

The "Shell" Transport and Trading Company, p.l.c.

54485

These interim financial statements are prepared for the purpose of Sections 270 and 272 of the Companies Act 1985. They are abridged and unaudited. Full accounts will be delivered to the Registrar of Companies in accordance with the said Act.
The Auditor's Report is in the course of preparation.



The "Shell" Transport and Trading Company, p.l.c.

	<u>Year ended</u>
	December 31
	1997
	<u>£ million</u>
PROFIT AND LOSS ACCOUNT	
Income from shares in companies of the Royal Dutch/Shell Group (Note 2)	1,301.0
Interest and other income	12.3
	<hr/> 1,313.3
Administrative expenses	6.8
	<hr/> 1,306.5
Tax on profit on ordinary activities (Note 3)	2.6
Distributable profit for the year	<hr/> 1,303.9
Share of earnings retained by companies of the Royal Dutch/Shell Group (Note 2)	464.2
Earnings for the year attributable to shareholders	<hr/> 1,768.1

STATEMENT OF RETAINED PROFIT

Distributable profit for the year	1,303.9
Distributable retained profit at beginning of year	17.6
	<hr/> 1,321.5
Deduct: Dividends on non-equity shares; Preference shares	0.6
	<hr/> 1,320.9
Deduct: Dividends on equity shares; 25p Ordinary shares Interim of 5.1p and proposed final of 8.0p	1,302.6
Distributable retained profit at end of year	<hr/> 18.3

Earnings per 25p Ordinary share on 9,943,509,726 shares in issue after the capitalisation issue in June 1997.

Distributable profit for the year	13.1p
Share of earnings retained by companies of the Royal Dutch/Shell Group	4.7p
Earnings for the year attributable to shareholders	<hr/> 17.8p

Of the earnings per share amounts shown above, which are disclosed in accordance with FRS 3, those relating to earnings for the year attributable to shareholders are, in the opinion of the Directors, the most meaningful since they reflect the full entitlement of the Company in the income of Group companies.

The "Shell" Transport and Trading Company, p.l.c.

BALANCE SHEET

December 31
1997
£ million

Fixed Assets

Investments: Shares (unlisted) in companies of the
Royal Dutch/Shell Group (Note 4)

14,580.9

Current Assets

Debtors

Dividends receivable from companies
of the Royal Dutch/Shell Group

791.5

Other debtors

4.1

Cash at bank

Short-term deposits

142.0

Cash

13.8

951.4

Creditors: amounts due within one year

Amounts due to companies of the Royal Dutch/Shell Group

129.5

Corporation tax

0.2

Unclaimed dividends

6.4

Other creditors and accruals

3.0

Preference dividends accrued

0.2

Ordinary dividend proposed

795.5

934.8

Net current assets

16.6

Total assets less current liabilities

14,597.5

Capital and reserves

Equity interests:

Called-up share capital (Note 5): Ordinary shares

2,485.9

Revaluation reserve - Investment (Note 4)

12,081.3

Profit and loss account

18.3

14,585.5

Non-equity interests:

Called-up share capital (Note 5)

First Preference shares

2.0

Second Preference shares

10.0

12.0

Shareholders' funds

14,597.5



Mark Moody-Stuart

Chairman and Managing Director

February 12, 1998

Notes to Financial Statements

The "Shell" Transport and Trading Company, p.l.c. (Shell Transport), one of the Parent Companies of the Royal Dutch/Shell Group, is a holding company which, in conjunction with Royal Dutch Petroleum Company, owns, directly or indirectly, investments in the numerous companies referred to collectively as the 'Group'.

1. Accounting policies and convention

The accounting policies of Shell Transport are explained in the relevant notes.

The financial statements on pages 1 to 5 herein have been prepared, in view of the proposed dividend on the Ordinary shares, in accordance with and for the purposes of sections 270 and 272 of the Companies Act 1985 and in accordance with applicable accounting standards subject only to matters which are not material for determining whether the proposed distribution would contravene the said Act.

The statements have been prepared under the historical cost convention modified by the revaluation of the investments in companies of the Royal Dutch/Shell Group (see Note 4).

These financial statements do not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. Statutory accounts for the year ending 31 December 1997 will be delivered to the Registrar of Companies in England and Wales.

2. Share in the income of Group companies

Shell Transport's share in the net income of Group companies of £4,736.0 million for the year ended December 31, 1997, is as follows:

	<u>£ million</u>
Distributions from Group companies and referable tax benefits	1,516.3
Deduct referable tax benefits	(215.3)
Distributions from Group companies	<u>1,301.0</u>
Share of earnings retained by Group companies out of net income (and reflected in the movements in the Investment reserve - Note 4)	464.2
	<u>1,765.2</u>

Group companies' net income is arrived at after deducting Group and associated companies' tax and minority interests. Shell Transport's share in these deductions amounted, in the case of taxation to £1,813.8 million and for minority interests to £10.8 million. The share of income before these deductions was £3,589.8 million.

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3. Tax on profit on ordinary activities

	Year ended December 31, 1997 <u>£ million</u>
Corporation tax at 31.5% in respect of interest income less administrative expenses	<u>2.6</u>

No taxation liability arises in respect of income from shares in companies of the Group as this income consists of distributions, which are not subject to taxation, from a UK resident company. Shell Transport's share of taxation borne by Group and associated companies is given in Note 2.

4. Investments in Group companies

Having regard to the arrangement between Shell Transport and Royal Dutch, the investments of Shell Transport in Group companies are stated at the Directors' valuation at an amount equivalent to Shell Transport's 40% interest in the Group net assets. This valuation comprises the following:

	December 31, 1997 <u>£ million</u>
Cost of Shell Transport's investments in Group companies	178.4
Shell Transport's share of :	
Profits capitalised by Group companies	786.0
Earnings retained by Group companies	13,857.0
Group currency translation differences (arising on aggregation)	(240.5)
	<hr/> 14,580.9 <hr/>

The difference between the cost and the amount at which the investments are stated in the balance sheet has been taken to Revaluation reserve.

The movements in the Revaluation reserve - Investment are represented by:

	<u>£ million</u>
As at January 1, 1997	14,028.3
Share of earnings retained by Group companies out of net income	464.2
Share of Group currency translation differences	(753.9)
Applied towards the capitalisation issue of 6,629,006,484 Ordinary shares of 25p each	(1,657.3)
As at December 31, 1997	<hr/> 12,081.3 <hr/>

The earnings retained by Group companies have been, or will be, substantially reinvested by the companies concerned and any taxation unprovided on possible future distributions out of any uninvested retained earnings will not be material.

5. Share capital

In June 1997, in connection with the capitalisation issue, the Ordinary share capital was increased - the authorised share capital by £1,587,000,000 and the allotted, called-up and fully paid share capital by £1,657,251,621. Thus, at December 31, 1997, the share capital of the Company was:

	<u>Authorised</u>	<u>Allotted, called-up and fully paid</u>
	£	£
Equity shares		
Ordinary shares of 25p each	2,487,000,000	2,485,877,432
Non-equity shares		
First Preference shares of £1 each	3,000,000	2,000,000
Second Preference shares of £1 each	10,000,000	10,000,000
	13,000,000	12,000,000
	2,500,000,000	2,497,877,432

The First and Second Preference shares (the Preference shares) confer on the holders the right to a fixed cumulative dividend and rank in priority to Ordinary shares. On a liquidation the Preference shares also rank in priority to the Ordinary shares for the nominal value of £1 per share but do not have any further rights of participation in the profits or assets of the Company. The Preference shares do not have voting rights unless their dividend is in arrears or the proposal concerns a reduction of capital, winding up, an alteration of the Articles of Association or otherwise directly affects their class rights.