

Registered in England and Wales 5653928

SHELL VENTURES NEW ZEALAND LIMITED

**DIRECTORS' REPORT
AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

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SHELL VENTURES NEW ZEALAND LIMITED

DIRECTORS' REPORT

The Directors present their report and audited accounts for the year ended 31 December 2010

The Directors' report and audited accounts of the Company have been prepared in accordance with the Companies Act 2006

Shell Ventures New Zealand Limited (also referred to as the "Company") is one of the entities within the "Shell Group". In this context the term "Shell Group" and "Companies of the Shell Group" or "Group companies" means companies in which Royal Dutch Shell plc, either directly or indirectly, has control either through a majority of the voting rights or the right to exercise a controlling influence or to obtain the majority of the benefits and be exposed to the majority of the risks. Companies in which Group companies have significant influence but not control are classified as "Associated companies". Royal Dutch Shell plc, a company incorporated in England and Wales, is known as the "Parent Company" of the Shell Group. In this Report "Shell", "Shell Group" and "Royal Dutch Shell" are sometimes used for convenience where references are made to Royal Dutch Shell and its subsidiaries in general. These expressions are also used where no useful purpose is served by identifying the particular company or companies.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activities of Shell Ventures New Zealand Limited are to act as a holding and financing company to other companies of the Shell Group. The Company will continue with these activities for the foreseeable future.

The Company's profit for the financial year decreased from NZ \$301,236,000 to NZ \$273,581,000. This was principally due to a decrease in the interest receivable on loan balances as the loans to Shell Finance (NL) BV amounting to NZ \$1,473,910,000 were repaid during the year and consistently low global interest rates throughout 2010. The Company received dividends of NZ \$247,000,000 (2009 NZ \$282,353,000) from subsidiary undertakings.

Following a review of the share capital balances, the Directors decided that the level was higher than deemed necessary for the ongoing activities of the Company and accordingly on 30 March 2010, the share capital of the Company was reduced by cancelling and extinguishing 1,538,909,214 issued Ordinary shares of NZ \$1 each. The resultant reserves were distributed during March and April 2010. The distribution of capital was financed by a short term facility from Shell Treasury Centre Limited.

The Directors consider that the year end financial position of the Company was satisfactory.

Dividends

Interim dividends of NZ \$1,787,959,000 (2009 \$303,000,000) were paid in the year.

Future outlook

No significant change in the business of the Company or of its subsidiary undertaking has taken place during the year or is expected in the immediately foreseeable future.

Principal risks and uncertainties

The Shell Group has a single risk based control framework – The Shell Control Framework – to identify and manage risks. The Shell Control Framework applies to all wholly owned Shell companies and to those ventures and other companies in which Royal Dutch Shell plc ("Royal Dutch Shell") has directly or indirectly a controlling interest. From the perspective of the Company, the principal risks and uncertainties affecting the Company are considered to be those that affect the Shell group. Accordingly, the principal risks and uncertainties of the Shell Group, which are discussed on pages 13 to 15 of Royal Dutch Shell's Annual Report and Form 20-F for the year ended 31 December 2010 (the "Group Report"), include those of the Company. (The Group Report does not form part of this report).

SHELL VENTURES NEW ZEALAND LIMITED

DIRECTORS' REPORT (continued)

Key performance indicators

Companies of the Shell Group comprise the Upstream businesses of Exploration and Production, Gas and Power and Oil Sands and the Downstream businesses of Oil Products and Chemicals. The Company's key performance indicators, that give an understanding of the development, performance and position of the business, are aligned with those of the Shell Group. The development, performance and position of the various businesses is discussed on pages 20 to 43 of the Group Report and the key performance indicators through which the Group's performance is measured are as set out on pages 8 to 9 of the Group Report.

DIRECTORS

The Directors of the Company who served throughout the year and to the date of this report (except as noted) were

J R Crossman

J Connell Appointed 6 June 2011

K White Resigned 25 April 2011

V Kuleshov

POST BALANCE SHEET EVENTS

Refer to Note 12 "Post balance sheet events"

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report and the Company's accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare accounts for each financial year. Under that law the Directors have elected to prepare the Company's accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those accounts, the Directors are required to

- Select suitable accounting policies and then apply them consistently,
- Make judgements and estimates that are reasonable and prudent,
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts, and
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SHELL VENTURES NEW ZEALAND LIMITED

DIRECTORS' REPORT (continued)

DISCLOSURE OF INFORMATION TO AUDITORS

All Directors in office at the date of approval of the Directors' report confirm that so far as each of the Directors is aware, there is no relevant audit information (meaning information needed by the Company's auditors in connection with preparing their report) that has not been disclosed to the Company's auditors. Each of the Directors believes that he or she has taken all steps that ought to have been taken to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board

A handwritten signature in black ink, appearing to be 'G Thomson', written over a horizontal line.

G Thomson
Authorised signatory for
Shell Corporate Secretary Limited
Company Secretary
29th September, 2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF SHELL VENTURES NEW ZEALAND LIMITED

We have audited the accounts of Shell Ventures New Zealand Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 2 the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's member as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the accounts.

Opinion on financial statements

In our opinion the accounts

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the accounts are prepared is consistent with the accounts.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the Company accounts are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Gillian McCort (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow
29 September 2011

SHELL VENTURES NEW ZEALAND LIMITED**PROFIT AND LOSS ACCOUNT****For the year ended 31 December 2010****Continuing operations**

	Note	2010 NZ \$000	2009 NZ \$000
Income from shares in subsidiary undertakings		247,000	282,353
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		247,000	282,353
Interest receivable and similar income	2	44,370	85,875
Interest payable and similar charges	3	(11,936)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	279,434	368,228
Tax on profit on ordinary activities	5	(5,853)	(66,992)
PROFIT FOR THE FINANCIAL YEAR		273,581	301,236


The reported profit on ordinary activities and the amount retained for the year are presented on a historical cost basis

There were no recognised gains and losses other than the profit for the current year and the prior year and accordingly a statement of total recognised gains and losses has not been presented

SHELL VENTURES NEW ZEALAND LIMITED
REGISTERED IN ENGLAND AND WALES: 5653928
BALANCE SHEET
As at 31 December 2010

	Note	2010 NZ \$000	2009 NZ \$000
FIXED ASSETS			
Investments	6	8,000	8,000
CURRENT ASSETS			
Debtors – amounts falling due within one year	7	79,654	158,745
Debtors – amounts falling due after more than one year	7	-	1,473,910
		<u>79,654</u>	<u>1,632,655</u>
CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR			
	8	(24,791)	(63,414)
NET CURRENT ASSETS			
		<u>54,863</u>	<u>1,569,241</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>62,863</u>	<u>1,577,241</u>
CAPITAL AND RESERVES			
Called up share capital	9	1	1,538,910
Profit and loss account	11	62,862	38,331
TOTAL SHAREHOLDER'S FUNDS			
	11	<u>62,863</u>	<u>1,577,241</u>

The accounts on pages 5 to 12 were approved by the Board of Directors on 29th September, 2011 and were signed on its behalf by


V Kuleshov
Director

SHELL VENTURES NEW ZEALAND LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2010

1 Accounting policies

a) Accounting convention and compliance with Accounting Standards

The accounts have been prepared on a going concern basis under the historical cost convention, in accordance with the Companies Act 2006, applicable Accounting Standards in the UK (UK GAAP) and the accounting policies as described below

The accounting policies have been consistently applied. There have been no changes in accounting policies in 2010.

b) Group accounts

Group accounts of the Company and its subsidiary undertaking have not been prepared. The Company is exempt from the requirement to prepare group accounts under the provisions of Section 400 of the Companies Act 2006. The accounts present information about the Company as an individual undertaking and not about its group.

The immediate parent company is The Shell Petroleum Company Limited.

The ultimate parent company and controlling party is Royal Dutch Shell plc, which is incorporated in the England and Wales.

Royal Dutch Shell plc is the parent undertaking of the largest and smallest group of undertakings to consolidate these accounts at 31 December 2010. The consolidated accounts of Royal Dutch Shell plc are available from

Royal Dutch Shell plc
Tel +31 888 800 844
email order@shell.com

c) Fixed asset investments

These comprise investments in shares that the Company intends to hold on a continuing basis. The investments are stated at cost, less provisions for impairment. The Company carries out a review for the potential impairment of an investment if events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. Such impairment reviews are performed in accordance with Financial Reporting Standard ("FRS") 11. Any impairments are recorded in the profit and loss account.

d) Income from shares in Group undertakings and participating undertakings

Income from shares in Group undertakings and participating undertakings represents dividends relating to the current year and prior periods, provided that the dividends have been approved.

e) Corporation Tax

The Company records a tax charge or credit in the profit and loss account calculated at the tax rate prevailing in the year for tax payable to the HM Revenue and Customs, or for group relief to surrender to or to be received from other Group undertakings, and for which payment may be requested.

SHELL VENTURES NEW ZEALAND LIMITED

NOTES TO THE ACCOUNTS (continued)

For the year ended 31 December 2010

1 Accounting policies (Continued)

f) Foreign currency translation

Income and expense items denominated in foreign currencies are translated into NZ Dollars at the rate ruling on their transaction date

Monetary assets and liabilities recorded in foreign currencies have been expressed in NZ Dollars at the rates of exchange ruling at the year end. Differences on translation are included in the profit and loss account. Non-monetary assets and liabilities denominated in a foreign currency are translated using exchange rates at the date when the fair value was determined. No subsequent translations are made once this has occurred.

The exchange rate at 31 December 2010 was 1NZ \$ = £0.4998 (2009 1NZ \$ = £0.4502)

g) Netting-off policy

Balances with other companies of the Shell Group, are stated gross, unless all of the following conditions are met:

- (i) Currently there is a legally enforceable right to set off the recognised amounts, and
- (ii) There is intent either to settle on a net basis, or to realise the asset and settle the liability simultaneously

h) Cash flow statement

In accordance with the exemption allowed by paragraph 5(a) of FRS 1, a cash flow statement for the Company has not been provided.

i) Related party disclosures

In accordance with the exemption allowed by paragraph 3(c) of FRS 8, no disclosure is made of transactions with other member companies of the Shell Group or investees of the Group qualifying as related parties.

2 Interest receivable and similar income

	2010	2009
	NZ \$000	NZ \$000
Interest from Group undertakings		
Fellow subsidiary undertakings	37,907	77,682
Profit on currency translation	6,463	8,193
	<u>44,370</u>	<u>85,875</u>

SHELL VENTURES NEW ZEALAND LIMITED**NOTES TO THE ACCOUNTS (continued)****For the year ended 31 December 2010****3 Interest payable and similar charges**

	2010	2009
	NZ \$000	NZ \$000
Loans from Fellow subsidiary undertakings	<u>11,936</u>	<u>-</u>

On 30 March 2010, the share capital of the Company was reduced by cancelling and extinguishing 1,538,909,214 issued Ordinary shares of NZ \$1 each. The resultant reserves were distributed during March and April 2010. The distribution of capital was financed by a short term facility from Shell Treasury Centre Limited on which interest of NZ \$11,936,000 was paid. The loan was subsequently repaid in 2010 after the loans to Shell Finance (NL) B V were repaid.

4 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after crediting the following

	2010	2009
	NZ \$000	NZ \$000
Currency Translation		
Financing	<u>(6,463)</u>	<u>(8,193)</u>

Audit fees of NZ \$52,851 (2009 NZ \$50,579) were paid by other entities in the Shell Group of companies on behalf of the Company.

Fees paid to PricewaterhouseCoopers LLP and its associates for non-audit services to the Company itself are not disclosed in the individual accounts of Shell Ventures New Zealand Limited because the Company's consolidated accounts are required to disclose such fees on a consolidated basis.

The directors did not receive any emoluments in respect of their services to the Company (2009 NZ \$Nil).

The Company had no employees during 2010 (2009 None).

5 Tax on profit on ordinary activities

The charge for the year of NZ \$5,853,000 (2009 NZ \$66,992,000) is made up as follows

	2010	2009
	NZ \$000	NZ \$000
UK corporation tax at the standard rate of 28% (2009 28%)	7,975	20,870
Adjustments in respect of prior years	579	3,769
Tax imposed outside of the UK	<u>(2,701)</u>	<u>42,353</u>
Total tax charge	<u>5,853</u>	<u>66,992</u>

The tax assessed for the year differs from the standard effective rate of corporation tax in the UK for the year ended 31 December 2010 of 28% (2009 28%). The differences are explained overleaf.

SHELL VENTURES NEW ZEALAND LIMITED

NOTES TO THE ACCOUNTS (continued)

For the year ended 31 December 2010

5 Tax on profit on ordinary activities (continued)

	2010 NZ \$000	2009 NZ \$000
Profit on ordinary activities before tax	(279,434)	(368,228)
Tax on profit on ordinary activities at standard UK corporation tax rate of 28% (2009 28%)	78,242	103,104
Effects of		
Income not assessable	(70,947)	(81,826)
Expenses not deductible	680	-
Tax imposed outside of the UK	(2,701)	42,353
Adjustments in respect of prior years	579	3,769
Other differences	-	(408)
Current tax charge for the year	5,853	66,992

The corporation tax rate for non-upstream companies was 28% for current tax in the year to 31 December 2010

Factors affecting current and future tax charges

During the year, as a result of the change in the UK main corporation tax rate from 28% to 27% that was substantively enacted on 20 July 2010 and that was to be effective from 1 April 2011, the relevant deferred tax balances have been re-measured

Further reductions to the UK corporation tax rate were announced in the March 2011 Budget, including a further reduction to the UK main corporation tax rate of 26% which became effective on 1 April 2011. Further changes, which are expected to be enacted separately each year, propose to reduce the rate by 1% per annum to 23% by 1 April 2014. These changes had not been substantively enacted at the balance sheet date and, therefore, are not recognised in these financial statements

The effects of the above changes are not considered to be material to these financial statements

6 Fixed assets - Investments

	Shares in group undertakings NZ \$000
Cost and net book value	
Balance at 1 January and 31 December 2010	8,000

The investment relates to a holding of ordinary and redeemable preference shares in Shell Investments NZ Limited, a company engaged in oil and gas exploration and production in New Zealand

The directors believe that the carrying value of the investments is supported by their underlying net assets

SHELL VENTURES NEW ZEALAND LIMITED

NOTES TO THE ACCOUNTS (continued)

For the year ended 31 December 2010

6 Fixed assets – Investments (continued)

Information pursuant to SI 2008/410 Schedule 4 is as follows

	Country of incorporation	Principal activity	% of shares held directly
Shell Investments NZ Limited*	New Zealand	Exploration and production	100%

*1,165,000 ordinary shares and 100,000 redeemable preference shares

The directors believe that the carrying value of the investments is supported by their underlying net assets

7 Debtors

	2010 Within 1 Year NZ \$000	2010 After 1 Year NZ \$000	2009 Within 1 Year NZ \$000	2009 Over 1 Year NZ \$000
Amounts owed by Group undertakings				
Fellow subsidiary undertakings	79,654	-	158,745	1,473,910
	<u>79,654</u>		<u>1,632,655</u>	

During the year, the following loan amounts outstanding as at 31 December 2009 were repaid on 3 August 2010

NZ \$1,200,000,000 at 3 month NZD LIBOR plus 0.88% margin

NZ \$273,910,000 at 3 month NZD LIBOR plus 2.19% margin

8 Creditors: amounts falling due within one year

	2010 NZ \$000	2009 NZ \$000
Tax and social security	24,791	63,414

9 Called up share capital

	2010 NZ \$000	2009 NZ \$000
Authorised		
61,090,786 (2009 1,600,000,000) ordinary shares of NZ \$1 each	61,091	1,600,000
Allotted, called up and fully paid		
1,000 (2009 1,538,910,214) ordinary shares of NZ \$1 each	1	1,538,910

SHELL VENTURES NEW ZEALAND LIMITED**NOTES TO THE ACCOUNTS (continued)****For the year ended 31 December 2010****9 Called up share capital (continued)**

On 30 March 2010, the share capital of the Company was reduced by cancelling and extinguishing 1,538,909,214 issued Ordinary shares of NZ \$1 each thereby creating additional distributable reserves of NZ \$1,538,909,214. Following the reduction of capital the Company's share capital is NZ \$61,090,786 divided into 61,090,786 Ordinary shares of NZ \$1 each of which 1,000 are in issue.

10 Dividends

Interim dividends of NZ \$1,787,959,000 were paid during the year (2009 NZ \$303,000,000)

11 Reconciliation of movements in reserves and shareholder's funds

	Profit and loss account NZ \$000	Share capital NZ \$000	Shareholder's funds NZ \$000
At 1 January 2009	40,095	1,538,910	1,579,005
Profit for the year	301,236	-	301,236
Dividends paid	(303,000)	-	(303,000)
At 1 January 2010	38,331	1,538,910	1,577,241
Profit for the year	273,581	-	273,581
Share capital reduction	1,538,909	(1,538,909)	-
Dividends paid	(1,787,959)	-	(1,787,959)
At 31 December 2010	62,862	1	62,863

12 Post balance sheet events

On 11 May 2011, an interim dividend of NZ \$50,000,000 was received from Shell Investments New Zealand Limited

On 28 June 2011, an interim dividend of NZ \$50,000,000 was paid to The Shell Petroleum Company Limited