

SHELL RESOURCES P.L.C.

DIRECTORS' REPORT

AND ACCOUNTS

2003

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Registered in England & Wales: 4365598



SHELL RESOURCES P.L.C.

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 Company was incorporated on 1 February 2002 with the initial purpose to acquire Enterprise Oil p.l.c., now Enterprise Oil Limited ("Enterprise").

On 5 August 2002, the Company purchased the outstanding debt securities of Enterprise and Enterprise Oil Finance B.V. The total value of the debt purchased, including interest accrued and the premium paid, was £1.2 billion. £25 million of these debt securities matured in September 2003 and the remainder were sold back to Enterprise in the same month resulting in a net profit of £3 million.

The acquisition and debt repurchase were financed by a short-term interest bearing loan from the immediate parent company, The Shell Petroleum Company Limited. During 2003, the Company replaced its short-term loan with a long-term loan repayable on 30 June 2008.

The Norwegian and Brazilian subsidiaries of Enterprise were sold to another Group undertaking during 2003. Dividends of £850 million were paid to the Company during the year.

The Company has provided for a further £780 million against its investment in Enterprise. It is anticipated that significant restructurings will take place in the Enterprise group during 2004.

The Company is considering selling Enterprise to another Group company.

The profit for the year was £19 million (2002: Profit £66 million).

The Directors recommend that no 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:

J.G. Boynton	Resigned 14 July 2003
P.J. Ellingsworth	Appointed 14 July 2003
R.N. Gaskell	Resigned 3 November 2003
A.W. Longden	Appointed 3 November 2003
P.D. Skinner	Resigned 14 July 2003
J. Van der Veer	Resigned 14 July 2003
W. Van de Vijver	Resigned 14 July 2003
Sir P.B. Watts	Resigned 14 July 2003
R.M. Wiseman	Appointed 14 July 2003

SHELL RESOURCES P.L.C.

DIRECTORS' REPORT (Continued)

DIRECTORS' INTERESTS

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:

Royal Dutch Ordinary Shares

	€0.56 each	€0.56 each
	Options	Options
	Outstanding	Outstanding
	1 January	31 December
	2003	2003
P.J. Ellingsworth	63,000*	63,000

* Options held at date of appointment: 14 July 2003

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.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act 1985 requires the Directors to prepare accounts for each financial period 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.

SHELL RESOURCES P.L.C.

DIRECTORS' REPORT (Continued)

AUDITORS

The Auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office as Auditors of the Company and a resolution proposing their reappointment will be put to the members at the annual general meeting.

By order of the Board

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

G.P. Thomson
Authorised Signatory
For Shell Corporate Secretary Limited
Company Secretary

29 October 2004

SHELL RESOURCES P.L.C.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHELL RESOURCES P.L.C

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 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 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 profit 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.

SHELL RESOURCES P.L.C.**PROFIT AND LOSS ACCOUNT****For the year ended 31 December 2003**

		2003	Period from
			1 February
			to
			31 December
	Note	£ 000	2002
			£ 000
Continuing operations			
Administrative expenses		(57)	(19,473)
OPERATING LOSS		(57)	(19,473)
Income from shares in Group undertakings:			
Subsidiary undertakings		850,000	681,184
Profit on sale of investments	4	2,890	-
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		852,833	661,711
Other interest receivable and similar income	2	55,382	38,225
Amounts written off investments	4	(779,648)	(538,000)
Interest payable and similar charges	3	(131,783)	(128,387)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		(3,216)	33,549
Tax on profit/(loss) on ordinary activities	5	22,063	32,890
PROFIT FOR THE FINANCIAL YEAR		18,847	66,439

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 gain for the current and previous years and accordingly a statement of total recognised gains and losses has not been presented.

SHELL RESOURCES P.L.C.**BALANCE SHEET****At 31 December 2003**

	Note	2003 £ 000	2002 £ 000
FIXED ASSETS			
Investments	6	2,200,000	2,979,648
CURRENT ASSETS			
Debtors - amounts due within one year	7	54,953	50,054
- amounts due after more than one year	7	20	1,135,445
		<hr/>	<hr/>
		54,973	1,185,499
CREDITORS: amounts falling due within one year	8	(18,647)	(4,098,658)
		<hr/>	<hr/>
NET CURRENT ASSETS/(LIABILITIES)		36,326	(2,913,159)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,236,326	66,489
CREDITORS: amounts falling due after one year	8	(2,150,990)	-
		<hr/>	<hr/>
NET ASSETS		85,336	66,489
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	11	50	50
Profit and loss account	12	85,286	66,439
		<hr/>	<hr/>
EQUITY SHAREHOLDERS' FUNDS	12	85,336	66,489
		<hr/>	<hr/>

The notes on pages 7 to 14 form part of these accounts.

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



A. LONGDEN
Director

SHELL RESOURCES P.L.C.

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 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 described below.

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 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 is The Shell Petroleum Company.

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 a direct 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 undertaking 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

SHELL RESOURCES P.L.C.

NOTES TO THE ACCOUNTS (Continued)

For the year ended 31 December 2003

1. Accounting policies (Continued)

c) Fixed asset investments

These comprise investments in shares and loans that the Directors intend to hold on a continuing basis in the Company's business. The investments are stated at cost less provision 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) Income from shares in group undertakings

Income from shares in Group undertakings represents dividends, including accruals relating to 2003 and prior periods, provided that receipt of the dividend is assured.

e) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated 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 the 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 not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on the sale has been recognized in the accounts. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

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) Taxation

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 Inland Revenue, or for Group relief to surrender to or received from other Group undertakings, and for which payment may be requested. In the event that payments 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.

SHELL RESOURCES P.L.C.**NOTES TO THE ACCOUNTS (Continued)****For the year ended 31 December 2003****1. Accounting policies (Continued)****g) 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 have been expressed in Sterling at the rates of exchange ruling on 31 December 2003. Differences on translation are included in the profit and loss account.

h) Current asset investments

Debt securities are stated at the lower of cost or net realisable value. Net realisable value is estimated on an annual basis by reference to market value.

All debt securities held have been issued by subsidiary companies.

i) 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.

j) 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	2002
	£ 000	£ 000
Group undertakings:		
Subsidiary undertakings	55,382	31,220
Interest from banks and similar income	-	7,005
	<hr/>	<hr/>
	55,382	38,225
	<hr/>	<hr/>

3. Interest payable and similar charges

	2003	2002
	£ 000	£ 000
Loans from Group undertakings:		
Parent undertakings	116,432	112,165
Bank interest and charges	701	535
Loss on currency translation	14,650	15,687
	<hr/>	<hr/>
	131,783	128,387
	<hr/>	<hr/>

SHELL RESOURCES P.L.C.**NOTES TO THE ACCOUNTS (Continued)****For the year ended 31 December 2003****4. Profit on ordinary activities before taxation**

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

	2003	2002
	£ 000	£ 000
Provision for impairment of fixed asset investment	779,648	538,000
Auditors' remuneration for audit services	10	10
Profit on sale of bonds	(4,062)	-
Loss on settlement of bonds	1,172	-

The loss on settlement of bonds relates to bonds that expired in September 2003.

There were no non-audit services provided to the Company during the period.

The Company had no employees during 2003 (2002: Nil).

5. Taxation

The credit for the year is made up as follows:

	2003	2002
	£ 000	£ 000
United Kingdom Corporation Tax at the rate of 30% (2002: 30%)	(23,934)	(31,019)
Deferred taxation:		
Origination and reversal of timing differences	1,871	(1,871)
Total deferred tax (Note 10)	1,871	(1,871)
	<u>(22,063)</u>	<u>(32,890)</u>

SHELL RESOURCES P.L.C.**NOTES TO THE ACCOUNTS (Continued)****For the year ended 31 December 2003****5. Taxation (continued)**

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

	2003 £ 000	2002 £ 000
(Profit)/loss on ordinary activities before tax	3,216	(33,549)
Profit on ordinary activities multiplied by standard rate in the UK 30% (2002: 30%)	(965)	10,065
Effect of:		
Expenses not deductible for tax purposes	233,902	161,400
Income not chargeable for tax purposes	(255,000)	(204,355)
Accelerated capital allowances and other timing differences	(1,871)	1,871
Current tax credit for the year	<u>(23,934)</u>	<u>(31,019)</u>

6. Fixed assets - investments

	Shares in subsidiary undertaking £ 000
Cost	
Balance at 1 January 2003	3,517,648
Additions	-
Balance at 31 December 2003	<u>3,517,648</u>
Amounts provided	
Balance at 1 January 2003	(538,000)
Additions	(779,648)
Balance at 31 December 2003	<u>(1,317,648)</u>
Net book amount	
At 31 December 2003	<u>2,200,000</u>
At 31 December 2002	<u>2,979,648</u>

The investment relates to a 100% holding of ordinary shares in Enterprise Oil Limited, an oil exploration and production company registered in the United Kingdom. Enterprise Oil Limited holds investments in several companies engaged in development projects and the production of oil and gas.

SHELL RESOURCES P.L.C.**NOTES TO THE ACCOUNTS (Continued)****For the year ended 31 December 2003****7. Debtors**

	2003		2002	
	Within 1 year £ 000	Over 1 year £ 000	Within 1 year £ 000	Over 1 year £ 000
Amounts owed by Group undertakings:				
Parent undertaking	-	-	50	-
Subsidiary undertaking	-	20	16,715	1,135,445
Taxation receivable (See Note 9)	54,953	-	31,019	-
Deferred taxation (See Note 10)	-	-	1,871	-
Prepayments and accrued income	-	-	399	-
	<u>54,953</u>	<u>20</u>	<u>50,054</u>	<u>1,135,445</u>
	<u>54,973</u>		<u>1,185,499</u>	

Amounts due from subsidiary undertaking consist of debt securities maturing on 2 June 2013 at an interest rate of 10.75%.

8. Creditors

	2003		2002	
	Within 1 year £ 000	Over 1 year £ 000	Within 1 year £ 000	Over 1 year £ 000
Amounts owed to Group undertakings:				
Parent undertaking	178	2,150,990	4,073,955	-
Other creditors	18,408	-	24,248	-
Accruals and deferred income	61	-	455	-
	<u>18,647</u>	<u>2,150,990</u>	<u>4,098,658</u>	<u>-</u>
	<u>2,169,637</u>		<u>4,098,658</u>	

Other creditors consist of loan notes repayable on 30 June 2007. These can be redeemed at the holder's option, provided the holder gives 30 days notice.

On 6 August 2003, the Company replaced its short-term loan with The Shell Petroleum Company Limited with a long-term loan repayable on 30 June 2008. Interest is charged on the loan at LIBOR on a daily basis.

SHELL RESOURCES P.L.C.**NOTES TO THE ACCOUNTS (Continued)****For the year ended 31 December 2003****9. Taxation receivable**

The amount set aside for taxation represents the amounts recoverable from group companies as group relief based on net income and chargeable gains included in the accounts for the period.

The asset comprises:

	2003 £ 000	2002 £ 000
Corporation tax receivable	54,953	31,019

10. 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 period up to and including 2003.

The provision comprises:

	2003 £ 000	2002 £ 000
Deferred taxation asset:		
Other timing differences	-	1,871
	-	1,871
1 January 2003	1,871	
Deferred tax credit in the profit and loss account	(1,871)	
	-	
31 December 2003	-	

11. Called up share capital

	2003 £ 000	2002 £ 000
Authorised		
50,000 (2002: 50,000) ordinary shares of £1 each	50	50
Issued, allotted, and fully paid		
50,000 Ordinary shares of £1 each	50	50

SHELL RESOURCES P.L.C.**NOTES TO THE ACCOUNTS (Continued)****For the year ended 31 December 2003****12. Reconciliation of movements in reserves and shareholders' funds**

	Share capital £ 000	Profit and loss account £ 000	Shareholders' funds £ 000
At 1 January 2002	-	-	-
Share issues	50	-	50
Retained profit for the year	-	66,439	66,439
	<hr/>	<hr/>	<hr/>
At 1 January 2003	50	66,439	66,489
Retained profit for the year	-	18,847	18,847
	<hr/>	<hr/>	<hr/>
At 31 December 2003	50	85,286	85,336
	<hr/>	<hr/>	<hr/>