

SHELL INTERNATIONAL RENEWABLES LIMITED

Registered in England & Wales: 3710917

DIRECTORS' REPORT

AND ACCOUNTS

2002

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SHELL INTERNATIONAL RENEWABLES LIMITED

REPORT OF THE DIRECTORS

The Directors submit their Annual Report and audited accounts for the year ended 31st December 2002.

DIRECTORS

The Directors of the Company during the year ended 31st December 2002 were as follows:

K.M.A. De Segundo

P.J. Duisenberg (appointed 03/05/02)

P.G. Lawne (resigned 06/11/02)

Directors' interests in shares, pursuant to the Companies Act 1985, are set out in Note 7 to the accounts.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The Company's principal activity was to provide business support to Shell wind energy and renewables businesses.

During the year, the decision was made to transfer the Renewables Corporate office to a fellow subsidiary undertaking incorporated in The Netherlands and the Company's Wind business development activities to a fellow subsidiary company in the United Kingdom. These businesses were transferred at a total book value of £215,442, in exchange for amounts receivable from the Company's immediate parent undertaking, and no gain or loss was incurred.

As a result of this, the Company's activities were significantly reduced during 2002 and it has ceased all trading activities.

The Company has reported a profit of £26,000 in the year ended 31 December 2002 compared to a loss of £150,000 in the previous year. This is due mainly to an adjustment for prior year tax. The Directors recommend that no dividend be paid for the year ended 31 December 2002.

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR PREPARATION OF THE FINANCIAL STATEMENTS

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.

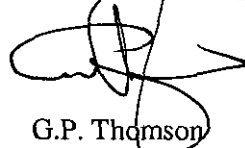
The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP), from 1 January 2003, PricewaterhouseCoopers resigned and their successors, PricewaterhouseCoopers LLP, were appointed as auditors.

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. 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



G.P. Thomson
Authorised Signatory
Shell Corporate Secretary Ltd
Company Secretary
24th October 2003

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SHELL
INTERNATIONAL RENEWABLES LIMITED

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the annual report and the financial statements 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 financial statements 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 in to 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 financial statements 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 financial statements, 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.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' report.

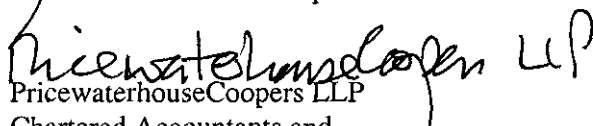
Basis of audit opinion

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 financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31st December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP
Chartered Accountants and
Registered Auditors

1 Embankment Place,
LONDON, WC2N 6RH.

24 October 2003

SHELL INTERNATIONAL RENEWABLES LIMITED

PROFIT AND LOSS ACCOUNT - for the year ended 31st December 2002

	<u>Note</u>	<u>2002</u> <u>£ 000</u>	<u>2001</u> <u>£ 000</u>
Turnover – discontinued operations	2	5,403	5,608
Cost of sales		<u>(5,403)</u>	<u>(5,806)</u>
GROSS LOSS		-	(198)
Net operating income/(expenses)		<u>42</u>	<u>(13)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<u>42</u>	<u>(211)</u>
Tax on profit/(loss) on ordinary activities	5	<u>(16)</u>	<u>61</u>
RETAINED PROFIT/(LOSS) FOR THE YEAR		<u>26</u>	<u>(150)</u>

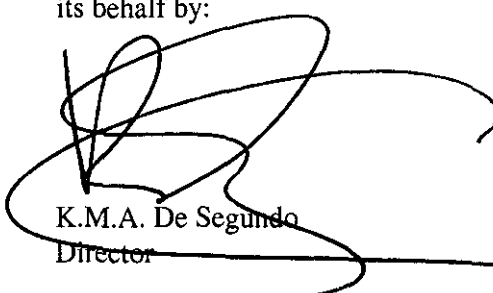
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES - for the year ended
31st December 2002

There were no recognised gains and losses other than the profit for the year and loss for the prior year.

SHELL INTERNATIONAL RENEWABLES LIMITED
BALANCE SHEET - at 31st December

	<u>Note</u>	<u>2002</u> <u>£ 000</u>	<u>2001</u> <u>£ 000</u>
FIXED ASSETS			
Tangible assets	8	-	27
CURRENT ASSETS			
Debtors	9	1,707	2,705
CREDITORS - amounts falling due within one year	10	<u>(837)</u>	<u>(1,888)</u>
NET CURRENT ASSETS		<u>870</u>	<u>817</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>870</u>	<u>844</u>
CAPITAL AND RESERVES			
Equity Interests:			
Called up share capital	14	1,000	1,000
Profit and loss account	15	<u>(130)</u>	<u>(156)</u>
SHAREHOLDERS' FUNDS	16	<u>870</u>	<u>844</u>

The accounts were approved by the Board of Directors on the 24th October, 2003 and were signed on its behalf by:



K.M.A. De Segundo
 Director

SHELL INTERNATIONAL RENEWABLES LIMITED
NOTES TO THE ACCOUNTS - for the year ended 31st December 2002

1. ACCOUNTING POLICIES

a) Accounting Convention

The financial statements have been prepared under the historical cost convention.

b) Compliance with Accounting Standards

The financial statements have been prepared in accordance with applicable accounting standards.

c) Group Accounts

The Company is a wholly-owned subsidiary undertaking of The Shell Petroleum Company Limited which, in turn, is a subsidiary undertaking of N.V. Koninklijke Nederlandsche Petroleum Maatschappij (Royal Dutch Petroleum Company) which owns 60% of its share capital, the remaining 40% being owned by The "Shell" Transport and Trading Company, p.l.c. (Shell Transport). The Royal Dutch Petroleum Company has the right to appoint the majority of Directors of The Shell Petroleum Company Limited.

The Ultimate Parent Company is N.V. Koninklijke Nederlandsche Petroleum Maatschappij (Royal Dutch Petroleum Company), which is incorporated in the Netherlands.

The accounts of the Company are incorporated in the financial statements of the Royal Dutch/Shell Group of Companies which are included in the Annual Reports of Royal Dutch Petroleum Company and The "Shell" Transport and Trading Company, p.l.c.

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

Group Investor Relations
SI-FI Division
Shell Centre
London
SE1 7NA
UK

d) Foreign Currency Translation

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

Assets and liabilities recorded in foreign currencies have been expressed in Sterling at the rates of exchange ruling on 31st December 2002. Differences on translation are included in the profit and loss account.

e) Deferred Taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance 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 financial statements that arise from the inclusion of gains and losses in tax assessment in periods different from those in which they are recognised in the financial statements.

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 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.

In December 2000 the Accounting Standards board issued FRS 19 "deferred taxation". The company has now adopted FRS 19 in the financial statements. The adoption represents a change in accounting policy, however no change in prior year comparatives was required.

f) Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and provision for impairment. A review for the potential impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of a fixed asset 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.

Depreciation is calculated on a straight-line basis over the estimated remaining useful life. The annual percentage rates applicable to the major class of assets is as follows:

Motor vehicles	25%
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g) Turnover

Turnover represents amounts received or receivable (excluding VAT) for services supplied during the year.

h) Cash Flow Statements

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.

i) 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.

PROFIT AND LOSS ACCOUNT

2. Turnover

Turnover is principally related, directly or indirectly, to the renewables business in Europe.

3. Profit/(Loss) on ordinary activities before taxation

The profit/(loss) on ordinary activities before taxation is stated after charging/(crediting) the following:

	<u>2002</u> <u>£ 000</u>	<u>2001</u> <u>£ 000</u>
Staff costs:		
Wages and salaries	857	1,007
Social security costs	67	58
Operating lease rental charged:		
Other operating leases	9	3
Currency translation on non-trading activities	5	5
Depreciation	11	12
Auditors' remuneration for audit services	10	6
Profit on sale of fixed assets	(4)	(7)
Research and development costs	-	16

4. Historical cost profits and losses

There were no differences between reported profits and losses and historical costs profits and losses on ordinary activities before taxation.

5. Taxation

The (credit)/ charge for the year is made up as follows:

	<u>2002</u> <u>£ 000</u>	<u>2001</u> <u>£ 000</u>
United Kingdom Corporation Tax at the rate of 30% (2001 30%)	17	(62)
Adjustments in respect of prior years	<u>(1)</u>	<u>1</u>
	<u>16</u>	<u>(61)</u>
Deferred taxation:		
Origination and reversal of timing differences	-	-
Adjustments in respect of prior years	<u>-</u>	<u>-</u>
	<u>16</u>	<u>(61)</u>

5. Taxation (continued)

The differences are explained below:

	<u>2002</u> <u>£ 000</u>	<u>2001</u> <u>£ 000</u>
Profit/(loss) on ordinary activities before tax	42	(211)
Profit/(loss) on ordinary activities multiplied by standard rate in the UK 30% (2001:30%)	13	(63)
Effect of:		
Expenses not deductible for tax purposes	8	1
Accelerated capital allowances and other timing differences	(4)	-
Adjustment to tax charge in respect of previous period	<u>(1)</u>	<u>1</u>
Current tax charge/ (credit) for the period	<u>16</u>	<u>(61)</u>

6. Number of employees

The average number of persons working on behalf of the Company in 2002 was 8 (2001: 10). All persons were employed in the United Kingdom and were principally involved in the renewables business. The staff were employed by Shell International Limited and costs were charged to Shell International Renewables Limited.

7. Directors

a) Information relating to Directors' emoluments and pensions pursuant to Section 232 of and Schedule 6 to the Companies Act 1985:

Directors' emoluments:	<u>2002</u> <u>£</u>	<u>2001</u> <u>£</u>
Aggregate emoluments	<u>833,762</u>	<u>521,741</u>

These emoluments were borne by the Company and charged in the Profit and Loss Account.

The number of Directors to whom retirement benefits are accruing is as follows:

	<u>2002</u> <u>Number</u>	<u>2001</u> <u>Number</u>
In respect of defined benefit schemes	<u>2</u>	<u>2</u>

No share options were exercised by directors during the year (2001: 1).

Highest paid Director	<u>2002</u> <u>£</u>	<u>2001</u> <u>£</u>
Total emoluments	<u>750,842</u>	<u>405,900</u>
Defined benefit pension scheme:		
Accrued pension at end of year	<u>145,816</u>	<u>119,103</u>

b) Directors' interests in shares of Royal Dutch Petroleum Company

At the Annual General Meeting on 16 May, 2002 of the Royal Dutch Petroleum Company ("Royal Dutch") the shareholders approved an amendment to the Articles of Association of Royal Dutch for the re-denomination of the par value of the ordinary shares of the company from N.fl into € 0.56

i) The Directors' shareholding and debenture-holding interests (other than share options) in Royal Dutch Petroleum Company ("Royal Dutch") and its subsidiary undertakings recorded in the Register of such interests were as follows:

	<u>N.Fl. 1.25 each</u> <u>1st January 2002</u>	<u># € 0.56 each</u> <u>31st December 2002</u>
<u>Royal Dutch Ordinary Shares</u>		
K.M.A De Segundo	<u>2,250</u>	<u>2,250</u>

ii) The interests of the Directors of the Company in shares of Royal Dutch under share option schemes as recorded in the Register of such interests were as follows:

	<u>N.Fl. 1.25 each</u> <u>Options</u> <u>Outstanding</u> <u>1st January</u> <u>2002</u>	<u>Options</u> <u>Granted</u>	<u>Options</u> <u>Exercised</u>	<u># € 0.56 each</u> <u>Options</u> <u>Outstanding</u> <u>31st December</u> <u>2002</u>
<u>Royal Dutch Ordinary Shares</u>				
K.M.A De Segundo	56,500	22,500	-	79,000
P.J. Duisenberg*	-	4,000	-	4,000
	<u>56,500</u>	<u>26,500</u>	<u>-</u>	<u>83,000</u>

* At date of Appointment

According to the Register of Directors' interests, no other Directors had any such interests in the above-named undertaking nor in any other undertaking requiring disclosure under the Companies Act 1985.

BALANCE SHEET

8. Tangible fixed assets

	<u>Motor Vehicles</u> <u>£000</u>
<u>Cost</u>	
Balance at 1 st January 2002	43
Disposals	<u>(43)</u>
Balance at 31 st December 2002	<u>-</u>
<u>Depreciation</u>	
Balance at 1 st January 2002	16
Charge for the year	11
Disposals	<u>(27)</u>
Balance at 31 st December 2002	<u>-</u>
<u>Net Book Amount</u>	
At 31 st December 2002	<u>-</u>
At 1 st January 2002	<u>27</u>

9. Debtors

	<u>2002</u> <u>Within 1</u> <u>Year</u> <u>£ 000</u>	<u>2001</u> <u>Within 1</u> <u>Year</u> <u>£ 000</u>
Amounts owed by Group undertakings:		
Parent undertaking	1,032	1,431
Fellow subsidiary undertakings	422	83
Other debtors	145	1,035
Taxation (see note 12)	<u>108</u>	<u>156</u>
	<u>1,707</u>	<u>2,705</u>

10. Creditors – amounts falling due within one year

	<u>2002</u> <u>£ 000</u>	<u>2001</u> <u>£ 000</u>
Trade creditors	55	-
Amounts owed to Group undertakings:		
Fellow subsidiary undertakings	-	271
Accruals and deferred income	<u>782</u>	<u>1,617</u>
	<u>837</u>	<u>1,888</u>

11. Commitments under operating leases

At 31 December 2002 the Company had annual commitments under operating leases as follows:

	<u>2002</u> <u>£ 000</u>	<u>2001</u> <u>£ 000</u>
Lease expiring between one and five years	<u>5</u>	<u>8</u>

12. Taxation receivable/(payable)

The amount recoverable for taxation represents the cumulative amounts receivable for taxation based on net income and chargeable gains included in the accounts for the years up to and including 2002.

The provision comprises:

	<u>2002</u> <u>£ 000</u>	<u>2001</u> <u>£ 000</u>
Current corporation tax receivable	<u>108</u>	<u>156</u>

The corporation tax receivable represents the current year's tax charge, together with adjustments relating to prior years, calculated based on the current tax rate which will either be settled by payment from the Inland Revenue or by payment from Group companies for group relief.

13. Deferred taxation

The amount set aside for deferred taxation represents the timing differences between the recognition of items of income and expenditure for accounting and tax purposes for the years up to and including 2002.

The provision comprises:

	<u>2002</u>	<u>2001</u>
	<u>£ 000</u>	<u>£ 000</u>
Provision for deferred taxation:		
Accelerated capital allowances	—	—
	<u>—</u>	<u>—</u>

The unprovided deferred taxation asset for timing differences is as follows:

	<u>2002</u>	<u>2001</u>
	<u>£ 000</u>	<u>£ 000</u>
Accelerated capital allowances	—	(8)
	<u>—</u>	<u>(8)</u>

14. Called up share capital

At 31st December 2002 and 2001 the authorised and issued share capital of the Company was:

	<u>£ 000</u>
1,000,000 Authorised, allotted and fully paid ordinary shares of £1 each	<u>1,000</u>

15. Profit and loss reserve

	<u>£ 000</u>
Deficit at beginning of year	(156)
Retained profit for the year	<u>26</u>
Deficit at end of year	<u>(130)</u>

16. Reconciliation of movements in shareholders' funds

	<u>2002</u>	<u>2001</u>
	<u>£ 000</u>	<u>£ 000</u>
Profit/(Loss) for the financial year	26	(150)
Opening shareholders' funds	<u>844</u>	<u>994</u>
Closing shareholders' funds	<u>870</u>	<u>844</u>

17. Discontinued operations

During the year, the decision was made to transfer the Renewables Corporate office to a fellow subsidiary undertaking incorporated in The Netherlands and the Company's Wind business development activities to a fellow subsidiary company in the United Kingdom. These businesses were transferred at a total book value of £215,442, in exchange for amounts receivable from the Company's immediate parent undertaking, and no gain or loss was incurred.