

**Shell Finance (Netherlands) B.V.**

(Incorporated in The Hague, Netherlands.)

(Registration number: 27116952)

**Annual Report 2007**

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In this report, the collective expressions "Shell", "Group", "Royal Dutch Shell Group of Companies" are sometimes used for convenience in contexts where reference is made to companies of the Royal Dutch/ Shell Group in general. Those expressions are also used where no useful purpose is served by identifying the particular company or companies.

## Report to the Shareholder of Shell Finance (Netherlands) B.V.

We herewith submit the Annual Report for the year 2007, consisting of:

- 1 Directors' Report
- 2 Annual Accounts, consisting of:
  - a) Balance sheet as at 31 December 2007;
  - b) Profit and loss account for the year ended 31 December 2007;
  - c) Notes to the accounts for the year ended 31 December 2007.
- 3 Other information, including the auditors' report.

We have the honour to submit the following proposals:

- a) that the balance sheet as at 31 December 2007, the profit and loss account for the year ended 31 December 2007 and the notes to the accounts be finalised in accordance with the enclosed Annual Accounts;
- b) to add the profit amounting to USD 719.5 million to the shareholder's equity;
- c) to declare a final dividend amounting to USD 719.5m for the year 2007;
- c) that the Board of Management be discharged of responsibility in respect of its management during the year 2007.

The Hague, 9 June 2008

The Board of Management

## Board of Directors

A.W. Longden (Appointed 20/04/2006)

M.C.M Brandjes (Appointed 20/04/2006)

P.J. Ellingsworth (Appointed 17/07/2006)

S. Gorman (Appointed 5/05/2007)

K.H. Toh (Appointed 01/01/2008)

I.D. Chisholm (Resigned 5/05/2007)

F.P. Marret (Resigned 26/09/2007)

A. Riquitto (General Attorney) (Appointed 25/10/2007, Resigned 28/01/2008)

## Directors' Report

### Principal activities

Shell Finance (Netherlands) B.V. (also referred to as the 'Company') is one of the companies of the Shell Group. In this context the term "companies of the Shell Group" ("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 the United Kingdom, is known as the "Parent Company" of the Shell Group.

The Company is a wholly owned subsidiary of Shell Petroleum N.V. The principal business activities of the Company are:

- to issue Standard Financial Guarantees (as defined in the Group Treasury Requirements) to third parties;
- to raise funds (loans, deposits or otherwise) from Group and Associated companies; and
- to act as the source of short-term and long-term funding for Royal Dutch Shell plc, Group and/or Associated companies.

### Business review

In the year under review the Company continued to take deposits from, and provide term loans to, fellow Group and Associated companies. In line with the revision to the Company's financing policy, no new debt issuance occurred during the year. During the year, the Company issued 16 financial guarantees to third parties on behalf of Group companies and Associated companies.

The Company's financial result for the year was a profit of USD 719.5 million (2006: USD 310.2 million) and is mainly determined by the difference between interest received and interest paid. During 2007 the Company's interest and similar income amounted to USD 1,681.5 million (2006: USD 1,025.5 million) whereas the interest and similar expenses amounted to USD 997.2 million (2006: USD 801.5 million).

The Company employs no staff and this is not expected to change in 2008.

The rendering of services by the Service Companies of the Shell Group to the Company will be continued as deemed necessary.

### Risk management and internal control systems

The Company's operations and earnings are subject to risks such as (although not limited to):

#### Changes in legislation and fiscal and regulatory policies

Changes in legislation, taxation (tax rate or policy) and regulation all pose a risk to operations and can affect the operational performance and financial position of the Company.

#### Currency fluctuations and exchange control

As part of a global group of companies, changes in currency values and exchange controls could affect the operational performance and financial position of the Company.

#### Trading and Treasury

In the course of normal business activities the Company is subject to trading and treasury risks. These include *inter alia* exposure to movements in interest rates, foreign exchange rates and counterparty default.



Within the Shell Group a single overall control framework is in place, which is designed to manage rather than eliminate the risk of failure to achieve business objectives, and only provides reasonable and not absolute assurance against material misstatement or loss. The Shell Control framework applies to the Company and all wholly owned Shell companies and to those ventures and other companies where Royal Dutch Shell plc, directly or indirectly, has a controlling interest.

The Board of Management considers the internal risk management and control system to be adequate and appropriate.

### **Financial instruments**

The Company, in the normal course of business, uses financial instruments of various kinds for the purpose of managing economic exposure to currency and interest rate movements. The Company has a Treasury Policy consistent with the Group Treasury Guidelines. These policies cover financing structure, foreign exchange and interest rate risk management as well as the Treasury Control Framework.

The use of financial instruments for managing economic exposures has been effective in 2007 and the Company will continue to use financial instruments, where required, to manage economic exposures in 2008. A detailed policy on financial instruments has been included in note 3 (f) of the accounting policies of the Company.

On behalf of the Board of Management



The Hague,

9 June 2008

## Balance sheet as at 31 December 2007

(before proposed appropriation of result)

|  | Notes | 2007       | 2006       |
|--|-------|------------|------------|
|  |       | \$ million | \$ million |
| <b>Fixed assets</b>                          |       |            |            |
| Financial fixed assets                       | 4     | 11,839.0   | 10,723.0   |
|  |       | 11,839.0   | 10,723.0   |
| <b>Current assets</b>                        |       |            |            |
| Accounts receivable                          | 4     | 7,316.5    | 8,175.2    |
|  |       | 7,316.5    | 8,175.2    |
| <b>Current liabilities</b>                   | 5     | 7,350.3    | 6,731.4    |
| <b>Total assets less current liabilities</b> |       | 11,805.2   | 12,166.8   |
| <b>Long-term debt</b>                        | 5     | 5,489.5    | 6,570.6    |
| <b>Shareholder's equity</b>                  | 6     |            |            |
| Issued capital                               |       | 736.4      | 658.9      |
| Share premium                                |       | 4,684.8    | 4,684.8    |
| Other reserves                               |       | 175.0      | (57.7)     |
| Unappropriated profit                        |       | 719.5      | 310.2      |
|  |       | 6,315.7    | 5,596.2    |
| <b>Equity and long term debt</b>             |       | 11,805.2   | 12,166.8   |

## Profit and loss account for the year ended 31 December 2007

|                                       | Notes | 2007         | 2006         |
|---------------------------------------|-------|--------------|--------------|
|                                       |       | \$ million   | \$ million   |
| Interest income and similar income    | 7     | 1,681.5      | 1,025.5      |
| Interest expense and similar expenses | 8     | (997.2)      | (801.5)      |
| General and administrative expenses   |       | (0.4)        | (1.1)        |
| <b>Result before taxation</b>         |       | <b>683.9</b> | <b>222.9</b> |
| Taxation credit on result             | 9     | 35.6         | 87.3         |
| <b>Net result after taxation</b>      |       | <b>719.5</b> | <b>310.2</b> |



## Notes to the accounts for the year ended 31 December 2007

### 1 Group affiliation and principal activities

Shell Finance (Netherlands) B.V. (also referred to as the 'Company') is one of the companies of the Shell Group. In this context the term "companies of the Shell Group" ("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 the United Kingdom, is known as the "Parent Company" of the Shell Group.

The shares of the Company are held by Shell Petroleum N.V., established in The Hague, Netherlands.

The objective of the Company is to acquire funds by contracting public or private loans or otherwise and to make such funds available in whatever form, in particular to companies and enterprises in which Royal Dutch Shell plc has a direct or indirect participation. Additionally, the Company enters into financial guarantees on behalf of other Group companies. The Company is further entitled to do all that is useful or necessary for the attainment of its objective or that is related thereto in the widest sense of the word, including co-operation in the establishment of, participating in and managing other companies and undertakings which wholly or partly have a similar or related object.

### 2 Basis of presentation

These accounts have been prepared in accordance with accounting principles generally accepted in the Netherlands and are in compliance with the provisions of the Netherlands Civil Code, Book 2, Title 9.

The Company has a USD functional currency.

In conformity with the exemption provisions of the Guidelines for Annual Reporting in The Netherlands, a cash flow statement is not presented. The consolidated accounts of Royal Dutch Shell plc for the year ended 31 December 2007, which include a cash flow statement, will be filed at the Commercial Registry in The Hague, The Netherlands.

The financial information of the Company is incorporated in the consolidated financial statements of Royal Dutch Shell plc. These form the Annual Report and form 20F for the year ended 31 December 2007 of Royal Dutch Shell plc and will be deposited at the office of the Commercial Registry in The Hague.

### 3 Accounting policies

The principles of valuation and determination of result remained unchanged from the prior year.

#### a) Historical cost

The annual accounts have been prepared under the historical cost convention.

#### b) Foreign currencies

Monetary assets and liabilities of the Company in foreign currencies are translated into the functional currency at the year-end rate of exchange.

Transactions denominated in foreign currencies in the reporting period are recognised in the annual accounts at the exchange rates ruling at the transaction date.

Gains and losses in exchange arising as a result of transactions in currencies other than the functional currency are included in the profit and loss for the year in which they are incurred.

## Notes to the accounts for the year ended 31 December 2007 (continued)

### 3 Accounting policies (continued)

#### c) Financial fixed assets

Receivables such as long-term loans to Group companies included in financial fixed assets are accounted for at their nominal amount, with provisions for reduction in value, if appropriate.

#### d) Impairment of assets

Assets are reviewed for impairment whenever there is any indication that impairment may exist. If impairment does exist, then the recoverable amount (i.e. the higher of the fair value less cost to sell or value in use) of the asset is estimated to determine the amount of impairment loss, which is booked to the profit and loss account.

If it is established that a previously recognised impairment no longer applies or has declined, then the impairment will be reversed. The increased carrying amount of the asset in question is not set higher than the carrying amount that would have been determined had no impairment been recognised.

#### e) Income and expense recognition

General and administrative expenses, interest expense and similar expenses and interest income and similar income are accounted for in the period to which they relate.

#### f) Financial Instruments

The Company's financial instruments, other than derivatives, comprise borrowings, cash and liquid resources and various other items that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The Company also enters into derivative transactions (principally interest rate swaps, cross currency interest rate swaps and forward foreign exchange contracts). The purpose of such transactions is to manage the interest rate and currency risks arising from the Company's operations and its sources of finance.

The effect of derivative financial instruments are reflected in the accounts as follows:

- Interest rate and cross currency interest rate swaps are acquired and held economic for hedging purposes. Income and expense arising from such instruments are accrued in the profit and loss account, consistent with the basis applied to the underlying transactions. Interest rate swaps are not revalued to fair value or shown in the balance sheet at the year-end but are disclosed in the fair value table in note 10. The foreign currency portion of the cross currency interest rate swaps is revalued and gains and losses are taken through the profit and loss account.
- The premium or discount on forward foreign exchange contracts is amortised over the life of the contract on a straight-line basis, with the unamortised balance reported on the balance sheet. The premium or discount is calculated by multiplying the foreign currency amount of the contract by the difference between the spot rate and the agreed forward rate at the inception of the contract.



## Notes to the accounts for the year ended 31 December 2007 (continued)

### 3 Accounting policies (continued)

#### f) Financial instruments (continued)

It is, and has been throughout the year to 31 December 2007, the Company's policy not to undertake proprietary trading (trading for speculative purposes) in financial instruments.

The main risks arising from the Company's financial instruments are foreign currency risk, interest rate risk and credit risk. The Company uses derivative financial instruments to manage these risks as outlined below:

##### **Currency risk:**

The Company's currency risk mainly relates to positions and future transactions in Euros and British pounds. Based on a risk analysis, the Board of Management determine that part of the currency risks to be hedged. To this end, use is made of cross currency interest rate swaps and forward foreign exchange contracts.

##### **Interest rate risk**

The Company is exposed to interest rate risk on the interest-bearing receivables and interest-bearing long term and current liabilities.

The Company is exposed to the variability in cash flows of variable interest rates on receivables and liabilities. In relation to fixed interest receivables and liabilities, it is exposed to the carrying value of the receivables and liabilities.

With respect to certain fixed interest liabilities to financial and credit institutions, the Company has entered into interest rate swap agreements through which it effectively receives fixed interest, and pays variable interest.

##### **Credit risk**

The Company does not have any significant concentrations of credit risk. Clients within the Group are subject to creditworthiness tests. Sales are subject to payment conditions ranging from 8 to 60 days. For large projects, exceptions to these conditions may apply, in which case additional security, including guarantees, may be required.

The Company uses a selection of banks in order to be in a position to use more than one facility. Where necessary, guarantees and collateral is granted to banks in order to secure facilities.

The Company has procedures and policies in place to manage the amount of credit exposure to any counterparty or market. These procedures limit the Company's exposure to concentrations of these risks. The Company also has procedures and policies in place to limit the amount of exposure on USD denominated balances. These procedures limit the Company's fiscal exposure.

In the event of a counterparty defaulting on payments due to the Company the resulting losses, if any, would be limited to the fair values of the instruments on which the default occurred. The contract/notional amounts of the financial instruments outstanding give an indication of the extent that these financial instruments are used but not of the exposure to credit or market risk.

## Notes to the accounts for the year ended 31 December 2007 (continued)

### 3 Accounting policies (continued)

#### g) Taxation

For the assessment of Netherlands corporation tax, the Company, together with Royal Dutch Shell plc (previously Shell Petroleum N.V.), forms part of a fiscal unity.

Royal Dutch Shell plc charges the estimated corporation tax relating to the subsidiaries forming part of the fiscal unity to these subsidiaries. Settlement of Netherlands income tax in the fiscal unity is based on fiscal results.

The Company records a tax charge or credit in the profit and loss account calculated at the tax rate prevailing in the year to derive tax payable to the Dutch fiscal authorities.

#### h) Cash and cash equivalents

Cash represents cash in hand, bank balances and deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

#### i) Long term liabilities

Long-term liabilities are carried at amortised cost, being the amount owed taking account of any premium or discount, less transaction costs.

The difference between the carrying value determined and the ultimate repayment value, together with the interest due, is determined in such a manner that the effective interest is taken to the profit and loss account during the term of the liabilities.

#### j) Fair value estimation

The carrying amount of current receivables and payables are assumed to approximate their fair values.

#### k) Netting off policy

Balances with other Group companies in the Royal Dutch Shell Group are stated net if, and only if, the Company:

- Currently has a legally enforceable right to set off the recognised amounts; and
- Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.



**4 Accounts Receivable and Financial Fixed Assets**

|                                  | 2007                 |                     | 2006                 |                     |
|----------------------------------|----------------------|---------------------|----------------------|---------------------|
|                                  | Due within<br>1 Year | Due after<br>1 Year | Due within<br>1 Year | Due after<br>1 Year |
|                                  | \$ million           | \$ million          | \$ million           | \$ million          |
| Due from Group companies         | 7,277.3              | 11,839.0            | 8,172.7              | 10,723.0            |
| Due from Associated companies    | 5.0                  | -                   | -                    | -                   |
| Other accounts receivable        | 1.4                  | -                   | 1.0                  | -                   |
| Derivative financial instruments | 32.8                 | -                   | 1.5                  | -                   |
|                                  | 7,316.5              | 11,839.0            | 8,175.2              | 10,723.0            |
| <b>Total</b>                     | <b>19,155.5</b>      |                     | <b>18,898.2</b>      |                     |

The following weighted annual interest rates and period for which the interest rate is fixed for are applicable to receivables:

|                               | 2007                                 |  | 2006                                 |  |
|-------------------------------|--------------------------------------|--|--------------------------------------|--|
|                               | Weighted<br>average<br>interest rate | Weighted<br>average period<br>for which the<br>interest rate is<br>fixed | Weighted<br>average<br>interest rate | Weighted<br>average period<br>for which the<br>interest rate is<br>fixed |
|                               | %                                    | Days   | %                                    | Days   |
| Due from Group companies      | 5.20                                 | 357  | 4.18                                 | 334  |
| Due from Associated companies | 5.43                                 | 27   | 5.54                                 | 26   |

**5 Liabilities current and long term**

|                                  | 2007                 |                     | 2006                 |                     |
|----------------------------------|----------------------|---------------------|----------------------|---------------------|
|                                  | Due within<br>1 Year | Due after<br>1 Year | Due within<br>1 Year | Due after<br>1 Year |
|                                  | \$ million           | \$ million          | \$ million           | \$ million          |
| Bank overdraft                   | 0.5                  | -                   | 4.0                  | -                   |
| Non-convertible bonds            | 440.6                | -                   | -                    | 1,380.8             |
| Payable to Group companies       | 6,505.5              | 5,489.5             | 6,458.0              | 4,776.3             |
| Payable to Associated companies  | 400.5                | -                   | 231.4                | -                   |
| Accruals and deferred income     | 2.4                  | -                   | 36.2                 | -                   |
| Other accounts payable           | 0.8                  | -                   | 0.3                  | -                   |
| Derivative financial instruments | -                    | -                   | 1.5                  | 413.5               |
|                                  | 7,350.3              | 5,489.5             | 6,731.4              | 6,570.6             |

The bond liability has been shown net of unamortised discount.

Amounts due after more than five years included in long-term debt consist of:

|                            | 2007       | 2006       |
|----------------------------|------------|------------|
|                            | \$ million | \$ million |
| Payable to Group companies | 840.8      | 896.7      |
|                            | 840.8      | 896.7      |



## 5 Liabilities current and long term (continued)

Liabilities with bank and credit institutions that are due after one year have financial derivatives attached. An analysis of liabilities due after one year is detailed below:

| Category and Currency                    | \$ Equivalent Million | Interest Rate Applicable to Debt (%) | Characteristics of Hedge and interest rate basis |
|--|-----------------------|--------------------------------------|--|
| <b><u>Payable to group companies</u></b> |                       |                                      |  |
| NZD 70m                                  | 54.3                  | 8.48                                 | On lent with margin retained of 0.13%            |
| NZD 273.9m                               | 212.5                 | 11.40                                | On lent with margin retained of 0.03%            |
| NZD 1,200m                               | 930.8                 | 8.47                                 | On lent with margin retained of 0.01%            |
| USD 3,717.9m                             | 3,717.9               | 5.12                                 | This is swapped to EUR at 3 month EURIBOR +0.7%  |
| USD 574m                                 | 574.0                 | 6.08                                 | On lent with margin retained of 0.01%            |
|  | <b>5,489.5</b>        |                                      |  |

## 6 Shareholder's equity

The Company's authorised and issued share capital comprises 500,000 ordinary shares of EUR 1,000 each amounting to a nominal value of EUR 500 million (2006: 500 million).

According to the Company's Articles of Association, the shares are denominated in Euros and therefore have been revalued based on the year-end rate resulting in a Cumulative Currency Translation Difference (CCTD).

The movements in shareholder's equity are summarised below:

|                         | Issued capital | Share premium | Other reserves | Unappropriated profit | Total      |
|-------------------------|----------------|---------------|----------------|-----------------------|------------|
|                         | \$ million     | \$ million    | \$ million     | \$ million            | \$ million |
| As at 1 January 2006    | 16.4           | -             | 0.2            | 4.4                   | 21.0       |
| Share issue             | 580.2          | 4,684.8       | -              | -                     | 5,265.0    |
| Appropriation of result | -              | -             | 4.4            | (4.4)                 | -          |
| Result for the year     | -              | -             | -              | 310.2                 | 310.2      |
| CCTD                    | 62.3           | -             | (62.3)         | -                     | -          |
| As at 31 December 2006  | 658.9          | 4,684.8       | (57.7)         | 310.2                 | 5,596.2    |
| As at 1 January 2007    | 658.9          | 4,684.8       | (57.7)         | 310.2                 | 5,596.2    |
| Appropriation of result | -              | -             | 310.2          | (310.2)               | -          |
| Result for the year     | -              | -             | -              | 719.5                 | 719.5      |
| CCTD                    | 77.5           | -             | (77.5)         | -                     | -          |
| As at 31 December 2007  | 736.4          | 4,684.8       | 175.0          | 719.5                 | 6,315.7    |

## 7 Interest income and similar income

|                            | 2007       | 2006       |
|----------------------------|------------|------------|
|                            | \$ million | \$ million |
| Interest income:           |            |            |
| ■ Group companies          | 1,024.0    | 765.4      |
| ■ Associated companies     | 0.2        | 0.1        |
| ■ Banks and similar income | 288.4      | 233.6      |
| Currency exchange gains    | 368.9      | 26.4       |
|                            | 1,681.5    | 1,025.5    |

## 8 Interest expense and similar expenses

|                                      | 2007       | 2006       |
|--------------------------------------|------------|------------|
|                                      | \$ million | \$ million |
| Interest expense:                    |            |            |
| ■ Group companies                    | 680.2      | 562.3      |
| ■ Associated companies               | 33.8       | 22.2       |
| ■ Bank interest and similar expenses | 283.2      | 217.0      |
|                                      | 997.2      | 801.5      |

## 9 Taxation

The effective tax rate in 2007 is (5.2%) (2006: (40%)) in comparison to the nominal corporation tax rate in the Netherlands of 25.5% (2006: 29.6%). The main reconciling items are:

- Non-taxable income of USD 94.5 m representing functional currency differences in exchange which have no tax basis.
- Euro DIE losses of EUR 406.9m (USD 152.6m) which has a tax basis but is not reflected in the functional currency profit and loss account.
- Prior year tax of USD 41.2m.



## 10 Financial Instruments

The Company, in the normal course of business, uses various types of financial instruments which expose the Company to market and credit risk. These include those recognised in the Balance Sheet ("on-balance sheet") and derivative financial instruments recognised outside of the Balance Sheet ("off-balance sheet"). Details of the role that financial instruments have in creating or changing risks faced by the Company including its objectives and policies in using derivative financial instruments to manage risks are detailed in note 3 (f).

### (a) On-balance sheet financial instruments

Financial instruments in the Balance Sheet include debt securities, accounts receivable and liabilities. The estimated fair values of these instruments approximate their carrying amounts.

The remainder of this note relates to derivative instruments.

### (b) Interest rate risk

The Company uses derivatives, such as interest rate swaps, to manage its exposure to movements in interest rates and thus to help achieve target levels of interest income or expense. Receipts and payments on the interest rate instruments are recognised on an accrual basis over the life of the instrument.

The total contract/notional amounts and estimated fair values of the Company's interest rate swaps at 31 December are given in the table below:

|                     | 2007                         |                         | 2006                         |                         |
|---------------------|------------------------------|-------------------------|------------------------------|-------------------------|
|                     | Contract/<br>Notional amount | Estimated fair<br>value | Contract/<br>Notional amount | Estimated fair<br>value |
|                     | \$ million                   | \$ million              | \$ million                   | \$ million              |
| Interest rate swaps | 441.3                        | 5.5                     | 394.9                        | 5.4                     |

### (c) Foreign exchange risk

The Company uses foreign exchange derivatives, including cross currency interest rate swaps. Cross currency interest rate swaps are acquired and held for hedging purposes. They are valued at historical cost, consistent with the basis applied to the underlying transactions. Amounts receivable and payable are recognised on an accrual basis over the life of the instrument.

The Company does not trade in these derivatives for speculative purposes.

The total contract/notional amounts and estimated fair values of the Company's cross currency interest rate swaps at 31 December are given in the table below:

|                      | 2007                         |                         | 2006                         |                         |
|----------------------|------------------------------|-------------------------|------------------------------|-------------------------|
|                      | Contract/<br>Notional amount | Estimated fair<br>value | Contract/<br>Notional amount | Estimated fair<br>value |
|                      | \$ million                   | \$ million              | \$ million                   | \$ million              |
| Cross currency swaps | 5,018.6                      | 319.3                   | 5,132.4                      | 9.8                     |

In the judgement of the Board no losses which are material in relation to the Company's financial position are likely to arise in respect of these financial commitments as these liabilities can be set off against the contracts which are concluded with the contra amounts.

## **11 Employees and salary costs**

The Company employed no personnel during 2007 or 2006 and therefore incurred no salary or related costs of employment. The Company receives services from other Group companies for which it is charged.

## **12 Contingent liabilities**

For the assessment of Netherlands income tax, the Company, together with Royal Dutch Shell plc and most of its subsidiaries established in the Netherlands, forms part of a fiscal unity. Pursuant to the applicable legal stipulations, each company is jointly and severally liable for the income tax to be paid by the companies involved in the fiscal unity.

The Company has entered into a number of guarantees and similar commitments. It has guaranteed the performance of obligations of companies of the Shell Group which arise from bank and other loans contracted and other agreements entered into by these Group companies. These loans and agreements are denominated in various currencies. At 31 December 2007, guarantees issued on behalf of Group companies amount to approximately USD 1,692.5 million (2006: USD 689.7 million).

In the judgement of the Board no losses which are material in relation to the Company's financial position are likely to arise in respect of these contingent liabilities.

## **13 Related Party transactions**

All the Company's income and expenses arise from dealings with other Group companies or Associated companies. The Company does not have direct dealings with non-related parties except to the extent of its bank related transactions.

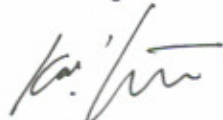
The Hague,

9 June 2008

For signature of the Annual Accounts as presented on pages 3 to 16 inclusive:

The Board of Directors

A.W. Longden



K.H. Toh



M.C.M. Brandjes



P.J. Ellingsworth



S. Gorman



Shell Finance (Netherlands) B.V.

For signature of the Annual Accounts as presented on pages 3 to 16 inclusive:

The Board of Directors

A.W. Longden



K.H. Toh

M.C.M Brandjes

P.J. Ellingsworth

S. Gorman

## Other Information

### **1 Statutory rules as to appropriation of profit**

Pursuant to Article 10, paragraph 3 of the Company's Articles of Association, profits are at the disposition of the General Meeting of Shareholders.

### **2 Proposed appropriation of results**

It is proposed to add the profit for the year 2007, amounting to USD 719.5 million to shareholder's equity and to declare a dividend amounting to USD 719.5 million.

### **3 Auditors' Report**

Refer to page 19 for the Auditors' report.

### **4 Subsequent events**

There are no subsequent events with a significant impact on the Annual Accounts.

To the Board of Directors of Shell Finance (Netherlands) B.V.

## Auditor's report

### Report on the financial statements

We have audited the accompanying financial statements 2007 of Shell Finance (Netherlands) B.V., The Hague, as set out on pages 6 to 17 which comprise the company balance sheet as at 31 December 2007, the company profit and loss account for the year then ended, and the notes.

#### *The directors' responsibility*

The directors of the company are responsible for the preparation and fair presentation of the financial statements and for the preparation of the directors' report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **FK-e0061399/MA/dr**

PricewaterhouseCoopers is the trade name of among others the following companies: PricewaterhouseCoopers Accountants N.V. (Chamber of Commerce 34180285), PricewaterhouseCoopers Belastingadviseurs N.V. (Chamber of Commerce 34180284), PricewaterhouseCoopers Advisory N.V. (Chamber of Commerce 34180287) and PricewaterhouseCoopers B.V. (Chamber of Commerce 34180289). The services rendered by these companies are governed by General Terms & Conditions, which include provisions regarding our liability. These General Terms & Conditions are filed with the Amsterdam Chamber of Commerce and can also be viewed at [www.pwc.com/nl](http://www.pwc.com/nl)

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of Shell Finance (Netherlands) B.V. as at 31 December 2007, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

**Report on other legal and regulatory requirements**

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the directors' report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

The Hague, 9 June 2008

PricewaterhouseCoopers Accountants N.V.



F.J. Konings RA  
partner



## SHAREHOLDERS' RESOLUTION

We, SHELL PETROLEUM N.V., a public company with limited liability, established at The Hague, The Netherlands, holding all shares in **SHELL FINANCE (NETHERLANDS) B.V.**, a private company with limited liability, organised under the laws of The Netherlands, established at The Hague (hereinafter the 'Company'), The Netherlands, hereby declare that we resolve:

1. to finalise the Annual Accounts of the Company for the financial year 2007 as composed by the Board of Management and attached to this resolution; and
2. to declare a final dividend amounting to EUR 719.5 million for the year 2007; and
3. to discharge the Board of Management of responsibility in respect of its management for the year 2007.

Signed in The Hague, on 25<sup>th</sup> day of June 2008.

SHELL PETROLEUM N.V.



Name: M.C.M. Brandjes

Title: Director



Name: H.S. Mitchell

Title: Director