

SHELL INTERNATIONAL FINANCE B.V.

THE HAGUE

INTERIM FINANCIAL REPORT
(unaudited)

30 June 2014

SHELL INTERNATIONAL FINANCE B.V.

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SHELL INTERNATIONAL FINANCE B.V.

BOARD OF DIRECTORS

M.C.M. Brandjes

P.S. Van Driel

A.W. Longden

A.D. McLean

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). The Company also has in place a committed bank facility (US \$7.48 billion), which was renewed in 2013. Royal Dutch Shell plc guarantees all debt issuance programmes. For the period ended 30 June 2014, the Company issued new long-term debt of EUR 2 billion (US \$2.76 billion) and repaid long-term debt of US \$2.5 billion and commercial paper of US \$3 billion.

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 \$2,737,000 (6 months ended 30 June 2013: a profit of US \$15,289,000). This was primarily due to intra-group discount amortisation and margin on recovery of debt issuance costs from Group companies.

The Company employs no staff. This is not expected to change for the remainder of 2014.

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 Company for the year ended 31 December 2013.

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. The use of financial instruments for managing economic exposures has been effective so far in 2014 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 2013.

On behalf of
the Board of Directors

SHELL INTERNATIONAL FINANCE B.V.

BALANCE SHEET AS AT 30 JUNE 2014

(before proposed appropriation of result)

		At 30 June 2014	At 31 December 2013	At 30 June 2013
	Note	US \$'000	US \$'000	US \$'000
Non-current assets				
Financial assets		30,552,688	29,648,903	21,549,185
Derivatives		373,154	465,505	348,975
Current assets				
Cash and bank accounts		-	-	537
Accounts receivable		1,999,139	5,928,513	2,718,640
		<u>32,924,981</u>	<u>36,042,921</u>	<u>24,617,337</u>
Current liabilities				
Accounts payable		1,990,243	5,922,234	2,697,718
		<u>1,990,243</u>	<u>5,922,234</u>	<u>2,697,718</u>
Total assets less current liabilities		<u>30,934,738</u>	<u>30,120,687</u>	<u>21,919,619</u>
Non-current liabilities				
Long-term debt	4	30,552,688	29,648,903	21,549,185
Derivatives		372,118	464,284	347,571
Provisions		-	305	-
Shareholder's equity				
Issued capital	5	2,730	2,754	2,609
Other reserves		4,465	4,820	4,965
Unappropriated profit		2,737	(379)	15,289
		<u>9,932</u>	<u>7,195</u>	<u>22,863</u>
Non-current liabilities and shareholder's equity		<u>30,934,738</u>	<u>30,120,687</u>	<u>21,919,619</u>

SHELL INTERNATIONAL FINANCE B.V.

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30 JUNE 2014

		6 months ended 30 June	
		2014	2013
	Note	US \$'000	US \$'000
Interest income and similar income		611,994	878,688
Interest expense and similar expenses		(608,595)	(858,291)
General and administrative income		250	-
RESULT BEFORE TAXATION		3,649	20,397
Taxation (charge)/credit on result	6	(912)	(5,108)
NET RESULT AFTER TAXATION		2,737	15,289

SHELL INTERNATIONAL FINANCE B.V.

CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2014

	6 months ended 30 June	
	2014	2013
	US \$'000	US \$'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	3,649	20,397
Loans granted to Group companies	(2,741,494)	5,250,130
Loan repayments from Group companies	2,500,000	-
Net (issuance)/repayment of loans to Group company from proceeds of Commercial Paper	3,000,000	-
Interest received	641,146	680,619
Interest income	(611,994)	(878,688)
Interest expense	608,595	858,291
Movement in working capital	(386)	3,263
Tax (paid)/received	(912)	(3,452)
NET CASH FROM OPERATING ACTIVITIES	3,398,604	5,930,560
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of bonds	2,741,494	-
Repayments of borrowings	(2,500,000)	(5,250,130)
Net issuance/(repayment) of Commercial Paper	(3,000,000)	-
Interest paid	(640,098)	(680,430)
NET CASH USED IN FINANCING ACTIVITIES	(3,398,604)	(5,930,560)
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 2014

1) GROUP AFFILIATION AND PRINCIPAL ACTIVITIES

The Company has its statutory seat in The Hague and 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 (the direct shareholder of the Company), 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 of Companies.

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

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 2014 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 2013. 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 2013 was approved by the Board of Directors on 9 April 2014 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 2013, as described in the Annual Report.

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NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2014 (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 2014, the Company had total debt of US \$32,302 million of which US \$30,553 million was long-term debt.

The true and fair total debt of the Company as at 30 June 2014 is shown in the table below.

	US \$'000
Long-term debt	
- Due after more than one year	30,552,688
- Due within one year	1,749,275
	<hr/>
Total long-term debt	32,301,963
Short-term debt	-
	<hr/>
Total debt at 30 June 2014	32,301,963

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 (0.7326 EUR for 1 USD), 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 (loss)/profit	Total
	US \$'000	US \$'000	US \$'000	US \$'000
As at 1 January 2014	2,754	4,820	(379)	7,195
Appropriation of result	-	(379)	379	-
Result for the period	-	-	2,737	2,737
CCTD	(24)	24	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
As at 30 June 2013	2,730	4,465	2,737	9,932

SHELL INTERNATIONAL FINANCE B.V.

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2014 (Continued)

6) TAXATION

The effective tax rate for the period is 25.0% (6 months period ended 30 June 2013: 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 2014 or 2013 and therefore incurred no salary or related costs of employment.

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 2013.

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 some borrowings and loans into floating USD, in line with Shell Group policy. The two tranches of EUR 1 billion debt issued during the period have been maintained as fixed rate borrowing by the Company (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 some 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.

SHELL INTERNATIONAL FINANCE B.V.

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2014 (Continued)

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 to June 2017. 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 DTR 4.2.5; 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.

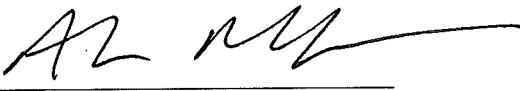
Signed in The Hague on ^{29th} August 2014.

~~SHELL INTERNATIONAL FINANCE B.V.~~



P.S. van Driel

Date



A.D. McLean

Date