

**SHELL PROPERTY ASIA LIMITED**

**DIRECTOR'S REPORT**

**AND ACCOUNTS**

**2005**

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Registered in England & Wales: 4099896

## **SHELL PROPERTY ASIA LIMITED**

### **DIRECTOR'S REPORT**

The Director submits the annual report and audited accounts for the year ended 31 December 2005.

### **PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS**

The principal activity of the Company is to acquire properties in Asia and, in particular, in Japan. It acquired its only property in Kashima, Japan, in December 2000.

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

The Company's loss for the financial year increased from JPY 7,439,060 to JPY 61,920,221. This was principally due an impairment of the land in Kashima and also a higher tax charge for imputed interest in 2005. As the tax rules on interest-free loans were introduced from 1 April 2004, they were not applied for the whole year in 2004.

The Director recommends that no dividend be paid for the year ended 31 December 2005 (2004: JPY Nil).

### **DIRECTOR**

The Director of the Company, who served throughout the year and to the date of this report was:

Shell Corporate Director Limited

### **DIRECTOR'S INTERESTS**

On 20 July 2005, the ultimate parent company changed from N.V. Koninklijke Nederlandsche Petroleum Maatschappij ("Royal Dutch Petroleum Company") to Royal Dutch Shell plc ("Royal Dutch Shell") after all necessary conditions were fulfilled to approve the unification of Royal Dutch Petroleum Company and Shell Transport and Trading Company plc under a single parent company.

According to the Register recording such interests, the Director who was in office on 31 December 2005 had no such shareholdings or debenture-holding interests in Royal Dutch Shell or in any other undertaking requiring disclosure under the Companies Act 1985.

### **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.

## **SHELL PROPERTY ASIA LIMITED**

### **DIRECTOR'S REPORT (Continued)**

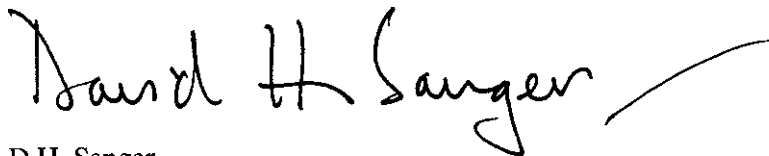
#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES (Continued)**

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.

#### **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. 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

A handwritten signature in black ink, reading "David H. Sanger", followed by a long horizontal flourish line.

D.H. Sanger  
Authorised signatory for  
Shell Corporate Secretary Limited  
Company Secretary  
23 August 2006

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHELL PROPERTY ASIA LIMITED**

We have audited the accounts of Shell Property Asia Limited for the year ended 31 December 2005, which comprise the profit and loss account, the balance sheet and the related notes. These accounts have been prepared under the accounting policies set out therein.

### **Respective responsibilities of Directors and auditors**

As described in the Statement of Directors' Responsibilities the Company's Directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). 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 Director's 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 Director's remuneration and transactions is not disclosed.

We read the Director's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing 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 judgments made by the Director 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2005 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

*23 August 2006*

1 Embankment Place,  
LONDON, WC2N 6RH

**SHELL PROPERTY ASIA LIMITED****PROFIT AND LOSS ACCOUNT****For the year ended 31 December 2005**

<b>Continuing operations</b>	<b>Note</b>	<b>2005 JPY</b>	<b>2004 JPY</b>
Administrative expenses		(6,254,400)	(6,962,200)
		<u>(6,254,400)</u>	<u>(6,962,200)</u>
<b>OPERATING LOSS</b>			
Impairment of fixed assets		<u>(54,146,154)</u>	<u>-</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAX</b>	2	(60,400,554)	(6,962,200)
Tax on loss on ordinary activities	3	<u>(1,519,667)</u>	<u>(476,860)</u>
<b>RETAINED LOSS FOR THE YEAR</b>		<u>(61,920,221)</u>	<u>(7,439,060)</u>

The reported loss 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 loss for the current year and prior year and accordingly a statement of total recognised gains and losses has not been presented.

**SHELL PROPERTY ASIA LIMITED****BALANCE SHEET****At 31 December 2005**

	Note	2005 JPY	2004 JPY
<b>FIXED ASSETS</b>			
Tangible assets	4	885,553,846	939,700,000
<b>CURRENT ASSETS</b>			
Debtors	5	240,608,286	248,382,353
<b>NET CURRENT ASSETS</b>		<u>240,608,286</u>	<u>248,382,353</u>
<b>NET ASSETS</b>		<u>1,126,162,132</u>	<u>1,188,082,353</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	6	1,431,589,653	1,431,589,653
Profit and loss account	7	(305,427,521)	(243,507,300)
<b>EQUITY SHAREHOLDERS' FUNDS</b>	7	<u>1,126,162,132</u>	<u>1,188,082,353</u>

The Notes on pages 6 to 10 form part of these accounts.

The accounts were approved by the Director on 23 August 2006 and were signed on its behalf by:



.....  
A. W. Longden  
Authorised signatory for  
Shell Corporate Director Limited  
Director

# **SHELL PROPERTY ASIA LIMITED**

## **NOTES TO THE ACCOUNTS**

**For the year ended 31 December 2005**

### **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 UK and the accounting policies as described below.

The Company has adopted FRS 21 "Events after the balance sheet date" in these accounts. The adoption of this standard represents a change in accounting policy. There is no financial impact of this in the current or prior year.

#### **b) Group accounts**

The immediate parent company is The Shell Petroleum Company Limited.

The ultimate parent company is Royal Dutch Shell, which is incorporated in the UK.

The accounts of the Company are incorporated in the annual report and accounts of Royal Dutch Shell.

Copies of the annual report and accounts of Royal Dutch Shell are available from:

Royal Dutch Shell plc  
c/o Bankside  
Tel: +44 (0)1635 232700  
Email: bbs@shellbankside.co.uk

#### **c) 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 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.

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.

#### **d) Foreign currency translation**

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

Monetary assets and liabilities recorded in foreign currencies have been expressed in Japanese Yen at the rates of exchange ruling at year end. Differences on translation are included in the profit and loss account.

**SHELL PROPERTY ASIA LIMITED**  
**NOTES TO THE ACCOUNTS (Continued)**  
**For the year ended 31 December 2005**

**1. Accounting policies (Continued)**

**e) Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost or valuation 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.

**f) 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.

**g) 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 Shell Group or investees of the Group qualifying as related parties.

**2. Loss on ordinary activities before tax**

Loss on ordinary activities before tax is stated after charging the following:

	<b>2005</b>	<b>2004</b>
	<b>JPY</b>	<b>JPY</b>
Provision for impairment of fixed asset	54,146,154	-

The auditors' remuneration of JPY 729,190 (2004: JPY 653,464) in respect of the statutory audit was borne by the parent undertaking for both the current and prior year.

No fees were paid to the auditor in respect of any other work (2004: JPY Nil).

The Director did not receive any emoluments (2004: JPY Nil) in respect of services to the Company.

The Company had no employees during 2005 (2004: Nil).



**SHELL PROPERTY ASIA LIMITED**  
**NOTES TO THE ACCOUNTS (Continued)**  
**For the year ended 31 December 2005**

**3. Tax on loss on ordinary activities**

The charge for the year of JPY 1,519,667 (2004: JPY 476,860) is made up as follows:

	<b>2005 JPY</b>	<b>2004 JPY</b>
UK corporation tax at the standard rate of 30% (2004: 30%)	1,519,667	476,860

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

	<b>2005 JPY</b>	<b>2004 JPY</b>
Loss on ordinary activities before tax	60,400,554	6,962,200
Tax on loss on ordinary activities at standard UK corporation tax rate of 30% (2004: 30%)	(18,120,166)	(2,088,660)
Effects of:		
Expenses not deductible	16,243,846	-
Tax on imputed interest	3,395,987	2,565,520
Current tax charge for the year	1,519,667	476,860

**SHELL PROPERTY ASIA LIMITED**  
**NOTES TO THE ACCOUNTS (Continued)**  
**For the year ended 31 December 2005**

**4. Tangible fixed assets**

	<b>Freehold land JPY</b>
<b>Cost</b>	
Balance at 1 January 2005	1,161,802,400
Balance at 31 December 2005	<u>1,161,802,400</u>
<b>Amounts provided</b>	
Balance at 1 January 2005	(222,102,400)
Charge for impairment	<u>(54,146,154)</u>
Balance at 31 December 2005	<u>(276,248,554)</u>
<b>Net book amount</b>	
At 31 December 2005	<u>885,553,846</u>
At 31 December 2004	<u>939,700,000</u>

**5. Debtors**

	<b>2005 Within 1 Year JPY</b>	<b>2004 Within 1 Year JPY</b>
Amounts owed by Parent undertaking	240,469,865	246,724,265
Tax receivable	138,421	1,658,088
	<u>240,608,286</u>	<u>248,382,353</u>

**6. Called up share capital**

	<b>2005 JPY</b>	<b>2004 JPY</b>
Authorised		
8,000,000 (2004: 8,000,000) ordinary shares of £1 each	<u>1,431,589,653</u>	<u>1,431,589,653</u>
Allotted, called up and fully paid		
8,000,000 (2004: 8,000,000) ordinary shares of £1 each	<u>1,431,589,653</u>	<u>1,431,589,653</u>

**SHELL PROPERTY ASIA LIMITED**  
**NOTES TO THE ACCOUNTS (Continued)**  
**For the year ended 31 December 2005**

**7. Reconciliation of movements in reserves and shareholders' funds**

	<b>Share capital</b> <b>JPY</b>	<b>Profit and loss</b> <b>account</b> <b>JPY</b>	<b>Shareholders'</b> <b>funds</b> <b>JPY</b>
At 1 January 2004	1,431,589,653	(236,068,240)	1,195,521,413
Loss for the year	-	(7,439,060)	(7,439,060)
At 1 January 2005	1,431,589,653	(243,507,300)	1,188,082,353
Loss for the year	-	(61,920,221)	(61,920,221)
At 31 December 2005	1,431,589,653	(305,427,521)	1,126,162,132