

**SHELL INTERNATIONAL FINANCE B.V.**

**THE HAGUE**

**INTERIM FINANCIAL REPORT**

**(unaudited)**

**30 June 2009**

**SHELL INTERNATIONAL FINANCE B.V.**

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**SHELL INTERNATIONAL FINANCE B.V.**

**BOARD OF DIRECTORS**

M.C.M. Brandjes

T.P.K. Huijsinga

Th.J. Keijzer

A.W. Longden

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

### **INTERIM DIRECTORS' REPORT**

#### **Review of activities**

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

The Company has access to debt capital markets via two commercial paper programmes (together US \$20 billion), a Euro Medium Term Note Programme (US \$25 billion) and a US Shelf Filing (unlimited). All of these programmes are guaranteed by Royal Dutch Shell plc.

The Company's financing requirements in the period ended 30 June 2009 were met by the issuance of €3bn in dual-tranche Eurobonds in February 2009, a US \$2.5bn bond in March 2009, €5bn in dual-tranche Eurobonds in May 2009, along with the ongoing issuance of commercial paper.

The Company's financial result for the period ended 30 June 2009 was a profit of US \$124,000 (30 June 2008: profit of US \$119,000). The results principally represent administration margins charged to related parties.

The Company employs no staff. This is not expected to change in 2009.

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 identified risk environment of the Company has not changed from those outlined in the 2008 Annual Report, and is expected to remain throughout 2009. The Company's operations and earnings are subject to risks as listed (although not limited to) below.

- 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.
- 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 movements in interest rates, foreign exchange rates and counterparty default.

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 Board of Management considers the internal risk management and control system to be adequate and appropriate.

**SHELL INTERNATIONAL FINANCE B.V.**

**INTERIM DIRECTORS' REPORT (Continued)**

The Company, in the normal course of 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 in the period ended 30 June 2009 and the Company will continue to use financial instruments to manage economic exposures where required through 2009.

On behalf of  
the Board of Directors

**SHELL INTERNATIONAL FINANCE B.V.**

**BALANCE SHEET AT 30 JUNE 2009**

		At 30 June 2009 US \$'000	At 31 December 2008 US \$'000	At 30 June 2008 US \$'000
	Note			
<b>FIXED ASSETS</b>				
Financial fixed assets		21,180,850	9,043,180	7,869,590
<b>DERIVATIVES</b>				
		284,136	476,193	665,639
<b>CURRENT ASSETS</b>				
Accounts receivable		2,907,054	8,204,984	1,107,063
		<u>24,372,040</u>	<u>17,724,357</u>	<u>9,642,292</u>
<b>CURRENT LIABILITIES</b>				
		<u>(2,902,700)</u>	<u>(8,200,754)</u>	<u>(1,104,892)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>				
		<u>21,469,340</u>	<u>9,523,603</u>	<u>8,537,400</u>
<b>LONG TERM DEBT</b>				
	4	21,180,850	9,043,180	7,869,590
<b>DERIVATIVES</b>				
		284,136	476,193	665,639
<b>SHAREHOLDER'S EQUITY</b>				
Issued capital	5	2,822	2,818	3,160
Other reserves	5	1,408	(766)	(1,108)
Unappropriated profit	5	124	2,178	119
		<u>4,354</u>	<u>4,230</u>	<u>2,171</u>
<b>LONG TERM DEBT AND SHAREHOLDER'S EQUITY</b>				
		<u>21,469,340</u>	<u>9,523,603</u>	<u>8,537,400</u>

The notes from page 7 form an integral part of this condensed Interim Financial Report.

**SHELL INTERNATIONAL FINANCE B.V.**

**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30 JUNE 2009**

		<b>6 months ended 30 June</b>	
	<b>Note</b>	<b>2009</b>	<b>2008</b>
		<b>US \$'000</b>	<b>US \$'000</b>
Interest income and similar income		1,425,418	725,815
Interest expense and similar expenses		(1,424,433)	(724,349)
General and administrative expenses		(604)	(1,225)
<b>RESULT BEFORE TAXATION</b>		<b>381</b>	<b>241</b>
Taxation on result	6	(257)	(122)
<b>NET RESULT AFTER TAXATION</b>		<b>124</b>	<b>119</b>

The notes from page 7 form an integral part of this condensed Interim Financial Report.

**SHELL INTERNATIONAL FINANCE B.V.**

**CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2009**

	<b>6 months ended 30 June</b>	
	<b>2009</b>	<b>2008</b>
	<b>US \$'000</b>	<b>US \$'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Operating income movement	(861)	119
Movement in payables	(2,517)	62,432
Movement in receivables	385	(15,267)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(2,993)</b>	<b>47,284</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
(Sale) / purchase of financial assets	(5,868,828)	1,672,109
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(5,868,828)</b>	<b>1,672,109</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase / (decrease) in non-current liabilities	5,871,821	(1,719,393)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>5,871,821</b>	<b>(1,719,393)</b>
<b>NET CASH FLOWS</b>	<b>-</b>	<b>-</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>-</b>	<b>-</b>

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

### **NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2009**

#### **1) GROUP AFFILIATION AND PRINCIPAL ACTIVITIES**

Shell International Finance BV (“The Company”), statutory seated in 2005, 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 the United Kingdom, 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 2009 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority 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 2008. 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 2008 was approved by the Board of Directors on 27 April 2009 and filed with the UK Listing Authority and the SWS Swiss Exchange. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 237 of the Companies Act 1985 (section 498 of the Companies Act 2006).

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 2009 (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 2008, 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 31 May 2009, the Company had total debt of US\$ 23,417 million of which US \$22,800 million was long-term debt.

In these interim financial accounts, the comparable amount of total debt at 30 June 2009 has been adjusted to remove a fair value adjustment of US \$297 million in accordance with statutory requirements. The true and fair total debt of the Company as at 30 June 2009 is US \$22,938 million, of which US \$21,181 million is long-term debt.

**SHELL INTERNATIONAL FINANCE B.V.**

**NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2009 (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).

The movements in shareholder's equity are summarised below:

	Issued capital US \$'000	Other Reserves		Unappropriated profit US \$'000	Total US \$'000
		Retained Earnings US \$'000	CCTD US \$'000		
As at 1 January 2008	2,951	320	(536)	(683)	2,052
Appropriation of result	-	(683)	-	683	-
Result for the period	-	-	-	119	119
CCTD	209	-	(209)	-	-
As at 30 June 2008	3,160	(363)	(745)	119	2,171
As at 1 July 2008	3,160	(363)	(745)	119	2,171
Appropriation of result	-	-	-	-	-
Result for the period	-	-	-	2,059	2,059
CCTD	(342)	-	342	-	-
As at 31 December 2008	2,818	(363)	(403)	2,178	4,230
As at 1 January 2009	2,818	(363)	(403)	2,178	4,230
Appropriation of result	-	2,178	-	(2,178)	-
Result for the period	-	-	-	124	124
CCTD	4	-	(4)	-	-
As at 30 June 2009	2,822	1,815	(407)	124	4,354

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

### **NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2009 (Continued)**

#### **6) TAXATION**

The effective tax rate for the period is 67.4% in comparison to the nominal corporation tax rate in the Netherlands of 25.5% (2007: 25.5%). The main reconciling items are the inclusion of a true-up of the 2008 charge, and the fact that the tax charge has been calculated based on the EUR taxable result, which includes EUR foreign exchange results that are not included in the USD result.

#### **7) EMPLOYEES AND SALARY COSTS**

The Company employed no personnel during 2009 or 2008 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. These include those recognised in the balance sheet ("on-balance sheet") and derivative financial instruments recognised outside of the balance sheet ("off 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 2008.

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 exposure on USD denominated balances. These procedures limit the Company's fiscal exposure.

The Company uses derivative financial instruments (interest rate swaps and cross-currency interest rate swaps) for hedging purposes, to swap all borrowings into floating USD, in line with Shell Group policy. The exception to this policy is the \$2.75 billion bond issued in December 2008, which has been maintained as fixed rate borrowing.

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

Financial instruments in the Balance Sheet include accounts receivable and liabilities. The estimated net fair values of these instruments approximate their net book values.

The remainder of this note relates to derivative instruments.

##### **b) Interest rate risk**

The Company uses derivatives, such as interest rate swaps, to manage and match interest rates on the majority of its debt and lending activity. Income and expenses on the interest rate instruments are recognised on an accruals basis over the life of the instrument.

##### **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. They are valued at historical cost, consistent with the basis applied to the underlying transactions. Income and expenses

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

### **NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2009 (Continued)**

#### **8) FINANCIAL INSTRUMENTS (Continued)**

on these instruments are recognised on an accruals basis over the life of the instrument. The Company does not trade in these derivatives for speculative purposes.

##### **d) Cost price hedges**

All interest rate swaps and cross-currency swaps are held for hedging purposes and the Company applies cost price hedge accounting in accordance with Dutch Accounting Standard 290. The Company meets the requirements regarding hedge documentation and effectiveness testing as stated in the Dutch Accounting Standard 290.

All bonds and loans which are in a hedging relationship are hedged using interest rate swaps or cross-currency interest rate swaps to convert the interest on all borrowing and lending into floating USD. The derivatives used for cost effective hedging match the terms of the hedged debt/asset exactly.

In the judgement of the Board no losses which are material in relation to the Company's financial position are likely to arise in respect of these financial commitments as these liabilities can be set off against the contracts which are concluded with the contra amounts.

#### **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.

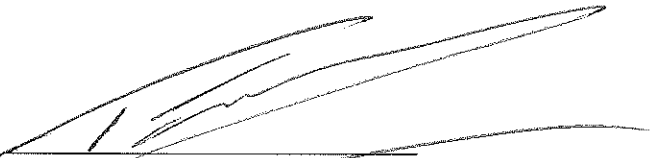
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 Interim Directors 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.

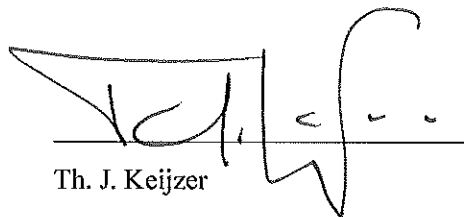
The Directors of Shell International Finance B.V. are listed on page 1.

By order of the Board



T.P.K. Huijsinga

Date



Th. J. Keijzer

Date