

SHELL TRANSPORT & TRADING CO PLC  
Form 6-K  
July 25, 2003

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

**Washington D.C.**

**20549**

**FORM 6-K**

**REPORT OF FOREIGN ISSUER**

**Pursuant to Rule 13a-16 or 15d-16 of The Securities Exchange Act of 1934**

**For the month of July 2003**

**N.V. Koninklijke Nederlandsche Petroleum Maatschappij**  
(Exact name of registrant as specified in its charter)

**The "Shell" Transport and Trading Company,  
Public Limited Company**  
(Exact name of registrant as specified in its charter)

**Royal Dutch Petroleum Company**  
(Translation of registrar's name into English)

**The Netherlands**

**England**

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## **Royal Dutch/Shell Group of Companies**

## **RESULTS**

<b>SECOND QUARTER</b>	<b>\$ million</b>	<b>HALF YEAR</b>
		<b>2003</b>
		2002

	%
	<b>2003</b>
	2002
	%
	<b>2,828</b>
	2,212
	<b>+28</b>
	<b>Net Income</b>
	<b>8,159</b>
	4,474
	<b>+82</b>
	<b>(508)</b>
	112
	<i>Estimated current cost of supplies</i>
	<b>(382)</b>
	297
	<i>(CCS) adjustment</i>
	<b>3,336</b>
	2,100
	<b>+59</b>
	<b>CCS earnings</b>
	<b>8,541</b>
	4,177
	<b>+104</b>
	-

	(102)
	<i>Special credits/(charges) see note 4</i>
	<b>1,036</b>
	(18)
	<i>Asset retirement obligations see note 1</i>
	<b>255</b>
	<b>3,336</b>
	2,202
	<b>+51</b>
	<b>Adjusted CCS earnings</b>
	<b>7,250</b>
	4,195
	<b>+73</b>
	<b>Return on Average Capital Employed on a Net Income basis</b>
	<b>17.1%</b>
	11.7%
	<b>Return on Average Capital Employed on a CCS earnings basis</b>
	<b>17.4%</b>
	12.3%

*To facilitate a better understanding of the underlying business performance, the financial results are analysed on an*

*estimated current cost of supplies (CCS) basis adjusting for those credits or charges resulting from transactions or events which, in the view of management, are not representative of normal business activities of the period and which affect comparability of earnings. It should be noted that adjusted CCS earnings is not a measure of financial performance under generally accepted accounting principles in the Netherlands and the USA.*

**A report by Royal Dutch Petroleum Company and The "Shell" Transport and Trading Company, p.l.c. on the results of the Royal Dutch/Shell Group of Companies, in which their interests are 60% and 40% respectively.**

### **Key features of the second quarter 2003**

- Reported net income of \$2,828 million was 28% higher than last year.
- The Group's adjusted CCS earnings (i.e. on an estimated current cost of supplies basis excluding special items) for the quarter were \$3,336 million, 51% higher than a year ago.
- On an adjusted CCS basis, Royal Dutch earnings per share were €0.85 (\$0.96 per share), an increase compared with last year of 23% (52% in \$ per share), and Shell Transport earnings per share were 8.5p, an increase of 37%.
- Increased interim dividends have been announced of €0.74 per share for Royal Dutch (up 2.8%) and of 6.10p per share for Shell Transport (up 2.5%).
- Exploration and Production adjusted segment earnings of \$2,023 million were up from \$1,809 million a year ago. The increase reflected significantly higher gas realisations and higher oil prices.
- The final investment decision for the Sakhalin II LNG project (Shell share 55%) was announced, the biggest single integrated oil and gas project ever undertaken in the industry.
- Gas & Power adjusted segment earnings were \$452 million compared to \$149 million a year ago. Increased earnings reflect record second quarter volumes and higher prices in liquefied natural gas (LNG), improved trading earnings and a gain arising from the sale of Shell's 25% shareholding in Thyssengas, Germany.
- Oil Products adjusted CCS segment earnings were \$975 million compared to \$347 million achieved a year ago. Stronger margins supported higher refining and marketing earnings.
- Chemicals adjusted segment earnings of \$111 million were 16% lower than in the second quarter 2002 as volume growth was more than offset by lower margins, high turnaround costs and lower polyolefins earnings.
- Capital investment for the quarter totalled \$3.4 billion including the Sakhalin II LNG project on a 100% basis.
- Divestment proceeds for the year to date total \$2.3 billion. Additional announced divestments with an expected value of over \$1 billion have either been completed in July or are in progress.
- The Return on Average Capital Employed (ROACE) on a net income basis for the 12 months ending June 30, 2003 was 17.1%. The ROACE on a CCS earnings basis for the 12 months ending June 30, 2003 was 17.4%. The main difference is the CCS adjustment to net income.
- At the end of the quarter the debt ratio was 18.8% and cash, cash equivalents and short-term securities amounted to \$1.9 billion.
- Cash flow from operations for the quarter was \$5.4 billion bringing the 6 months total to \$12.1 billion. This cash funded the investment programme and reduced gearing; \$3.9 billion of dividends were paid. In addition, \$0.7 billion was used to buy out a preferred equity minority interest in the US upstream. The \$1.35 billion payment related to the 2002 acquisition of DEA in Germany took place on July 1, 2003.
- As explained in the Group's 2002 Financial Statements, recent changes in US Generally Accepted Accounting Principles (GAAP) related to the accounting for long-term obligations, have brought US GAAP and Netherlands GAAP into better alignment. Consequently with effect from the third quarter 2003, the Group's Statement of Assets and Liabilities will include some \$4 billion of additional fixed assets and related long-term liabilities. There is no impact on the Statement of Cash Flows. If this treatment had been adopted at the end of the second quarter, the debt ratio would have been some 3 to 4 percentage points higher.

## Commentary

Crude prices fell sharply early in the quarter largely as a result of a reduced Iraqi war premium. OPEC, in particular Saudi Arabia, supported increased crude production during the second quarter to cover the Iraqi supply shortfall. This had the effect of dampening oil prices in general and keeping them on average just above the mid-point of OPEC's desired price band. In the second quarter of 2003, Brent crude prices averaged \$26.05 a barrel compared with \$25.05 a barrel in 2002, while WTI prices averaged \$29.00 a barrel in 2003 compared with \$26.30 a year earlier. Crude prices for the second half of this year will depend on OPEC supply in response to the return of Iraqi exports to the oil markets, and on the state of the global economy.

The North American natural gas market continued to see high prices over the second quarter of 2003, as the Henry Hub index averaged \$5.63 per million Btu, down from \$6.90 in the first quarter but almost \$2.25 above the same quarter of 2002. Reduced demand by about 4 billion cubic feet (bcf) per day compared to a year ago allowed inventories to build for the next winter. Supply increased due to LNG imports, running at about 0.25 bcf per day above the second quarter in 2002. Reduced demand and increased LNG imports are offsetting the decline in domestic production in the US and Canada estimated at 1-1.5 bcf/day compared to levels a year ago. Near term North American natural gas prices are expected to remain strong by historical standards.

Refining margins reverted to lower levels during the second quarter, as the impact of supply disruptions, heavy US refinery turnarounds and a cold northern hemisphere winter abated. Margin decline in Europe was cushioned to some extent by the refinery turnaround season and demand for heating oil. Refining margins in Asia were hit by low product demand, particularly jet kerosene for civil aviation, following the outbreak of SARS. The quarter saw discretionary run cuts. In the second quarter of 2003, industry refining margins averaged \$2.55, 0.10, 3.85 and 4.50 a barrel in Rotterdam, Singapore, US Gulf Coast and US West Coast respectively, compared to \$0.30, 0.25 and 2.95 and 3.55 a barrel for the same period in 2002. The heavy crude coking margin strengthened versus the light crude coking margin in the US Gulf Coast during the second quarter due to rising Venezuelan and Saudi Arabian crude supply. The margin outlook for the balance of 2003 is uncertain. Much will depend on the state of the global, and in particular the US, economy. Singapore margins are expected to remain depressed for the rest of the year given the substantial refinery capacity overhang in the region.

In Chemicals difficult trading conditions continued as a result of volatility in feedstock prices and weak product margins negatively impacting earnings. However, industry cracker margins improved in Europe and the USA from a year ago as a result of the decline in feedstock prices from first quarter levels. In the USA, feedstock prices relative to crude prices favoured chemical crackers using liquid feedstocks. The outlook for chemicals remains vulnerable due to uncertainty and volatility in feedstock costs and the global economy.

In Exploration and Production pre-emption rights were exercised on the sale of British Gas' interest in the Kashagan Consortium Production Sharing Agreement (PSA) in Kazakhstan, to increase Shell's interest in the PSA from 16.67% to 20.37%. In Canada fully integrated operations began for the Athabasca Oil Sands Project (Shell Canada share 60%) with the Scotford Upgrader processing bitumen from the Muskeg River mine to manufacture synthetic crude oil products. Total production averaged about 85,000 barrels per day (100%) of bitumen in June.

As part of ongoing portfolio optimisation, Shell's 45% interest in KMOC in Russia was sold during the quarter. In the UK various ex-Enterprise Oil mature assets were divested in July. In the USA, the divestment of mature assets in the Gulf of Mexico was concluded in July for a sum of \$500 million, equivalent to over \$12 per barrel of proven reserves.

During the quarter a significant discovery was made in Malaysia and successful appraisals took place in the Gulf of Mexico and in Egypt.

Progress on synergies from the Enterprise acquisition continues ahead of plan with \$180 million of synergies delivered to date.

The Declaration of Development Date for the second phase of the Sakhalin II LNG project was announced in May. This first LNG plant in Russia is planned to come on stream in 2007 and will reinforce Shell's position as the world leader in LNG. Marketing of LNG from the two train 9.6 million tonnes per annum (mtpa) plant continues with long-term offtake agreements announced for 2.8 mtpa with Tokyo Gas, Tokyo Electric and Kyushu Electric and negotiations with other potential offtakers are progressing.

In Gas & Power significant progress was achieved in Nigeria LNG (Shell share 25.6%), where volumes from the fourth and fifth liquefaction trains' expansion are now fully committed with the signing of Memoranda of Understanding for supply into the US East Coast and to Europe. The Malaysia LNG Tiga joint venture (Shell share 15%) signed an agreement to deliver up to 2 mtpa over 7 years to Kogas in Korea. In China the first coal gasification joint venture (Shell share 50%) with Sinopec was announced, and in Germany Shell sold its 25% interest in Thyssengas, a gas transportation company.

In Oil Products, an expansion of the retail alliance with Sainsbury's Supermarkets Ltd in the UK and a new retail alliance with Coles Myer Ltd in Australia were announced. The expansion in the UK will involve up to 100 retail sites over the coming 2 to 3 years. In Australia, Coles Myer will progressively become operator of the Shell-branded retail network starting in Victoria. In both alliances, Shell will exclusively supply the fuel products. Additionally, Shell sold its 20.69% interest in Skeljungur in Iceland, where retail operations will continue under the Shell brand. Shell Hydrogen's involvement in the pilot retail hydrogen site in Iceland is unaffected by this development.

Progress continues in the US retail network restructuring, the DEA acquisition in Germany and in the integration of Pennzoil-Quaker State Company (PQS). Since the programs started 2,096 retail sites have been rebranded from Texaco to Shell in the US and 415 retail sites from DEA to Shell in Germany. Synergy capture in both acquisitions is ahead of plan with \$295 million synergy deliveries in the US and \$130 million in Germany. Synergy deliveries from the acquisition of PQS totalled \$55 million to the end of the second quarter and are ahead of plan.

In Chemicals, major construction has started on schedule at the Nanhai petrochemicals plant in Guangdong (Shell share 50%) with the lower olefins plant, which is at the heart of the complex, to produce feedstock for the other downstream processes. Shell is a partner with CNOOC Petrochemicals Investment Ltd in the \$4.3 billion plant expected to go on stream at the end of 2005.

The construction of a polymer polyols plant at Pernis in the Netherlands was completed and is now operational. The plant, one of the largest of its kind in Europe, will produce 50,000 tonnes per annum of high solids styrene acrylonitrile (SAN) co-polymer polyol, designed to meet the growing needs of furniture, bedding and automobile manufacturers.

In Renewables the acquisition of a 40% interest in the La Muela Wind Park (99 megawatt) in Spain was announced in July marking the beginning of commercial-scale wind operations in Europe for Shell.

Shares totalling \$0.3 billion were purchased during the quarter to underpin employee share option schemes, bringing the year to date amount to \$0.7 billion.

## Earnings by industry segment

## Exploration and Production

SECOND QUARTER	\$ million	HALF YEAR
		2003

	2002
	%
	<b>2003</b>
	2002
	%
	<b>2,023</b>
	1,759
	<b>+15</b>
	<b>Segment earnings</b>
	<b>5,065</b>
	3,329
	<b>+52</b>
	-
	(50)
	<i>Special credits/(charges)</i>
	-
	65
	<i>Asset retirement obligations (see note 1)</i>
	<b>255</b>
	<b>2,023</b>
	1,809
	<b>+12</b>
	<b>Adjusted segment earnings</b>

**4,810**

3,264

**+47****2,361**

2,413

**-2**Crude oil  
production  
(thousand b/d)**2,384**

2,307

**+3****8,271**

8,386

**-1**Natural gas  
production  
available for sale  
(million scf/d)**9,447**

9,416

**-**

**Second quarter** adjusted earnings of \$2,023 million were 12% higher than a year ago mainly due to significantly higher hydrocarbon prices with gas realisations 41% higher than the same period last year. Gas realisations in the USA increased by 62% and outside the USA by 30%. Oil realisations were up 7%. Earnings reflected higher depreciation charges and higher operating costs, both of which were impacted by a weaker US dollar. Exploration costs were \$152 million lower.

Hydrocarbon production decreased 2%, reflecting a 2% decrease in oil production and a 1% decrease in gas production.

The 2% decrease in oil production reflected field declines, mainly in the USA and the UK, community disturbances in Nigeria, maintenance in Draugen (Norway) and Shearwater in the UK. Production from new fields in Nigeria (EA), Canada (Athabasca Oil Sands), the UK and the USA and higher OPEC quotas in Nigeria and Abu Dhabi partly offset

the decreases.

Gas production reflected lower demand in the Netherlands and New Zealand, field declines in the USA and the UK, divestments in New Zealand and lower entitlements under production sharing contracts. These decreases were partly offset by new production mainly in Pakistan and the USA and higher demand in Malaysia, Brunei, Germany and Australia.

Excluding the effects of community disturbances in Nigeria, lower entitlements under production sharing contracts due to higher hydrocarbon prices, and divestments, total hydrocarbon production for the quarter was ahead of a year ago.

Capital investment in the second quarter of \$2.4 billion was 17% higher than the corresponding period last year excluding the acquisition amount for Enterprise Oil. The investment related to the Kashagan pre-emption will be included in the financial statements when completed. Exploration expense amounted to \$0.2 billion.

## Gas & Power

SECOND QUARTER	\$ million	HALF YEAR
		2003
		2002
		%
		2003
		2002
		%
		<b>452</b>
		128
		<b>+253</b>
		<b>Segment earnings</b>
		<b>1,958</b>
		382
		<b>+413</b>
		-
		(21)

	<i>Special credits/(charges)</i>
	<b>1,036</b>
	17
	<b>452</b>
	149
	<b>+203</b>
	<b>Adjusted segment earnings</b>
	<b>922</b>
	365
	<b>+153</b>
	<b>2.22</b>
	1.76
	<b>+26</b>
	Equity LNG sales volume (million tonnes)
	<b>4.55</b>
	4.20
	<b>+8</b>

**Second quarter** adjusted earnings were \$452 million compared to \$149 million a year ago. Earnings from liquefied natural gas (LNG) operations were higher due to a 26% increase in volumes reflecting strong demand and the build-up of volumes from the third LNG liquefaction train in Nigeria. LNG prices were some 26% above those last year reflecting the higher crude and product prices and volume mix. Trading earnings benefited from more favourable trading conditions in the USA. The quarter benefited by \$140 million from non-recurring items including sale of Shell's 25% shareholding in Thyssengas. This was partly offset by the absence of Ruhrgas dividends (\$47 million) compared to the second quarter of 2002 following the divestment in 2003.

## Oil Products

<b>SECOND QUARTER</b>	\$ million	<b>HALF YEAR</b>
-----------------------	------------	------------------

	<b>2003</b>
	2002
	<i>%</i>
	<b>2003</b>
	2002
	<i>%</i>
	<b>448</b>
	444
	<b>+1</b>
	<b>Segment earnings</b>
	<b>1,643</b>
	1,029
	<b>+60</b>
	<b>(527)</b>
	118
	<i>CCS adjustment</i>
	<b>(388)</b>
	342
	<b>975</b>
	326
	<b>+199</b>
	<b>Segment CCS earnings</b>
	<b>2,031</b>
	687
	<b>+196</b>

-

(21)

*Special  
credits/(charges)*

-

(101)

**975**

347

**+181**

**Adjusted segment  
CCS earnings**

**2,031**

788

**+158**

**4,127**

3,837

**+8**

Refinery intake  
(thousand b/d)

**4,147**

4,011

**+3**

**7,474**

7,396

**+1**

Oil product sales  
(thousand b/d)

7,407

7,311

+1

**Second quarter** earnings on an adjusted CCS basis of \$975 million were 181% higher than a year ago. Refining earnings improved substantially reflecting stronger industry margins in all regions excluding Asia-Pacific. Marketing income also increased significantly as marketing margins benefited from the decline in crude prices from the first quarter.

The results for the second quarter of 2003 include Pennzoil-Quaker State (PQS) in the US acquired effective October 1, 2002.

Outside the USA, adjusted CCS earnings increased to \$839 million compared to \$322 million a year ago. Refining earnings increased significantly in Europe reflecting the strong rebound in industry refining margins in Rotterdam, partially offset by increased costs associated with the strengthening euro. Refining earnings in Asia were similar to a year ago as industry margins in this region returned to historically low levels. Refinery utilisation was 7 percentage points higher than a year ago. Marketing earnings improved over the prior year as a result of stronger fuels margins more than offsetting a 2% reduction in total inland sales, reflecting the impact of reduced industry demand. Lower supply costs early in the quarter contributed to the marketing margin improvement.

In the USA, adjusted earnings were \$136 million compared to \$25 million a year ago. This also reflects an increase compared to first quarter this year when overall margins were more favourable. Earnings benefited from realizing synergies associated with the Texaco and PQS acquisitions, implementing the refining improvements and retail network restructuring programs as planned, and stronger refining and retail margins on both the West Coast and Gulf Coast as compared to a year ago. Overall refinery utilisation was 2 percentage points lower than a year earlier whilst refinery intake rose 1%. Total inland sales volumes benefited from the integration of US trading operations with the Shell Global Trading Network. Trading earnings improved over last year while transportation income was slightly down due to reduced product demand. Earnings for the quarter were negatively impacted by some \$33 million for provisions primarily related to litigation and environmental remediation.

## Chemicals

SECOND QUARTER	\$ million	HALF YEAR
		2003
		2002
		%
		2003
		2002
		%
		111

122
<b>-9</b>
<b>Segment earnings</b>
<b>96</b>
197
<b>-51</b>
-
(10)
<i>Special</i>
<i>credits/(charges)</i>
-
(10)
<b>111</b>
132
<b>-16</b>
<b>Adjusted segment</b>
<b>earnings</b>
<b>96</b>
207
<b>-54</b>

Adjusted earnings for the **second quarter** were \$111 million compared with \$132 million a year ago. Despite volume growth across much of the portfolio, earnings were negatively impacted by volatility of feedstock costs and higher costs, principally related to higher turnaround activity and the weaker US dollar. However, Shell cracker margins improved from a year ago in both the USA and Europe. In the USA, the economics of cracking liquid feedstocks were favourable relative to the more commonly used ethane feedstocks. In Europe, cracker margins (\$/mt) improved as feedstock prices fell from first quarter levels, coupled with the impact of a stronger euro. However, global product unit margins (\$/mt) declined from prior year reflecting the inability to recover feedstock cost increases across the portfolio. Earnings from Basell, the polyolefins joint venture, were down sharply compared with the same period a year ago as both volumes and margins declined mainly in Europe due to weak demand and imported product.

## Other industry segments

		HALF YEAR	
		2003	
		2002	
		2003	
		2002	
		(27)	
		(89)	
		<b>Segment earnings</b>	
		(67)	
		(130)	
<b>SECOND QUARTER</b>	\$ million	-	
		-	
		<i>Special credits/(charges)</i>	
		-	
		-	
		(27)	
		(89)	
		<b>Adjusted segment earnings</b>	
		(67)	
		(130)	

Adjusted earnings for the **second quarter** were a loss of \$27 million compared to a loss of \$89 million in 2002 due to improved results in Shell Consumer in the US and the transfer of certain support services to Corporate.

## Corporate

		<b>HALF YEAR</b>	
		<b>2003</b>	
		2002	
		<b>2003</b>	
		2002	
		<b>(112)</b>	
		(148)	
		<b>Segment net costs</b>	
		<b>(380)</b>	
		(322)	
<b>SECOND QUARTER</b>	\$ million	-	
		-	
		<i>Special credits/(charges)</i>	
		-	
		-	
		<b>(112)</b>	
		(148)	
		<b>Adjusted segment net costs</b>	
		<b>(380)</b>	
		(322)	

**Second quarter** net costs of \$112 million were less than a year ago (costs of \$148 million) and reflected non-recurring tax credits and increased interest cost as a result of higher average net borrowing.

### Note

*The results shown for the second quarter and half year are unaudited.*

Quarterly results are expected to be announced on October 23 for the third quarter of 2003. Results for the fourth quarter together with the final dividend proposals for 2003 are expected to be announced on February 5, 2004.

This publication contains forward-looking statements that are subject to risk factors associated with the oil, gas, power, chemicals and renewables businesses. It is believed that the expectations reflected in these statements are reasonable, but may be affected by a variety of variables which could cause actual results or trends to differ materially, including, but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

July 24, 2003

## Statement of income

QUARTERS	\$ million	HALF YEAR
		Q2
		Q1
		Q2
		<b>2003</b>
		2003
		2002
		% *
		<b>2003</b>
		2002
		%
		<b>64,880</b>
		69,374
		55,124
		<b>+18</b>
		Sales proceeds **
		<b>134,254</b>
		103,006

	<b>+30</b>
	Sales taxes, excise duties and
	<b>16,805</b>
	15,559
	13,221
	similar levies
	<b>32,364</b>
	25,915
	_____
	_____
	_____
	_____
	_____
	<b>48,075</b>
	53,815
	41,903
	<b>+15</b>
	Net proceeds
	<b>101,890</b>
	77,091
	<b>+32</b>
	<b>40,027</b>
	43,479
	35,381
	Cost of sales **

	<b>83,506</b>
	64,455
	_____
	_____
	_____
	_____
	<b>8,048</b>
	10,336
	6,522
	<b>+23</b>
	Gross profit
	<b>18,384</b>
	12,636
	<b>+45</b>
	Selling, distribution and
	<b>3,427</b>
	3,023
	2,703
	administrative expenses
	<b>6,450</b>
	5,137
	<b>152</b>
	248
	304

	Exploration
	<b>400</b>
	479
	<b>145</b>
	132
	130
	Research and development
	<b>277</b>
	216
	_____
	_____
	_____
	_____
	<b>4,324</b>
	6,933
	3,385
	<b>+28</b>
	Operating profit of Group companies
	<b>11,257</b>
	6,804
	<b>+65</b>
	Share of operating profit of
	<b>836</b>

	1,196
	734
	associated companies
	<b>2,032</b>
	1,415
	_____
	_____
	_____
	_____
	<b>5,160</b>
	8,129
	4,119
	<b>+25</b>
	<b>Operating profit</b>
	<b>13,289</b>
	8,219
	<b>+62</b>
	<b>175</b>
	1,469
	177
	Interest and other income
	<b>1,644</b>
	361
	<b>300</b>

	374
	261
Interest expense	
	<b>674</b>
	502
	<b>(102)</b>
	(17)
	(38)
Currency exchange gains/(losses)	
	<b>(119)</b>
	(68)
	_____
	_____
	_____
	_____
	_____
	<b>4,933</b>
	9,207
	3,997
	<b>+23</b>
<b>Income before taxation</b>	
	<b>14,140</b>
	8,010
	<b>+77</b>

**2,038**

3,787

1,781

Taxation

**5,825**

3,525

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**2,895**

5,420

2,216

**+31**

Income after taxation

**8,315**

4,485

**+85**

**67**

89

4

Minority interests

**156**

11



	Q2
	<b>2003</b>
	2003
	2002
	% *
	<b>2003</b>
	2002
	%
	<b>Exploration and Production:</b>
	<b>1,374</b>
	2,307
	1,257
	<b>+9</b>
	World outside USA
	<b>3,681</b>
	2,463
	<b>+49</b>
	<b>649</b>
	735
	502
	<b>+29</b>
	USA
	<b>1,384</b>
	866
	<b>+60</b>

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**2,023**

3,042

1,759

**+15**

**5,065**

3,329

**+52**

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**Gas & Power:**

**356**

1,472

108

**+230**

World outside USA

**1,828**

364

**+402**

**96**

34

20

**+380**

USA

**130**

18

**+622**

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**452**

1,506

128

**+253**

**1,958**

382

**+413**

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**Oil Products:**

**839**

929

322

**+161**

World outside USA

**1,768**

704

**+151**

**136**

127

4

USA

**263**

(17)

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**975**

1,056

326

**+199**

**2,031**

687

**+196**

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**Chemicals:**

**166**

196

145

**+14**

World outside USA

**362**

240

**+ 51**

**(55)**

(211)

(23)

-

USA

**(266)**

(43)

-

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**111**

(15)

122

**-9**

**96**

197

**-51**

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**(27)**

(40)

(89)

**Other industry segments**

**(67)**

(130)

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_____
_____
_____
<b>3,534</b>
5,549
2,246
<b>+57</b>
<b>TOTAL OPERATING SEGMENTS</b>
<b>9,083</b>
4,465
<b>+103</b>
_____
_____
_____
_____
_____
<b>Corporate:</b>
<b>(178)</b>
(259)
(120)
Interest income/(expense)
<b>(437)</b>
(235)
<b>(19)</b>

(10)

32

Currency exchange  
gains/(losses)

**(29)**

25

**85**

1

(60)

Other - including taxation

**86**

(112)

\_\_\_\_\_

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\_\_\_\_\_

**(112)**

(268)

(148)

**(380)**

(322)

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**(86)**

(76)

2

**Minority interests**

**(162)**

34

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**3,336**

5,205

2,100

**+59**

**CCS EARNINGS**

**8,541**

4,177

**+104**

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**(508)**

126

112

CCS adjustment

**(382)**

297

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**2,828**

5,331

2,212

**+28**

**NET INCOME**

**8,159**

4,474

**+82**

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\* Q2 on Q2 change

## Summarised statement of assets and liabilities

\$ million	June 30
	Mar 31
	June 30
	<b>2003</b>
	2003
	2002
<b>Fixed assets:</b>	
Tangible fixed assets	
<b>82,377</b>	
79,986	
74,535	
Intangible fixed assets	
<b>4,747</b>	
4,659	
1,304	
Investments	
<b>21,454</b>	
21,055	
20,582	
_____	
_____	
_____	
<b>108,578</b>	
105,700	

96,421

\_\_\_\_\_

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\_\_\_\_\_

**Other long-term assets**

**8,025**

7,307

8,744

**Current assets:**

Inventories

**10,976**

11,007

9,451

Accounts receivable

**28,246**

31,111

23,467

Short-term securities

-

1

1

Cash and cash equivalents

**1,937**

3,991

4,141

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**41,159**

46,110

37,060

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**Current liabilities:**

Short-term debt

**9,564**

9,567

11,574

Accounts payable and accrued liabilities

**30,650**

32,808

23,299

Taxes payable

**7,234**

7,669

5,905

Dividends payable to Parent Companies

**2,520**

5,235

3,168

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**49,968**

55,279

43,946

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**Net current assets/(liabilities)**

**(8,809)**

(9,169)

(6,886)

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**Total assets less current liabilities**

**107,794**

103,838

98,279

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**Long-term liabilities:**

Long-term debt

**7,209**

6,799

6,518

Other

**6,048**

5,838

6,009

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**13,257**

12,637

12,527

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**Provisions:**

Deferred taxation

**12,428**

12,684

12,383

Other

**9,469**

8,809

6,717

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**21,897**

21,493

19,100

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**Minority interests**

**3,240**

3,686

5,396

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**NET ASSETS**

**69,400**

66,022

61,256

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## Summarised statement of cash flows (Note 7)

QUARTERS	\$ million	HALF YEAR
		Q2
		Q1
		Q2
		<b>2003</b>
		2003
		2002
		<b>2003</b>
		2002
		<b>CASH FLOW PROVIDED BY</b>
		<b>OPERATING ACTIVITIES:</b>
	<b>2,828</b>	
	5,331	
	2,212	
	Net income	
	<b>8,159</b>	
	4,474	
	<b>2,390</b>	
	2,498	
	2,036	
	Depreciation, depletion and amortisation	
	<b>4,888</b>	
	3,786	

<b>(149)</b>
(1,301)
(11)
(Profit)/loss on sale of assets
<b>(1,450)</b>
(173)
<b>550</b>
256
(903)
Decrease/(increase) in net working capital
<b>806</b>
(1,671)
Associated companies:
<b>168</b>
(226)
64
dividends more/(less) than net income
<b>(58)</b>
18
<b>128</b>
242
(172)
Deferred taxation and other provisions
<b>370</b>

(159)

**(490)**

(112)

(74)

Other

**(602)**

88

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**5,425**

6,688

3,152

**Cash flow provided by  
operating activities**

**12,113**

6,363

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**CASH FLOW USED IN**

**INVESTING ACTIVITIES:**

<b>(3,081)</b>
(2,173)
(7,818)
Capital expenditure
<b>(5,254)</b>
(11,899)
<b>105</b>
268
225
Proceeds from sale of assets
<b>373</b>
460
<b>130</b>
(321)
(72)
Net investments in associated companies
<b>(191)</b>
(337)
<b>44</b>
1,675
84
Proceeds from sale and other movements in investments
<b>1,719</b>
3

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\_\_\_\_\_  
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\_\_\_\_\_  
\_\_\_\_\_

**(2,802)**

(551)

(7,581)

**Cash flow used in investing  
activities**

**(3,353)**

(11,773)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**CASH FLOW PROVIDED  
BY/**

**(USED IN) FINANCING  
ACTIVITIES:**

**306**

(409)

2,145

Net increase/(decrease) in  
long-term debt

**(103)**

225
<b>(445)</b>
(2,971)
6,334
Net increase/(decrease) in short-term debt
<b>(3,416)</b>
6,967
<b>(465)</b>
12
19
Change in minority interests
<b>(453)</b>
405
<b>(3,779)</b>
-
(3,493)
Dividends paid to: Parent Companies
<b>(3,779)</b>
(3,789)
<b>(108)</b>
(43)
(71)
Minority interests
<b>(151)</b>

(144)

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\_\_\_\_\_

**(4,491)**

(3,411)

4,934

**Cash flow provided by/(used  
in) financing activities**

**(7,902)**

3,664

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\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Parent Companies' shares:  
net**

**(253)**

(315)

(719)

**sales/(purchases) and  
dividends received**

**(568)**

(904)

Currency translation  
differences relating

**67**

24

134

to cash and cash equivalents

**91**

121

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**(2,054)**

2,435

(80)

**INCREASE/(DECREASE)  
IN CASH AND CASH  
EQUIVALENTS**

**381**

(2,529)

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# Operational data

QUARTERS	HALF YEAR
	<b>Q2</b>
	Q1
	Q2
	<b>2003</b>
	2003
	2002
	<i>%*</i>
	<b>2003</b>
	2002
	<i>%</i>
	thousand b/d
	<b>CRUDE OIL PRODUCTION</b>
	thousand b/d
	<b>665</b>
	741
	783
	Europe
	<b>703</b>
	668
	<b>1,132</b>
	1,112
	1,084

Other Eastern Hemisphere

**1,122**

1,103

**423**

460

441

USA

**441**

429

**141**

94

105

Other Western Hemisphere

**118**

107

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**2,361**

2,407

2,413

**-2**

**2,384**

2,307

**+3**

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million scf/d \*\*

**NATURAL GAS  
PRODUCTION**

million scf/d \*\*

**AVAILABLE FOR  
SALE**

**2,649**

5,228

2,844

Europe

**3,931**

3,704

**3,350**

3,128

3,223

Other Eastern  
Hemisphere

**3,240**

3,423

	<b>1,627</b>
	1,633
	1,665
	USA
	<b>1,630</b>
	1,616
	<b>645</b>
	647
	654
	Other Western Hemisphere
	<b>646</b>
	673
	_____
	_____
	_____
	_____
	_____
	<b>8,271</b>
	10,636
	8,386
	<b>-1</b>
	<b>9,447</b>
	9,416
	-
	_____

	million scm/d ***
	million scm/d ***
	<b>75</b>
	148
	81
	Europe
	<b>111</b>
	105
	<b>95</b>
	89
	91
	Other Eastern Hemisphere
	<b>92</b>
	97
	<b>46</b>
	46
	47
	USA
	<b>46</b>
	46
	<b>18</b>

18

18

Other Western Hemisphere

**18**

19

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**234**

301

237

**-1**

**267**

267

-

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million tonnes

**LIQUEFIED  
NATURAL GAS  
(LNG)**

million tonnes

**2.22**

2.33

1.76

**+26**

Equity LNG sales  
volume

**4.55**

4.20

**+8**

\$/bbl

**Realised Oil Prices**

\$/bbl

**25.03**

29.49

23.52

WOUSA

**27.50**

21.54

**25.23**

29.01

23.28

USA

**27.22**

20.62

**25.06**

29.43

23.48

Global

**27.46**

21.38

\$/thousand scf

**Realised Gas Prices**

\$/thousand scf

**2.69**

2.69

2.07

WOUSA

**2.69**

2.08

**5.63**

6.87

3.47

USA

**6.25**

2.94

**3.36**

3.44

2.39

Global

**3.40**

2.26

\* Q2 on Q2 change

\*\* scf/d = standard cubic feet per day

\*\*\* scm/d = standard cubic metres per day

## Operational data (continued)

QUARTERS	HALF YEAR	
	Q2	Q1
	Q2	
	<b>2003</b>	
	2003	
	2002	
	%*	
	<b>2003</b>	
	2002	
	%	
	thousand b/d	
	thousand b/d	
	<b>REFINERY PROCESSING INTAKE</b>	
	<b>1,736</b>	
	1,816	
	1,642	
	Europe	
	<b>1,776</b>	

1,720

**960**

964

908

Other Eastern Hemisphere

**962**

925

**1,097**

1,038

1,085

USA

**1,068**

1,085

**334**

348

202

Other Western Hemisphere

**341**

281

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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**4,127**

4,166

3,837

+8

**4,147**

4,011

+3

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**OIL SALES**

**2,820**

2,677

2,893

Gasolines

**2,749**

2,793

**745**

809

740

Kerosines

**776**

731

**2,302**

2,261

2,234

Gas/Diesel oils

**2,282**

2,244

**849**

865

790

Fuel oil

**857**

781

**758**

728

739

Other products

**743**

762

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**7,474**

7,340

7,396

*+1*

**Total oil products\*\***

**7,407**

7,311

*+1*

**4,621**

5,007

5,284

Crude oil

**4,813**

5,049

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**12,095**

12,347

12,680

*-5*

**Total oil sales**

**12,220**

12,360

*-1*

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 \_\_\_\_\_  
 \_\_\_\_\_

\*\*comprising

**2,115**

2,059

2,143

Europe

**2,087**

2,166

**1,286**

1,272

1,302

Other Eastern Hemisphere

**1,279**

1,279

**2,503**

2,215

2,239

USA

**2,360**

2,174

**735**

714

777

Other Western Hemisphere

**724**

768

**835**

1,080

935

Export sales

**957**

924

\$ million

***CHEMICAL SALES - NET  
PROCEEDS\*\*\****

*\$ million*

**1,490**

1,519

1,010

Europe

**3,009**

1,820

**711**

757

528

Other Eastern Hemisphere

**1,468**

912

**1,390**

1,462

1,203

USA

**2,852**

2,241

**185**

183

113

Other Western Hemisphere

**368**

197

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**3,776**

3,921

2,854

**+32**

**7,697**

5,170

**+49**

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 \_\_\_\_\_  
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\* Q2 on Q2 change  
 \*\*\* Excluding proceeds from chemical trading activities

## Capital investment

QUARTERS	\$ million	HALF YEAR
		Q2
		Q1
		Q2
		<b>2003</b>
		2003
		2002
		<b>2003</b>
		2002
		<b>Capital expenditure:</b>
		<b>Exploration and Production:</b>
	<b>1,807</b>	
	1,187	
	6,513	
		World outside USA
	<b>2,994</b>	
	7,761	

**396**

297

487

USA

**693**

828

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**2,203**

1,484

7,000

**3,687**

8,589

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**Gas & Power:**

**222**

212

34

World outside USA

**434**

99

**12**

1

4

USA

**13**

5

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---

**234**

213

38

**447**

104

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**Oil Products:**

**Refining:**

**93**

66

149

World outside USA

**159**

195

**90**

127

120

USA

**217**

1,410

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**183**

193

269

**376**

1,605

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---

**Marketing:**

**246**

115

255

World outside USA

**361**

461

**48**

39

14

USA

**87**

613

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**294**

154

269

**448**

1,074

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**Chemicals:**

**32**

24

65

World outside USA

**56**

121

**82**

66

120

USA

**148**

186

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---

**114**

90

185

**204**

307

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---

**53**

41

57

**Other segments**

**94**

220

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**3,081**

2,175

7,818

**TOTAL CAPITAL  
EXPENDITURE**

**5,256**

11,899

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**Exploration  
expense:**

**116**

139

257

World outside USA

**255**

352

**37**

84

53

USA

**121**

126

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**153**

223

310

**376**

478

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**New equity  
investments in  
associated  
companies:**

**1**

119

37

World outside USA

**120**

75

**9**

24

19

USA

**33**

203

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**10**

143

56

**153**

278

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**158**

196

133

**New loans to  
associated  
companies**

**354**

293

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**3,402**

2,737

8,317

**TOTAL CAPITAL  
INVESTMENT\***

**6,139**

12,948

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\*comprising

**2,356**

1,707

7,313

Exploration and  
Production

**4,063**

9,072

**247**

289

64

Gas & Power

**536**

147

**473**

355

557

Oil Products

**828**

2,889

**114**

149

193

Chemicals

**263**

327

**54**

41

57

Other segments

**95**

220

**158**

196

133

New loans to  
associated  
companies

**354**

293

<b>3,402</b>
2,737
8,317
<b>6,139</b>
12,948

### Special items (Note 4)

QUARTERS	\$ million	HALF YEAR
		<b>Q2</b>
		Q1
		Q2
		<b>2003</b>
		2003
		2002
		credits/(charges)
		<b>2003</b>

2002

**Exploration and  
Production:**

**World outside USA**

-

-

(68)

Restructuring and  
redundancy

-

(68)

-

-

18

Asset  
disposals/impairment

-

32

**USA**

-

-

-

Asset  
disposals/impairment

-

101

\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
-  
-  
(50)  
-  
65  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Gas & Power:**

**World outside USA**

-  
1,036  
-  
Asset  
disposals/impairment  
**1,036**  
-  
-  
-  
(21)

Other

-

(21)

**USA**

-

-

-

Asset  
disposals/impairment

-

38

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

-

1,036

(21)

**1,036**

17

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Oil Products:**

**World outside USA**

-

-

-

Restructuring and  
redundancy

-

(31)

-

-

-

Asset  
disposals/impairment

-

(26)

**USA**

-

-

(21)

**Other**

-

(44)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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-

-

(21)

-

(101)

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**Chemicals:**

**USA**

-

-

(10)

**Other**

-

(10)

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-

-

(10)

-

(10)

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\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Minority interests:**

-

-

-

Asset  
disposals/impairment

-

11

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

-

-

-

-
11
_____
_____
_____
_____
_____
-
1,036
(102)
<b>SPECIAL ITEMS</b>
<b>1,036</b>
(18)
_____
_____
_____
_____
_____

## Adjusted CCS earnings by industry segment

QUARTERS	\$ million	HALF YEAR
		Q2
		Q1
		Q2
		<b>2003</b>
		2003
		2002

	%	*
		<b>2003</b>
		2002
	%	
	<b>Exploration and Production:</b>	
		<b>1,374</b>
		2,307
		1,307
		<b>+5</b>
	World outside USA	
		<b>3,681</b>
		2,499
		<b>+47</b>
		<b>649</b>
		735
		502
		<b>+29</b>
	USA	
		<b>1,384</b>
		765
		<b>+81</b>
		(255)
	Asset retirement obligations	
		<b>(255)</b>

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**2,023**

2,787

1,809

**+12**

**4,810**

3,264

**+47**

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**Gas & Power:**

**356**

436

129

**+176**

World outside USA

**792**

385

**+106**

**96**

34

20

**+380**

USA

**130**

(20)

-

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---

**452**

470

149

**+203**

**922**

365

**+153**

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**Oil Products:**

**839**

929

322

**+161**

World outside USA

**1,768**

761

**+132**

**136**

127

25

**+444**

USA

**263**

27

**+874**

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**975**

1,056

347
<b>+181</b>
<b>2,031</b>
788
<b>+158</b>
_____
_____
_____
_____
<b>Chemicals:</b>
<b>166</b>
196
145
<b>+14</b>
World outside USA
<b>362</b>
240
<b>+51</b>
<b>(55)</b>
(211)
(13)
-
USA
<b>(266)</b>

(33)

-

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**111**

(15)

132

**-16**

**96**

207

**-54**

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**(27)**

(40)

(89)

**Other industry  
segments**

**(67)**

(130)

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**3,534**

4,258

2,348

**+51**

**TOTAL  
 OPERATING  
 SEGMENTS**

**7,792**

4,494

**+73**

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**Corporate:**

**(178)**

(259)

(120)

Interest  
 income/(expense)

**(437)**

(235)

**(19)**

(10)

32

Currency exchange  
gains/(losses)

**(29)**

25

**85**

1

(60)

Other including  
taxation

**86**

(112)

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**(112)**

(268)

(148)

**(380)**

(322)

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<b>(86)</b>
(76)
2
<b>Minority interests</b>
<b>(162)</b>
23
<b>3,336</b>
3,914
2,202
<b>+51</b>
<b>ADJUSTED CCS EARNINGS</b>
<b>7,250</b>
4,195
<b>+73</b>

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \* Q2 on Q2 change

## Proforma earnings per share (Note 8)

QUARTERS	HALF YEAR
	<b>Q2</b>
	Q1
	Q2
	<b>2003</b>
	2003
	2002
	<b>2003</b>
	2002
	<b>ROYAL DUTCH</b>
	<b>0.72</b>
	1.43
	0.69
	Net income per share (€)
	<b>2.15</b>
	1.43
	<b>0.81</b>
	1.54
	0.63

Net income per  
share (\$)

**2.35**

1.28

**0.96**

1.50

0.60

CCS earnings per  
share (\$)

**2.46**

1.19

**0.85**

1.05

0.69

Adjusted CCS  
earnings per share  
(€)

**1.90**

1.34

**0.96**

1.13

0.63

Adjusted CCS  
earnings per share  
(\$)

**2.09**

1.20

**SHELL  
TRANSPORT**

**7.2**

13.8

6.2

Net income per  
share (pence)

**21.0**

12.7

**0.71**

1.32

0.55

Net income per  
ADR (\$)

**2.03**

1.10

**0.83**

1.29

0.52

CCS earnings per  
ADR (\$)

**2.12**

1.03

**8.5**

10.1

6.2

Adjusted CCS  
earnings per share  
(pence)

**18.6**

11.9

**0.83**

0.97

0.54

Adjusted CCS  
earnings per ADR  
(\$)**1.80**

1.03

## Notes

### NOTE 1. Accounting policies

US accounting standard FAS 143 is effective for the Group from the first quarter, 2003 and requires that an entity recognises the discounted ultimate liability for an asset retirement obligation in the period in which it is incurred together with an offsetting asset. The cumulative effect of the change has been included within net income for the first quarter, 2003.

In addition, in the first quarter, 2003, the Group completed the implementation of US accounting guidance EITF Issue No. 02-03, which includes the requirement that gains and losses on certain derivative instruments be shown net in the Statement of Income. Certain prior period amounts have been reclassified, resulting in a reduction in sales proceeds and a corresponding reduction in cost of sales.

In all other respects the Group's accounting policies are essentially unchanged from those set out in Note 2 to the Financial Statements of the Royal Dutch/Shell Group of Companies in the 2002 Annual Reports and Accounts on pages 58 to 60.

As explained in the Group's 2002 Financial Statements, recent changes in US Generally Accepted Accounting Principles (GAAP) related to the accounting for long-term obligations, have brought US GAAP and Netherlands GAAP into better alignment. Consequently with effect from the third quarter 2003, the Group's Statement of Assets and Liabilities will include some \$4 billion of additional fixed assets and related long-term liabilities.

As explained in the Group's 2002 Financial Statements, recent changes in US Generally Accepted Accounting Principles (GAAP) related to the accounting for long-term obligations, have brought US GAAP and Netherlands GAAP into better alignment. Consequently with effect from the third quarter 2003, the Group's Statement of Assets and Liabilities will include some \$4 billion of additional fixed assets and related long-term liabilities.

### NOTE 2. Non-Generally Accepted Accounting Principles (GAAP) financial measures

The United States Securities and Exchange Commission (SEC) issued rules entitled Conditions for Use of non-GAAP Financial Measures, including Regulation G on disclosures, implementing certain requirements of the Sarbanes-Oxley Act.

Presentation of non-GAAP financial measures, including Special items, will be under continued review by the Group in the light of the developing guidance on the application of the SEC Regulation G.

**NOTE 3. Earnings on an estimated current cost of supplies (CCS) basis**

On this basis, cost of sales of the volumes sold in the period is based on the cost of supplies of the same period (instead of using the first-in first-out (FIFO) method of inventory accounting used by most Group companies) and allowance is made for the estimated tax effect. These earnings are more comparable with those of companies using the last-in first-out (LIFO) inventory basis after excluding any inventory drawdown effects. The adjustment from net income on to an estimated current cost of supplies basis has no related balance sheet entry.

**NOTE 4. Special items**

Special items are those significant credits or charges resulting from transactions or events which, in the view of management, are not representative of normal business activities of the period and which affect comparability of earnings. With effect from the first quarter, 2003, certain items which would have been treated as special items under previous practice have not been so treated, in line with SEC Regulation G, on the grounds that items of a similar nature have occurred, or could occur, within a two-year period.

**NOTE 5. Return on average capital employed (ROACE)**

The Group's preferred measure of return on capital is on a CCS basis. The nearest equivalent GAAP measure is the net income basis.

ROACE on a net income basis is the sum of the current and previous three quarters' net income plus interest expense, less tax and minority interest (both calculated at the average rate for the Group), as a percentage of the average of the Group share of closing capital employed and the opening capital employed a year earlier. In the calculation of ROACE on a CCS earnings basis, the sum of the current and previous three quarters' net income is replaced by the sum of the current and previous three quarters' CCS earnings, and total interest expense is replaced by Group companies' interest expense only. The tax rate and the minority interest components are derived from calculations at the published segment level.

**NOTE 6. Earnings by industry segment**

Operating segment results exclude interest and other income of a non-operational nature, interest expense, non-trading currency exchange effects and tax on these items, which are included in the results of the Corporate segment, and minority interests.

**NOTE 7. Statement of cash flows**

This statement reflects cash flows of Group companies as measured in their own currencies, which are translated into US dollars at average rates of exchange for the periods and therefore excludes currency translation differences except for those arising on cash and cash equivalents.

**NOTE 8. Proforma earnings per share**

Group net income is shared between Royal Dutch and Shell Transport in the proportion of 60:40 (as described in the Royal Dutch and Shell Transport 2002 Annual Reports and Accounts in Note 1 on page 58). For the purposes of these proforma calculations, Group CCS earnings and adjusted CCS earnings are also shared in the proportion 60:40. For Royal Dutch and Shell Transport, earnings per share in euro and sterling respectively are translated from underlying US dollars at average rates for the period.

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In the first quarter 2001, Royal Dutch and Shell Transport each commenced a share buyback programme under authorisation granted at shareholders' meetings in May 2000. All Shell Transport shares bought as part of this programme are cancelled immediately. Royal Dutch shares bought as part of this programme can only be cancelled in arrears after such a resolution has been passed at the General Meeting of Royal Dutch shareholders. The last such resolution was on April 23, 2003 for shares bought under this programme since the previous General Meeting. For the purpose of earnings per share calculations all shares bought under the share buyback programme are deemed to have been cancelled upon the day of purchase.

Earnings per share calculations are based on the following weighted average number of shares:

	Q2	Q1	Q2	Half Year	Half Year
				Year	
					2003
					2003
					2002
					2003
					2002
					Royal Dutch shares of €0.56 (millions)
					2,083.5
					2,083.5
					2,098.5
					2,083.5
					2,099.5
					Shell Transport shares of 25p (millions)
					9,667.5
					9,667.5
					9,734.3

9,667.5

9,739.3

Shares at the end of the following periods are:

2003

2003

2002

Royal  
Dutch  
shares of  
€0.56  
(millions)

2,083.5

2,083.5

2,094.0

Shell  
Transport  
shares of  
25p  
(millions)

9,667.5

9,667.5

Q2 Q1 Q2 9,713.7

One American Depository Receipt (ADR) or New York Share is equal to six 25p Shell Transport shares.

**All amounts shown throughout this report are unaudited.**

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**SIGNATURES**

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

**ROYAL DUTCH PETROLEUM COMPANY**

(Registrant)

**THE SHELL TRANSPORT AND TRADING COMPANY,  
PUBLIC LIMITED COMPANY**

(Registrant)

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President/Managing Director  
(J van der Veer)

Assistant Company Secretary  
(G J West)

General Attorney  
(M.C.M. Brandjes)

Date: 24 July 2003