

ENTERPRISE OIL OVERSEAS HOLDINGS LIMITED

DIRECTORS' REPORT

AND ACCOUNTS

2003

CONTENTS

DIRECTORS' REPORT	1
INDEPENDENT AUDITORS' REPORT	3
PROFIT AND LOSS ACCOUNT	4
BALANCE SHEET	5
NOTES TO THE ACCOUNTS	6

Registered in England & Wales: 2650011



ENTERPRISE OIL OVERSEAS HOLDINGS LIMITED

DIRECTORS' REPORT

The Directors submit their annual report and audited accounts for the year ended 31 December 2003.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the Company is to act as a holding Company, which will continue for the foreseeable future.

On 16 March 2004, the Company was acquired by Shell Overseas Holdings Limited.

During the year the investments in Shell Brazil Holding B.V. and KMOC were sold at net book value.

The loss after taxation for the year amounted to £2.8 million (2002: profit of £3.5 million). An interim dividend of £260.0 million (2002: £nil) was paid on 22 May 2003. The Directors recommend that no further dividend be paid for the year ended 31 December 2003 (2002: £nil).

DIRECTORS

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

R. M. Wiseman	
R. N. Gaskell	Resigned 3 November 2003
A. W. Longden	Appointed 3 November 2003
P. G. H. Davies	

DIRECTORS' INTERESTS

According to the register recording such interests, no Director who was in office on 31 December 2003 had any such shareholdings or debenture-holding interest in N. V. Koninklijke Nederlandsche Petroleum Maatschappij (Royal Dutch Petroleum Company).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act 1985 requires the Directors to prepare accounts for each financial year which 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 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 proper accounting records which 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 1985. 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.


ENTERPRISE OIL OVERSEAS HOLDINGS LIMITED

DIRECTORS' REPORT (Continued)

AUDITORS

KPMG Audit Plc resigned as Auditors on 9 September 2003 and PricewaterhouseCoopers LLP were appointed to fill the vacancy. The Company has passed an Elective Resolution in accordance with the Companies Act 1985 to dispense with the holding of annual general meetings, the laying of accounts and reports before general meetings and the annual reappointment of Auditors. PricewaterhouseCoopers LLP will, accordingly, continue in office as Auditors of the Company pursuant to Section 386 of the Companies Act 1985. However, pursuant to Section 253(2) of the Companies Act 1985, any Member or the Auditors of the Company may require the accounts and reports to be laid before a general meeting by depositing a notice to that effect at the registered office of the Company not later than 28 days after the despatch of the accounts and reports to Members.

By order of the Board



C. Bushay
Authorised Signatory
Shell Corporate Secretary Limited
Company Secretary
29 October 2004

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ENTERPRISE OIL OVERSEAS HOLDINGS LIMITED

We have audited the accounts, which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the annual report and the accounts in accordance with applicable United Kingdom law and accounting standards are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the accounts, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
29 October 2004

1 Embankment Place,
LONDON, WC2N 6RH

ENTERPRISE OIL OVERSEAS HOLDINGS LIMITED**PROFIT AND LOSS ACCOUNT****For the year ended 31 December 2003**

	Note	2003 £ million	2002 £ million
Continuing operations			
Other interest receivable and similar income	2	3.4	27.9
Interest payable and similar charges	3	(7.4)	-
Amounts written off investments	7	-	(16.3)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(4.0)	11.6
Tax on profit/(loss) on ordinary activities	5	1.2	(8.1)
PROFIT/(LOSS) FOR THE YEAR		(2.8)	3.5
Dividends paid and proposed	6	(260.0)	-
RETAINED PROFIT/(LOSS) FOR THE YEAR	11	(262.8)	3.5

The reported profit/(loss) on ordinary activities and the retained amount for the current and previous year are presented on a historical cost basis.

There are no other recognised gains and losses other than those disclosed in the profit and loss account and accordingly a statement of total recognised gains and losses has not been presented.

ENTERPRISE OIL OVERSEAS HOLDINGS LIMITED**BALANCE SHEET****At 31 December 2003**

	Note	2003 £ million	2002 £ million
FIXED ASSETS			
Investments	7	7.0	532.5
CURRENT ASSETS			
Debtors	8	479.2	178.6
CREDITORS: amounts falling due within one year	9	(466.0)	(428.1)
NET CURRENT ASSETS / (LIABILITIES)		13.2	(249.5)
NET ASSETS		20.2	283.0
CAPITAL AND RESERVES			
Called up share capital	10	19.4	19.4
Other reserve	11	-	255.3
Profit and loss account	11	0.8	8.3
EQUITY SHAREHOLDERS' FUNDS	11	20.2	283.0

The notes on pages 6 to 12 form part of these accounts.

The accounts were approved by the Board of Directors on 29 October 2004 and signed on its behalf by:



A. W. Longden
Director

ENTERPRISE OIL OVERSEAS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2003

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 and in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom and the accounting policies as described below.

b) Group accounts

Group accounts of the Company and its subsidiary undertakings have not been prepared. The Company is exempt from the requirement to prepare consolidated accounts under the provisions of Section 228 of the Companies Act 1985 (as amended by Section 5 of the Companies Act 1989). The accounts present information about the Company as an individual undertaking and not about its group.

The immediate parent company was Enterprise Oil Limited until 16 March 2004 when the entire share capital of the Company was acquired by Shell Overseas Holdings Limited.

The ultimate parent company is N.V. Koninklijke Nederlandsche Petroleum Maatschappij (Royal Dutch Petroleum Company), which is incorporated in the Netherlands. The ultimate parent company owns 60% of the share capital of The Shell Petroleum Company Limited, which is the main holding company in the UK, of which this Company is an indirect subsidiary. The remaining 40% is owned by The "Shell" Transport and Trading Company, p.l.c ("ST&T").

The accounts of the Company and its subsidiary undertakings are incorporated in the accounts of the Royal Dutch/Shell Group of Companies, which are included in the Annual Reports of Royal Dutch Petroleum Company and ST&T.

Copies of the accounts of the Royal Dutch/Shell Group of Companies are available from:

Publications and Communications Administration
Group External Affairs
PXXC Division
Shell Centre
London
SE1 7NA
United Kingdom

ENTERPRISE OIL OVERSEAS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2003

1. Accounting policies (Continued)

c) Fixed asset investments

Investments in group undertakings and associates are included as fixed asset investments at cost less any provisions for impairment. A review for the potential impairment of an investment is carried out 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 11. Impairments thus arising are recorded in the profit and loss account.

d) Current taxation

It is the policy of the Company, and of other group undertakings, to record 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 Inland Revenue, or for group relief to be surrendered to or received from other group undertakings, and for which payment may be requested. In the event that payment should be made at a rate different from the tax rate prevailing in the current year, adjustments would be taken up to reflect the rate differential.

e) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have arisen but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profit and its results as stated in the accounts that arise from inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the accounts.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Amounts relating to deferred tax are undiscounted.

f) Foreign currency translation

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

Monetary assets and liabilities recorded in foreign currencies are expressed in Sterling at the rates of exchange ruling at 31 December 2003. Differences on exchange are included in the profit and loss account.

ENTERPRISE OIL OVERSEAS HOLDINGS LIMITED**NOTES TO THE ACCOUNTS (Continued)****For the year ended 31 December 2003****1. Accounting policies (Continued)****g) Cash flow statement**

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

h) Related party disclosures

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

2. Other interest receivable and similar income

	2003 £ million	2002 £ million
Group undertakings:		
Subsidiary undertakings	3.3	6.2
Associate undertakings	0.1	0.4
Profit on currency translation	-	21.3
	<hr/> 3.4	<hr/> 27.9

3. Interest payable and similar charges

	2003 £ million	2002 £ million
Loss on currency translation	7.4	-
	<hr/> 7.4	<hr/> -

4. Profit/(loss) on ordinary activities before taxation

The operating profit/(loss) is stated after charging/(crediting) the following:

	2003 £ million	2002 £ million
Provision for impairment of fixed asset investments	0.1	16.3
Reversal of prior year provision for impairment of fixed asset investments	(0.1)	-
	<hr/> 0.0	<hr/> 16.3

None of the Directors received any emoluments in respect of their services to the Company during the year (2002: £nil).

The auditor's remuneration of £10,000 in respect of the statutory audit was borne by a parent company for both 2003 and 2002. No fees were paid to the auditor in respect of any other work (2002: £nil).

The company had no employees during 2003 (2002: nil).

ENTERPRISE OIL OVERSEAS HOLDINGS LIMITED**NOTES TO THE ACCOUNTS (Continued)****For the year ended 31 December 2003****5. Tax on profit/(loss) on ordinary activities**

The credit for the year of £1.2 million (2002: £8.1million charge) is made up as follows:

	2003 £ million	2002 £ million
United Kingdom corporation tax at the standard rate of 30% (2002: 30%)	(1.2)	8.4
Adjustment in respect of prior years	-	(0.3)
Total current tax charge/(credit)	<u>(1.2)</u>	<u>8.1</u>

The tax assessed for the year differs from the standard rate of UK corporation tax in the UK (30%). The differences are explained below:

	2003 £ million	2002 £ million
(Profit)/loss on ordinary activities before tax	<u>4.0</u>	<u>(11.6)</u>
Tax on (profit)/loss on ordinary activities at standard UK corporation tax rate of 30% (2002: 30%)	(1.2)	3.5
Effects of:		
Income not assessable for tax purposes	-	4.9
Adjustments to tax charge in respect of prior years	-	(0.3)
Current tax charge/(credit) for the year	<u>(1.2)</u>	<u>8.1</u>

6. Dividends paid and proposed

On 22 May 2003, the Directors, having had regard to the relevant accounts, declared a dividend of £260 million from reserves which was mainly funded from the profit on sale of a subsidiary to another group Company. On finalisation of the 2002 statutory accounts, later in 2003, further analysis raised doubts as to whether qualifying consideration had been received for the sale of the subsidiary and therefore the gain was transferred to a non distributable reserve. The Directors were made aware of this and took appropriate action to ensure qualifying consideration was received before the year end.

ENTERPRISE OIL OVERSEAS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2003

7. Fixed assets - Investments

	Shares in group undertakings £ million	Loans to group undertakings £ million	Investment in associate £ million	Loans to associate £ million	Total £ million
Cost					
Balance at 1 January 2003	7.1	2.7	536.3	2.7	548.8
Repayment	-	(0.2)	-	(2.7)	(2.9)
Disposals	-	-	(536.3)	-	(536.3)
Balance at 31 December 2003	7.1	2.5	-	-	9.6
Amounts Provided					
Balance at 1 January 2003	-	2.6	13.7	-	16.3
Additions	0.1	-	-	-	0.1
Disposals	-	-	(13.7)	-	(13.7)
Write-back	-	(0.1)	-	-	(0.1)
Balance at 31 December 2003	0.1	2.5	-	-	2.6
Net book amount					
At 31 December 2003	7.0	-	-	-	7.0
At 31 December 2002	7.1	0.1	522.6	2.7	532.5

The Company has the following fixed asset investments;

- i) The whole of the issued share capital of Strand Insurance Company Limited (a company incorporated in the Isle Of Man), which consists of 1,400,000 ordinary shares with a nominal value of £1 per share.
- ii) \$125,000 (£88,000) in KMNGG Holdings B.V., a 100% subsidiary incorporated in the British Virgin Islands. This investment is fully provided against.
- iii) A \$3,700,000 (£2,500,000) loan to KMNGG Holdings B.V. This loan is fully provided against.

ENTERPRISE OIL OVERSEAS HOLDINGS LIMITED**NOTES TO THE ACCOUNTS (Continued)****For the year ended 31 December 2003****7. Fixed assets investments (Continued)**

During the year the following disposals took place:

- i) In May 2003, the Company sold its 44.92% interest in KMOC and also received full payment for loan notes held in that company. Total consideration was £46.1m, which equalled net book value.
- ii) On 19 December 2003, the company sold 1,306 ordinary shares, representing a 0.002% shareholding in Shell Italia E&P SpA (a 100% owned Group company incorporated in Italy) for £14,050 giving a profit of £12,448.
- iii) On 24 December 2003, the Company sold its 34.85% interest in the ordinary share capital of Shell Brazil Holdings B.V., a company incorporated in The Netherlands, for consideration of £479.2m, which equalled book value.

8. Debtors

	2003 £ million	2002 £ million
Amounts owed from fellow subsidiary undertakings	479.2	178.6

9. Creditors: amounts falling due within one year

	2003 £ million	2002 £ million
Amounts owed to Group undertakings:		
Parent undertaking	458.8	10.2
Fellow subsidiary undertakings	-	409.5
Taxation payable	7.2	8.4
	466.0	428.1

10. Called up share capital

	2003 £ million	2002 £ million
Authorised		
20,000,000 (2002: 20,000,000) ordinary shares of £1 each	20.0	20.0
Allotted, called up and fully paid		
19,425,791 (2002: 19,425,791) ordinary shares of £1 each	19.4	19.4

ENTERPRISE OIL OVERSEAS HOLDINGS LIMITED**NOTES TO THE ACCOUNTS (Continued)****For the year ended 31 December 2003****11. Reconciliation of movements in reserves and shareholders' funds**

	Profit and loss account £ million	Share capital £ million	Other reserve £ million	Shareholders' funds £ million
At 1 January 2002	4.8	0.1	-	4.9
Share issues	-	19.3	-	19.3
Retained profit for the year	3.5	-	-	3.5
Unrealised gain on sale of investment	-	-	255.3	255.3
At 1 January 2003	8.3	19.4	255.3	283.0
Retained loss for the year	(262.8)	-	-	(262.8)
Transfer to realised	255.3	-	(255.3)	-
At 31 December 2003	0.8	19.4	-	20.2

During the year qualifying consideration was received in respect of the sale of Enterprise Oil Do Brasil Limitada, thus realising the gain that was previously unrealised and recorded in other reserves.