENTIFIED ITEMS

