

SHELL INTERNATIONAL FINANCE B.V.

THE HAGUE

INTERIM FINANCIAL REPORT

(unaudited)

30 June 2019

SHELL INTERNATIONAL FINANCE B.V.

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SHELL INTERNATIONAL FINANCE B.V.

BOARD OF DIRECTORS

L.M. Szymanski

P.S. Van Driel

A.D. McLean

B. Bos

SHELL INTERNATIONAL FINANCE B.V.

DIRECTORS' INTERIM REPORT

Review of activities

Shell International Finance B.V. (also referred to as the “Company”) is one of the entities within the “Shell Group” (also referred to as “Shell”). In this context Shell Group companies are companies in which Royal Dutch Shell plc, either directly or indirectly, has control, either through a majority of the voting rights or the right to exercise a controlling influence or to obtain the majority of the benefits and be exposed to the majority of the risks. Companies in which Shell Group Companies have significant influence but not control are classified as “Associated companies”. Royal Dutch Shell plc, a company incorporated in England and Wales, is known as the “Ultimate Parent Company” of the Shell Group.

The principal activity of the Company is to provide funding to other members of the Shell Group.

The Company obtains funding by issuing debt from two commercial paper programmes (together a limit of US \$20 billion), a euro medium term note programme (unlimited) and a US universal shelf registration (unlimited). The Company also has in place a committed bank facility (US \$8.84 billion). Royal Dutch Shell plc guarantees all debt issuance programmes.

The Company did not issue new long-term debt or commercial paper to meet its financing requirements in the period ended 30 June 2019.

The Company has repaid long term debts of US \$1.75 billion that matured during 2019.

All debt is passed on to Group companies on identical terms, which limits the interest rate or foreign exchange risk to the Company.

The Company’s financial result for the period was a profit of US \$67,000 (6 months ended 30 June 2018: a profit of US \$277,000). This was primarily due to differences on foreign exchange relating to intra-group current accounts not denominated in US Dollars.

The Company employs no staff. This is not expected to change for the remainder of 2019.

No significant change in the business of the Company has taken place during the period or is expected in the immediately foreseeable future.

The rendering of services by the service companies of the Shell Group to the Company will be continued as deemed necessary.

The Board of Directors considers that the internal risk management and control system, which is designed to provide reasonable but not absolute assurance of achieving business objectives, is adequate and appropriate. The Company’s specific policies for managing the risks to which it is exposed are explained in full in the Annual Report for the year ended 31 December 2018.

The Company’s operations and earnings are subject to risks such as (although not limited to):

- Changes in legislation and fiscal and regulatory policies: Changes in legislation, taxation (tax rate or policy) and regulation all pose a risk to operations and can affect the operational performance and financial position of the Company.
- Currency fluctuations and exchange control: As part of a global group of companies, changes in currency values and exchange controls could affect the operational performance and financial position of the Company (although the Company’s exposure to this risk is minimised by the back-to-back nature of its debt structures).

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DIRECTORS' INTERIM REPORT (Continued)

- Trading and Treasury: In the course of normal business activities the Company is subject to trading and treasury risks. These include *inter alia* exposure to and the risk of counterparty default, but not interest rate or foreign exchange exposure, due to the back-to-back nature of debt structures in the Company.

Within the Shell Group a single overall control framework is in place, which is designed to manage rather than eliminate the risk of failure to achieve business objectives, and only provides reasonable and not absolute assurance against material misstatement or loss. The Shell Control framework applies to the Company and all wholly owned Shell companies and to those ventures and other companies where Royal Dutch Shell plc, directly or indirectly, has a controlling interest.

The Company, in the normal course of the business, uses financial instruments of various kinds for the purposes of managing economic exposure to currency and interest rate movements. The Company has a treasury policy consistent with the Group Treasury Guidelines. These policies cover financing structure; foreign exchange and interest rate risk management as well as the treasury control framework.

On behalf of
the Board of Directors

SHELL INTERNATIONAL FINANCE B.V.

BALANCE SHEET AS AT 30 JUNE 2019

(before proposed appropriation of result)

| | | At 30 June 2019 | At 31 December 2018 | At 30 June 2018 |
|---|------|--------------------|---------------------------|--------------------|
| | Note | US \$'000 | US \$'000 | US \$'000 |
| Fixed assets | | | | |
| Financial fixed assets | | 41,854,827 | 45,872,244 | 48,612,430 |
| Current assets | | | | |
| Accounts receivable | | 9,835,747 | 7,640,049 | 6,592,560 |
| Current liabilities | | | | |
| Accounts payable | | 9,823,543 | 7,627,912 | 6,580,504 |
| Current assets less current liabilities | | <u>12,204</u> | <u>12,137</u> | <u>12,056</u> |
| Total assets less current liabilities | | <u>41,867,031</u> | <u>45,884,381</u> | <u>48,624,486</u> |
| Non-current liabilities | | | | |
| Long-term debt | 4 | 41,854,827 | 45,872,244 | 48,612,430 |
| Shareholder's equity | | | | |
| Issued capital | 5 | 2,277 | 2,286 | 2,324 |
| Other reserves | | 9,860 | 9,493 | 9,455 |
| Unappropriated profit | | 67 | 358 | 277 |
| | | <u>12,204</u> | <u>12,137</u> | <u>12,056</u> |
| Non-current liabilities and shareholders' equity | | <u>41,867,031</u> | <u>45,884,381</u> | <u>48,624,486</u> |

SHELL INTERNATIONAL FINANCE B.V.

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30 JUNE 2019

| | | 6 months ended 30 June | |
|---------------------------------------|------|-------------------------------|------------------|
| | | 2019 | 2018 |
| | Note | US \$'000 | US \$'000 |
| Interest income and similar income | | 760,441 | 808,389 |
| Interest expense and similar expenses | | (760,351) | (808,020) |
| RESULT BEFORE TAXATION | | 90 | 369 |
| Taxation on result | 6 | (23) | (92) |
| NET RESULT AFTER TAXATION | | 67 | 277 |

SHELL INTERNATIONAL FINANCE B.V.

CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2019

| | 6 months ended 30 June | |
|---|------------------------|--------------------|
| | 2019 | 2018 |
| | US \$'000 | US \$'000 |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before tax | 90 | 369 |
| Loan repayments from Group companies | 1,750,000 | 2,994,500 |
| Net repayment of loans from Group companies from proceeds of Commercial Paper | - | 345,174 |
| Interest received | 786,067 | 909,590 |
| Interest income | (760,441) | (808,389) |
| Interest expense | 760,351 | 808,020 |
| Movement in working capital | 23 | 194 |
| Tax charge | (23) | (92) |
| NET CASH FROM OPERATING ACTIVITIES | 2,536,067 | 4,249,366 |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Repayments of borrowings | (1,750,000) | (2,994,500) |
| Net repayment of Commercial Paper | - | (345,174) |
| Interest paid | (786,067) | (909,692) |
| NET CASH USED IN FINANCING ACTIVITIES | (2,536,067) | (4,249,366) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | - | - |
| CASH AT 1 JANUARY | - | - |
| CASH AT 30 JUNE | - | - |

SHELL INTERNATIONAL FINANCE B.V.

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2019

1) GROUP AFFILIATION AND PRINCIPAL ACTIVITIES

Shell International Finance B.V. has its statutory seat in The Hague. The Company is registered with number 27265903 at the Chamber of Commerce. The Company is one of the companies of the Shell Group. The term “Companies of the Shell Group” (“Group companies”) means companies in which Royal Dutch Shell plc, based in The Hague, The Netherlands, either directly or indirectly, has control either through a majority of the voting rights or the right to exercise a controlling influence or to obtain the majority of the benefits and be exposed to the majority of the risks. The financial information of the Company has been consolidated in the financial information of Royal Dutch Shell plc. Companies in which Group companies have significant influence but not control are classified as “Associated companies”. Royal Dutch Shell plc, a company incorporated in England and Wales, is known as the “Ultimate Parent Company” of the Shell Group.

The shares of the Company are held by Royal Dutch Shell plc.

The Company’s principal activity is to acquire funds by contracting public or private loans or otherwise and to make such funds available in whatever form, to companies and enterprises in which companies of the Royal Dutch Shell Group have a direct or indirect participation. The Group is engaged worldwide in all the principal aspects of the oil and natural gas industry. The Group also has interests in chemicals and alternative energy.

The registered address of the Company is:

Carel van Bylandtlaan
THE HAGUE
2596 HR
NETHERLANDS

2) BASIS OF PRESENTATION

This condensed Interim Financial Report for the six months ended 30 June 2019 has been prepared in accordance with the Disclosure and Transparency Rules of the European Union and with guidance from IAS 34, ‘Interim financial reporting’ as adopted by the European Union.

The condensed Interim Financial Report should be read in conjunction with the Annual Report for the year ended 31 December 2018. The Annual Report and the Interim Financial Report were prepared in accordance with accounting principles generally accepted in the Netherlands and are in compliance with the provisions of the Netherlands Civil Code, Book 2, Title 9.

The Annual Report for the year ended 31 December 2018 was approved by the Board of Directors on 16 April 2019 and filed with the UK Listing Authority. The report of the auditors on those accounts was unqualified and did not contain an emphasis of matter paragraph.

This condensed Interim Financial Report has not been reviewed or audited by the Company’s external auditors.

3) ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the Annual Report for the year ended 31 December 2018, as described in the Annual Report.

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NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2019 (continued)

4) DEBT SECURITIES PROGRAMME INFORMATION MEMORANDUM

The Debt Securities Programme Information Memorandum filed with the London Stock Exchange disclosed that as at 30 June 2019, the Company had total debt of US \$51,352 million of which US \$41,855 million was long-term debt due after more than one year.

The true and fair total debt of the Company as at 30 June 2019 is shown in the table below.

| | US \$'000 |
|-----------------------------------|-------------------|
| Long-term debt | |
| - Due after more than one year | 41,854,827 |
| - Due within one year | 9,497,476 |
| | <hr/> |
| Total long-term debt | 51,352,303 |
| Short-term debt | - |
| | <hr/> |
| Total debt at 30 June 2019 | 51,352,303 |

5) SHAREHOLDER'S EQUITY

The Company's authorised share capital comprises 10,000 ordinary shares of EUR 1,000 each, amounting to a nominal value of EUR 10,000,000. As at 30 June 2019, 2,000 ordinary shares (30 June 2018: 2,000 ordinary shares) with a total nominal value of EUR 2,000,000 (30 June 2018: EUR 2,000,000) were issued and fully paid. This EUR share capital has been revalued based on the period-end rate, resulting in a legal reserve termed Cumulative Currency Translation Difference (CCTD), which is included in 'Other Reserves' below. The movements in shareholder's equity are summarised below:

| | Issued capital | Other Reserves | Unappropriated profit | Total |
|-------------------------|-------------------|-------------------|--------------------------|-----------|
| | US \$'000 | US \$'000 | US \$'000 | US \$'000 |
| As at 1 January 2019 | 2,286 | 9,493 | 358 | 12,137 |
| Appropriation of result | - | 358 | (358) | - |
| Result for the period | - | - | 67 | 67 |
| CCTD | (9) | 9 | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| As at 30 June 2019 | 2,277 | 9,860 | 67 | 12,204 |

SHELL INTERNATIONAL FINANCE B.V.

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2019 (continued)

6) TAXATION

The effective tax rate for the period is 25.0% (6 months period ended 30 June 2018: 25.0%) in comparison to the nominal corporation tax rate in the Netherlands of 25.0%.

7) EMPLOYEES AND SALARY COSTS

The Company employed no personnel during 2019 or 2018 and therefore incurred no salary or related costs of employment.

8) FINANCIAL INSTRUMENTS

Financial instruments on the Balance Sheet include accounts receivable, other financial fixed assets and current and non-current liabilities. Financial instruments are recognised on the date the underlying transaction occurs.

The Company uses financial instruments to mitigate the following risks:

Currency risk: Based on a risk analysis, the Board of Directors has determined that any individual activities, over EUR 5.0 million, are generally economically hedged by foreign exchange derivatives, further information is provided in Note 10 of 2018 Annual Report.

Interest rate risk: The Company is exposed to interest rate risk on interest-bearing receivables (mainly taken up in financial fixed assets, securities and cash at bank and in hand), interest-bearing long-term and current liabilities (including loans to credit institutions).

The Company is exposed to the variability in cash flows of variable interest rates on receivables and liabilities. In relation to fixed interest receivables and liabilities, it is exposed to the fair value of the receivables and liabilities.

Exposure to currency and interest rate risk is deemed to be low due to the back-to-back nature of the Company's lending arrangements.

Credit risk

The Company on-lends funds generated from bond issuance to Group companies, all of significant size and importance within the Shell Group. These companies have a long and proven track record of being reliable creditors, and their suitability for future credit is monitored on an ongoing basis.

The Company has procedures and policies in place to limit the amount of interest, currency and credit exposure to any counterparty or market. These procedures limit the Company's exposure to concentrations of these risks.

In the event of a counterparty defaulting on payments due to the Company the resulting losses, if any, would be limited to the fair values of the instruments on which the default occurred.

The contract/notional amounts of the financial instruments outstanding give an indication of the extent that these financial instruments are used but not of the exposure to credit or market risk.

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9) CONTINGENT LIABILITIES

For the assessment of Netherlands income tax, the Company, together with Royal Dutch Shell plc and most of its subsidiaries established in the Netherlands, forms part of a fiscal unity. Pursuant to the applicable legal stipulations, each company is jointly and severally liable for the income tax to be paid by the companies involved in the fiscal unity.

10) RELATED PARTY TRANSACTIONS

All the Company's income arises from dealings with other Group companies or Associated companies. The Company does not have direct dealings with non-related parties except to the extent of its financing related transactions.

11) SEASONALITY

The results of the Company are not subject to seasonal fluctuations.

12) SUBSEQUENT EVENTS

There are no subsequent events with a significant impact on the accounts.

SHELL INTERNATIONAL FINANCE B.V.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors' confirm that this condensed Interim Financial Report:

- Has been prepared in accordance with Disclosure and Transparency Rules (DTR) as adopted by the European Union, gives a true and fair view of the assets, liabilities, financial position and profit of the entity as required by DTR 4.2.4; and
- That the Directors' Interim Report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:
 - an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
 - material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.


The Directors of Shell International Finance B.V. are listed on page 1.

Signed in The Hague on 28 August 2019.

SHELL INTERNATIONAL FINANCE B.V.


Name: L.M. Szymanski

Date:


Name: A.D. McLean

Date:



Name: B. Bos

Date:



Name: P.S. van Driel

Date: