FORM 6-K

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

REPORT OF FOREIGN PRIVATE ISSUER

Pursuant to Rule 13a-16 or 15d-16 of

The Securities Exchange Act of 1934
For October 2005

Commission File Number: 1-32575

Royal Dutch Shell plc

(Exact name of registrant as specified in its charter)

England and Wales

(Jurisdiction of incorporation or organization)

30, Carel van Bylandtlaan, 2596 HR The Hague

The Netherlands
Tel No: (011 31 70) 377 9111
(Address of principal executive officers)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☑ Form 40-F o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ___________

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ___________

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes o No ☑

If “Yes” is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):82-___________

Royal Dutch Shell plc

Royal Dutch Shell plc (the “Registrant”) is filing the following exhibits on this Report on Form 6-K, each of which is hereby incorporated by reference:

Exhibit No.	Description
99.1	Regulatory release.
99.2	Royal Dutch Shell plc three and nine month periods ended September 30, 2005 Unaudited Condensed Interim Financial Report.

The Unaudited Condensed Interim Financial Report contains the Unaudited Condensed Consolidated Interim Financial Statements of the Registrant and its consolidated subsidiaries for the three and nine month periods ended September 30, 2005 and the Operational and Financial Review and Results of Operations in respect of such periods. The Unaudited Condensed Consolidated Interim Financial Statements, including condensed notes, are presented on the same basis that such information was announced by press release on October 27, 2005, that was furnished to the Commission by the Registrant on Form 6-K (furnished to the Commission on October 27, 2005). This Report on Form 6-K contains the Unaudited Condensed Interim Financial Report with additional information required to keep current our registration statement on Form F-3, including a condensed reconciliation to U.S. GAAP, not included in the press release.

This Report on Form 6-K is incorporated by reference into

a) the Registration Statement on Form F-3 of Royal Dutch Shell plc and Shell International Finance B.V. (Registration Numbers 333-126726 and 333-126726-01); and

b) the Registration Statement on Form S-8 of Royal Dutch Shell plc (Registration Number 333-126715).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorised.

ROYAL DUTCH SHELL PLC

(Registrant)

By: /s/ MICHIEL BRANDJES

Name: Michiel Brandjes
Title: Company Secretary

Date: October 31, 2005

Exhibit 99.1

Regulatory release

Three and nine month periods ended September 30, 2005

Unaudited Condensed Interim Financial Report

On October 27, 2005, Royal Dutch Shell plc ("Royal Dutch Shell") released the Unaudited Condensed Interim Financial Report for the three and nine month periods ended September 30, 2005 of Royal Dutch Shell and its consolidated subsidiaries (collectively, the "Shell Group"). This report includes the Unaudited Condensed Consolidated Interim Financial Statements, including condensed notes, for the Shell Group on the same basis that such information was announced by press release on 27 October 2005.

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Exhibit 99.2

Royal Dutch Shell plc

Three and nine month periods ended September 30, 2005

Unaudited Condensed Interim Financial Report

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Unaudited Condensed Interim Financial Report

This report contains:

(1) An Operational and Financial Review and Results of Operations with respect to Royal Dutch Shell plc, a publicly-listed company incorporated in England and Wales and headquartered and tax resident in The Netherlands ("Royal Dutch Shell") and its consolidated subsidiaries (collectively, with Royal Dutch Shell, the "Shell Group") for the three and nine month periods ended September 30, 2005; and

(2) Unaudited Condensed Consolidated Interim Financial Statements for the three and nine month periods ended September 30, 2005.

This report contains forward-looking statements that are subject to risk factors associated with the oil, gas, power, chemicals and renewables business. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a variety of variables which could cause actual results, trends or reserves replacement to differ materially, including, but not limited to the risk that the Unification of Royal Dutch Petroleum Company (N.V. Koninklijke Nederlandsche Petroleum Maatschappij) ("Royal Dutch") and The "Shell" Transport and Trading Company, p.l.c. ("Shell Transport") under Royal Dutch Shell, described below and reflected in the Unaudited Condensed Consolidated Interim Financial Statements attached hereto does not achieve the expected benefits, and factors affecting the Shell Group's businesses generally, including, but not limited to:

- price fluctuations in crude oil, natural gas and refined products,
- changes in demand for the Shell Group's products,
- currency fluctuations,
- drilling and production results,
- reserve estimates,
- loss of market and industry competition,
- environmental risks and physical risks,
- risks associated with the identification of suitable potential acquisition properties and targets and successful negotiation and consummation of such transactions,
- the risk of doing business in developing countries and countries subject to international sanctions,
- legislative, fiscal and regulatory developments including potential litigation and regulatory effects arising from recategorisation of reserves,
- economic and financial market conditions in various countries and regions,
- political risks, and
- project delay or advancement, approvals and cost estimates.

Each forward-looking statement speaks only as of the date of the particular statement. Please refer to the Annual Report on Form 20-F/ A of Royal Dutch and Shell Transport for the year ending December 31, 2004 for a description of certain important factors, risks and uncertainties that may affect the businesses of the Shell Group.

Operational and Financial Review for the three and nine month periods ended September 30, 2005

Unification of Royal Dutch and Shell Transport

On July 20, 2005, Royal Dutch Shell became the parent company of Royal Dutch and Shell Transport and, through Royal Dutch and Shell Transport, of the rest of the Shell Group following (a) the registration by the Registrar of Companies in England and Wales of the order of the High Court of Justice in England and Wales sanctioning the scheme of arrangement of Shell Transport under English law (the "Scheme") and (b) Royal Dutch Shell's confirmation that the exchange offer (the "Exchange Offer", and together with the Scheme, the "Unification Transaction") for all of the ordinary shares of Royal Dutch, commenced on May 19, 2005, had become unconditional (*gestanddoening*). Pursuant to the Unification Transaction, on July 20, 2005, Royal Dutch Shell acquired all the outstanding capital stock of Shell Transport and accepted for exchange approximately 92% of the outstanding capital stock of Royal Dutch. On July 20, 2005, Royal Dutch Shell commenced a subsequent offer acceptance period during which the remaining holders of Royal Dutch shares were permitted to tender their shares in exchange for Royal Dutch Shell shares (or ADRs), in accordance with the procedures described in the Exchange Offer. The subsequent offer acceptance period expired on August 9, 2005. As a result of the Exchange Offer, including the subsequent offer acceptance period, Royal Dutch Shell acquired, and currently holds, a total of 98.5% of the outstanding capital stock of Royal Dutch. Shareholders of Royal Dutch who did not validly tender their shares in the Exchange Offer (the "Minority") hold an interest in the same economic entity as that of the shareholders of Royal Dutch Shell. Effectively, the 1.5% minority interest in Royal Dutch represents a 0.9% interest in the Shell Group.

Pursuant to the terms of the Exchange Offer and the Scheme, holders of ordinary shares of Royal Dutch ("Royal Dutch Ordinary Shares"), holders of Shell Transport ordinary shares (the "Shell Transport Ordinary Shares"), holders of Shell Transport bearer warrants and holders of American depositary receipts representing Shell Transport Ordinary Shares (the "Shell Transport ADRs") received, respectively:

• for each Royal Dutch Ordinary Share held in New York registry form tendered:	1 Royal Dutch Shell Class A American depositary receipt (representing 2 Royal Dutch Shell Class A ordinary shares)
• for each Royal Dutch Ordinary Share held in bearer or Hague registry form tendered:	2 Royal Dutch Shell Class A ordinary shares
• for each Shell Transport Ordinary Share (including Shell Transport Ordinary Shares to which holders of Shell Transport bearer warrants are entitled):	0.287333066 Royal Dutch Shell Class B ordinary shares
• for each Shell Transport ADR:	0.861999198 Royal Dutch Shell Class B American depositary receipts (representing 2 Royal Dutch Shell Class B ordinary shares)

Royal Dutch Shell Class A ordinary shares and Royal Dutch Shell Class B ordinary shares are identical, except for the dividend access mechanism applicable to the Royal Dutch Shell Class B ordinary shares. The dividend access mechanism is described more fully in Royal Dutch Shell's Report on Form 6-K furnished to the U.S. Securities and Exchange Commission on July 20, 2005 (containing the description of the Royal Dutch Shell capital stock).

The Unification Transaction did not result in the formation of a new reporting entity. Immediately after the Unification Transaction each former Royal Dutch and Shell Transport shareholder who participated in the Unification Transaction held the same economic interest in Royal Dutch Shell as the shareholder held in the Shell Group immediately prior to implementation of the Unification Transaction. Accordingly, the Unification Transaction has been accounted for using a carry-over basis of the historical costs of the assets and liabilities of Royal Dutch, Shell Transport and the other companies comprising the Shell Group. For periods prior to the consummation of the Unification Transaction, the financial position and results of Royal Dutch Shell reflects the financial position and results of the Shell Group on a 100% basis without giving effect to any minority interest in Royal Dutch resulting from the Unification Transaction.

On September 20, 2005 the Shell Group announced that it proposes to implement an internal restructuring and merger of certain of its subsidiaries to achieve governance, management and fiscal efficiencies. As part of the restructuring, Royal Dutch would be merged into a subsidiary, Shell Petroleum N.V. ("SPNV"), and the remaining shareholders in Royal Dutch would receive cash or, at the option of eligible UK resident shareholders who so elect, loan notes exchangeable into Royal Dutch Shell A shares. The final terms, including the price to be paid in exchange for each Royal Dutch share held by the Minority, will be determined and announced in the fourth quarter of 2005. Following approval at an extraordinary general meeting ("EGM"), the restructuring is expected to be completed by December 31, 2005.

Royal Dutch and Shell Transport entered into a scheme of amalgamation dated September 12, 1906 and agreements from 1907 by which the scheme of amalgamation was implemented and pursuant to which they "amalgamated" their interests in the oil industry in a transaction that would have been accounted for as a business combination under current accounting standards. Since that time, Royal Dutch has owned 60% of the other companies comprising the Shell Group and Shell Transport has owned 40% of the other companies comprising the Shell Group. All operating activities have been conducted through the subsidiaries of Royal Dutch and Shell Transport which have operated as a single economic enterprise. Prior to the consummation of the Unification Transaction, economic interests of the Royal Dutch and Shell Transport shareholders in the other companies comprising the Shell Group reflected the 60:40 economic interests of Royal Dutch and Shell Transport in these companies. The Unification Transaction had little impact on the economic rights and exposures of shareholders of Royal Dutch and Shell Transport, as the separate assets and liabilities of Royal Dutch and Shell Transport are not material in relation to their interests in the rest of the Shell Group, and the Unification Transaction did not result in the acquisition of any new businesses or operating assets and liabilities. The interest of the minority shareholders in Royal Dutch has also been accounted for using a carry-over basis of the historical costs of its consolidated assets and liabilities. In addition, the Unification Transaction did not affect the proved oil and gas reserve information reported by Royal Dutch and Shell Transport or the other companies comprising the Shell Group.

From August 10, 2005, the existing 1.5% minority interest in Royal Dutch is recorded in the Condensed Consolidated Financial Statements of Royal Dutch Shell as a minority interest, as prior to that time the Royal Dutch minority holders had a right to participate in the Exchange Offer and receive Royal Dutch Shell shares. As a result, the average quarterly net income attributable to the minority has been prorated for the period from August 10, 2005 through September 30, 2005. This presentation for accounting purposes does not affect the entitlement of the Royal Dutch minority holders to the third quarter dividend declared by Royal Dutch, payable on December 15, 2005, or reflect a change in their underlying economic interest in the Shell Group companies. Included in Income attributable to Minority Interests in the Consolidated Statement of Income for the third quarter 2005 and in Minority Interests in the Consolidated Balance Sheet are $46 million and $842 million, respectively, attributable to minority holders in Royal Dutch.

Presented under IFRS (unaudited) $ million

	Three months ended September 30,		Nine months ended September 30,	
	2005	2004	**2005**	2004
Income from continuing operations	**9,484**	5,597	**21,965**	14,450
Income/(loss) from discontinued operations	**(93)**	23	**(307)**	65
Income for the period	**9,391**	5,620	**21,658**	14,515
Attributable to minority interest	**359**	249	**715**	546
Income attributable to Shareholders of Royal Dutch Shell plc	**9,032**	5,371	**20,943**	13,969

Three months ended September 30, 2005

The Shell Group's income for the three months ended September 30, 2005 was $9,391 million, an increase of 67% from the comparative period in 2004. The dividend declared for the three months ended September 30, 2005 is equivalent to some $1.9 billion (subject to exchange rates).

Exploration & Production

Segment earnings of $4,977 million were 112% higher than the $2,343 million earnings in the comparative period in 2004, mainly reflecting strong oil and gas price realisations and divestment gains partly offset by lower volumes and higher costs. Segment earnings included a net gain of $1,765 million versus a charge of $183 million a year ago. The net gain in the third quarter of 2005 is mainly from the divestment of pipeline assets held through Gasunie NV in the Netherlands and a gain related to the mark-to-market valuation of certain UK gas contracts ($104 million).

Liquids realisations were 49% higher than a year ago exceeding increases in marker crude Brent of 48% and WTI of 44%. Outside the USA, gas realisations increased by 37% and in the USA, gas realisations increased by 35%.

Hydrocarbon production was 3,207 thousand boe per day reflecting the loss of some 160 thousand boe per day (averaged over the quarter) due to hurricanes in the Gulf of Mexico. Compared to a year ago, excluding the hurricane effect, the end of a production sharing contract in the Middle East of some 100 thousand boe per day, lower entitlements due to higher hydrocarbon prices and the impact of divestment of 30 thousand boe per day, production was 4% lower than a year ago.

Gas & Power

Segment earnings were $556 million compared to $354 million a year ago, reflecting strong LNG prices and favourable Marketing and Trading conditions. Earnings include net gains of $94 million mainly related to asset divestments, versus net gains of $103 million a year ago. LNG volumes of 2.48 million tones were 2% higher due to sales increase in Malaysia, Oman and Australia partly offset by unscheduled operational downtime in Nigeria and Australia. Ongoing LNG project development progress is consistent with the expected 14% average annual capacity increase to 2009.

Oil Products

Segment earnings were $3,440 million compared to $2,557 million for the same period last year.

In Manufacturing, Supply and Distribution, third quarter 2005 average industry-refining margins increased in Europe and the USA. Refinery intake declined 7% mainly due to refinery divestments. Lost intake from the divested refineries amounted to about 5% of global intake in the third quarter 2004 whereas lower intake due to hurricanes in the Gulf of Mexico amounted to 1%. Refinery utilisation on an Equivalent Distillation Capacity (EDC) basis declined 5.3% to 77.8% mainly due to hurricane related downtime and the Pernis refinery unscheduled downtime in the Netherlands (Shell share 90%).

In Marketing, including Lubricants and B2B (business to business), earnings declined in the third quarter 2005 compared to the same period a year ago. In the USA, gross retail margins came under severe pressure due to higher crude feedstock costs. Retail margins in Asia Pacific and Europe were also down compared to the third quarter 2004. Higher wholesale fuels earnings in Europe partially offset the decline in retail. Marketing sales volumes declined 4% compared to volumes in the third quarter 2004 and increased about 1% relative to the second quarter 2005.

Chemicals

Chemicals segment earnings of $321 million for the quarter compared to earnings of $572 million in the same quarter last year. The third quarter included net charges of $184 million for legal charges and from the sale of the polyolefins joint venture Basell mainly from exchange rate movements on the final settlement.

Operating rates declined by 10 percentage points relative to a year ago and sales volumes were lower, reflecting primarily hurricane-related downtime, and supply constraints. Feedstock and energy costs increased significantly from last year, impacting margins.

Corporate and Other

Corporate and other industry segments earnings for the third quarter were $97 million compared to a loss of $206 million a year ago as a result of gains from exchange rate movements and lower interest charges. The third quarter includes impairment charges of $60 million and costs related to the Unification of Royal Dutch and Shell Transport under Royal Dutch Shell.

Nine months ended September 30, 2005

The Shell Group’s income for the nine months ended September 30, 2005 was $21,658 million, an increase of 49% from the comparative period in 2004.

Exploration & Production

Segment earnings of $10,677 million were 55% higher than the $6,905 million earnings in the comparative period of 2004, mainly reflecting higher realised prices and divestment gains partly offset by lower volumes and higher costs. Segment earnings included a net gain of $1,575 million, mainly from the divestment of pipeline assets held though Gasunie NV in the Netherlands offset by $338 million mark-to-market charge in respect of certain UK gas contracts.

Liquids realisations were 45% higher than a year ago, compared to an increase in Brent of 48% and WTI of around 41%. Outside the USA, gas realisations increased by 33%. In the USA, gas realisations increased by 23% compared to an increase in Henry Hub of 33%.

Hydrocarbon production was 3,523 thousand boe per day 6% lower than a year ago (3,749 thousand boe per day). Excluding the hurricane effect, the end of a production sharing contract in the Middle East of some 100 thousand boe per day, lower entitlements due to higher hydrocarbon prices and the impact of divestment of 23 thousand boe per day, production was 1% lower than a year ago.

Gas & Power

Segment earnings of $1,043 million were 14% lower compared to segment earnings of $1,210 million a year ago. The first nine months of 2005 results included net charges of $84 million mainly relating to the divestment of power generation, InterGen joint venture, which has been partially offset by gain from other assets divested. The first nine months of 2004 results included gains of $287 million, mainly from divestments.

LNG sales volumes were up 6% as a result of the LNG expansion in the North West Shelf project which came on stream late 2004, offset partially by planned major LNG plant shut downs elsewhere and unscheduled operational downtime in Nigeria and Australia.

Oil Products

Segment earnings of $9,154 million were 55% higher compared to $5,924 million for the same period a year ago. Earnings included net divestment gains of $427 million versus a gain of some $150 million a year ago.

In Manufacturing, Supply and Distribution, industry-refining margins increased in the USA, Europe, and Asia Pacific leading to higher earnings in the first three quarters of 2005 compared to the same period last year. Refining margins benefited from wide light heavy crude differentials, and in Europe from middle distillates strength. Refinery intake declined overall but increased comparatively after adjusting for divestments over the past year.

In Marketing, including Lubricants and B2B (business-to-business), earnings declined in the first three quarter of 2005 compared to the same period last year. Margins were compressed due to the impact of rising product cost that could not be fully recovered in the marketplace. Marketing sales volumes declined mainly as a result of divestments in 2004 and the first quarter of 2005.

Chemicals

Chemicals segment earnings of $1,029 million were 12% lower compared with earnings last year of $1,168. Segment earnings for the nine months ended September 30, 2005 included charges of some $480 million, mainly related to sale of the polyolefins joint venture Basell as well as other legal and environmental charges.

Higher earnings reflected higher margins especially in the first quarter of 2005, and improved operating rates compared to a year ago when earnings were impacted during the first quarter by planned and unplanned cracker downtime and start up cost of the expanded ethylene cracker at Deer Park in the USA. With effect from the first quarter 2005, earnings from the polyolefins joint venture Basell which was held for sale were no longer included in earnings.

Corporate and Other

Corporate and other industry segment losses for the first nine months of 2005 were $245 million compared to $692 million in 2004.

Portfolio developments for the nine months ended September 30, 2005

Exploration & Production

The production licences for Upper and Western Salym (Shell Group share 50%) in Russia were extended until 2032 and 2034 respectively.

In Kazakhstan, the Shell Group increased its equity interest in the North Caspian Sea Production Sharing Agreement (NCPSA), which includes the Kashagan Project, by 1.85% to 18.52% following the sale by BG Group.

In Australia, the Shell Group's divestment of the mature Laminaria (22% share interest) and Corallina (25% share interest) oil fields, was completed in the second quarter of 2005.

The Shell Group signed a Memorandum of Understanding with Gazprom under which Gazprom would acquire up to 25% plus one share in the Sakhalin II venture and the Shell Group would acquire a 50% interest in the Western Siberia Zapolyarnoye Necomian field in addition to other assets and cash, subject to valuation.

Sakhalin Energy Investment Company (SEIC), in which Shell Group currently holds a 55% share, provisionally anticipates that Phase 2 project investment costs could be of the order of $20 billion, covering all planned development activity including drilling activity through to 2014, with LNG deliveries starting in the summer of 2008. The estimates remain subject to SEIC shareholders review and confirmation. SEIC has over 75% of its LNG capacity sold under long-term contracts.

The Shell Group signed an integrated gas deal with the Libyan National Oil Corporation for the redevelopment and possible expansion of an LNG facility and exploration rights in five blocks in the Sirte Basin.

Together with PetroChina, the Shell Group will proceed to develop the Changbei gas field. The field will be operated by the Shell Group under a production-sharing contract and is expected to deliver 1.5 billion cubic metres per annum (0.14 billion cubic feet (bcf) per day) of natural gas starting in 2007 rising to 3 billion cubic metres per annum (0.29 bcf per day) by 2008 (Shell Group share 50%).

The Shell Group, with Chevron, was awarded rights to four deepwater exploration blocks in the Carnarvon Basin offshore Western Australia. In Alaska, Shell was awarded 84 blocks in Lease Sale 195 for the Beaufort Sea. In the Gulf of Mexico, Shell was awarded nine blocks in Lease Sale 194. In Canada, Shell Canada acquired a 20% interest in eight existing exploration licences in the Orphan Basin under a farm-in agreement. In Algeria, an exploration contract was awarded to Shell in the Reggane and Timimoun basins covering some 30,000 square kilometres (sq km). In Egypt, Shell acquired 30% of four Western Desert concessions covering some 60,000 sq km of exploration acreage.

Shell in Ireland acquired an exploration licence, located in deepwater of the Irish Rockall Trough, some 150 kilometres off the coast. In the 23rd offshore licensing round in the UK Continental Shelf, Shell was awarded a new exploration licence. In Alaska, Shell acquired 19 leases in the western Beaufort Sea adding to the Beaufort leases acquired earlier in Lease Sale 195.

In Malaysia, Shell logged a significant hydrocarbon column in high quality reservoir rock in the deepwater Ubah 2 big cat exploration prospect (Shell share 35%). Big cat exploration prospects are defined as those with a scope for recovery potential of 100 million boe or greater (Shell share).

In the third quarter 2005, 15 successful exploration and exploratory appraisal wells were drilled in Australia, Brunei, Malaysia, Netherlands, Nigeria, UK, US, Kazakhstan and Oman, with a success rate year to date of 72%.

Gas & Power

The Shell Group and Qatar Petroleum signed a Heads of Agreement for the development of a large-scale integrated LNG project including Upstream gas and liquids production and a 7.8 million tonnes per annum (mtpa) LNG train (Qatargas 4, Shell Group share 30%). Intended LNG markets are North America and Europe with first deliveries expected to commence around 2010-2012.

The Sakhalin II LNG joint venture (Shell Group share 55%) and Malaysia Tiga LNG (Shell Group share 15%) concluded 20-years sales commitments with Kogas, the Korean gas company to supply 1.5 to 2.0 mtpa each beginning in 2008.

The Gorgon Joint Venture Partners (Shell Group share 25%) agreed to commence the Front End Engineering and Design phase of the greenfield integrated LNG project. The initial development is expected to have a total capacity of 10 mtpa with LNG sales volumes expected in Asia Pacific and also in North America through the Shell Group's secured capacity in the Energia Costa Azul LNG terminal in Baja California, Mexico.

The North West Shelf LNG Venture (Shell Group share 22%) took the final investment decision to expand its LNG facilities in Western Australia with a fifth LNG train increasing capacity (100%) by 4.2 million tonnes per annum (mtpa) to 15.9 mtpa.

The Shell Group received approval from the US Maritime Administration for a 7.7 mtpa (initial capacity) offshore LNG import terminal (Gulf Landing) in the Gulf of Mexico. In Europe, the Shell Group announced plans for the development of a 5.8 mtpa LNG import terminal in Sicily, Italy (Shell Group share 50%).

In April 2005, the Shell Group signed a Memorandum of Understanding with the Nigerian National Petroleum Corporation (NNPC) and partners for the joint development of a greenfield LNG project (Olokola LNG) in Nigeria. The project is expected to include a joint venture infrastructure and operating company, and initially up to four 5 mtpa LNG trains. Two of the four trains will be owned by NNPC and the Shell Group. The intended markets are North America and Europe.

The Train 4 and 5 expansion at Nigeria LNG Ltd (Shell share 26%) is in line with expectation. First production from Train 4 expected in the fourth quarter 2005 and construction of Train 5 is more than 90% complete. These two trains will bring Nigeria LNG's overall production capacity to over 17 million tonnes per annum (mtpa) of LNG. Train 6 (4 mtpa) is on schedule for start up in late 2007.

The 3.7 mtpa Qalhat LNG project (Shell indirect share 11%) in Oman is on schedule. Commissioning is in progress with first production expected to commence around year-end 2005.

The divestment of the majority of the assets of the InterGen joint venture contributed proceeds exceeding $1 billion. The divestment of the two remaining InterGen assets (in Turkey and Colombia) is progressing according to schedule.

Oil Products

Oil Products completed the earlier announced sales of its businesses in Romania, the Canary Islands and the Eastern part of the Caribbean. In addition, the Shell Group completed the sale of the LPG business in Portugal and the Bakersfield Refinery in the USA. Total gross proceeds amounted to $762 million.

In China, the joint venture (Shell Group share 40%) with Sinopec started operating its first retail stations. At the end of the quarter over 200 retail stations were in operation. The joint venture is expected to build and operate 500 retail outlets in the Jiangsu Province.

The Shell Group completed a sale of shares representing 5% ownership in the Oil Products refining and marketing company Showa Shell Sekiyu KK in Japan to Saudi Aramco following the earlier sale representing 10% in 2004. As a result, Saudi Aramco now holds 15% of Showa Shell shares, while the Shell Group continues to hold some 35%.

The Shell Group announced the sale of its marketing and distribution businesses in the Republic of Ireland and Northern Ireland. Completion of the sale is expected by the end of the year.

The divestment of Oil Products refining, marketing and distribution businesses in the French Antilles and French Guyana was announced. The sale is to take place by the end of 2005. Shell and Turcas Petrol A.S. signed an agreement relating to a joint venture to combine their marketing and distribution activities in Turkey. Furthermore Koc and Shell participated in the privatization bid for 51% of Turkiye Petrol Rafinerileri A.S. ("Tupras") a Turkish refining company; Shell will be a minority shareholder in Tupras. The purchase is subject to approval by the Turkish government.

An agreement was signed for the exchange of Shell's 20% interest in its Rome refinery for Total's 18% interest in the Reichstett refinery in France. The transaction is subject to regulatory approval and pre-emptive rights by existing partners. The exchange increases Shell's ownership interest in the Reichstett refinery to 83%.

Chemicals

The Shell Group signed a Letter of Intent with Qatar Petroleum (QP) for the development of a world-scale ethane-based cracker and derivatives complex in Ras Laffan, Qatar. QP and Shell will proceed to define the technical and commercial aspects of the petrochemical complex and determine the potential capacity and derivatives scope.

In August, BASF and the Shell Group completed the sale of their 50-50 joint venture Basell, one of the world's leading manufacturers of polyolefins, to Nell Acquisition S.a.r.l., an affiliate of New York-based Access Industries. The sale price totalled $4.4 billion, including debt. The net after debt proceeds to Shell of over $1 billion were reported as part of the Royal Dutch Shell third quarter results.

Liquidity and capital resources

Three months ended September 30, 2005

Cash flow from operating activities was $6.6 billion in 2005 compared to $6.9 billion a year ago.

Capital investment for the three months ended September 30, 2005 was $4.1 billion (including the minority share of Sakhalin) of which $3.2 billion was invested in the Exploration & Production and Gas & Power segments. Capital Investment in the same period 2004 (including the minority share of Sakhalin) was $3.5 billion of which $2.7 billion was invested in the Exploration and Production and Gas & Power segments.

Gross proceeds from divestments in the three-month period to September 30, 2005 were $4.3 billion compared to $0.8 billion a year ago.

Nine months ended September 30, 2005

Cash flow from operating activities was $21.6 billion in 2005 compared to $20.2 billion a year ago.

Capital investment was $11.5 billion (including the minority share of Sakhalin) in 2005 of which $9 billion was invested in the Exploration and Production and Gas & Power segments. Capital Investment in the same period 2004 (including the minority share of Sakhalin) was $10.1 billion of which $7.9 billion was invested in the Exploration and Production and Gas & Power segments.

Gross proceeds from divestments were $6 billion compared to $2.8 billion a year ago.

Recent Developments

Litigation Update

The status of the investigations and litigation initiated in connection with the recategorisation of certain hydrocarbon reserves that occurred in 2004 are set forth in Note 10 (Contingencies and litigation) of the Notes to the Unaudited Condensed Consolidated Interim Financial Statements for the three and nine month periods ended September 30, 2005 attached hereto.

Outlook

Share buy back and Royal Dutch shares

During the third quarter 0.9% of Royal Dutch Shell shares have been bought back.

Royal Dutch Shell expects to return $5 billon to shareholders via buy back of shares for cancellation in 2005, with any incremental financial consideration paid to the remaining minority shareholders in Royal Dutch to be additional to this figure.

Divestments

The 2004-2006 divestment target of $12-15 billion has been achieved early with the Gasunie transportation assets, Basell and InterGen divestments, raising proceeds from the divestments programme to date to $13.7 billion.

Production outlook

Including the hurricane impact the production outlook for 2005 is around 3.5 million boe per day and for 2006 in the lower half of the range of 3.5 to 3.8 million boe per day. The outlook for 2009 of 3.8 to 4.0 million boe per day is unchanged.

Gulf of Mexico

In Upstream, Shell has restored Gulf of Mexico production to more than 200 thousand boe per day (Shell share) of the approximately 450 thousand boe per day (Shell share) prior to Hurricane Katrina (operated and non-operated). Good progress continues to be made on key assets including Ursa, Mensa, and the Auger pipeline and an additional 150 thousand boe per day (Shell share) is expected to return to production during the fourth quarter 2005, some 80 thousand boe per day above earlier guidance. Approximately 15 million barrels (Shell share) were deferred in the third quarter 2005 and approximately 18 million is expected to be deferred in the fourth quarter 2005. Production from the Mars platform is expected to resume in the second half of 2006.

Upstream cost after tax (Shell share) associated with hurricane evacuation, people displacement, and repairs to assets and facilities is expected to be around $300 million, prior to insurance recovery. In the third quarter 2005, costs after tax were $27 million and approximately $100 million (after tax) will be spent in the fourth quarter 2005, with the remainder in 2006.

In Downstream, following Hurricane Katrina the Convent and Norco refineries were back on line within two weeks after a full shutdown. Following Hurricane Rita, the Deer Park refinery was out of operation for 10 days and the Port Arthur refinery is expected to be back on line shortly. Overall, lost refinery intake was some 4.9 million barrels (Shell share) in the third quarter 2005 was some 4.5 million barrels (Shell share) is expected to be lost in the fourth quarter 2005. Chemicals overall asset utilisation was impacted by 7% in the third quarter with fourth quarter 2005 impacted estimated at some 2% to 3%. Downstream costs after tax and prior to insurance

recovery associated with the hurricanes are approximately $20 million (Shell share) for the third quarter 2005 and are expected to be around $30 million (Shell share) in the fourth quarter 2005.

Total Upstream and Downstream costs after tax for hurricane related items are expected to be around $350 million (Shell share) over the period 2005 to 2006. Insurance recovery from external insurers will be available for a significant portion of these costs. However it is to early in the process to provide an estimate for how much that recovery will be.

Capital investment

The outlook for Shell's 2005 total capital investment, across all its businesses and activities remains at approximately $15 billion (excluding the minority share of Sakhalin). Guidance for 2006 capital expenditure is expected in December 2005. The capital investment programme will reflect new project opportunities under development as well as an overall update taking into account project progress and market conditions on revenue and cost.

Royal Dutch merger

As stated on 20 September, Royal Dutch Shell's proposed internal restructuring and merger to achieve governance, management and fiscal efficiencies by unwinding the 60:40 cross holding below Parent Company level, is expected to be completed during the fourth quarter 2005. As a result of the proposed merger, Royal Dutch Shell is expected to own all interests in the merged company and the holders of the existing 1.5% minority interest in Royal Dutch will receive a financial consideration.

Royal Dutch Shell plc

Three and nine month periods ended September 30, 2005

Unaudited Condensed Consolidated Interim Financial Statements

Statement of Income $ million

	Three months ended September 30,		Nine months ended September 30,	
	2005	2004	**2005**	2004
Sales proceeds	**94,717**	89,006	**286,168**	243,634
Less: Sales taxes, excise duties and similar levies	**18,282**	18,321	**54,933**	53,549
Revenue	**76,435**	70,685	**231,235**	190,085
Cost of sales	**60,704**	58,604	**188,733**	157,901
Gross profit	**15,731**	12,081	**42,502**	32,184
Selling and distribution expenses	**3,150**	3,110	**9,462**	9,046
Administrative expenses	**613**	533	**1,757**	1,646
Exploration	**275**	294	**784**	1,294
Share of profit of equity accounted investments	**3,081**	1,254	**5,734**	3,496
Net finance costs and other income	**(268)**	11	**(159)**	(32)
Income before taxation	**15,042**	9,387	**36,392**	23,726
Taxation	**5,558**	3,790	**14,427**	9,276
Income from continuing operations	**9,484**	5,597	**21,965**	14,450
Income/(loss) from discontinued operations (see Note 7)	**(93)**	23	**(307)**	65
Income for the period	**9,391**	5,620	**21,658**	14,515
Attributable to minority interest	**359**	249	**715**	546
Income attributable to Shareholders of Royal Dutch Shell plc	**9,032**	5,371	**20,943**	13,969
Earnings per share (see Note 5)	**1.35**	0.80	**3.12**	2.06
— Continuing operations	**1.37**	0.79	**3.17**	2.05
— Discontinued operations	**(0.01)**	0.00	**(0.05)**	0.01
Diluted earnings per share (see Note 5)	**1.35**	0.79	**3.11**	2.06
— Continuing operations	**1.36**	0.79	**3.16**	2.05
— Discontinued operations	**(0.01)**	0.00	**(0.05)**	0.01

The Notes on pages 14 to 35 are an integral part of these Condensed Consolidated Interim Financial Statements.

Balance Sheet $ million

	Sept 30, 2005	Dec 31, 2004
ASSETS		
Non-current assets		
Property, plant and equipment	**85,601**	87,918
Intangible assets	**4,361**	4,528
Investments:		
equity accounted investments	**17,138**	20,493
financial assets	**3,236**	2,700
Deferred tax	**3,039**	2,789
Employee benefit assets	**2,453**	2,479
Other	**4,102**	4,490
	119,930	125,397
Current assets		
Inventories	**21,490**	15,375
Accounts receivable	**83,812**	37,473
Cash and cash equivalents	**15,998**	9,201
	121,300	62,049
Total assets	**241,230**	187,446
LIABILITIES		
Non-current liabilities		
Debt	**7,795**	8,858
Deferred tax	**12,411**	12,930
Employee benefit obligations	**6,018**	6,795
Other provisions	**7,114**	6,828
Other	**4,395**	5,800
	37,733	41,211
Current liabilities		
Debt	**6,714**	5,734
Accounts payable and accrued liabilities	**82,912**	37,909
Taxes payable	**12,510**	9,058
Employee benefit obligations	**302**	339
Other provisions	**1,254**	1,812
	103,692	54,852
Total liabilities	**141,425**	96,063
EQUITY		
Equity share capital (see Note 9)	**578**	584
Non-equity share capital (see Note 9)	**–**	20
Additional paid-in capital	**5,675**	5,546
Treasury shares	**(3,772)**	(4,187)
Other reserves	**103**	3,319
Retained earnings	**89,769**	80,788
Equity attributable to Shareholders of Royal Dutch Shell plc	**92,353**	86,070
Minority interest	**7,452**	5,313
Total equity	**99,805**	91,383
Total liabilities and equity	**241,230**	187,446

The Notes on pages 14 to 35 are an integral part of these Condensed Consolidated Interim Financial Statements.

Statement of Changes in Equity $ million

	Equity attributable to shareholders of Royal Dutch Shell plc								
	Equity share capital[1]	Preference share capital[1]	Additional paid in capital	Treasury shares	Other reserves[2]	Retained earnings	**Total**	Minority interests[3]	**Total equity**
At January 1, 2005	584	20	5,546	(4,187)	3,319	80,788	**86,070**	5,313	**91,383**
IAS 32/39 transition	–	(20)	–	–	823	(7)	**796**	–	**796**
Income for the period	–	–	–	–	–	20,943	**20,943**	715	**21,658**
Income/(expense) recognised directly in equity	–	–	124	–	(4,039)	4	**(3,911)**	92	**(3,819)**
Change in minority interest	–	–	–	–	–	–	**–**	732	**732**
Effect of Unification[3]	–	–	–	–	–	(835)	**(835)**	835	**–**
Dividends	–	–	–	–	–	(8,687)	**(8,687)**	(235)	**(8,922)**
(Purchase)/release of treasury shares, net of dividends	–	–	–	415	–	–	**415**	–	**415**
Shares repurchased for cancellation	(6)	–	5	–	–	(2,437)	**(2,438)**	–	**(2,438)**
At September 30, 2005	578	–	5,675	(3,772)	103	89,769	**92,353**	7,452	**99,805**
At January 1, 2004	587	20	5,432	(3,428)	512	70,412	**73,535**	3,408	**76,943**
Income for the period	–	–	–	–	–	13,969	**13,969**	547	**14,516**
Income/(expense) recognised directly in equity	–	–	91	–	(857)	–	**(766)**	17	**(749)**
Change in minority interest	–	–	–	–		–	**–**	964	**964**
Dividends	–	–	–	–	–	(7,390)	**(7,390)**	(202)	**(7,592)**
(Purchase)/release of treasury shares, net of dividends	–	–	–	(740)	–	–	**(740)**	–	**(740)**
Shares repurchased for cancellation	(3)	–	–	–	–	(792)	**(795)**	–	**(795)**
At September 30, 2004	584	20	5,523	(4,168)	(345)	76,199	**77,813**	4,734	**82,547**

1 See Note 9.

2 See Note 4.

3 Creation of minority interest as an effect of Unification.

The Notes on pages 14 to 35 are an integral part of these Condensed Consolidated Interim Financial Statements.

Statement of Cash Flows $ million

	Nine months ended September 30,	
	2005	2004
Cash flow from operating activities:		
Income for the period	**21,658**	14,515
Adjustment for:		
Taxation accrued	**14,945**	9,544
Interest accrued	**484**	645
Depreciation, depletion and amortisation	**9,194**	8,655
(Profit)/loss on sale of assets	**(1,103)**	(859)
Decrease/(increase) in net working capital	**(8,959)**	(4,237)
Share of profit of equity accounted investments	**(5,512)**	(3,562)
Dividends received from equity accounted investments	**5,268**	2,731
Deferred taxation and other provisions	**(646)**	(142)
Other	**(1,102)**	(356)
Cash flow from operating activities (pre-tax)	**34,227**	26,934
Taxation paid	**(12,579)**	(6,746)
Cash flow from operating activities	**21,648**	20,188
Cash flow from investing activities:		
Capital expenditure	**(10,457)**	(8,911)
Proceeds from sale of assets	**1,914**	1,300
Proceeds from sales and (additions):		
equity accounted investments	**3,535**	(380)
investments: financial assets	**363**	1,069
Interest received	**618**	332
Cash flow from investing activities	**(4,027)**	(6,590)
Cash flow from financing activities:		
Net increase/(decrease) in debt	**439**	(2,963)
Interest paid	**(813)**	(671)
Change in minority interest	**893**	860
Net issue/ (repurchase) of shares	**(2,433)**	(698)
Dividends paid to:		
Shareholders of Royal Dutch Shell plc	**(8,824)**	(7,309)
Minority interest	**(235)**	(202)
Treasury shares: net sales/(purchases) and dividends received	**399**	(738)
Cash flow from financing activities	**(10,574)**	(11,721)
Currency translation differences relating to cash and cash equivalents	**(250)**	(37)
Increase/(decrease) in cash and cash equivalents	**6,797**	1,840
Cash and cash equivalents at beginning of period	**9,201**	2,108
Cash and cash equivalents at end of period	**15,998**	3,948

The Notes on pages 14 to 35 are an integral part of these Condensed Consolidated Interim Financial Statements.

Notes to the Condensed Consolidated Interim Financial Statements

1. Unification of Royal Dutch and Shell Transport

On July 20, 2005, Royal Dutch Shell plc, a publicly-listed company incorporated in England and Wales and headquartered and tax resident in The Netherlands (the "Company") became the parent company of Royal Dutch Petroleum Company ("Royal Dutch") and The "Shell" Transport and Trading Company, plc ("Shell Transport") and, through Royal Dutch and Shell Transport, of the rest of the Shell Group (as defined below) following (a) the registration by the Registrar of Companies in England and Wales of the order of the High Court of Justice in England and Wales sanctioning the scheme of arrangement of Shell Transport under English law (the "Scheme") and (b) the Company's confirmation that its exchange offer (the "Exchange Offer", and together with the Scheme, the "Unification Transaction") for all of the ordinary shares of Royal Dutch, commenced on May 19, 2005, had become unconditional (*gestanddoening*). Pursuant to the Unification Transaction, on July 20, 2005, the Company acquired all the outstanding capital stock of Shell Transport and approximately 92% of the outstanding capital stock of Royal Dutch. On July 20, 2005, the Company commenced a subsequent offer acceptance period during which the remaining holders of Royal Dutch shares were permitted to tender their shares in exchange for Royal Dutch Shell shares (or ADRs), in accordance with the procedures described in the Exchange Offer. The subsequent offer acceptance period expired on 9 August 2005. As a result of the Exchange Offer, including the subsequent offer acceptance period, the Company acquired and currently holds 98.5% of the outstanding capital stock of Royal Dutch. Shareholders of Royal Dutch who did not validly tender their shares in the Exchange Offer (the "Minority") hold an interest in the same economic entity as that of the shareholders of Royal Dutch Shell. Effectively, the 1.5% minority interest in Royal Dutch Shell represents a 0.9% interest in the Shell Group.

Pursuant to the terms of the Exchange Offer and the Scheme, holders of ordinary shares of Royal Dutch ("Royal Dutch Ordinary Shares"), holders of Shell Transport Ordinary shares (the "Shell Transport Ordinary Shares"), holders of Shell Transport bearer warrants and holders of American depositary receipts representing Shell Transport Ordinary Shares (the "Shell Transport ADRs") received, respectively:

• for each Royal Dutch Ordinary Share held in New York registry form tendered:	1 Royal Dutch Shell Class A American depositary receipt (representing 2 Royal Dutch Shell Class A ordinary shares)
• for each Royal Dutch Ordinary Share held in bearer or Hague registry form tendered:	2 Royal Dutch Shell Class A ordinary shares
• for each Shell Transport Ordinary Share (including Shell Transport Ordinary Shares to which holders of Shell Transport bearer warrants are entitled):	0.287333066 Royal Dutch Shell Class B ordinary shares
• for each Shell Transport ADR:	0.861999198 Royal Dutch Shell Class B American depositary receipts (representing 2 Royal Dutch Shell Class B ordinary shares)

These Condensed Consolidated Interim Financial Statements are considered historical and give retroactive effect for all periods presented to the Unification Transaction, which has been accounted for using a carry-over basis of the historical costs of the assets and liabilities of Royal Dutch, Shell Transport and other companies comprising the Shell Group. For periods prior to the consummation of the Unification Transaction the financial position and results of Royal Dutch Shell reflects the financial position and results of the Shell Group on a 100% basis without giving effect to any minority interest in Royal Dutch resulting from the Unification Transaction. The interest of the minority shareholders in Royal Dutch has also been accounted for using a carry-over basis of the historical costs of its consolidated assets and liabilities.

From August 10, 2005, the existing 1.5% minority interest in Royal Dutch is recorded in the Condensed Consolidated Financial Statements of Royal Dutch Shell as a minority interest, as prior to that time the Royal Dutch minority holders had a right to participate in the Exchange Offer and receive Royal Dutch Shell shares. As a result, the average quarterly net income attributable to the minority has been prorated for the period from August 10, 2005 through September 30, 2005. Included in Income attributable to Minority Interests in the Consolidated Statement of Income for the third quarter 2005 and in Minority Interests in the Consolidated Balance Sheet are $46 million and $842 million, respectively, attributable to minority holders in Royal Dutch.

On September 20, 2005 the Shell Group announced that it proposes to implement an internal restructuring and merger of certain of its subsidiaries to achieve governance, management and fiscal efficiencies. As part of the restructuring, Royal Dutch would be merged into a subsidiary, Shell Petroleum N.V. ("SPNV"), and the remaining shareholders in Royal Dutch would receive cash or, at the option of eligible UK resident shareholders who so elect, loan notes exchangeable into Royal Dutch Shell A shares. The final terms, including the price to be paid in exchange for each Royal Dutch share held by the Minority, will be determined and announced in the fourth quarter of 2005. Following approval at an extraordinary general meeting (“EGM”), the restructuring is expected to be completed by December 31, 2005.

Royal Dutch and Shell Transport entered into a scheme of amalgamation dated September 12, 1906 and agreements from 1907 by which the scheme of amalgamation was implemented and pursuant to which they “amalgamated” their interests in the oil industry in a transaction that would have been accounted for as a business combination under current accounting standards. Since that time, Royal Dutch owned 60% of the other companies comprising the Shell Group and Shell Transport owned 40% of the other companies comprising the Shell Group. All operating activities have been conducted through the subsidiaries of Royal Dutch and Shell Transport which have operated as a single economic enterprise. Prior to the consummation of the Unification Transaction, economic interests of the Royal Dutch and Shell Transport shareholders in the other companies comprising the Shell Group reflected the 60:40 economic interests of Royal Dutch and Shell Transport in these companies. The Unification Transaction had little impact on the economic rights and exposures of shareholders of Royal Dutch and Shell Transport, as the separate assets and liabilities of Royal Dutch and Shell Transport are not material in relation to their interests in the rest of the Shell Group, and the Unification Transaction did not result in the acquisition of any new businesses or operating assets and liabilities. In addition, the Unification Transaction did not affect the proved oil and gas reserve information reported by Royal Dutch, Shell Transport or the other companies comprising the Shell Group.

2. Basis of preparation

Condensed Consolidated Interim Financial Statements of the Company and its consolidated subsidiaries (collectively known as the “Shell Group”) for the three and nine month periods ended September 30, 2005 have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting and with the policies set out in Note 3. These are the policies which the Shell Group expects to apply in its first annual Financial Statements under International Financial Reporting Standards (IFRS) for the year ending December 31, 2005.

The Company will adopt IFRS for the first time in its Financial Statements for the year ending December 31, 2005, which will include comparative Financial Statements for the year ended December 31, 2004. IFRS 1 First-time Adoption of International Financial Reporting Standards requires that an entity develop accounting policies based on the standards and related interpretations effective at the reporting date of its first annual IFRS Financial Statements (December 31, 2005). IFRS 1 also requires that those policies be applied as of the date of transition to IFRS (January 1, 2004) and throughout all periods presented in the first IFRS Financial Statements. The accompanying interim financial information as of and for the nine month periods ended September 30, 2005 and 2004, has been prepared in accordance with those IASB standards and IFRIC interpretations issued and effective, or issued and early-adopted, as at the date of this report. The IASB standards and IFRIC interpretations that will be applicable at December 31, 2005, including those that will be applicable on an optional basis, are not known with certainty at the time of preparing this interim financial information. As a result, the accounting policies used to prepare these Financial Statements are subject to change up to the reporting date of the Company’s first IFRS Financial Statements.

The Shell Group’s first application of IFRS and the accounting policies are set out in Note 3 below. Royal Dutch Shell’s Consolidated Financial Statements for 2004 had been prepared in accordance with US Generally Accepted Accounting Principles (US GAAP); accounting policies were set out in Note 3 to those Financial Statements. US GAAP differs in certain respects from IFRS and comparative figures for 2004 have been restated as necessary in accordance with IFRS. Reconciliations and descriptions of the effect of the transition from US GAAP to IFRS on equity and income are given below in Note 12, including a description of the nature of the changes in accounting policies. As part of the Shell Group’s adoption of IFRS, the following elections were made under IFRS 1 First-time Adoption of International Financial Reporting Standards as at January 1, 2004:

- cumulative currency translation differences were eliminated by transfer to retained earnings.

- cumulative previously unrecognised actuarial gains and losses on post-employment benefits were recognised.

- prior business combinations have not been restated.

- IFRS 2 Share-based Payment has only been applied to options issued after November 7, 2002 and not vested by January 1, 2005.

The policies set out in Note 3 below have been consistently applied to all periods presented except, as explained in the Note, for those relating to the classification and measurement of financial instruments to the extent that IFRS differs from US GAAP. The Shell Group has taken the exemption available under IFRS 1 to apply IAS 32 and IAS 39 from January 1, 2005 and the impact on transition is described in Notes 4 and 8.

The Condensed Consolidated Interim Financial Statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets and liabilities.

The preparation of interim financial information in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Shell Group’s accounting policies. Actual results could differ from those estimates.

Notes to the Condensed Consolidated Interim Financial Statements

The Condensed Consolidated Interim Financial Statements should be read in conjunction with the 2004 Royal Dutch Shell Consolidated Financial Statements set out in Royal Dutch Shell's report on Form 6-K dated July 20, 2005.

3. Accounting policies

Nature of the Consolidated Financial Statements
The Condensed Consolidated Interim Financial Statements are presented in US dollars and include the accounts of the Company and of those companies in which it 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.

Revenue recognition

Revenue from sales of oil, natural gas, chemicals and all other products is recognised when the significant risks and rewards of ownership have been transferred, which is when title passes to the customer. In Exploration & Production and Gas & Power this generally occurs when product is physically transferred into a vessel, pipe or other delivery mechanism. For sales by refining companies, it is either when product is placed onboard a vessel or offloaded from the vessel, depending on the contractually agreed terms. For wholesale sales of oil products and chemicals it is either at the point of delivery or the point of receipt, depending on contractual conditions.

Revenue resulting from the production of oil and natural gas properties in which the Shell Group has an interest with other producers is recognised on the basis of the Shell Group's working interest (entitlement method). Gains and losses on derivatives contracts and contracts involved in energy trading and risk management are shown net in the Statement of Income if these contracts are held for trading purposes. Purchase and sale of hydrocarbons under exchange contracts that are necessary to obtain or reposition feedstock utilised in the Shell Group's refinery operations are shown net in the Statement of Income. Sales between Shell Group companies, as disclosed in the segment information, are based on prices generally equivalent to commercially available prices.

The group enters in to certain contracts that are classified and held for trading purposes. Revenue and costs associated with such contracts are reported on a net basis in the Statement of Income.

Segmental reporting

The Shell Group is engaged in all principal aspects of the oil and natural gas industry, including chemicals, power generation and renewable energy. The Shell Group conducts its business through five principal segments, Exploration & Production, Gas & Power, Oil Products, Chemicals and Corporate and Other. These activities are conducted in more than 140 countries and territories.

Property, plant and equipment and intangible assets

(a) Recognition on the Balance Sheet
Property, plant and equipment, including expenditure on major inspections, and intangible assets are initially recorded on the Balance Sheet at cost where it is probable that they will generate future economic benefits. This includes capitalisation of decommissioning and restoration costs associated with provisions for asset retirement (see "Provisions") and certain development costs (see "Research and development"). Accounting for exploration costs is described separately below ("Exploration costs"). Intangible assets include goodwill. Interest is capitalised, as an increase in property, plant and equipment, on capital projects during construction.

Property, plant and equipment and intangible assets are subsequently recognised at cost less accumulated depreciation and impairment.

(b) Depreciation, depletion and amortisation

Property, plant and equipment related to oil and natural gas production activities are depreciated on a unit-of-production basis over the proved developed reserves of the field concerned, except in the case of assets whose useful life is shorter than the lifetime of the field, in which case the straight-line method is applied. Rights and concessions are depleted on the unit-of-production basis over the total proved reserves of the relevant area. Unproved properties are amortised as required by particular circumstances. Other property, plant and equipment are generally depreciated on a straight-line basis over their estimated useful lives which is generally 20 years for refineries and chemicals plants, 15 years for retail service station facilities, and until the next planned major inspection (generally 3 to 5 years) for inspection costs. Property, plant and equipment held under finance leases are depreciated over the shorter of the assets' estimated useful lives and the lease term.

Goodwill is not amortised but instead tested for impairment annually. Other intangible assets are amortised on a straight-line basis over their estimated useful lives (for periods up to forty years).

(c) Impairment of assets

Other than properties with no proved reserves (where the basis for carrying costs on the Balance Sheet is explained under "Exploration costs"), the carrying amounts of major Exploration & Production property, plant and equipment are reviewed for possible impairment annually, while all assets are reviewed whenever events or changes in circumstances indicate that the carrying amounts for those assets may not be recoverable. If assets are determined to be impaired, the carrying amounts of those assets are written down to recoverable amount which is the higher of fair value less costs to sell and value in use. For this purpose, assets are grouped based on separately identifiable and largely independent cash flows. Assets held for sale are recognised at the lower of the carrying amount and fair value less costs to sell. No further provision for depreciation is charged on such assets.

Estimates of future cash flows used in the evaluation for impairment of assets related to hydrocarbon production are made using risk assessments on field and reservoir performance and include outlooks on proved reserves and unproved volumes, which are then discounted or risk-weighted utilising the results from projections of geological, production, recovery and economic factors.

Impairments, except those related to goodwill, are reversed as applicable to the extent that the events or circumstances that triggered the original impairment have changed.

Exploration costs

Shell Group companies follow the successful efforts method of accounting for oil and natural gas exploration costs. Exploration costs are charged to income when incurred, except that exploratory drilling costs are included in property, plant and equipment, pending determination of proved reserves. Exploration wells that are more than 12 months old are expensed unless (a) (i) they are in an area requiring major capital expenditure before production can begin and (ii) they have found commercially producible quantities of reserves and (iii) they are subject to further exploration or appraisal activity in that either drilling of additional exploratory wells is under way or firmly planned for the near future, or (b) proved reserves are booked within 12 months following the completion of exploratory drilling.

Associated companies and joint ventures

Investments in companies over which Shell Group companies have significant influence but not control are classified as associated companies and are accounted for on the equity basis. Interests in jointly controlled entities are also recognised on the equity basis. Interests in jointly controlled assets are recognised by including the Shell Group share of assets, liabilities, income and expenses on a line-by-line basis.

Inventories

Inventories are stated at cost to the Shell Group or net realisable value, whichever is lower. Such cost is determined by the first-in first-out (FIFO) method and comprises direct purchase costs, cost of production, transportation and manufacturing expenses and taxes.

Deferred taxation

Deferred taxation is provided using the liability method of accounting for income taxes based on provisions of enacted or substantively enacted laws. Recognition is given to deferred tax assets and liabilities for the expected future tax consequences of events that have been recognised in the Condensed Consolidated Interim Financial Statements or in the tax returns (temporary differences); deferred tax is not generally provided on initial recognition of an asset or liability in a transaction that, at the time of the transaction, affects neither accounting nor taxable profit. In estimating these tax consequences, consideration is given to expected future events.

Deferred tax assets are recognised where future recovery is probable. Deferred tax assets and liabilities are presented separately in the Balance Sheet except where there is a right of set-off within fiscal jurisdictions.

Deferred tax is not provided for taxes on possible future distributions of retained earnings of Shell Group companies and equity accounted investments where the timing of the distribution can be controlled and it is probable that the retained earnings will be reinvested by the companies concerned.

Employee benefits

(a) Employee retirement plans
Retirement plans to which employees contribute and many non-contributory plans are generally funded by payments to independent trusts. Where, due to local conditions, a plan is not funded, a provision is made. Valuations of both funded and unfunded plans are carried out by independent actuaries.

For plans which define the amount of pension benefit to be provided, pension cost primarily represents the increase in actuarial present value of the obligation for pension benefits based on employee service during the year and the interest on this obligation in respect of employee service in previous years, net of the expected return on plan assets.

Unrecognised gains and losses at the date of transition to IFRS have been recognised in the 2004 opening balance sheet. The Shell Group recognises actuarial gains and losses that arise subsequent to January 1, 2004 using the corridor method. Under this method, to the extent that any cumulative unrecognised actuarial gain or loss exceeds 10% of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognised in income over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

For plans where benefits depend solely on the amount contributed to the employee's account and the returns earned on investments of these contributions, pension cost is the amount of contributions payable by Shell Group companies for the period.

(b) Postretirement benefits other than pensions

Some Shell Group companies provide certain postretirement healthcare and life insurance benefits to retirees, the entitlement to which is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. These plans are not funded and a provision is made. Valuations of benefits are carried out by independent actuaries.

The expected costs of postretirement benefits other than pensions are accrued over the periods employees render service to the Shell Group. Unrecognised gains and losses at the date of transition to IFRS have been recognised in the 2004 opening balance sheet. The Shell Group recognises actuarial gains and losses that arise subsequent to January 1, 2004 using the corridor method.

(c) Share-based compensation plans

The fair value of share-based compensation granted to employees after November 7, 2002, and which had not vested by January 1, 2005, is recognised as an expense from the date of grant over the vesting period with a corresponding increase directly in equity. The fair value of the Shell Group's share-based compensation for options was estimated using a Black-Scholes option pricing model.

Leases

Agreements under which Shell Group companies make payments to owners in return for the right to use an asset for a period are accounted for as leases. Leases that transfer substantially all the risks and rewards of ownership are recorded at inception as finance leases within property, plant and equipment and debt. All other leases are recorded as operating leases and the costs are charged to income as incurred.

Financial instruments and other derivative contracts

The Shell Group adopted IAS 32 and IAS 39 with effect from January 1, 2005 and therefore accounted for financial instruments and other derivative contracts until the end of 2004 under US GAAP. Information for 2004 has not been restated and the impact on transition, which is mainly restricted to certain commodity contracts and embedded derivatives, unquoted investments with estimable fair values, is included in the description below.

(a) Financial assets

Investments: financial assets comprise debt and equity securities.

Securities of a trading nature

Securities of a trading nature are carried at fair value with unrealised holding gains and losses being included in income.

Securities held to maturity

Securities held to maturity are carried at amortised cost, unless impaired.

Available for sale securities

All other securities are classified as available for sale and are carried at fair value, other than unquoted equity securities with no estimable fair value which are carried at cost, less any impairment. Unrealised holding gains and losses other than impairments are taken directly to equity, except for translation differences arising on foreign currency debt securities which are taken to income. Upon sale or maturity, the net gains and losses are included in income.

Fair value is based on market prices where available, otherwise it is calculated as the net present value of expected future cash flows.

From January 1, 2005 this has resulted in certain unquoted equity securities being recognised at fair value compared with recognition at cost under US GAAP and the impact on transition is disclosed in Note 8. This change in accounting has no impact on the timing of recognition of income arising from these investments.

Securities forming part of a portfolio which is required to be held long-term are classified under investments.

Interest on debt securities is accounted for in income by applying the effective interest method. Dividends on equity securities are accounted for in income when receivable.

Receivables

Receivables are recognised initially at fair value based on amounts exchanged and subsequently at amortised cost less any impairment.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, short-term deposits and other investments which have a maturity from acquisition of three months or less and are readily convertible into known amounts of cash.

(b) Financial liabilities

Debt and accounts payable are recognised initially at fair value based on amounts exchanged and subsequently at amortised cost, except for fixed rate debt subject to fair value hedging.

Interest expense, other than interest capitalised, is accounted for in income using the effective interest method.

(c) Derivative contracts

Shell Group companies use derivatives in the management of interest rate risk, foreign currency risk and commodity price risk. These derivative contracts are recognised at fair value, using market prices.

Those derivatives qualifying and designated as hedges are either: (1) a “fair value” hedge of the change in fair value of a recognised asset or liability or an unrecognised firm commitment, or (2) a “cash flow” hedge of the change in cash flows to be received or paid relating to a recognised asset or liability or a highly probable forecasted transaction.

A change in the fair value of a hedging instrument designated as a fair value hedge is taken to income, together with the consequential adjustment to the carrying amount of the hedged item. The effective portion of a change in fair value of a derivative designated as a cash flow hedge is recognised directly in equity, until income reflects the variability of underlying cash flows; any ineffective portion is taken to income.

Shell Group companies formally document all relationships between hedging instruments and hedged items, as well as risk management objectives and strategies for undertaking hedge transactions. The effectiveness of a hedge is also continually assessed and when it ceases, hedge accounting is discontinued.

Certain contracts to purchase and sell commodities are required to be recognised at fair value, generally based on market prices (with gains and losses taken to income). These are contracts which can be net settled or sales contracts containing volume optionality.

Certain embedded derivatives within contracts are required to be separated from their host contract and recognised at fair value, generally based on market prices (with gains and losses taken to income), if the economic characteristics and risks of the embedded derivative are not closely related to that of the host contract.

These policies are very similar to those applied until the end of 2004 under US GAAP and the impact of transition on January 1, 2005 is shown in Note 8.

Provisions

Provisions are liabilities where the timing or amount of future expenditure is uncertain. Provisions are recorded at the best estimate of the present value of the expenditure required to settle the present obligation at the balance sheet date. Non-current amounts are discounted using the risk-free rate. Specific details for decommissioning and restoration costs and environmental remediation are described below.

Estimated decommissioning and restoration costs are based on current requirements, technology and price levels and are stated at fair value, and the associated asset retirement costs are capitalised as part of the carrying amount of the related property, plant and equipment. The liability, once an obligation (whether legal or constructive) crystallises, is recognised with a corresponding amount of property, plant and equipment in the period when a reasonable estimate of the fair value can be made. The fair value is calculated using amounts discounted over the useful economic life of the assets. The effects of changes resulting from revisions to the timing or the amount of the original estimate of the provision are incorporated on a prospective basis.

Provisions for environmental remediation resulting from ongoing or past operations or events are recognised in the period in which an obligation, legal or constructive, to a third party arises and the amount can be reasonably estimated. Measurement of liabilities is based on current legal requirements and existing technology. Recognition of any joint and several liability is based upon Shell Group companies’ best estimate of their final pro rata share of the liability. Liabilities are determined independently of expected insurance recoveries. Recoveries are recognised and reported as separate events and brought into account when reasonably certain of realisation. The carrying amount of provisions is regularly reviewed and adjusted for new facts or changes in law or technology.

Treasury shares

Shares in the Company held by Shell Group Employee Share Ownership Trusts are not included in assets but, after deducting dividends received, are reflected at cost as a deduction from equity as treasury shares.

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Administrative expenses

Administrative expenses are those which do not relate directly to the activities of a single business segment and include expenses incurred in the management and co-ordination of multi-segment enterprises.

Research and development

Development costs which are expected to generate probable future economic benefits are capitalised. All other research and development expenditure is charged to income as incurred, with the exception of that on buildings and major items of equipment which have alternative use.

Discontinued operations

Discontinued operations comprise those activities which have been disposed of during the period, or remain held for sale at period end, and represent a separate major line of business or geographical area of operation which can be clearly distinguished, operationally and for financial reporting purposes, from other activities of the Shell Group.

Business combinations

Assets acquired and liabilities assumed on a business combination are recognised at their fair value at the date of the acquisition; the amount of the purchase consideration above this value is reflected as goodwill.

Currency translation

Assets and liabilities of non-US dollar Shell Group companies are translated to US dollars at year-end rates of exchange, whilst their statements of income and cash flows are translated at quarterly average rates. Translation differences arising on aggregation are taken directly to a currency translation differences account within equity. As part of the transition to IFRS, the balance of this account was eliminated at January 1, 2004 and transferred to retained earnings with no impact on total equity. Upon divestment or liquidation of an entity, cumulative currency translation differences related to that entity are taken to income.

The US dollar equivalents of exchange gains and losses arising as a result of foreign currency transactions (including those in respect of inter-company balances unless related to transactions of a long-term investment nature) are included in income.

New accounting standards and interpretations

Certain new IFRS and IFRIC interpretations have been published which are not mandatory for 2005. The Shell Group has elected to early adopt in 2005 IFRS 6 Exploration for and Evaluation of Mineral Resources and IFRIC 4 Determining whether an Arrangement Contains a Lease, and these are reflected in the accounting policies described above. All other published pronouncements, which are not mandatory in 2005, are not expected to have an impact on the Shell Group.

4. Other reserves

$ million
Income/(expense)

	At Dec 31, 2004	IAS 32/39 transition	**At Jan 1, 2005 after IAS 32/39 transition**	Movement	**At Sept 30, 2005**
Cumulative currency translation differences	3,126	–	**3,126**	(3,843)	**(717)**
Unrealised gains/(losses) on securities	350	–	**350**	736	**1,086**
Unrealised gains/(losses) on cash flow hedges	(157)	823	**666**	(932)	**(266)**
Total	3,319	823	**4,142**	(4,039)	**103**

$ million
Income/(expense)

	At Jan 1, 2004	Movement	**At Sept 30, 2004**
Cumulative currency translation differences	–	(403)	**(403)**
Unrealised gains/(losses) on securities	700	(443)	**257**
Unrealised gains/(losses) on cash flow hedges	(188)	(11)	**(199)**
Total	512	(857)	**(345)**

5. Earnings per share

The basic earnings per share amounts shown relates to income attributable to Royal Dutch Shell shareholders. The three months ended September 30, 2005 calculation uses a weighted-average number of shares of 6,676,451,062 (2004: 6,754,760,472). The diluted earnings per share is based on the same profit figures. For this calculation, the following weighted-average number of shares are

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used: 6,703,543,762 (2004: 6,761,413,370). The difference between the basic and diluted number of shares relates to share option schemes.

The nine months ended September 30, 2005 calculation uses a weighted-average number of shares of 6,711,427,612 (2004: 6,781,565,467). For the diluted earnings per share calculation, the following weighted-average number of shares are 6,732,503,894 (2004: 6,786,207,180).

6. Information by business segment

Following a change in business circumstances certain contracts are classified as held for trading purposes and reported net rather than gross with effect from the third quarter of 2005.

Refer to Note 11 for the revenue and cost of sales effect.

Three months ended September 30, 2005 $ million

	Exploration & Production	Gas & Power	Oil Products	Chemicals	Corporate and Other	Elimination	Total Shell Group
							2005
Revenue							
Third party	7,078	3,086	58,877	7,311	83	–	76,435
Inter-segment	8,603	417	1,709	1,165	–	(11,894)	–
Total	**15,681**	**3,503**	**60,586**	**8,476**	**83**	**–**	**76,435**
Segment result	**7,136**	**228**	**4,241**	**354**	**(266)**	**–**	**11,693**
Share of profit of equity accounted investments	2,220	271	492	85	13	–	3,081
Net finance costs							(106)
Other income							162
Taxation							5,558
Income from continuing operations							**9,484**
Income/(loss) from discontinued operations	–	–	–	(93)	–	–	(93)
Income for the period							**9,391**

Three months ended September 30, 2004 $ million

	Exploration & Production	Gas & Power	Oil Products	Chemicals	Corporate and Other	Elimination	Total Shell Group
							2004
Revenue							
Third party	5,640	2,190	55,761	6,915	179	–	70,685
Inter-segment	6,582	243	1,445	893	–	(9,163)	–
Total	**12,222**	**2,433**	**57,206**	**7,808**	**179**	**–**	**70,685**
Segment result	**4,737**	**(16)**	**3,087**	**565**	**(229)**	**–**	**8,144**
Share of profit of equity accounted investments	422	277	466	163	(74)	–	1,254
Net finance costs							74
Other income							63
Taxation							3,790
Income from continuing operations							**5,597**
Income/(loss) from discontinued operations	–	–	–	23	–	–	23
Income for the period							**5,620**

Nine months ended September 30, 2005 $ million

	Exploration and Production	Gas & Power	Oil Products	Chemicals	Corporate and Other	Elimination	Total Group
							2005
Revenue							
Third party	17,717	9,221	180,799	22,941	557	–	231,235
Inter-segment	24,125	1,143	4,765	2,882	–	(32,915)	–
Total	**41,842**	**10,364**	**185,564**	**25,823**	**557**	**–**	**231,235**
Segment Result	**18,686**	**299**	**10,829**	**1,396**	**(711)**	**–**	**30,499**
Share of profit of equity accounted investments	3,394	630	1,517	329	(136)	–	5,734
Net finance costs							76

Other income							235
Taxation							14,427
Income from continuing operations							**21,965**
Income/(loss) from discontinued operations	–	–	–	(307)	–	–	(307)
Income for the period							**21,658**

Notes to the Condensed Consolidated Interim Financial Statements

Nine months ended September 30, 2004

$ million

	Exploration and Production	Gas & Power	Oil Products	Chemicals	Corporate and Other	Elimination	Total Group
							2004
Revenue							
Third party	12,350	6,502	151,442	19,053	738	–	190,085
Inter-segment	18,324	880	3,815	2,387	4	(25,410)	–
Total	**30,674**	**7,382**	**155,257**	**21,440**	**742**	**–**	**190,085**
Segment Result	**12,400**	**87**	**7,241**	**1,093**	**(623)**	**–**	**20,198**
Share of profit of equity accounted investments	1,560	854	980	342	(240)	–	3,496
Net finance costs							581
Other income							613
Taxation							9,276
Income from continuing operations							**14,450**
Income/(loss) from discontinued operations	–	–	–	65	–	–	65
Income for the period							**14,515**

The information above is provided in accordance with IAS 14 Segment Reporting. Operating segment results are appraised by management on the basis of income including equity accounted investments and certain net finance costs and other (income)/expense and after tax, and this forms the basis of the discussion of segment results in the Operational and Financial Review (OFR). The table below reconciles the foregoing segment information to the information used for management reporting and is consistent with how the information will be presented in the Shell Group's annual Financial Statements to comply with SFAS 131.

Income for the period by segment — Three months ended September 30, 2005

$ million

	Exploration and Production	Gas & Power	Oil Products	Chemicals	Corporate and Other	Total Group
						2005
Segment result — IAS 14	7,136	228	4,241	354	(266)	11,693
Share of profit of equity accounted investments	2,220	271	492	85	13	3,081
Net finance costs and other (income)/expense	53	(144)	(3)	4	(178)	(268)
Taxation	4,326	87	1,296	21	(172)	5,558
Discontinued operations	–	–	–	(93)	–	(93)
Segment result — OFR	**4,977**	**556**	**3,440**	**321**	**97**	**9,391**

Income for the period by segment — Three months ended September 30, 2004

$ million

	Exploration and Production	Gas & Power	Oil Products	Chemicals	Corporate and Other	Total Group
						2004
Segment result — IAS 14	4,737	(16)	3,087	565	(229)	8,144
Share of profit of equity accounted investments	422	277	466	163	(74)	1,254
Net finance costs and other (income)/expense	(15)	(12)	2	8	28	11
Taxation	2,831	(81)	994	171	(125)	3,790
Discontinued operations	–	–	–	23	–	23
Segment result — OFR	**2,343**	**354**	**2,557**	**572**	**(206)**	**5,620**

Income for the period by segment — Nine months ended September 30, 2005

$ million

	Exploration & Production	Gas & Power	Oil Products	Chemicals	Corporate and Other	Total Group
						2005
Segment result — IAS 14	18,686	299	10,829	1,396	(711)	30,499
Share of profit of equity accounted investments	3,394	630	1,517	329	(136)	5,734
Net finance costs and other (income)/expense	203	(174)	(16)	5	(177)	(159)
Taxation	11,200	60	3,208	384	(425)	14,427

Discontinued operations	–	–	–	(307)	–	(307)
Segment result — OFR	**10,677**	**1,043**	**9,154**	**1,029**	**(245)**	**21,658**

Income for the period by segment — Nine months ended September 30, 2004

$ million

	Exploration & Production	Gas & Power	Oil Products	Chemicals	Corporate and Other	Total Group
						2004
Segment result — IAS 14	12,400	87	7,241	1,093	(623)	20,198
Share of profit of equity accounted investments	1,560	854	980	342	(240)	3,496
Net finance costs and other (income)/expense	38	(245)	(30)	13	192	(32)
Taxation	7,017	(24)	2,327	319	(363)	9,276
Discontinued operations	–	–	–	65	–	65
Segment result — OFR	**6,905**	**1,210**	**5,924**	**1,168**	**(692)**	**14,515**

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7. Discontinued operations

Discontinued operations in the three and nine month periods ended September 30, 2005 comprise the activities of Basell, a jointly controlled Chemicals entity (Shell Group interest 50%), which has been held for sale at fair value less costs to sell since the announcement in 2004 of a review of strategic alternatives regarding this venture. The loss for the three and nine month periods ended September 30, 2005 comprised an impairment at fair value less costs to sell at September 30, 2005.

8. Implementation of IAS 32 and IAS 39 Financial Instruments

As described in Note 2, the impact on transition at January 1, 2005 resulting from recognising at fair value certain additional derivative contracts and unquoted securities, and recognising preference shares as debt, was an increase in total equity of $0.8 billion. This was reflected by increases in assets and liabilities at January 1, 2005 as follows:

	$ million
Investments: financial assets	1,018
Non-current assets: deferred tax	5
Current assets	42
Non-current liabilities: deferred tax	(195)
Non-current liabilities debt	(20)
Current liabilities	(54)
	796

Preference share capital of $20 million was recategorised as debt on January 1, 2005 on the adoption of IAS 32 and 39.

9. Share capital

Equity share capital

		$ million
	Sept 30 2005	Dec. 31 2004
Allotted, called up and fully paid		
Class A ordinary shares	**340**	350
Class B ordinary shares	**233**	234
Euro deferred shares	**5**	–
	578	584

The number of shares outstanding at September 30, 2005 and December 31, 2004, were as follows:

	Class A	**Class B**	**Euro deferred**
Shares outstanding at September 30, 2005	**4,020,865,000**	**2,759,360,000**	**62,280,114**
Shares outstanding at December 31, 2004	4,148,800,000	2,765,552,027	–

Under the terms of the Unification Transaction, Royal Dutch and Shell Transport ordinary shares were exchanged at the agreed ratios set forth in Note 1. The number of shares as of December 31, 2004 reflect 100% of the then outstanding Royal Dutch and Shell Transport share capital as if all ordinary shares of Royal Dutch and Shell Transport had been exchanged at such ratios as of that date.

Non-equity share capital

		number of shares		$ million
	Sept 30 2005	Dec. 31 2004	**Sept 30 2005**	Dec. 31 2004
Allotted, called up and fully paid				
€448 Priority Shares	–	1,500	–	1
£1 First Preference Shares	–	2,000,000	–	3
£1 Second Preference Shares	–	10,000,000	–	16
			–	20

The preference share capital was recategorised as debt on January 1, 2005 on the adoption of IAS 32 and 39.

10. Contingencies and litigation

Shell Oil Company (including subsidiaries and affiliates, referred to collectively as SOC), along with numerous other defendants, has been sued by public and quasi-public water purveyors, as well as governmental entities, alleging responsibility for groundwater contamination caused by releases of gasoline containing oxygenate additives. Most of these suits assert various theories of liability, including product liability, and seek to recover actual damages, including clean-up costs. Some assert claims for punitive damages. As of October 27, 2005, there were approximately 64 pending suits by such plaintiffs that asserted claims against SOC and many other defendants (including major energy and refining companies). Although a majority of these cases do not specify the amount of monetary damages sought, some include specific damage claims collectively against all defendants. While the aggregate amounts claimed against all defendants for actual and punitive damages in such suits could be material to the Consolidated Financial Statements if they were ultimately recovered against

SOC alone rather than apportioned among the defendants, management of the Shell Group considers the amounts claimed in these pleadings to be highly speculative and not an appropriate basis on which to determine a reasonable estimate of the amount of the loss that may be ultimately incurred, for the reasons described below.

The reasons for this determination can be summarised as follows:

- While the majority of the cases have been consolidated for pre-trial proceedings in the United States District Court for the Southern District of New York, there are many cases pending in other jurisdictions throughout the U.S. Most of the cases are at a preliminary stage. In many matters, little discovery has been taken and many critical substantial legal issues remain unresolved. Consequently, management of the Shell Group does not have sufficient information to assess the facts underlying the plaintiffs' claims; the nature and extent of damages claimed, if any; the reasonableness of any specific claim for money damages; the allocation of potential responsibility among defendants; or the law that may be applicable. Additionally, given the pendency of cases in varying jurisdictions, there may be inconsistencies in the determinations made in these matters.

- There are significant unresolved legal questions relating to claims asserted in this litigation. For example, it has not been established whether the use of oxygenates mandated by the 1990 amendments to the Clean Air Act can give rise to a products liability based claim. While some trial courts have held that it cannot, other courts have left the question open or declined to dismiss claims brought on a products liability theory. Other examples of unresolved legal questions relate to the applicability of federal preemption, whether a plaintiff may recover damages for alleged levels of contamination significantly below state environmental standards, and whether a plaintiff may recover for an alleged threat to groundwater before detection of contamination.

- There are also significant unresolved legal questions relating to whether punitive damages are available for products liability claims or, if available, the manner in which they might be determined. For example, some courts have held that for certain types of product liability claims, punitive damages are not available. It is not known whether that rule of law would be applied in some or all of the pending oxygenate additive cases. Where specific claims for damages have been made, punitive damages represent in most cases a majority of the total amounts claimed.

- There are significant issues relating to the allocation of any liability among the defendants. Virtually all of the oxygenate additives cases involve multiple defendants including most of the major participants in the retail gasoline marketing business in the regions involved in the pending cases. The basis on which any potential liability may be apportioned among the defendants in any particular pending case cannot yet be determined.

For these reasons, management of the Shell Group is not currently able to estimate a range of reasonably possible losses or minimum loss for this litigation; however, management of the Shell Group does not currently believe that the outcome of the oxygenate-related litigation pending as of October 27, 2005 will have a material impact on the Shell Group's financial condition, although such resolutions could have a significant effect on periodic results for the period in which they are recognised.

A $490 million judgment in favour of 466 plaintiffs in a consolidated matter that had once been nine individual cases was rendered in 2002 by a Nicaraguan court jointly against SOC and three other named defendants (not affiliated with SOC), based upon Nicaraguan Special Law 364 for claimed personal injuries resulting from alleged exposure to dibromochloropropane (DBCP) — a pesticide manufactured by SOC prior to 1978. This special law imposes strict liability (in a predetermined amount) on international manufacturers of DBCP. The statute also provides that unless a deposit (calculated as described below) of an amount denominated in Nicaraguan cordobas is made into the Nicaraguan courts, the claims would be submitted to the US courts. In SOC's case the deposit would have been between $19 million and $20 million (based on an exchange rate between 15 and 16 cordobas per US dollar). SOC chose not to make this deposit. The Nicaraguan courts did not, however, give effect to the provision of Special Law 364 that requires submission of the matter to the U.S. courts. Instead, the Nicaraguan court entered judgment against SOC and the other defendants. Further, SOC was not afforded the opportunity to present any defences in the Nicaraguan court, including that it was not subject to Nicaraguan jurisdiction because it had neither shipped nor sold DBCP to parties in Nicaragua. At this time, SOC has not completed the steps necessary to perfect an appeal in Nicaragua and, as described below, the Nicaraguan claimants have sought to enforce the Nicaraguan judgment against SOC in the U.S. and in Venezuela. SOC does not have any assets in Nicaragua. In 2003, an attempt by the plaintiffs to enforce the Nicaraguan judgment described above in the United States against Shell Chemical Company and purported affiliates of the other named defendants was rejected by the United States District Court for the Central District of California because of improper service and attempted enforcement against non-existent entities or entities that were not named in the Nicaraguan judgment. The plaintiffs initially appealed this decision but have subsequently withdrawn their appeal. SOC filed a declaratory judgment action seeking ultimate adjudication of the non-enforceability of this Nicaraguan judgment in the United States District Court for the Central District of California. This district court denied motions filed by the Nicaraguan claimants to dismiss SOC claims that Nicaragua does not have impartial tribunals, the proceedings violated due process, the relationship between SOC and Nicaragua made the exercise of personal jurisdiction unreasonable, and Special Law 364 is repugnant to U.S. public policy because it violates due process. A finding in favour of SOC on any of these grounds will result in a refusal to recognize and enforce the judgment in the United States. Several requests for Exequatur were filed in 2004 with the Tribunal Suprema de Justicia (the Venezuelan Supreme Court) to enforce Nicaraguan judgments. The petitions imply that judgments can be satisfied with assets of Shell Venezuela, S.A., which was neither a party to the Nicaraguan judgment nor a subsidiary of SOC, against whom the Exequatur was filed. The petitions are pending before the Tribunal Suprema de Justicia. As of October 27, 2005, eight additional Nicaraguan judgments had been entered in the collective amount of approximately $398.2 million in favor of 489 plaintiffs jointly against Shell Chemical Company and three other named defendants (not affiliated with Shell Chemical Company) under facts and circumstances almost identical to those relating to the judgment described above. Additional judgments are anticipated (including a suit seeking more than $3 billion). It is the opinion of management of the Shell Group that the above judgments are unenforceable in a U.S. court, as a matter of law, for the reasons set out in SOC's declaratory judgment action described above. No financial provisions have been established for these judgments or related claims.

Since 1984, SOC has been named with others as a defendant in numerous product liability cases, including class actions, involving the failure of residential plumbing systems and municipal water distribution systems constructed with polybutylene plastic pipe. SOC fabricated the resin for this pipe while the co-defendants fabricated the raw materials for the pipe fittings. As a result of two class action settlements in 1995, SOC and the co-defendants agreed on a mechanism to fund until 2009 the settlement of most of the residential plumbing claims in the United States. Financial provisions have been taken by SOC for its settlement funding needs anticipated at this time. Additionally, claims that are not part of these class action settlements or that challenge these settlements continue to be filed primarily involving alleged problems with polybutylene pipe used in municipal water distribution systems. It is the opinion of management of the Shell Group that exposure from this other polybutylene litigation pending as of October 27, 2005, is not material. Management of the Shell Group cannot currently predict when or how all polybutylene matters will be finally resolved.

In connection with the recategorisation of certain hydrocarbon reserves that occurred in 2004, a number of putative shareholder class actions were filed against Royal Dutch, Shell Transport, Managing Directors of Royal Dutch during the class period, Managing Directors of Shell Transport during the class period and the external auditors for Royal Dutch, Shell Transport and the Royal Dutch/ Shell Group. These actions were consolidated in the United States District Court in New Jersey and a consolidated complaint was filed in September 2004. The complaint asserted claims under the U.S. securities laws on behalf of all purchasers of Royal Dutch and Shell Transport securities between April 8, 1999 and March 18, 2004.

On August 9, 2005, the court ruled on motions to dismiss filed by Shell and other defendants. These motions generally addressed whether plaintiffs' complaint sufficiently alleges claims and should be allowed to proceed. First, the court dismissed with prejudice the private plaintiffs' attempts to challenge Shell's shareholder notifications under section 14(a) of the Securities Exchange Act of 1934. The court ruled that, as a non-U.S. private issuer of securities, Shell is exempt from the provisions of section 14(a). Plaintiffs may not attempt to replead these claims. Second, the court dismissed all claims against seven of Shell's current and former managing and supervisory directors: non-executive Chairman Aad Jacobs, Executive Committee member Malcolm Brinded, Maarten van den Bergh, Mark Moody-Stuart, Steven Miller, Paul Skinner and Harry Roels (the "Dismissed Individuals"). The plaintiffs were given 30 days to try to file an adequate complaint against these individuals. Third, the court declined to dismiss plaintiffs' remaining claims against Shell, as well as the claims against its current Chief Executive, Jeroen van der Veer, and three of its former executive directors, Sir Philip Watts, Walter van de Vijver and Judith Boynton. Fourth, the Court decided to permit the class action plaintiffs to proceed with claims on behalf of non-US purchasers of Shell securities who bought their shares on markets outside the United States. Shell had argued that, in this case, the jurisdiction of U.S. courts was limited to those who purchased Shell's shares on U.S. securities exchanges or who are U.S. citizens. Finally, the court decided to dismiss claims brought by shareholders who purchased Shell shares after the January 9, 2004 announcement of the reserves recategorisation and by shareholders who purchased shares during the class period and still hold those shares. The court ruled that the former group may attempt to replead their claims, but the latter group will not.

On September 19, 2005, plaintiffs filed their Second Consolidated Amended Class Action Complaint (the "Second Amended Complaint"). The substantive allegations remain unchanged from those in the earlier complaint, except that plaintiffs dropped their section 14(a) claims and their claims against the Dismissed Individuals. In addition, the Second Amended Complaint does not name Shell's current Chief Executive, Jeroen van der Veer, as a defendant, subject to plaintiffs' reservation of the right to rename him as a defendant in the future. It reinstates claims on behalf of those who purchased shares after the January 9, 2005 announcement of the reserves recategorisation.

Shell has filed a motion for reconsideration on the issue of jurisdiction over non-U.S. purchasers who bought their securities on non-U.S. markets and, alternatively, a motion to certify this issue for appeal to the United States Court of Appeals for the Third Circuit. Plaintiffs have sought reconsideration of the court's ruling dismissing with prejudice the claims of those who still hold the shares of Royal Dutch and Shell Transport that they purchased during the class period. Because of uncertainties relating to the pending reconsideration and/or certification motions and because of the relatively early stage of the proceedings, the company is currently unable to assess the impact of the ruling on the litigation. Further, the case is at an early stage and subject to substantial uncertainties concerning the outcome of material factual and legal issues relating to the litigation. In addition, potential damages, if any, in a fully litigated securities class action would depend on the losses caused by the alleged wrongful conduct that would be demonstrated by individual class members in their purchases and sales of Royal Dutch and Shell Transport shares during the relevant class period. Accordingly, based on the current status of the litigation, management of the Shell Group is unable to estimate a range of possible losses or any minimum loss. Management of the Shell Group will review this determination as the litigation progresses.

Also in connection with the hydrocarbon reserves recategorisation, a number of putative class actions were filed on behalf of participants in certain employee benefit plans sponsored by Shell Oil Company or one of its United States-based affiliates alleging that Royal Dutch, Shell Transport and various current and former officers and directors breached various fiduciary duties to employee participants imposed by the Employee Retirement Income Security Act of 1974 (ERISA). These suits were consolidated in the United States District Court in New Jersey and a consolidated class action complaint was filed in July 2004. The parties executed a settlement agreement in July 2005 and, on August 31, 2005, the court approved the settlement. The court’s order has now become final. The settlement agreement requires defendants to pay $90 million to the settlement class, the court-appointed class counsel’s out-of-pocket expenses (which totaled $742,949.13), plus the costs incurred in providing notice of the settlement to class members. The corporate defendants must also require Shell Oil Company to adopt specific procedures regarding the monitoring and training of individuals appointed to be ERISA fiduciaries.

The reserves recategorisation also led to the filing of shareholder derivative actions in 2004. The four suits pending in New York state court, New York federal court and New Jersey federal court demanded Shell Group management and structural changes and sought unspecified damages from certain current and former members of the Boards of Directors of Royal Dutch and Shell Transport. On October 21, 2005, the United States District Court for the District of New Jersey ruled that it would approve the settlement in a forthcoming opinion. Terms of the settlement include payment by the Shell Group of $9.2 million in attorneys’ fees and expenses to counsel for the derivative plaintiffs and the adoption and implementation by the Shell Group of certain corporate governance principles.

The United States Securities and Exchange Commission (SEC) and UK Financial Services Authority (FSA) issued formal orders of private investigation in relation to the reserves recategorisation which Royal Dutch and Shell Transport resolved by reaching agreements with the SEC and the FSA as announced on August 24, 2004. In connection with the agreement with the SEC, Royal Dutch and Shell Transport consented, without admitting or denying the SEC’s findings or conclusions, to an administrative order finding that Royal Dutch and Shell Transport violated, and requiring Royal Dutch and Shell Transport to cease and desist from future violations of, the antifraud, reporting, recordkeeping and internal control provisions of the US Federal securities laws and related SEC rules, agreed to pay a $120 million civil penalty and undertook to spend an additional $5 million developing a comprehensive internal compliance program.

In connection with the agreement with the FSA, Royal Dutch and Shell Transport agreed, without admitting or denying the FSA’s findings or conclusions, to the entry of a Final Notice by the FSA finding that Royal Dutch and Shell Transport breached market abuse provisions of the UK’s Financial Services and Markets Act 2000 and the Listing Rules made under it and agreed to pay a penalty of £17 million. The penalties from the SEC and FSA and the additional amount to develop a comprehensive internal compliance program have been paid by Shell Group companies and fully included in the Income Statement of the Shell Group for the year 2004. The United States Department of Justice commenced a criminal investigation but announced on June 29, 2005 that it had made a determination not to prosecute. Euronext Amsterdam, the Dutch Authority for the Financial Markets (AFM) and the California Department of Corporations are investigating the issues related to the reserves recategorisation. The AFM have announced that their findings do not give rise to any further action from their side at this time. Management of the Shell Group cannot currently predict the manner and timing of the resolution of these pending matters and is currently unable to estimate the range of reasonably possible losses from such matters.

Shell Group companies are subject to a number of other loss contingencies arising out of litigation and claims brought by governmental and private parties, which are handled in the ordinary course of business.

The operations and earnings of Shell Group companies continue, from time to time, to be affected to varying degrees by political, legislative, fiscal and regulatory developments, including those relating to the protection of the environment and indigenous people, in the countries in which they operate. The industries in which Shell Group companies are engaged are also subject to physical risks of various types. The nature and frequency of these developments and events, not all of which are covered by insurance, as well as their effect on future operations and earnings, are unpredictable.

11. Reconciliation from IFRS to US GAAP

The Group adopted IFRS in 2005, which varies from US GAAP in certain respects, with a date of transition of January 1, 2004 (see Note 13). The reconciliation at transition and for 2004 and 2005 are in Note 11, 12 and 13. The significant differences between IFRS and US GAAP are described below.

Cumulative currency translation differences (CCTD)

Under IFRS at January 1, 2004, the balance of CCTD of $1,208 million was eliminated by transfer to retained earnings. For US GAAP there is no change in the accounting for CCTD and the before mentioned amount is included in accumulated other comprehensive income. Equity at that date in total under both IFRS and US GAAP was not impacted.

Joint ventures

Under IFRS incorporated joint ventures, in which the Group has a liability proportionate to its interest are presented as equity accounted investments. For US GAAP purposes, the Shell Group proportionally consolidated these joint ventures until December 31,

2004. As of January 1, 2005, these joint ventures are presented as equity accounted investments under US GAAP. This change has no impact on total equity or income.

Major Inspection costs

Under IFRS major inspection costs are capitalised and are amortised to income over the period until the next planned major inspection. On a US GAAP basis prior to January 1, 2005, the Group expensed these costs as they were incurred. From January 1, 2005 such costs are capitalised and are amortised to income over the period until the next planned major inspection.

The cumulative effect of the change of policy ($554 million) has been included in US GAAP net income for the quarter ended March 31, 2005. Consequently, the related reconciling items between IFRS and US GAAP that existed at December 31, 2004 do not exist any more. The impact on income going forward is reflected in lower operating costs and higher depreciation.

Financial instruments and other derivatives contracts

The Shell Group adopted IAS 32 and IAS 39 as of January 1, 2005, which requires certain unquoted equity securities to be recognised at fair value. Under US GAAP these are recognised at cost. This change in accounting has no impact on the timing of recognition of income arising from these investments.

From the same date, certain commodity contracts and embedded derivatives that are not recognised under US GAAP are recognised at fair value under IFRS.

Employee benefits

(a) Employee retirement plans and other postretirement benefits
Under IFRS, all gains and losses related to defined benefit pension arrangements and other post retirement benefits at the date of transition to IFRS have been recognised in the 2004 opening balance sheet, with a corresponding reduction in equity of $4,954 million. Under US GAAP these amounts are amortized therefore equity under US GAAP at September 30, 2005 is $4,786 million higher.

Under IFRS, the use of the fair value of pension plan assets (rather than market-related value under US GAAP) to calculate annual expected investment returns and the changed approach to amortisation of investment gains/ losses can be expected to increase volatility in income going forward as compared to past IFRS and US GAAP results. Under US GAAP, the pension charge for the nine month period ended September 30, 2005 is $148 million higher (2004: $115 million lower) and for the three month period ended September 30, 2005 of $43 million higher (2004: $47 million lower).

(b) Share-based compensation

Under IFRS, share-based compensation awarded after November 7, 2002 and not yet vested at January 1, 2005 is recognised as an expense based on fair value measurement. For the US GAAP the Group has adopted SFAS 123R as of January 1, 2005 using the modified prospective approach. This will minimise the difference between US GAAP and IFRS reporting. The remaining difference relates to share-based compensation awarded but not yet vested and granted before November 7, 2002, which under US GAAP is also recognised as an expense, and the treatment of deferred tax on share-based payments. Under IFRS deferred tax is re-measured every reporting period and under US GAAP deferred tax is estimated at grant date and not subsequently revised.

Under US GAAP until December 31, 2004 share based compensation expense was recognised based on the intrinsic value method, which required no recognition of compensation expense for plans where the exercise price is not at a discount to the market value at the date of the grant, and the number of options is fixed on the grant date.

Impairments

Under IFRS an impairment is based on discounted cash flows. Under US GAAP, only if an asset's estimated undiscounted future cash flows are below its carrying amount is a determination required of the amount of any impairment based on discounted cash flows. There is no undiscounted test under IFRS.

Reversal of impairments

Under IFRS, a favourable change in the circumstance, which resulted in an impairment of an asset other than goodwill, would trigger the requirement for a redetermination of the amount of the impairment and any reversal is recognised in income. Under US GAAP, impairments are not reversed.

Other adjustments

Other reconciling items include: the reclassification between line item allocations under IFRS which do not affect equity compared with that shown under US GAAP; differences arising from cumulative currency translation differences; presentation of income from equity accounted investments; other differences arising from IAS 12 Income Taxes and IAS 17 Leases.

Recent US GAAP accounting pronouncements

On April 4, 2005, the FASB adopted FASB Staff Position FSP FAS 19-1 that amends Statement of Financial Accounting Standards No. 19 (FAS 19), "Financial Accounting and Reporting by Oil and Gas Producing Companies," to permit the continued capitalization of exploratory well costs beyond one year if (a) the well found a sufficient quantity of reserves to justify its completion as a producing well and (b) the entity is making sufficient progress assessing the reserves and the economic and operating viability of the project. The guidance in the FSP is required to be applied prospectively as of the third quarter of 2005. Currently we do not expect this to have a material impact on our financial statements.

EITF Issue no. 04-13 "Accounting for Purchases and Sales of Inventory with the Same Counterparty", was ratified in September, 2005 and requires "buy/sell" contractual arrangements entered into after March 15, 2006, or modifications or renewals of existing arrangements after that date, to be reported net in the Statement of Income and accounted for as non-monetary transactions; earlier adoption in 2005 is permitted. The Shell Group has implemented EITF 04-13 with effect from July 1, 2005. The implementation of EITF 04-13 does not create a GAAP difference with the Shell Group's IFRS accounts.

In prior periods the Group has entered into buy/sell agreements which, if reported net under EITF 04-13, would lead to a reduction in revenue and cost of sales for the nine months to September 30, 2005 of $15,720 million and $15,749 million, respectively, (three months to September 30, 2004: $6,422 million and $6,407 million; nine months to September 30, 2004: $18,089 million and $18,186 million) with no impact on net income.

Reconciliation of statement of income from IFRS to US GAAP for Three months ended September 30, 2005

$ million

	IFRS	Discontinued operations[1]	Reclassifications[2]	Employee benefits (a)	Employee benefits (b)	Impairments	Reversals of Impairments	Other	US GAAP
Sales proceeds	94,717	–	–	–	–	–	–	45	94,762
less: Sales taxes, excise duties and similar levies	18,282	–	–	–	–	–	–	–	18,282
Revenue	**76,435**	**–**	**–**	**–**	**–**	**–**	**–**	**45**	**76,480**
Cost of sales	60,704	85	(2)	47	9	11	(203)	333	60,984
Gross profit	15,731	(85)	2	(47)	(9)	(11)	203	(288)	15,496
Selling and distribution expenses	3,150	–	–	10	4	–	–	(7)	3,157
Administrative expenses	613	–	–	18	1	–	–	–	632
Exploration	275	–	–	–	–	–	–	–	275
Research and development	–	–	71	–	–	–	–	–	71
Share of profit of equity accounted investments	3,081	(8)	–	(1)	–	–	9	1	3,082
Net finance costs and other income	(268)	–	(69)	–	–	–	–	(21)	(358)
Income before taxation	**15,042**	**(93)**	**–**	**(76)**	**(14)**	**(11)**	**212**	**(259)**	**14,801**
Taxation	5,558	–	–	(34)	–	(3)	(2)	(67)	5,452
Income from continuing operations	**9,484**	**(93)**	**–**	**(42)**	**(14)**	**(8)**	**214**	**(192)**	**9,349**
Income from discontinued operations	(93)	93	–	–	–	–	–	–	–
Cumulative effect of change in accounting policy	–	–	–	–	–	–	–	–	–
Income for the period	**9,391**	**–**	**–**	**(42)**	**(14)**	**(8)**	**214**	**(192)**	**9,349**
Attributable to minority interest	359	–	–	–	–	–	–	–	359
Income attributable to shareholders of Royal Dutch Shell plc	**9,032**	**–**	**–**	**(42)**	**(14)**	**(8)**	**214**	**(192)**	**8,990**

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Reconciliation of statement of income from IFRS to US GAAP for Nine months ended September 30, 2005

$ million

	IFRS	Discontinued operations[1]	Reclassifications[2]	Employee benefits (a)	Employee benefits (b)	Impairments	Reversals of Impairments	Major inspection costs	Other	US GAAP
Sales proceeds	286,168	(1,374)	–	–	–	–	–		31	284,825
less: Sales taxes, excise duties and similar levies	54,933	(726)	–	–	–	–	–		–	54,207
Revenue	**231,235**	**(648)**	**–**	**–**	**–**	**–**	**–**		**31**	**230,618**
Cost of sales	188,733	(85)	(64)	150	23	31	(256)		263	188,795
Gross profit	**42,502**	**(563)**	**64**	**(150)**	**(23)**	**(31)**	**256**		**(232)**	**41,823**
Selling and distribution expenses	9,462	(64)	–	62	4	–	–		(34)	9,430
Administrative expenses	1,757	–	–	23	2	–	–		(25)	1,757
Exploration	784	–	–	–	–	–	–		–	784
Research and development	–	–	303	–	–	–	–		–	303
Share of profit of equity accounted investments	5,734	(222)	–	(2)	–	–	129		(13)	5,626
Net finance costs and other income	(159)	(1)	(239)	–	–	–	–		(21)	(420)
Income before taxation	**36,392**	**(720)**	**–**	**(237)**	**(29)**	**(31)**	**385**		**(165)**	**35,595**
Taxation	14,427	(35)	–	(90)	3	(64)	(2)		(70)	14,169
Income from continuing operations	**21,965**	**(685)**	**–**	**(147)**	**(32)**	**33**	**387**		**95**	**21,426**
Income from discontinued operations	(307)	685	–	–	–	–	–		–	378
Cumulative effect of change in accounting policy	–	–	–	–	–	–	–	(554)	–	(554)
Income for the period	**21,658**	**–**	**–**	**(147)**	**(32)**	**33**	**387**	**554**	**(95)**	**22,358**
Attributable to minority interest	715	–	–	–	–	60	–		–	775
Income attributable to shareholders of Royal Dutch Shell plc	**20,943**	**–**	**–**	**(147)**	**(32)**	**(27)**	**387**	**554**	**(95)**	**21,583**

1 The definition of activities classified as discontinued operations differs from that under US GAAP. Under IFRS equity accounted or other investments are not excluded from this classification, but the activity must be a separate major line of business or geographical area of operations.

2 Reclassifications are differences in line item allocation under IFRS but do not affect income compared with that shown under US GAAP. They mainly comprise impacts from reporting 1) all jointly controlled entities using the equity method, 2) the results of equity accounted investments on a single line (therefore after net finance costs and tax), 3) accretion expense arising on asset retirement obligations as net finance costs rather than as cost of sales, and 4) research and development within cost of sales.

Earnings per share under US GAAP

$

	Three months ended September 30, 2005	Three months ended September 30, 2004	Nine months ended September 30, 2005	Nine months ended September 30, 2004
Earnings per share	**1.34**	0.79	**3.21**	2.05
— Continuing operations	**1.34**	0.78	**3.07**	1.99
— Discontinuing operations	**–**	0.01	**0.06**	0.06
— Cumulative effect of change in accounting policy	**–**	–	**0.08**	–
Diluted earnings per share	**1.33**	0.79	**3.20**	2.05
— Continuing operations	**1.33**	0.78	**3.06**	1.99
— Discontinuing operations	**–**	0.01	**0.06**	0.06
— Cumulative effect of change in accounting policy	**–**	–	**0.08**	–

Details of the number of shares used in these calculations are contained in Note 5. Income from continuing operations is adjusted for income attributable to minority interest.

Reconciliation of balance sheet from IFRS to US GAAP as at September 30, 2005

$ million

	IFRS	Employee benefits	Impairments	Reversals of Impairments	Other	US GAAP
ASSETS						
Non-current assets						
Property, plant and equipment	85,601	–	675	(156)	(105)	**86,015**
Intangible assets	4,361	349	(5)	–	(17)	**4,688**
Investments:						
equity accounted investments	17,138	121	(212)	(53)	(49)	**16,945**
financial assets	3,236	–	–	–	(385)	**2,851**
Deferred tax	3,039	(991)	(3)	–	206	**2,251**
Other long term assets	6,555	5,545	–	–	(166)	**11,934**
	119,930	**5,024**	**455**	**(209)**	**(516)**	**124,684**
Current assets						
Inventories	21,490	–	–	–	–	**21,490**
Accounts receivable	83,812	–	–	–	(31)	**83,781**
Cash and cash equivalents	15,998	–	–	–	–	**15,998**
	121,300	**–**	**–**	**–**	**(31)**	**121,269**
Total assets	**241,230**	**5,024**	**455**	**(209)**	**(547)**	**245,953**
LIABILITIES						
Non-current liabilities						
Debt	7,795	–	–	–	(290)	**7,505**
Deferred tax	12,411	1,428	237	(125)	16	**13,967**
Provisions	13,132	(1,188)	–	–	(1,279)	**10,665**
Other	4,395	–	–	–	1,360	**5,755**
	37,733	**240**	**237**	**(125)**	**(193)**	**37,892**
Current liabilities						
Debt	6,714	–	–	–	(12)	**6,702**
Accounts payable and accrued liabilities	84,468	(22)	–	–	73	**84,519**
Taxes payable	12,510	–	–	–	6	**12,516**
	103,692	(22)	–	–	**67**	**103,737**
Total liabilities	**141,425**	**218**	**237**	**(125)**	**(126)**	**141,629**
Minority interest					**7,495**	**7,495**
Equity attributable to shareholders of Royal Dutch Shell plc	**92,353**	4,786	218	(84)	(444)	**96,829**
Minority interest	7,452	20	–	–	(7,472)	**–**
Total equity	**99,805**	**4,806**	**218**	**(84)**	**(7,916)**	**96,829**
Total liabilities and equity	**241,230**	**5,024**	**455**	**(209)**	**(547)**	**245,953**

Accumulated Other Comprehensive Income under US GAAP comprises the following amounts:

$ million

	At September 30, 2005
Currency translation differences	234
Unrealised gains on securities	1,083
Unrealised gains on cash flow hedges	692
Minimum pension liability	(1,645)
	(1,020)

An amount of $3.8 billion has been reclassified from accumulated other comprehensive income to retained coming earnings compared to the Form 6-K filed on July 20, 2005.

12. Reconciliations from IFRS to US GAAP in 2004

Reconciliation of statement of income from IFRS to US GAAP for Three months ended September 30, 2004 $ million

	IFRS	Discontinued operations[1]	Reclassifications[2]	Employee benefits[3] (a)	Employee benefits[3] (b)	Cumulative currency translation differences[3]	Impairments[3]	Reversals of impairments[3]	Major inspection costs[3]	Other	US GAAP
Sales proceeds	89,006	(1,985)	453	–	–	–	–	–	–	2	87,476
Less: Sales taxes, excise duties and similar levies	18,321	(690)	148	–	–	–	–	–	–	–	17,779
Revenue	**70,685**	**(1,295)**	**305**	**–**	**–**	**–**	**–**	**–**	**–**	**2**	**69,697**
Cost of sales	58,604	(1,006)	6	(76)	(35)	(33)	–	–	15	19	57,494
Gross profit	**12,081**	**(289)**	**299**	**76**	**35**	**33**	**–**	**–**	**(15)**	**(17)**	**12,203**
Selling and distribution expenses	3,110	(129)	–	(4)	(3)	28	–	–	–	24	3,026
Administrative expenses	533	(5)	–	5	(1)	–	–	–	–	(7)	525
Exploration	294	(2)	10	–	–	–	–	–	–	–	302
Research and development	–	–	97	–	–	–	–	–	–	–	97
Share of profit of equity accounted investments	1,254	20	574	(3)	–	–	–	–	5	(9)	1,841
Net finance costs and other income	11	(18)	67	–	–	–	–	–	–	(35)	25
Income before taxation	**9,387**	**(115)**	**699**	**72**	**39**	**5**	**–**	**–**	**(10)**	**(8)**	**10,069**
Taxation	3,790	(22)	699	26	3	–	–	–	(3)	81	4,574
Income from continuing operations	**5,597**	**(93)**	**–**	**46**	**36**	**5**	**–**	**–**	**(7)**	**(89)**	**5,495**
Income from discontinued operations	23	64	–	–	–	–	–	–	–	–	87
Income for the period	**5,620**	**(29)**	**–**	**46**	**36**	**5**	**–**	**–**	**(7)**	**(89)**	**5,582**
Attributable to minority interest	249	(29)	–	(1)	1	–	–	–	(5)	9	224
Income attributable to shareholders of Royal Dutch Shell plc	**5,371**	**–**	**–**	**47**	**35**	**5**	**–**	**–**	**(2)**	**(98)**	**5,358**

1 The definition of activities classified as discontinued operations differs from that under US GAAP. Under IFRS equity accounted or other investments are not excluded from this classification, but the activity must be a separate major line of business or geographical area of operations. As a result, all of the items presented as discontinued operations in 2004 and 2005 under US GAAP are included within continuing operations under IFRS.

2 Reclassifications are differences in line item allocation under IFRS but do not affect income compared with that shown under US GAAP. They mainly comprise impacts from reporting 1) all jointly controlled entities using the equity method, 2) the results of equity accounted investments on a single line (therefore after net finance costs and tax), 3) accretion expense arising on asset retirement obligations as net finance costs rather than as cost of sales, and 4) research and development within cost of sales.

3 See Note 11.

Reconciliation of statement of income from IFRS to US GAAP for Nine months ended September 30, 2004 $ million

	IFRS	Discontinued operations[1]	Reclassifications[2]	Employee benefits[3] (a)	Employee benefits[3] (b)	Cumulative currency translation differences[3]	Impairments[3]	Reversals of impairments[3]	Major inspection costs[3]	Other	US GAAP
Sales proceeds	243,634	(5,448)	2,449	–	–	–	–	–	–	5	240,640
Less: Sales taxes, excise duties and similar levies	53,549	(1,981)	920	–	–	–	–	–	–	–	52,488
Revenue	**190,085**	**(3,467)**	**1,529**	**–**	**–**	**–**	**–**	**–**	**–**	**5**	**188,152**
Cost of sales	157,901	(2,422)	187	(210)	(91)	(21)	–	–	190	52	155,586
Gross profit	**32,184**	**(1,045)**	**1,342**	**210**	**91**	**21**	**–**	**–**	**(190)**	**(47)**	**32,566**
Selling and	9,046	(357)	–	3	(8)	28	–	–	–	22	8,734

distribution expenses											
Administrative expenses	1,646	(21)	1	22	(2)	–	–	–	–	(5)	1,641
Exploration	1,294	(5)	15	–	–	–	–	–	–	–	1,304
Research and development	–	–	392	–	–	–	–	–	–	–	392
Share of profit of equity accounted investments	3,496	52	1,197	(9)	–	–	(4)	–	(17)	(20)	4,695
Net finance costs and other income	(32)	(49)	4	–	–	–	–	–	–	(66)	(143)
Income before taxation	**23,726**	**(561)**	**2,127**	**176**	**101**	**(7)**	**(4)**	**–**	**(207)**	**(18)**	**25,333**
Taxation	9,275	(134)	2,127	63	6	–	–	–	(68)	103	11,372
Income from continuing operations	**14,451**	**(427)**	**–**	**113**	**95**	**(7)**	**(4)**	**–**	**(139)**	**(121)**	**13,961**
Income from discontinued operations	65	371	–	–	–	–	–	–	–	–	436
Income for the period	**14,516**	**(56)**	**–**	**113**	**95**	**(7)**	**(4)**	**–**	**(139)**	**(121)**	**14,397**
Attributable to minority interest	545	(56)	–	(2)	2	–	–	–	(10)	6	485
Income attributable to shareholders of Royal Dutch Shell plc	**13,969**	**–**	**–**	**115**	**93**	**(7)**	**(4)**	**–**	**(129)**	**(127)**	**13,912**

Reconciliation of statement of income from IFRS to US GAAP for the year ended December 31, 2004 $ million

	IFRS	Discontinued operations[1]	Reclassifications[2]	Employee benefits[3] (a)	Employee benefits[3] (b)	Cumulative currency translation differences[3]	Impairments[3]	Reversals of impairments[3]	Major inspection costs[3]	Other	US GAAP
Sales proceeds	338,756	(6,945)	3,803	–	–	–	–	–	–	7	335,621
Less: Sales taxes, excise duties and similar levies	72,370	(2,529)	1,499	–	–	–	–	–	–	–	71,340
Revenue	**266,386**	**(4,416)**	**2,304**	**–**	**–**	**–**	**–**	**–**	**–**	**7**	**264,281**
Cost of sales	223,259	(1,810)	134	(306)	(128)	102	(730)	211	223	54	221,009
Gross profit	**43,127**	**(2,606)**	**2,170**	**306**	**128**	**(102)**	**730**	**(211)**	**(223)**	**(47)**	**43,272**
Selling and distribution expenses	12,550	(448)	–	25	(9)	28	–	–	–	87	12,233
Administrative expenses	2,548	(28)	3	25	(5)	–	–	–	–	(1)	2,542
Exploration	1,809	(5)	19	–	–	–	–	–	–	–	1,823
Research and development	–	–	553	–	–	–	–	–	–	–	553
Share of profit of equity accounted investments	5,015	(252)	1,420	(6)	–	–	(212)	(258)	(50)	(4)	5,653
Net finance costs and other income	(424)	(28)	121	–	–	–	–	–	–	(145)	(476)
Income before taxation	**31,659**	**(2,349)**	**2,894**	**250**	**142**	**(130)**	**518**	**(469)**	**(273)**	**8**	**32,250**
Taxation	12,168	(381)	2,894	77	27	–	258	–	(75)	120	15,088
Income from continuing operations	**19,491**	**(1,968)**	**–**	**173**	**115**	**(130)**	**260**	**(469)**	**(198)**	**(112)**	**17,162**
Income from discontinued operations	(234)	1,880	–	–	–	–	–	–	–	–	1,646
Income for the period	**19,257**	**(88)**	**–**	**173**	**115**	**(130)**	**260**	**(469)**	**(198)**	**(112)**	**18,808**
Attributable to minority interest	717	(88)	–	(3)	–	–	–	–	(2)	2	626
Income attributable to shareholders of Royal Dutch Shell plc	**18,540**	**–**	**–**	**176**	**115**	**(130)**	**260**	**(469)**	**(196)**	**(114)**	**18,182**

1 The definition of activities classified as discontinued operations differs from that under US GAAP. Under IFRS equity accounted or other investments are not excluded from this classification, but the activity must be a separate major line of business or geographical area of operations. As a result, all of the items presented as discontinued operations in 2004 and 2005 under US GAAP are included within continuing operations under IFRS.

2 Reclassifications are differences in line item allocation under IFRS but do not affect income compared with that shown under US GAAP. They mainly comprise impacts from reporting 1) all jointly controlled entities using the equity method, 2) the results of equity accounted investments on a single line (therefore after net finance costs and tax), 3) accretion expense arising on asset retirement obligations as net finance costs rather than as cost of sales, and 4) research and development within cost of sales.

3 See Note 11.

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Reconciliation of balance sheet from IFRS to US GAAP as at September 30, 2004 $ million

	IFRS	Reclassifications[1]	Employee benefits (a)[2]	Major inspection costs[2]	Other[3]	US GAAP
ASSETS						
Non-current assets						
Property, plant and equipment	85,357	1,222	–	(630)	(42)	85,907
Intangible assets	4,338	15	326	–	(11)	4,668
Investments:						
equity accounted investments	20,709	32	97	(138)	59	20,759
financial assets	2,435	–	–	–	51	2,486
Deferred tax[2]	3,015	–	(541)	29	(797)	1,706
Employee benefit assets	1,975	–	5,305	–	(10)	7,270
Other	4,648	9	(103)	–	(30)	4,524
	122,477	**1,278**	**5,084**	**(739)**	**(780)**	**127,320**
Current assets						
Inventories	16,866	13	–	–	–	16,879
Accounts receivable	37,898	232	–	–	(7)	38,123
Cash and cash equivalents	3,948	5	–	–	–	3,953
	58,712	**250**	**–**	**–**	**(7)**	**58,955**
Total assets	**181,189**	**1,528**	**5,084**	**(739)**	**(787)**	**186,275**
LIABILITIES						
Non-current liabilities						
Debt	9,638	10	–	–	(180)	9,468
Deferred tax[2]	13,459	251	2,040	(229)	(908)	14,613
Employee benefit obligations	6,873	19	(1,920)	–	11	4,983
Other provisions	5,525	(1,086)	–	–	122	4,561
Other	5,675	1,786	–	–	178	7,639
	41,170	**980**	**120**	**(229)**	**(777)**	**41,264**
Current liabilities						
Debt	7,173	–	–	–	(3)	7,170
Accounts payable and accrued liabilities	38,399	1,310	–	–	17	39,726
Taxes payable	10,471	588	–	–	–	11,059
Employee benefit obligations	301	(245)	(57)	–	1	–
Other provisions	1,128	(1,105)	–	–	(23)	–
	57,472	**548**	**(57)**	**–**	**(8)**	**57,955**
Total liabilities	**98,642**	**1,528**	**63**	**(229)**	**(785)**	**99,219**
Minority interest					4,733	4,733
Equity attributable to shareholders of Royal Dutch Shell plc	**77,813**	–	5,001	(495)	4	82,323
Minority interest	**4,734**	–	20	(15)	(4,739)	–
Total equity	**82,547**	**–**	**5,021**	**(510)**	**(4,735)**	**82,323**
Total liabilities and equity	**181,189**	**1,528**	**5,084**	**(739)**	**(787)**	**186,275**

1 Reclassifications are differences in line item allocation under IFRS which do not affect equity compared with that shown under US GAAP. They mainly comprise impacts from reporting all jointly controlled entities using the equity method and separate reporting of all provisions.

2 See Note 11.

3 Includes the impact of the effect of transition to IFRS on cumulative currency translation differences.

Notes to the Condensed Consolidated Interim Financial Statements

Reconciliation of balance sheet from IFRS to US GAAP as at December 31, 2004 $ million

	IFRS	Reclassifications[1]	Employee benefits (a)[2]	Impairments[2]	Reversals of impairments[2]	Major inspection costs[2]	Other[3]	US GAAP
ASSETS								
Non-current assets								
Property, plant and equipment	87,918	1,309	–	730	(211)	(660)	(146)	88,940
Intangible assets	4,528	19	349	–	–	–	(6)	4,890
Investments:								
equity accounted investments	20,493	(222)	99	(212)	(397)	(170)	152	19,743
financial assets	2,700	–	–	–	–	–	48	2,748
Deferred tax	2,789	(6)	(980)	(12)	–	31	173	1,995
Employee benefit assets	2,479	–	5,377	–	–	–	422	8,278
Other	4,490	8	(98)	–	–	–	(31)	4,369
	125,397	**1,108**	**4,747**	**506**	**(608)**	**(799)**	**612**	**130,963**
Current assets								
Inventories	15,375	16	–	–	–	–	–	15,391
Accounts receivable	37,473	575	–	–	–	–	15	38,063
Cash and cash equivalents	9,201	6	–	–	–	–	1	9,208
	62,049	**597**	**–**	**–**	**–**	**–**	**16**	**62,662**
Total assets	**187,446**	**1,705**	**4,747**	**506**	**(608)**	**(799)**	**628**	**193,625**
LIABILITIES								
Non-current liabilities								
Debt	8,858	(26)	–	–	–	–	(232)	8,600
Deferred tax	12,930	206	1,541	246	(139)	(220)	280	14,844
Employee benefit obligations	6,795	21	(1,711)	–	–	–	(61)	5,044
Other provisions	6,828	(1,227)	–	–	–	–	108	5,709
Other	5,800	2,014	–	–	–	–	251	8,065
	41,211	**988**	**(170)**	**246**	**(139)**	**(220)**	**346**	**42,262**
Current liabilities								
Debt	5,734	–	–	–	–	–	28	5,762
Accounts payable and accrued liabilities	37,909	1,868	–	–	–	–	85	39,862
Taxes payable	9,058	829	–	–	–	–	(2)	9,885
Employee benefit obligations	339	(282)	(57)	–	–	–	–	–
Other provisions	1,812	(1,698)	–	–	–	–	(114)	–
	54,852	**717**	**(57)**	**–**	**–**	**–**	**(3)**	**55,509**
Total liabilities	**96,063**	**1,705**	**(227)**	**246**	**(139)**	**(220)**	**343**	**97,771**
Minority interest	–	–	–	–	–	–	5,309	5,309
Equity attributable to Shareholders of Royal Dutch Shell plc	**86,070**	**–**	**4,954**	**260**	**(469)**	**(564)**	**294**	**90,545**
Minority interest	**5,313**	**–**	**20**	**–**	**–**	**(15)**	**(5,318)**	**–**
Total equity	**91,383**	**–**	**4,974**	**260**	**(469)**	**(579)**	**(5,024)**	**90,545**
Total liabilities and equity	**187,446**	**1,705**	**4,747**	**506**	**(608)**	**(799)**	**628**	**193,625**

1 Reclassifications are differences in line item allocation under IFRS which do not affect equity compared with that shown under US GAAP. They mainly comprise impacts from reporting all jointly controlled entities using the equity method and separate reporting of all provisions. The impact of the reclassification to report all jointly controlled entities using the equity method will also be reflected in the Supplementary information — Oil and Gas (unaudited) in the Shell Group's 2005 Annual Report.

2 See Note 11.

3 Includes the impact of the effect of transition to IFRS on cumulative currency translation differences.

13. Transition to IFRS on January 1, 2004

$ million

	US GAAP	Reclassifications[1]	Employee benefits (a)[2]	Major inspection costs[2]	Other	IFRS
ASSETS						
Non-current assets						
Property, plant and equipment	87,088	(1,350)	–	440	103	86,281
Intangible assets	4,735	(16)	(326)	–	–	4,393
Investments:						
equity accounted investments	19,371	(118)	(109)	113	(78)	19,179
financial assets	3,403	–	–	–	(54)	3,349
Deferred tax	2,092	–	935	(17)	53	3,063
Employee benefit assets	6,516	–	(5,055)	–	–	1,461
Other	2,741	(14)	119	–	33	2,879
	125,946	**(1,498)**	**(4,436)**	**536**	**57**	**120,605**
Current assets						
Inventories	12,690	(13)	–	–	–	12,677
Accounts receivable	29,013	(328)	–	–	2	28,687
Cash and cash equivalents	2,117	(10)	–	–	–	2,107
	43,820	**(351)**	**–**	**–**	**2**	**43,471**
Total assets	**169,766**	**(1,849)**	**(4,436)**	**536**	**59**	**164,076**
LIABILITIES						
Non-current liabilities						
Debt	9,100	–	–	–	174	9,274
Deferred tax	15,185	(257)	(1,596)	153	316	13,801
Employee benefit obligations	4,927	(20)	2,038	–	–	6,945
Other provisions	3,955	1,072	–	–	(86)	4,941
Other	6,054	(1,838)	–	–	(194)	4,022
	39,221	**(1,043)**	**442**	**153**	**210**	**38,983**
Current liabilities						
Debt	10,569	–	–	–	6	10,575
Accounts payable and accrued liabilities	32,383	(1,553)	–	–	(15)	30,815
Taxes payable	5,927	(561)	–	–	–	5,366
Employee benefit obligations	–	259	60	–	–	319
Other provisions	–	1,049	–	–	26	1,075
	48,879	**(806)**	**60**	**–**	**17**	**48,150**
Total liabilities	**88,100**	**(1,849)**	**502**	**153**	**227**	**87,133**
Minority interests	3,415	–	(20)	15	(3,410)	–
Equity attributable to shareholders of Royal Dutch Shell	**78,251**	**–**	**(4,918)**	**368**	**(166)**	**73,535**
Minority interest	**–**	**–**	**–**	**–**	**3,408**	**3,408**
Total equity	**78,251**	**–**	**(4,918)**	**368**	**3,242**	**76,943**
Total liabilities and equity	**169,766**	**(1,849)**	**(4,436)**	**536**	**59**	**164,076**

1 Reclassifications are differences in line item allocation under IFRS which do not affect equity compared with that shown under US GAAP. They mainly comprise impacts from reporting all jointly controlled entities using the equity method and separate reporting of all provisions. The impact of the reclassification to report all jointly controlled entities using the equity method will also be reflected in the Supplementary information — Oil and Gas (unaudited) in the Shell Group's 2005 Annual Report.

2 See Note 11.