

**SHELL INTERNATIONAL FINANCE B.V.**

**THE HAGUE**

**INTERIM FINANCIAL REPORT**

**(unaudited)**

**30 June 2013**

**SHELL INTERNATIONAL FINANCE B.V.**

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**SHELL INTERNATIONAL FINANCE B.V.**

**BOARD OF DIRECTORS**

M.C.M. Brandjes

Peter van Driel (Appointed on 1 February 2013)

A.W. Longden

A.D. McLean

T.P.K. Huijsinga was a director of the Company and has resigned per 1 February 2013

## **SHELL INTERNATIONAL FINANCE B.V.**

### **DIRECTORS' INTERIM REPORT**

#### **Review of activities**

The Company is one of the entities within the "Shell Group". In this context the term "Companies of the Shell Group" ("Group Companies") means 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 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 "Parent Company" of the Shell Group.

The principal activity of Shell International Finance B.V. ("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 (US \$25 billion) and a US Shelf Filing (unlimited). Royal Dutch Shell plc guarantees all debt issuance programmes. For the period ended 30 June 2013, the Company did not issue any new long term debt.

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 \$ 15,289,000 (2012: a loss of US \$ 470,000). This was primarily due to the recovery of debt issuance costs from Group companies and differences on foreign exchange.

The Company employs no staff. This is not expected to change for the remainder of 2013.

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.

## SHELL INTERNATIONAL FINANCE B.V.

### DIRECTORS' INTERIM REPORT (Continued)

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 2012.

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).
- 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. The use of financial instruments for managing economic exposures has been effective so far in 2013 and the Company will continue to use financial instruments to manage economic exposures where required. The detailed policy on financial instruments has been included in Note c within the accounting policy section of the full Annual Report for the Company, for the year ended 31 December 2012.

These financial statements have been prepared in accordance with Dutch GAAP and give a true and fair view of the assets, liabilities and financial position at 30 June 2013 and of the results of the Company's operations and cash flows for the period ended 30 June 2013. The Directors' report gives a true and fair review of the situation at the balance sheet date and the developments during the period, and the Directors' report and notes to the financial statements describe the principal risks which the Company faces.

On behalf of  
the Board of Directors

**SHELL INTERNATIONAL FINANCE B.V.**

**BALANCE SHEET AS AT 30 JUNE 2013**

(before proposed appropriation of result)

|  |      | At<br>30 June<br>2013 | At<br>31 December<br>2012 | At<br>30 June<br>2012 |
|--|------|-----------------------|---------------------------|-----------------------|
|  | Note | US \$'000             | US \$'000                 | US \$'000             |
| <b>Non-current assets</b>                    |      |                       |                           |                       |
| Financial assets                             |      | 21,549,185            | 24,122,534                | 19,569,463            |
| Derivatives                                  |      | 348,975               | 519,477                   | 371,231               |
| <b>Current assets</b>                        |      |                       |                           |                       |
| Cash and bank accounts                       |      | 537                   | -                         | -                     |
| Accounts receivable                          |      | 2,718,640             | 5,728,785                 | 5,354,758             |
|  |      | <u>24,617,337</u>     | <u>30,370,796</u>         | <u>25,295,452</u>     |
| <b>Current liabilities</b>                   |      |                       |                           |                       |
| Accounts payable                             |      | 2,697,718             | 5,722,816                 | 5,346,329             |
|  |      | <u>2,697,718</u>      | <u>5,722,816</u>          | <u>5,346,329</u>      |
| <b>Total assets less current liabilities</b> |      | <u>21,919,619</u>     | <u>24,647,980</u>         | <u>19,949,123</u>     |
| <b>Non-current liabilities</b>               |      |                       |                           |                       |
| Long-term debt                               | 4    | 21,549,185            | 24,122,534                | 19,569,463            |
| Derivatives                                  |      | 347,571               | 517,872                   | 369,456               |
| <b>Shareholder's equity</b>                  |      |                       |                           |                       |
| Issued capital                               | 5    | 2,609                 | 2,639                     | 2,514                 |
| Other reserves                               |      | 4,965                 | 8,035                     | 8,160                 |
| Unappropriated profit/(loss)                 |      | 15,289                | (3,100)                   | (470)                 |
|  |      | <u>22,863</u>         | <u>7,574</u>              | <u>10,204</u>         |
| <b>Equity and long term debt</b>             |      | <u>21,919,619</u>     | <u>24,647,980</u>         | <u>19,949,123</u>     |

**SHELL INTERNATIONAL FINANCE B.V.**

**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30 JUNE 2013**

|                                       |             | <b>6 months ended 30 June</b> |                  |
|---------------------------------------|-------------|-------------------------------|------------------|
|                                       |             | <b>2013</b>                   | <b>2012</b>      |
|                                       | <b>Note</b> | <b>US \$'000</b>              | <b>US \$'000</b> |
| Interest income and similar income    |             | <b>878,688</b>                | <b>580,759</b>   |
| Interest expense and similar expenses |             | <b>(858,291)</b>              | <b>(582,209)</b> |
| <b>RESULT BEFORE TAXATION</b>         |             | <b>20,397</b>                 | <b>(1,450)</b>   |
| Taxation (charge)/credit on result    | <b>6</b>    | <b>(5,108)</b>                | <b>980</b>       |
| <b>NET RESULT AFTER TAXATION</b>      |             | <b>15,289</b>                 | <b>(470)</b>     |

**SHELL INTERNATIONAL FINANCE B.V.**

**CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2013**

|  | <b>2013</b>        | <b>2012</b>        |
|--|--------------------|--------------------|
|  | <u>US \$'000</u>   | <u>US \$'000</u>   |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>     |                    |                    |
| Profit/(loss) before tax                       | 20,397             | (1,450)            |
| Loan repayments from Group companies           | 5,250,130          | 3,897,232          |
| Net interest received                          | 680,619            | 718,602            |
| Net interest (income)/loss                     | (20,397)           | 1,450              |
| Movement in working capital                    | 3,263              | (2,253)            |
| Tax (paid)/received                            | (3,452)            | 1,999              |
|  | <u>5,930,560</u>   | <u>4,615,580</u>   |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>      |                    |                    |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>     |                    |                    |
| Repayments of borrowings                       | (5,250,130)        | (3,897,232)        |
| Net interest paid                              | (680,430)          | (718,348)          |
|  | <u>(5,930,560)</u> | <u>(4,615,580)</u> |
| <b>NET CASH USED IN FINANCING ACTIVITIES</b>   |                    |                    |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b> | -                  | -                  |
| <b>CASH AT 1 JANUARY</b>                       | -                  | -                  |
| <b>CASH AT 30 JUNE</b>                         | <u>-</u>           | <u>-</u>           |



**1) GROUP AFFILIATION AND PRINCIPAL ACTIVITIES**

The Company is one of the companies of the Shell Group. In this context the term “companies of the Shell Group” (“Group companies”) means 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 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 “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 registered address of the Company is:

Carel van Bylandtlaan 30  
THE HAGUE  
2596 HR  
NETHERLANDS

**2) BASIS OF PRESENTATION**

This condensed Interim Financial Report for the six months ended 30 June 2013 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 information should be read in conjunction with the Annual Report for the year ended 31 December 2012. 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 Dutch Civil Code, Book 2, Title 9.

The Annual Report for the year ended 31 December 2012 was approved by the Board of Directors on 25 April 2013 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.

## SHELL INTERNATIONAL FINANCE B.V.

### NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2013 (Continued)

#### 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 2012, as described in the Annual Report.

#### 4) DEBT SECURITIES PROGRAMME INFORMATION MEMORANDUM

The Debt Securities Programme Information Memorandum filed with the London Stock Exchange disclosed that as at 30 June 2013, the Company had total debt of US \$23,999 million of which US \$21,500 million was long-term debt.

The true and fair total debt of the Company as at 30 June 2013 is shown in the table below.

|                                   | US \$'000         |
|-----------------------------------|-------------------|
| Long-term debt                    |                   |
| - Due after more than one year    | 21,549,185        |
| - Due within one year             | 2,497,270         |
|                                   | <hr/>             |
| Total long-term debt              | 24,046,455        |
|                                   |                   |
| Short-term debt                   | 441               |
|                                   | <hr/>             |
| <b>Total debt at 30 June 2013</b> | <b>24,046,896</b> |
|                                   | <hr/> <hr/>       |

## SHELL INTERNATIONAL FINANCE B.V.

### NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2013 (Continued)

#### 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. 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:

|                         | <b>Issued<br/>capital</b> | <b>Other<br/>Reserves</b> | <b>Unappropriated<br/>(loss)/profit</b> | <b>Total</b>     |
|-------------------------|---------------------------|---------------------------|---|------------------|
|                         | <b>US \$'000</b>          | <b>US \$'000</b>          | <b>US \$'000</b>                        | <b>US \$'000</b> |
| As at 1 January 2013    | 2,639                     | 8,035                     | (3,100)                                 | 7,574            |
| Appropriation of result | -                         | (3,100)                   | 3,100                                   | -                |
| Result for the period   | -                         | -                         | 15,289                                  | 15,289           |
| CCTD                    | (30)                      | 30                        | -                                       | -                |
| As at 30 June 2013      | <u>2,609</u>              | <u>4,965</u>              | <u>15,289</u>                           | <u>22,863</u>    |

#### 6) TAXATION

The effective tax rate for the period is 25.0% (2012: (67.6%)) 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 2013 or 2012 and therefore incurred no salary or related costs of employment.

**NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2013 (Continued)**

**8) FINANCIAL INSTRUMENTS**

The Company, in the normal course of business, uses various types of financial instruments, which expose the Company to market or credit risk. All derivatives are recognised in the balance sheet ("on-balance sheet"). Details of the role that financial instruments have in creating or changing risks faced by the Company including its objectives and policies in using financial instruments to manage risks are detailed in the Annual Report for the year ended 31 December 2012.

The Company has procedures and policies in place to limit the amount of credit exposure to any counterparty or market. These procedures limit the Company's exposure to concentrations of credit or market risk. The Company also has procedures and policies in place to limit the amount of currency exposure on USD denominated balances. These procedures limit the Company's fiscal currency exposure.

The Company uses derivative financial instruments (interest rate swaps and cross-currency interest rate swaps) for hedging purposes, to swap all borrowings and loans into floating USD, in line with Shell Group policy. The exception to this policy is US \$11.25 billion of USD bonds, which have been maintained as fixed rate borrowing (with the same treatment applied to the intra-group lending of the debt issuance proceeds).

**a) On-balance sheet financial instruments**

Financial instruments in the Balance Sheet include accounts receivable and liabilities, as well as derivative financial instruments.

The remainder of this note relates to derivative instruments.

**b) Interest rate risk**

The Company uses derivatives, such as interest rate swaps and cross-currency interest rate swaps, to manage interest rate risk and match interest rates on the majority of its debt and lending activities.

**c) Foreign exchange risk**

The Company uses foreign exchange derivatives, including cross currency interest rate swaps. Cross currency interest rate swaps are acquired and held for hedging purposes and recognised at fair value. The Company does not trade in these derivatives for speculative purposes.

**8) FINANCIAL INSTRUMENTS (Continued)**

**d) Fair value hedge accounting**

All interest rate swaps and cross-currency swaps are held for hedging purposes, however until September 2009, the Company elected to apply fair value hedge accounting in accordance with Dutch Accounting Standard 290 to one debt structure.

With effect from 22 September 2009, the debt structure designated as the hedged item was amended, with the floating rate internal-facing loan replaced with a fixed rate loan and interest rate swap. This created a mirror-image of the external-facing bond and interest rate swaps, creating a natural accounting hedge within this structure on a fair value basis. Accordingly, hedge accounting was disappplied from September 2009. The accumulated hedge adjustment at the time of de-designation (US \$ 97 million loss, inclusive of 2009 gains of US \$ 52 million) was frozen, and will be amortised to the profit and loss account over the remaining life of the bond. The current period amortisation income is US \$6 million. The hedge relationship was effective until 22 September 2009.

**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 and expenses arise from dealings with other Group or Associated companies and financing related transactions. 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**

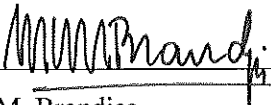
The Directors' confirm that this condensed Interim Financial Report:

- 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.

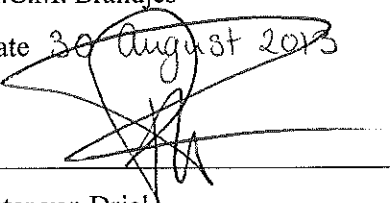
Signed in The Hague on ~~30~~ August 2013.

SHELL INTERNATIONAL FINANCE B.V.

  
\_\_\_\_\_

M.C.M. Brandjes

Date ~~30~~ August 2013

  
\_\_\_\_\_

Peter van Driel

Date 29/8/13