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# FORM 6-K

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION  
Washington D.C. 20549

## REPORT OF FOREIGN PRIVATE ISSUER

Pursuant to Rule 13a-16 or 15d-16 of

The Securities Exchange Act of 1934  
For August 26, 2005

Commission File Number: 1-32575

# Royal Dutch Shell plc

(Exact name of registrant as specified in its charter)

England and Wales

(Jurisdiction of incorporation or organization)

30, Carel van Bylandtlaan, 2596 HR The Hague

The Netherlands

Tel No: (011 31 70) 377 9111

(Address of principal executive officers)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): \_\_\_\_\_

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): \_\_\_\_\_

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ☐

No ☒

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):82- \_\_\_\_\_

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# Royal Dutch Shell plc

Royal Dutch Shell plc (the “Registrant”) is furnishing the following exhibits on this Report on Form 6-K, each of which is hereby incorporated by reference:

Exhibit No.	Description
99.1	Regulatory release.
99.2	Royal Dutch Shell plc three and six month periods ended June 30, 2005 Unaudited Condensed Interim Financial Report.
99.3	Amended Articles of Association.

The Unaudited Condensed Interim Financial Report contains the Unaudited Condensed Consolidated Interim Financial Statements of the Registrant and its consolidated subsidiaries for the three and six month periods ended June 30, 2005 and the Operational and Financial Review and Results of Operations in respect of such periods. The Unaudited Condensed Consolidated Interim Financial Statements, including condensed notes, are presented on the same basis that such information was announced by press release on July 28, 2005, that was furnished to the Commission by the Registrant on Form 6-K (furnished to the Commission on July 28, 2005). This Report on Form 6-K contains the Unaudited Condensed Interim Financial Report contains additional information required by Form F-3, including a condensed reconciliation to U.S. GAAP, not included in the press release.

In addition to the Unaudited Condensed Interim Financial Report, the Registrant is furnishing its amended Articles of Association on this Report on Form 6-K. On July 18, 2005, by a written resolution of the holders of ordinary shares and sterling deferred shares, Article 7(b) of the Articles of Association of the Registrant was amended to provide that the Registrant shall not pay dividends on its euro deferred shares unless it has first declared and paid dividends on its ordinary shares in excess of €7 billion in the relevant financial year. The amendment was effective from July 27, 2005.

This Report on Form 6-K is incorporated by reference into

- a) the Registration Statement on Form F-3 of Royal Dutch Shell plc and Shell International Finance B.V. (Registration Numbers 333-126726 and 333-126726-01); and
- b) the Registration Statement on Form S-8 of Royal Dutch Shell plc (Registration Number 333-126715).

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorised.

**ROYAL DUTCH SHELL PLC**

(Registrant)

By: /S/ MICHEL BRANDJES

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Name: Michiel Brandjes  
Title: Company Secretary

Date: 26 August 2005

**Three and six month periods ended June 30, 2005**

**Unaudited Condensed Interim Financial Report**

Today, Royal Dutch Shell plc (“Royal Dutch Shell”) released the Unaudited Condensed Interim Financial Report for the three and six month periods ended June 30, 2005 of Royal Dutch Shell and its consolidated subsidiaries (collectively, the “Shell Group”). This report includes the unaudited condensed Consolidated Interim Financial Statements, including condensed notes, for the Shell Group on the same basis that such information was announced by press release on 28 July 2005.

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**Royal Dutch Shell plc**  
**Three and six month periods ended June 30, 2005**  
**Unaudited Condensed Interim Financial Report**

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## Unaudited Condensed Interim Financial Report

This report contains:

- (1) An Operational and Financial Review and Results of Operations with respect to Royal Dutch Shell plc, a publicly-listed company incorporated in England and Wales and headquartered and tax resident in The Netherlands (“Royal Dutch Shell”) and its consolidated subsidiaries (collectively, with Royal Dutch Shell, the “Shell Group”) for the three and six month periods ended June 30, 2005; and
- (2) Unaudited Condensed Consolidated Interim Financial Statements for the three and six month periods ended June 30, 2005.

This report contains forward-looking statements that are subject to risk factors associated with the oil, gas, power, chemicals and renewables business. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a variety of variables which could cause actual results, trends or reserves replacement to differ materially, including, but not limited to the risk that the unification of Royal Dutch Petroleum Company (N.V. Koninklijke Nederlandsche Petroleum Maatschappij) (“Royal Dutch”) and The “Shell” Transport and Trading Company, p.l.c. (“Shell Transport”) under Royal Dutch Shell, described below and reflected in the Unaudited Condensed Consolidated Interim Financial Statements attached hereto does not achieve the expected benefits, and factors affecting the Shell Group’s businesses generally, including, but not limited to, price fluctuations in crude oil and natural gas, changes in demand for the Shell Group’s products, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, risks associated with the identification of suitable potential acquisition properties and targets and successful negotiation and consummation of such transactions, the risk of doing business in developing countries and countries subject to international sanctions, legislative, fiscal and regulatory developments including potential litigation and regulatory effects arising from recategorisation of reserves, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates. Each forward-looking statement speaks only as of the date of the particular statement. Please refer to the Annual Report on Form 20-F/ A of Royal Dutch and Shell Transport for the year ending December 31, 2004 for a description of certain important factors, risks and uncertainties that may affect the businesses of the Shell Group.

Royal Dutch Shell plc  
Unaudited Condensed Interim Financial Report **1**

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# Operational and Financial Review for the three and six month periods ended June 30, 2005

## Unification of Royal Dutch and Shell Transport

On July 20, 2005, Royal Dutch Shell became the parent company of Royal Dutch and Shell Transport and, through Royal Dutch and Shell Transport, of the rest of the Shell Group following (a) the registration by the Registrar of Companies in England and Wales of the order of the High Court of Justice in England and Wales sanctioning the scheme of arrangement of Shell Transport under English law (the “Scheme”) and (b) Royal Dutch Shell’s confirmation that the exchange offer (the “Exchange Offer”, and together with the Scheme, the “Unification Transaction”) for all of the ordinary shares of Royal Dutch, commenced on May 19, 2005, had become unconditional (*gestanddoening*). Pursuant to the Unification Transaction, on July 20, 2005, Royal Dutch Shell acquired all the outstanding capital stock of Shell Transport and accepted for exchange approximately 92% of the outstanding capital stock of Royal Dutch. On July 20, 2005, Royal Dutch Shell commenced a subsequent offer acceptance period during which the remaining holders of Royal Dutch shares were permitted to tender their shares in exchange for Royal Dutch Shell shares (or ADRs), in accordance with the procedures described in the Exchange Offer. The subsequent offer acceptance period expired on August 9, 2005. As a result of the Exchange Offer, including the subsequent offer acceptance period, Royal Dutch Shell acquired, and currently holds, a total of 98.49% of the outstanding capital stock of Royal Dutch.

Pursuant to the terms of the Exchange Offer and the Scheme, holders of ordinary shares of Royal Dutch (“Royal Dutch Ordinary Shares”), holders of Shell Transport ordinary shares (the “Shell Transport Ordinary Shares”), holders of Shell Transport bearer warrants and holders of American depositary receipts representing Shell Transport Ordinary Shares (the “Shell Transport ADRs”) received, respectively:

• for each Royal Dutch Ordinary Share held in New York registry form tendered:	1 Royal Dutch Shell Class A American depositary receipt (representing 2 Royal Dutch Shell Class A ordinary shares)
• for each Royal Dutch Ordinary Share held in bearer or Hague registry form tendered:	2 Royal Dutch Shell Class A ordinary shares
• for each Shell Transport Ordinary Share (including Shell Transport Ordinary Shares to which holders of Shell Transport bearer warrants are entitled):	0.287333066 Royal Dutch Shell Class B ordinary shares
• for each Shell Transport ADR:	0.861999198 Royal Dutch Shell Class B American depositary receipts (representing 2 Royal Dutch Shell Class B ordinary shares)

Royal Dutch Shell Class A ordinary shares and Royal Dutch Shell Class B ordinary shares are identical, except for the dividend access mechanism applicable to the Royal Dutch Shell Class B ordinary shares. The dividend access mechanism is described more fully in Royal Dutch Shell’s Report on Form 6-K furnished to the U.S. Securities and Exchange Commission on July 20, 2005 (containing the description of the Royal Dutch Shell capital stock).

The Unification Transaction did not result in the formation of a new reporting entity. Immediately after the Unification Transaction each former Royal Dutch and Shell Transport shareholder who participated in the Unification Transaction held the same economic interest in Royal Dutch Shell as the shareholder held in the Shell Group immediately prior to implementation of the Unification Transaction. Accordingly, the Unification Transaction has been accounted for using a carry-over basis of the historical costs of the assets and liabilities of Royal Dutch, Shell Transport and the other companies comprising the Shell Group. This Financial Report reflects the financial position and results of the Shell Group on a 100% basis without giving effect to any minority interest in Royal Dutch resulting from the Unification Transaction. The Consolidated Financial Statements covering periods ending on or after the date of consummation of the Unification Transaction will give effect to any minority interest in Royal Dutch outstanding on the date thereof.

Royal Dutch and Shell Transport entered into a scheme of amalgamation dated September 12, 1906 and agreements from 1907 by which the scheme of amalgamation was implemented and pursuant to which they “amalgamated” their interests in the oil industry in a transaction that would have been accounted for as a business combination under current accounting standards. Since that time, Royal Dutch has owned 60% of the other companies comprising the Shell Group and Shell Transport has owned 40% of the other companies comprising the Shell Group. All operating activities have been conducted through the subsidiaries of Royal Dutch and Shell Transport which have operated as a single economic enterprise. Prior to the consummation of the Unification Transaction, economic interests of the Royal Dutch and Shell Transport shareholders in the other companies comprising the Shell Group reflected the 60:40 economic interests of Royal Dutch and Shell Transport in these companies. The Unification Transaction had little impact on the economic rights and



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exposures of shareholders of Royal Dutch and Shell Transport, as the separate assets and liabilities of Royal Dutch and Shell Transport are not material in relation to their interests in the rest of the Shell Group, and the Unification Transaction did not result in the acquisition of any new businesses or operating assets and liabilities. In addition, the Unification Transaction did not affect the proved oil and gas reserve information reported by Royal Dutch and Shell Transport or the other companies comprising the Shell Group.

Presented under IFRS (unaudited)		\$ million		
		Three months ended June 30,	Six months ended June 30,	
	2005	2004	2005	2004
<b>Income from continuing operations</b>	<b>5,461</b>	<b>4,028</b>	<b>12,481</b>	<b>8,854</b>
Income/(loss) from discontinued operations	–	22	(214)	42
<b>Income for the period</b>	<b>5,461</b>	<b>4,050</b>	<b>12,267</b>	<b>8,896</b>
Attributable to minority interest	225	153	356	298
<b>Income attributable to Shareholders of Royal Dutch Shell</b>	<b>5,236</b>	<b>3,897</b>	<b>11,911</b>	<b>8,598</b>

### Three months ended June 30, 2005

The Shell Group's income for the three months ended June 30, 2005 was \$5,461 million, an increase of 35% from the comparative period in 2004, reflecting higher earnings in Exploration & Production and Oil Products, and improved asset utilisation.

### Exploration & Production

Segment earnings of \$2,745 million were 48% higher than the \$1,855 million earnings in the comparative period in 2004, mainly reflecting higher realised prices partly offset by higher costs including depreciation. Segment earnings included net charges of \$149 million, mainly resulting from a \$270 million mark-to-market charge in respect of certain UK gas contracts and net tax charges, partly offset by divestment gains, versus net charges a year ago of \$471 million. Excluding these charges, segment earnings increased by 24%.

Liquids realisations were 42% higher than a year ago, compared to an increase in Brent of 46% and WTI of around 39%. Outside the USA, gas realisations increased by 36%. In the USA, gas realisations increased by 20% compared to an increase in Henry Hub of 14%.

Hydrocarbon production was 3,526 thousand boe per day. Excluding the impact of divestments of 21 thousand boe per day and the end of a Production Sharing Contract (PSC) in the Middle East of 116 thousand boe per day, total production was 2% higher.

### Gas & Power

Segment earnings were \$11 million including a charge of \$226 million mainly relating to the expected divestment of power generation assets held through the InterGen joint venture. Earnings were \$334 million a year ago, which included a divestment gain of \$18 million. Excluding these items, earnings were lower than a year ago. Higher earnings from higher LNG prices and volumes were more than offset by loss of earnings as a result of divestment of midstream assets and other items such as lower trading and LNG shipping results. LNG sales volumes were up 2% as a result of the LNG expansion in the North West Shelf project which came on stream late 2004, offset partially by planned major LNG plant shut downs elsewhere.

### Oil Products

Segment earnings were \$2,664 million compared to \$1,795 million for the same period last year.

Industry refining margins increased in the USA, Europe and Asia Pacific. Refining margins benefited from middle distillate strength in Europe and increases in light/heavy crude differentials. Refinery intake volumes increased by 1% after adjusting for divestments over the past year. Overall global refining utilisation for the quarter reflected continued strong asset performance.

In Marketing, including Lubricants and B2B (business to business), earnings declined in the second quarter of 2005 compared to the same period a year ago. In the USA, retail margins, while up significantly from the first quarter of 2005, were lower than the second quarter of 2004. Retail margins in Asia Pacific and Europe improved versus the second quarter of 2004. LPG, Commercial Fuels, Lubricants and Aviation earnings were lower in the second quarter of 2005 compared to the same quarter last year due to lower margins and higher operating costs. Marketing sales volumes declined 4% mainly as a result of divestments in 2004 and the first quarter of 2005.

### Chemicals

Segment earnings for the second quarter were \$259 million and included legal and environmental charges of some \$80 million compared with earnings last year of \$375 million. Sales volumes were 9% lower and mainly reflected a planned reduction in lower-margin volumes with minimal impact on earnings. Average price realisations were up 26% from a year ago offset by higher feedstock cost. Margins relative to last year were broadly similar but were substantially reduced from the first quarter of 2005 due to weaker trading conditions in the second quarter.

## Corporate and Other

Corporate and other net costs were \$210 million compared to \$301 million a year ago.

### Six months ended June 30, 2005

The Shell Group's income for the first half of 2005 was \$12,267 million, an increase of 38% from the comparative period in 2004 reflecting higher earnings in Exploration & Production and Oil Products.

## Exploration & Production

Segment earnings of \$5,700 million were 25% higher than the \$4,562 million earnings in the comparative period of 2004, mainly reflecting higher realised prices partly offset by lower volumes and higher costs including depreciation. Segment earnings included net charges of \$190 million, mainly from a \$442 million mark-to-market charge in respect of certain UK gas contracts, net tax charges and various other net charges, partly offset by divestment gains, versus net charges a year ago of \$226 million.

Higher depreciation impacted earnings by some \$450 million versus last year mainly as a result of production mix including new fields, higher asset retirement costs and reserves revisions.

Liquids realisations were 43% higher than a year ago, compared to an increase in Brent of 48% and WTI of around 40%. Outside the USA, gas realisations increased by 31%. In the USA, gas realisations increased by 19% compared to an increase in Henry Hub of 14%. Hydrocarbon production was 3,684 thousand boe per day 4% lower than a year ago (3,821 thousand boe per day). Excluding the impact of divestments of 19 thousand boe per day and the end of a PSC in the Middle East of 108 thousand boe per day, total production was flat versus last year.

## Gas & Power

Segment earnings of \$487 million were 43% lower compared to segment earnings of \$856 million a year ago. The first half 2005 results included net charges of \$178 million mainly relating to the expected divestment of power generation assets held through the InterGen joint venture. The first half 2004 results included divestment gains of \$184 million. Excluding these items earnings were 1% lower than a year ago despite higher liquefied natural gas (LNG) volumes and prices.

Higher earnings from higher LNG prices and volumes were more than offset by loss of earnings as a result of divestment of midstream assets and other items such as lower trading and LNG shipping results. LNG sales volumes were up 8% as a result of the LNG expansion in the North West Shelf project which came on stream late 2004, offset partially by planned major LNG plant shut downs elsewhere.

## Oil Products

Segment earnings were \$5,715 million compared to \$3,368 million for the same period a year ago. Earnings included net divestment gains of \$427 million versus a gain of some \$100 million a year ago.

In Manufacturing, Supply and Distribution, industry refining margins increased in the USA and Asia Pacific leading to higher earnings in the first half of 2005 compared to the same period last year. Refining margins benefited from wide light heavy crude differentials, and in Europe from middle distillates strength. Refinery intake declined overall but increased comparatively after adjusting for divestments over the past year. Overall global refinery utilisation was up from the first half of 2004 as a result of lower planned and unplanned downtime.

In Marketing, including Lubricants and B2B (business-to-business), earnings declined in the first half of 2005 compared to the same period last year. In the first quarter, retail marketing margins in the USA came under pressure due to the impact of rising product cost that could not be fully recovered in the marketplace. Margins in the commercial fuels business also declined due to rising product cost. Lubricants earnings declined compared to the first half of 2004. Marketing sales volumes declined mainly as a result of divestments in 2004 and the first quarter of 2005.

## Chemicals

Chemicals segment earnings were \$708 million and included an impairment of the investment in Basell of \$214 million as well as legal and environmental charges of some \$80 million. Earnings were \$596 million in the first half of 2004. Sales volumes were 5% lower and mainly reflected a planned reduction in lower-margin volumes with minimal impact on earnings.

Higher earnings reflected higher margins especially in the first quarter of 2005, and improved operating rates compared to a year ago when earnings were impacted during the first quarter by planned and unplanned cracker downtime and start up cost of the expanded ethylene cracker at Deer Park in the USA. With effect from the first quarter 2005, earnings from the polyolefins joint venture Basell which was held for sale were no longer included in earnings.

Royal Dutch Shell plc

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### **Corporate & other**

Segment earnings resulted in a loss of \$627 million in the first half of 2005 compared to a loss of \$749 million in the first half of 2004. Corporate net costs were \$327 million compared to \$462 million in the comparable period last year and improved by \$135 million.

### **Portfolio developments for the six months ended June 30, 2005**

#### **Exploration & Production**

The production licences for Upper and Western Salym (Shell Group share 50%) in Russia were extended until 2032 and 2034 respectively.

In Kazakhstan, the Shell Group increased its equity interest in the North Caspian Sea Production Sharing Agreement (NCPSA), which includes the Kashagan Project, by 1.85% to 18.52% following the sale by BG Group.

In Australia, the Shell Group's divestment of the mature Laminaria (22% share interest) and Corallina (25% share interest) oil fields, was completed in the second quarter of 2005.

The Shell Group signed a Memorandum of Understanding with Gazprom under which Gazprom would acquire up to 25% plus one share in the Sakhalin II venture and the Shell Group would acquire a 50% interest in the Western Siberia Zapolyarnoye Necoman field in addition to other assets and cash, subject to valuation.

Sakhalin Energy Investment Company (SEIC), in which Shell Group currently holds a 55% share, provisionally anticipates that Phase 2 project investment costs could be of the order of \$20 billion, covering all planned development activity including drilling activity through to 2014, with LNG deliveries starting in the summer of 2008. The estimates remain subject to SEIC shareholders review and confirmation. SEIC has over 75% of its LNG capacity sold under long-term contracts.

The Shell Group signed an integrated gas deal with the Libyan National Oil Corporation for the redevelopment and possible expansion of an LNG facility and exploration rights in five blocks in the Sirte Basin.

Together with PetroChina, the Shell Group will proceed to develop the Changbei gas field. The field will be operated by the Shell Group under a production sharing contract and is expected to deliver 1.5 billion cubic metres per annum (0.14 billion cubic feet (bcf) per day) of natural gas starting in 2007 rising to 3 billion cubic metres per annum (0.29 bcf per day) by 2008 (Shell Group share 50%).

The Shell Group, with Chevron, was awarded rights to four deepwater exploration blocks in the Carnarvon Basin offshore Western Australia. In Alaska, Shell was awarded 84 blocks in Lease Sale 195 for the Beaufort Sea. In the Gulf of Mexico, Shell was awarded nine blocks in Lease Sale 194. In Canada, Shell Canada acquired a 20% interest in eight existing exploration licences in the Orphan Basin under a farm-in agreement. In Algeria, an exploration contract was awarded to Shell in the Reggane and Timimoun basins covering some 30,000 square kilometres (sq km). In Egypt, Shell acquired 30% of four Western Desert concessions covering some 60,000 sq km of exploration acreage. Overall, this year the Shell Group has accessed acreage in eleven countries, including seven new basin entries.

To date successful exploration and exploratory appraisal wells were drilled in Nigeria, Norway, USA, Malaysia, the Netherlands, the UK, Oman, Egypt and Australia.

Year to date, Shell has had good success in five "big cat" prospects from eight drilled. These discoveries are in Norway, Nigeria and Australia. Further appraisal is required to determine their full resource potential.

### **Gas & Power**

The Shell Group and Qatar Petroleum signed a Heads of Agreement for the development of a large-scale integrated LNG project including Upstream gas and liquids production and a 7.8 million tonnes per annum (mtpa) LNG train (Qatargas 4, Shell Group share 30%). Intended LNG markets are North America and Europe with first deliveries expected to commence around 2010-2012.

The Sakhalin II LNG joint venture (Shell Group share 55%) and Malaysia Tiga LNG (Shell Group share 15%) concluded 20-years sales commitments with Kogas, the Korean gas company to supply 1.5 to 2.0 mtpa each beginning in 2008.

The Shell Group and its partners in the Australian Gorgon LNG and domestic gas project have integrated their interests in the Greater Gorgon area. The Shell Group now holds a 25% interest in the joint venture. The Gorgon Joint Venture Partners agreed to commence the Front End Engineering and Design phase of the greenfield integrated LNG project. The initial development is expected to have a total capacity of 10 mtpa with LNG sales volumes expected in Asia Pacific and also in North America through the Shell Group's secured capacity in the Energia Costa Azul LNG terminal in Baja California, Mexico.

The North West Shelf LNG Venture (Shell Group share 22%) took the final investment decision to expand its LNG facilities in Western Australia with a fifth LNG train increasing capacity (100%) by 4.2 million tonnes per annum (mtpa) to 15.9 mtpa.

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The Shell Group received approval from the US Maritime Administration for a 7.7 mtpa (initial capacity) offshore LNG import terminal (Gulf Landing) in the Gulf of Mexico. In Europe, the Shell Group announced plans for the development of a 5.8 mtpa LNG import terminal in Sicily, Italy (Shell Group share 50%).

In April 2005, the Shell Group signed a Memorandum of Understanding with the Nigerian National Petroleum Corporation (NNPC) and partners for the joint development of a greenfield LNG project (Olokola LNG) in Nigeria. The project is expected to include a joint venture infrastructure and operating company, and initially up to four 5 mtpa LNG trains. Two of the four trains will be owned by NNPC and the Shell Group. The intended markets are North America and Europe.

Construction of the new LNG train in Nigeria and Oman continues to progress well. Nigeria LNG trains 4 and 5 (Shell Group share 25.6%) are expected to be in operation around the end of the year. Qalhat LNG in Oman (Shell Group 11.0%) is on target to deliver its first cargo in the first quarter of 2006.

In April 2005, the Shell Group and Bechtel Enterprises Energy B.V. signed an agreement to sell InterGen N.V. (Shell Group share 68%) including 10 of its power plants for \$1.75 billion. Excluded from the sale are InterGen's assets in the United States, Colombia and Turkey pending further review. The transaction is expected to close in the second half of 2005 and is subject to certain conditions and regulatory approvals. Progress has also been made towards the divestment of the remainder of InterGen's power generation assets.

The sale of the Shell Group's interest in Gasunie's gas transportation assets in the Netherlands was completed in July 2005 with net proceeds and earnings of some \$1.7 billion and these will be reflected in the third quarter 2005 Exploration & Production earnings.

### **Oil Products**

Oil Products completed the earlier announced sales of its businesses in Romania, the Canary Islands and the Eastern part of the Caribbean. In addition, the Shell Group completed the sale of the LPG business in Portugal and the Bakersfield Refinery in the USA. Total gross proceeds amounted to \$762 million.

In China, the joint venture (Shell Group share 40%) with Sinopec started operating its first retail stations. At the end of the quarter over 200 retail stations were in operation. The joint venture is expected to build and operate 500 retail outlets in the Jiangsu Province.

The Shell Group completed a sale of shares representing 5% ownership in the Oil Products refining and marketing company Showa Shell Sekiyu KK in Japan to Saudi Aramco following the earlier sale representing 10% in 2004. As a result, Saudi Aramco now holds 15% of Showa Shell shares, while the Shell Group continues to hold some 35%.

The Shell Group announced the intention to sell its Retail and Commercial businesses both in the Republic of Ireland and Northern Ireland. A sale and purchase agreement was signed in July 2005 for completion later in the year. The Shell Group announced its intention to consider a sale of its Oil Products marketing and refining assets in French Antilles and French Guyana.

### **Chemicals**

The Shell Group signed a Letter of Intent with Qatar Petroleum (QP) for the development of a world-scale ethane-based cracker and derivatives complex in Ras Laffan, Qatar. QP and Shell will proceed to define the technical and commercial aspects of the petrochemical complex and determine the potential capacity and derivatives scope.

In August, BASF and the Shell Group completed the sale of their 50-50 joint venture Basell, one of the world's leading manufacturers of polyolefins, to Nell Acquisition S.a.r.l., an affiliate of New York-based Access Industries. The sale price totals €4.4 billion, including debt. The relevant merger control approvals had already been granted. For Royal Dutch Shell, the proceeds will be reported as part of the Royal Dutch Shell third quarter results.

### **Liquidity and capital resources**

#### **Three months ended June 30, 2005**

Cash flow from operating activities excluding net working capital movements and taxation paid/accrued, was \$8.7 billion in 2005 compared to \$7.2 billion a year ago.

Capital investment for the three month ended June 30, 2005 was \$4.1 billion (including the minority share of Sakhalin) of which \$3.2 billion was invested in the Exploration & Production and Gas & Power segments.

Gross proceeds from divestments in the three month period to June 30, 2005 were \$0.7 billion.

#### **Six months ended June 30, 2005**

Cash flow from operating activities excluding net working capital movements and taxation paid/accrued, was \$17.8 billion in 2005 compared to \$13.8 billion a year ago.

Royal Dutch Shell plc

Unaudited Condensed Interim Financial Report

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Capital investment for the six month period to June 30, 2005 was \$7.4 billion (including the minority share of Sakhalin) of which \$5.1 billion was invested in Exploration & Production.

Gross proceeds from divestments for the six month period to June 30, 2005 were \$1.8 billion.

### **Recent Developments**

#### **Litigation Update**

The status of the investigations and litigation initiated in connection with the recategorisation of certain hydrocarbon reserves that occurred in 2004 are set forth in Note 10 (Contingencies and litigation) of the Notes to the Unaudited Condensed Consolidated Interim Financial Statements for the three and six month periods ended June 30, 2005 attached hereto.

#### **Outlook**

Royal Dutch Shell reaffirms the commitment previously made by Royal Dutch and Shell Transport to return surplus cash for the year 2005 in the range of \$3 billion to \$5 billion through market purchases of shares. Buy backs have recommenced after the end of the subsequent offer acceptance period for Royal Dutch shares, on August 9, 2005.

The production outlook for 2005 and 2006 is unchanged at 3.5 to 3.8 million boe per day.

Building on the successful exploration programme for the first half 2005, Royal Dutch Shell will increase the exploration expenditure for the years 2005 and 2006 to \$1.8 billion annually.

Royal Dutch Shell's overall capital investment programme will reflect its recently announced new project opportunities such as LNG projects in Qatar, Nigeria and Libya, as well as market inflation specific to large construction projects and foreign exchange rate movements. The overall investment programme for 2006 and beyond, including these projects and Sakhalin II, will be subject to review, consideration and approval later in 2005. The latest estimate for 2005 total capital investment, across all business activities, remains some \$15 billion (excluding the investment by the 45% minority partners of Sakhalin II).

**Royal Dutch Shell plc**

**Three and six month periods ended June 30, 2005**

**Unaudited Condensed Consolidated Interim Financial Statements**

Royal Dutch Shell plc

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**Statement of Income**

\$ million

	Three months ended June 30,		Six months ended June 30,	
	2005	2004	2005	2004
Sales proceeds	<b>101,383</b>	79,880	<b>191,451</b>	154,628
Less: Sales taxes, excise duties and similar levies	<b>18,739</b>	17,748	<b>36,651</b>	35,228
<b>Revenue<sup>a</sup></b>	<b>82,644</b>	62,132	<b>154,800</b>	119,400
Cost of sales <sup>b</sup>	<b>69,464</b>	51,860	<b>128,029</b>	99,297
<b>Gross profit</b>	<b>13,180</b>	10,272	<b>26,771</b>	20,103
Selling and distribution expenses	<b>3,148</b>	3,023	<b>6,312</b>	5,936
Administrative expenses	<b>769</b>	645	<b>1,144</b>	1,113
Exploration	<b>248</b>	889	<b>509</b>	1,000
Share of profit of equity accounted investments	<b>1,080</b>	1,111	<b>2,653</b>	2,242
Net finance costs and other income	<b>39</b>	135	<b>109</b>	(43)
<b>Income before taxation</b>	<b>10,056</b>	6,691	<b>21,350</b>	14,339
Taxation	<b>4,595</b>	2,663	<b>8,869</b>	5,485
<b>Income from continuing operations</b>	<b>5,461</b>	4,028	<b>12,481</b>	8,854
Income/(loss) from discontinued operations (see Note 7)	–	22	<b>(214)</b>	42
<b>Income for the period</b>	<b>5,461</b>	4,050	<b>12,267</b>	8,896
Attributable to minority interest	<b>225</b>	153	<b>356</b>	298
<b>Income attributable to Shareholders of Royal Dutch Shell</b>	<b>5,236</b>	3,897	<b>11,911</b>	8,598
Earnings per share (see Note 5)	<b>0.78</b>	0.57	<b>1.77</b>	1.27
Diluted earnings per share (see Note 5)	<b>0.78</b>	0.57	<b>1.77</b>	1.26
a Includes net proceeds related to buy/sell contracts	<b>8,565</b>	6,042	<b>15,720</b>	11,668
b Includes costs related to buy/sell contracts	<b>8,635</b>	6,160	<b>15,749</b>	11,779

The Notes on pages 13 to 34 are an integral part of these Condensed Consolidated Financial Statements.

Balance Sheet		\$ million	
		June 30, 2005	Dec 31, 2004
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		84,816	87,918
Intangible assets		4,403	4,528
Investments:			
equity accounted investments		18,679	20,493
financial assets		3,401	2,700
Deferred tax		2,961	2,789
Employee benefit assets		2,320	2,479
Other		4,411	4,490
		120,991	125,397
<b>Current assets</b>			
Inventories		18,566	15,375
Accounts receivable		51,420	37,473
Cash and cash equivalents		11,520	9,201
		81,506	62,049
<b>Total assets</b>		<b>202,497</b>	<b>187,446</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Debt		7,905	8,858
Deferred tax		12,807	12,930
Employee benefit obligations		6,239	6,795
Other provisions		6,781	6,828
Other		4,020	5,800
		37,752	41,211
<b>Current liabilities</b>			
Debt		5,479	5,734
Accounts payable and accrued liabilities		52,678	37,909
Taxes payable		10,789	9,058
Employee benefit obligations		300	339
Other provisions		1,430	1,812
		70,676	54,852
<b>Total liabilities</b>		<b>108,428</b>	<b>96,063</b>
<b>EQUITY</b>			
Equity share capital (see Note 9)		583	584
Non-equity share capital (see Note 9)		–	20
Additional paid-in capital		5,638	5,546
Treasury shares		(3,941)	(4,187)
Other reserves		142	3,319
Retained earnings		85,407	80,788
<b>Equity attributable to Shareholders of Royal Dutch Shell</b>		<b>87,829</b>	<b>86,070</b>
Minority interest		6,240	5,313
<b>Total equity</b>		<b>94,069</b>	<b>91,383</b>
<b>Total liabilities and equity</b>		<b>202,497</b>	<b>187,446</b>

The Notes on pages 13 to 34 are an integral part of these Condensed Consolidated Financial Statements.



**Statement of Changes in Equity**

\$ million

	Equity attributable to shareholders of Royal Dutch Shell							Minority interests	Total equity
	Equity share capital <sup>1</sup>	Non-equity share capital <sup>1</sup>	Additional paid in capital	Treasury shares	Other reserves <sup>2</sup>	Retained earnings	Total		
<b>At January 1, 2005</b>	584	20	5,546	(4,187)	3,319	80,788	<b>86,070</b>	5,313	<b>91,383</b>
IAS 32/39 transition	–	(20)	–	–	823	(7)	<b>796</b>	–	<b>796</b>
Income for the period	–	–	–	–	–	11,911	<b>11,911</b>	356	<b>12,267</b>
Income/(expense) recognised directly in equity	–	–	92	–	(4,000)	–	<b>(3,908)</b>	38	<b>(3,870)</b>
Change in minority interests	–	–	–	–	–	–	–	638	<b>638</b>
Dividends	–	–	–	–	–	(6,785)	<b>(6,785)</b>	(105)	<b>(6,890)</b>
(Purchase)/release of treasury shares, net of dividends	–	–	–	246	–	–	<b>246</b>	–	<b>246</b>
Shares repurchased for cancellation	(1)	–	–	–	–	(500)	<b>(501)</b>	–	<b>(501)</b>
<b>At June 30, 2005</b>	583	–	5,638	(3,941)	142	85,407	<b>87,829</b>	6,240	<b>94,069</b>
<b>At January 1, 2004</b>	587	20	5,432	(3,428)	512	70,412	<b>73,535</b>	3,408	<b>76,943</b>
Income for the period	–	–	–	–	–	8,598	<b>8,598</b>	298	<b>8,896</b>
Income/(expense) recognised directly in equity	–	–	55	–	(1,553)	–	<b>(1,498)</b>	(42)	<b>(1,540)</b>
Change in minority interests	–	–	–	–	–	–	–	602	<b>602</b>
Dividends	–	–	–	–	–	(4,352)	<b>(4,352)</b>	(118)	<b>(4,470)</b>
(Purchase)/release of treasury shares, net of dividends	–	–	–	(425)	–	–	<b>(425)</b>	–	<b>(425)</b>
Shares repurchased for cancellation	(1)	–	(2)	–	–	(167)	<b>(170)</b>	–	<b>(170)</b>
<b>At June 30, 2004</b>	586	20	5,485	(3,853)	(1,041)	74,491	<b>75,688</b>	4,148	<b>79,836</b>

1 See Note 9.

2 See Note 4.

The Notes on pages 13 to 34 are an integral part of these Condensed Consolidated Financial Statements.

**Statement of Cash Flows**

\$ million

	Six months ended June 30	
	2005	2004
<b>Cash flow from operating activities:</b>		
<b>Income for the period</b>	<b>12,267</b>	<b>8,896</b>
Adjustment for:		
Taxation accrued	<b>9,397</b>	<b>6,087</b>
Interest accrued	<b>364</b>	<b>534</b>
Depreciation, depletion and amortisation	<b>6,291</b>	<b>5,947</b>
(Profit)/loss on sale of assets	<b>(751)</b>	<b>(675)</b>
Decrease/(increase) in net working capital	<b>(3,469)</b>	<b>(2,003)</b>
Share of profit of equity accounted investments	<b>(2,439)</b>	<b>(2,284)</b>
Dividends received from equity accounted investments	<b>2,507</b>	<b>1,872</b>
Deferred taxation and other provisions	<b>(534)</b>	<b>(290)</b>
Other	<b>57</b>	<b>(222)</b>
Cash flow from operating activities (pre-tax)	<b>23,690</b>	<b>17,862</b>
Taxation paid	<b>(8,688)</b>	<b>(4,552)</b>
<b>Cash flow from operating activities</b>	<b>15,002</b>	<b>13,310</b>
<b>Cash flow from investing activities:</b>		
Capital expenditure	<b>(6,670)</b>	<b>(5,719)</b>
Proceeds from sale of assets	<b>1,498</b>	<b>853</b>
Proceeds from sales and (additions):		
equity accounted investments	<b>(199)</b>	<b>(496)</b>
investments: financial assets	<b>250</b>	<b>948</b>
Interest received	<b>367</b>	<b>185</b>
<b>Cash flow from investing activities</b>	<b>(4,754)</b>	<b>(4,229)</b>
<b>Cash flow from financing activities:</b>		
Net increase/(decrease) in debt	<b>(699)</b>	<b>(3,107)</b>
Interest paid	<b>(529)</b>	<b>(426)</b>
Change in minority interest	<b>803</b>	<b>588</b>
Dividends paid to:		
Shareholders of Royal Dutch Shell	<b>(7,410)</b>	<b>(4,414)</b>
Minority interest	<b>(105)</b>	<b>(118)</b>
Treasury shares: net sales/(purchases) and dividends received	<b>274</b>	<b>(424)</b>
<b>Cash flow from financing activities</b>	<b>(7,666)</b>	<b>(7,901)</b>
Currency translation differences relating to cash and cash equivalents	<b>(263)</b>	<b>(43)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>2,319</b>	<b>1,137</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>9,201</b>	<b>2,107</b>
<b>Cash and cash equivalents at end of period</b>	<b>11,520</b>	<b>3,244</b>

The Notes on pages 13 to 34 are an integral part of these Condensed Consolidated Financial Statements.

Notes to the Condensed Consolidated Interim Financial Statements

1. Unification of Royal Dutch and Shell Transport

On July 20, 2005, Royal Dutch Shell plc, a publicly-listed company incorporated in England and Wales and headquartered and tax resident in The Netherlands (the “Company”) became the parent company of Royal Dutch Petroleum Company (“Royal Dutch”) and The “Shell” Transport and Trading Company, plc (“Shell Transport”) and, through Royal Dutch and Shell Transport, of the rest of the Shell Group (as defined below) following (a) the registration by the Registrar of Companies in England and Wales of the order of the High Court of Justice in England and Wales sanctioning the scheme of arrangement of Shell Transport under English law (the “Scheme”) and (b) the Company’s confirmation that its exchange offer (the “Exchange Offer”, and together with the Scheme, the “Unification Transaction”) for all of the ordinary shares of Royal Dutch, commenced on May 19, 2005, had become unconditional (*gestanddoening*). Pursuant to the Unification Transaction, on July 20, 2005, the Company acquired all the outstanding capital stock of Shell Transport and approximately 92% of the outstanding capital stock of Royal Dutch. On July 20, 2005, the Company commenced a subsequent offer acceptance period during which the remaining holders of Royal Dutch shares were permitted to tender their shares in exchange for Royal Dutch Shell shares (or ADRs), in accordance with the procedures described in the Exchange Offer. The subsequent offer acceptance period expired on 9 August 2005. As a result of the Exchange Offer, including the subsequent offer acceptance period, the Company acquired and currently holds 98.49% of the outstanding capital stock of Royal Dutch.

Pursuant to the terms of the Exchange Offer and the Scheme, holders of ordinary shares of Royal Dutch (“Royal Dutch Ordinary Shares”), holders of Shell Transport Ordinary shares (the “Shell Transport Ordinary Shares”), holders of Shell Transport bearer warrants and holders of American depositary receipts representing Shell Transport Ordinary Shares (the “Shell Transport ADRs”) received, respectively:

• for each Royal Dutch Ordinary Share held in New York registry form tendered:	1 Royal Dutch Shell Class A American depositary receipt (representing 2 Royal Dutch Shell Class A ordinary shares)
• for each Royal Dutch Ordinary Share held in bearer or Hague registry form tendered:	2 Royal Dutch Shell Class A ordinary shares
• for each Shell Transport Ordinary Share (including Shell Transport Ordinary Shares to which holders of Shell Transport bearer warrants are entitled):	0.287333066 Royal Dutch Shell Class B ordinary shares
• for each Shell Transport ADR:	0.861999198 Royal Dutch Shell Class B American depositary receipts (representing 2 Royal Dutch Shell Class B ordinary shares)

These Condensed Consolidated Interim Financial Statements are considered historical and give retroactive effect for all periods presented to the Unification Transaction, which has been accounted for using a carry-over basis of the historical costs of the assets and liabilities of Royal Dutch, Shell Transport and other companies comprising the Shell Group. These Condensed Consolidated Interim Financial Statements reflect the financial position and results of the Shell Group on a 100% basis without giving effect to any minority interest in Royal Dutch resulting from the Unification Transaction. The Consolidated Financial Statements covering periods ending on or after the date of consummation of the Unification Transaction will give effect to any minority interest in Royal Dutch outstanding on the date thereof.

Royal Dutch and Shell Transport entered into a scheme of amalgamation dated September 12, 1906 and agreements from 1907 by which the scheme of amalgamation was implemented and pursuant to which they “amalgamated” their interests in the oil industry in a transaction that would have been accounted for as a business combination under current accounting standards. Since that time, Royal Dutch owned 60% of the other companies comprising the Shell Group and Shell Transport owned 40% of the other companies comprising the Shell Group. All operating activities have been conducted through the subsidiaries of Royal Dutch and Shell Transport which have operated as a single economic enterprise. Prior to the consummation of the Unification Transaction, economic interests of the Royal Dutch and Shell Transport shareholders in the other companies comprising the Shell Group reflected the 60:40 economic interests of Royal Dutch and Shell Transport in these companies. The Unification Transaction had little impact on the economic rights and exposures of shareholders of Royal Dutch and Shell Transport, as the separate assets and liabilities of Royal Dutch and Shell Transport are not material in relation to their interests in the rest of the Shell Group, and the Unification Transaction did not result in the acquisition of any new businesses or operating assets and liabilities. In addition, the Unification Transaction did not affect the proved oil and gas reserve information reported by Royal Dutch, Shell Transport or the other companies comprising the Shell Group.

## Notes to the Condensed Consolidated Interim Financial Statements

### 2. Basis of preparation

The three and six month periods ended June 30, 2005 Condensed Consolidated Interim Financial Statements of the Company and its consolidated subsidiaries (collectively known as the “Shell Group”) have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting and with the policies set out in Note 3. These are the policies which the Shell Group expects to apply in its first annual Financial Statements under International Financial Reporting Standards (IFRS) for the year ending December 31, 2005.

The Company will adopt IFRS for the first time in its Financial Statements for the year ending December 31, 2005, which will include comparative Financial Statements for the year ended December 31, 2004. IFRS 1 First-time Adoption of International Financial Reporting Standards requires that an entity develop accounting policies based on the standards and related interpretations effective at the reporting date of its first annual IFRS Financial Statements (e.g., December 31, 2005). IFRS 1 also requires that those policies be applied as of the date of transition to IFRS (e.g., January 1, 2004) and throughout all periods presented in the first IFRS Financial Statements. The accompanying interim financial information as of and for the six month periods ended June 30, 2005 and 2004, has been prepared in accordance with those IASB standards and IFRIC interpretations issued and effective, or issued and early-adopted, as at the date of this report. The IASB standards and IFRIC interpretations that will be applicable at December 31, 2005, including those that will be applicable on an optional basis, are not known with certainty at the time of preparing this interim financial information. As a result, the accounting policies used to prepare these Financial Statements are subject to change up to the reporting date of the Company’s first IFRS Financial Statements.

This represents the Shell Group’s first application of IFRS and the accounting policies are set out in Note 3 below. Royal Dutch Shell’s Consolidated Financial Statements for 2004 had been prepared in accordance with US Generally Accepted Accounting Principles (US GAAP); accounting policies were set out in Note 3 in those Financial Statements. US GAAP differs in certain respects from IFRS and comparative figures for 2004 have been restated as necessary in accordance with IFRS. Reconciliations and descriptions of the effect of the transition from US GAAP to IFRS on equity and income are given below in Note 12, including a description of the nature of the changes in accounting policies. As part of the Shell Group’s adoption of IFRS, the following elections were made under IFRS 1 First-time Adoption of International Financial Reporting Standards as at January 1, 2004:

- cumulative currency translation differences were eliminated by transfer to retained earnings.
- cumulative previously unrecognised actuarial gains and losses on post-employment benefits were recognised.
- prior business combinations have not been restated.

IFRS 2 Share-based Payment has only been applied to options issued after November 7, 2002 and not vested by January 1, 2005.

The policies have been consistently applied to all periods presented except for those relating to the classification and measurement of financial instruments to the extent that IFRS differs from US GAAP. The Shell Group has taken the exemption available under IFRS 1 to apply IAS 32 and IAS 39 from January 1, 2005 and the impact on transition is described in Notes 4 and 8.

The Condensed Consolidated Interim Financial Statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets and liabilities.

The preparation of interim financial information in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying the Shell Group’s accounting policies. Actual results could differ from those estimates.

The Condensed Consolidated Interim Financial Statements should be read in conjunction with the 2004 Royal Dutch Shell Consolidated Financial Statements set out in Royal Dutch Shell’s report on Form 6-K dated July 20, 2005.

### 3. Accounting policies

#### Nature of the Condensed Consolidated Interim Financial Statements

The Condensed Consolidated Interim Statements are presented in US dollars and includes the accounts of the Company and of those companies in which it 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.

#### Revenue recognition

Sales of oil, natural gas, chemicals and all other products are recorded when title passes to the customer. Revenue from the production of oil and natural gas properties in which the Shell Group has an interest with other producers are recognised on the basis of the Shell Group’s working interest (entitlement method). Gains and losses on derivatives contracts and contracts involved in energy trading and risk management are shown net in the Statement of Income if these contracts are held for trading purposes. Purchase and sale of hydrocarbons under exchange contracts that are necessary to obtain or reposition feedstock utilised in the Shell Group’s refinery

Royal Dutch Shell plc

operations are shown net in the Statement of Income. Sales between Shell Group companies, as disclosed in the segment information, are based on prices generally equivalent to commercially available prices.

In Exploration & Production and Gas & Power title typically passes (and revenues are recognised) when product is physically transferred into a vessel, pipe or other delivery mechanism. For sales by refining companies, title typically passes (and revenues are recognised) either when product is placed onboard a vessel or offloaded from the vessel, depending on the contractually agreed terms. Revenues on wholesale sales of oil products and chemicals are recognised when transfer of ownership occurs and title is passed, either at the point of delivery or the point of receipt, depending on contractual conditions.

### **Property, plant and equipment and intangible assets**

#### **(a) Recognition on the Balance Sheet**

Property, plant and equipment, including expenditure on major inspections, and intangible assets are initially recorded on the Balance Sheet at cost where it is probable that they will generate future economic benefits. This includes capitalisation of decommissioning and restoration costs associated with provisions for asset retirement (see “Provisions”) and certain development costs (see “Research and development”). Accounting for exploration costs is described separately below (“Exploration costs”). Intangible assets include goodwill. Interest is capitalised, as an increase in property, plant and equipment, on significant capital projects during construction.

Property, plant and equipment and intangible assets are subsequently recognised at cost less accumulated depreciation and impairment.

#### **(b) Depreciation, depletion and amortisation**

Property, plant and equipment related to oil and natural gas production activities are depreciated on a unit-of-production basis over the proved developed reserves of the field concerned, except in the case of assets whose useful life is shorter than the lifetime of the field, in which case the straight-line method is applied. Rights and concessions are depleted on the unit-of-production basis over the total proved reserves of the relevant area. Unproved properties are amortised as required by particular circumstances. Other property, plant and equipment are generally depreciated on a straight-line basis over their estimated useful lives which is generally 20 years for refineries and chemicals plants, 15 years for retail service station facilities, and until the next planned major inspection (generally 3 to 5 years) for inspection costs. Property, plant and equipment held under finance leases are depreciated over the shorter of the assets’ estimated useful lives and the lease term.

Goodwill is not amortised but instead tested for impairment annually. Other intangible assets are amortised on a straight-line basis over their estimated useful lives (with a maximum of forty years).

#### **(c) Impairment of assets**

Other than properties with no proved reserves (where the basis for carrying costs on the Balance Sheet is explained under “Exploration costs”), the carrying amounts of major Exploration & Production property, plant and equipment are reviewed for possible impairment annually, while all assets are reviewed whenever events or changes in circumstances indicate that the carrying amounts for those assets may not be recoverable. If assets are determined to be impaired, the carrying amounts of those assets are written down to recoverable amount which is the higher of fair value less costs to sell and value in use. For this purpose, assets are grouped based on separately identifiable and largely independent cash flows. Assets held for sale are recognised at the lower of carrying amount and fair value less costs to sell.

Estimates of future cash flows used in the evaluation for impairment of assets related to hydrocarbon production are made using risk assessments on field and reservoir performance and include outlooks on proved reserves and unproved volumes, which are then discounted or risk-weighted utilising the results from projections of geological, production, recovery and economic factors.

Impairments, except those related to goodwill, are reversed as applicable to the extent that the events or circumstances that triggered the original impairment have changed.

### **Exploration costs**

Shell Group companies follow the successful efforts method of accounting for oil and natural gas exploration costs. Exploration costs are charged to income when incurred, except that exploratory drilling costs are included in property, plant and equipment, pending determination of proved reserves. Exploration wells that are more than 12 months old are expensed unless (a) (i) they are in an area requiring major capital expenditure before production can begin and (ii) they have found commercially producible quantities of reserves and (iii) they are subject to further exploration or appraisal activity in that either drilling of additional exploratory wells is under way or firmly planned for the near future, or (b) proved reserves are booked within 12 months following the completion of exploratory drilling.

### **Associated companies and joint ventures**

Investments in companies over which Shell Group companies have significant influence but not control are classified as associated companies and are accounted for on the equity basis. Interests in jointly controlled entities are also recognised on the equity basis.

## Notes to the Condensed Consolidated Interim Financial Statements

Interests in jointly controlled assets are recognised by including the Shell Group share of assets, liabilities, income and expenses on a line-by-line basis.

### Inventories

Inventories are stated at cost to the Shell Group or net realisable value, whichever is lower. Such cost is determined by the first-in first-out (FIFO) method and comprises direct purchase costs, cost of production, transportation and manufacturing expenses and taxes.

### Deferred taxation

Deferred taxation is provided using the liability method of accounting for income taxes based on provisions of enacted or substantively enacted laws. Recognition is given to deferred tax assets and liabilities for the expected future tax consequences of events that have been recognised in the Condensed Consolidated Interim Financial Statements or in the tax returns (temporary differences); deferred tax is not generally provided on initial recognition of an asset or liability in a transaction that, at the time of the transaction, affects neither accounting nor taxable profit. In estimating these tax consequences, consideration is given to expected future events.

Deferred tax assets are recognised where future recovery is probable. Deferred tax assets and liabilities are presented separately in the Balance Sheet except where there is a right of set-off within fiscal jurisdictions.

Deferred tax is not provided for taxes on possible future distributions of retained earnings of Shell Group companies and equity accounted investments where the timing of the distribution can be controlled and it is probable that the retained earnings will be substantially reinvested by the companies concerned.

### Employee benefits

#### (a) Employee retirement plans

Retirement plans to which employees contribute and many non-contributory plans are generally funded by payments to independent trusts. Where, due to local conditions, a plan is not funded, a provision is made. Valuations of both funded and unfunded plans are carried out by independent actuaries.

For plans which define the amount of pension benefit to be provided, pension cost primarily represents the increase in actuarial present value of the obligation for pension benefits based on employee service during the year and the interest on this obligation in respect of employee service in previous years, net of the expected return on plan assets.

Unrecognised gains and losses at the date of transition to IFRS have been recognised in the 2004 opening balance sheet. The Shell Group recognises actuarial gains and losses that arise subsequent to January 1, 2004 using the corridor method. Under this method, to the extent that any cumulative unrecognised actuarial gain or loss exceeds 10% of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognised in income over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

For plans where benefits depend solely on the amount contributed to the employee's account and the returns earned on investments of these contributions, pension cost is the amount contributed by Shell Group companies for the period.

#### (b) Postretirement benefits other than pensions

Some Shell Group companies provide certain postretirement healthcare and life insurance benefits to retirees, the entitlement to which is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. These plans are not funded and a provision is made. Valuations of benefits are carried out by independent actuaries.

The expected costs of postretirement benefits other than pensions are accrued over the periods employees render service to the Shell Group. Unrecognised gains and losses at the date of transition to IFRS have been recognised in the 2004 opening balance sheet.

#### (c) Share-based compensation plans

The fair value of share options granted to employees after November 7, 2002, and which had not vested by January 1, 2005, is recognised as an expense from the date of grant over the vesting period with a corresponding increase directly in equity. The fair value of the Shell Group's share options was estimated using a Black-Scholes option pricing model.

### Leases

Agreements under which Shell Group companies make payments to owners in return for the right to use an asset for a period are accounted for as leases. Leases that transfer substantially all the risks and benefits of ownership are recorded at inception as finance leases within property, plant and equipment and debt. All other leases are recorded as operating leases and the costs are charged to income as incurred.

**Financial instruments and other derivative contracts**

The Shell Group adopted IAS 32 and IAS 39 with effect from January 1, 2005 and therefore accounted for financial instruments and other derivative contracts until the end of 2004 under US GAAP. Information for 2004 has not been restated and the impact on transition, which is restricted to certain commodity contracts and embedded derivatives, unquoted investments with estimable fair values; and treatment as debt of instruments previously reported as preference shares, is described below.

**(a) Financial assets**

Investments: financial assets comprise debt and equity securities.

*Securities of a trading nature*

Securities of a trading nature are carried at fair value with unrealised holding gains and losses being included in income.

*Securities held to maturity*

Securities held to maturity are carried at amortised cost, unless impaired.

*Available for sale securities*

All other securities are classified as available for sale and are carried at fair value, other than unquoted equity securities with no estimable fair value which are reported at cost, less any impairment. Unrealised holding gains and losses other than impairments are taken directly to equity, except for translation differences arising on foreign currency debt securities which are taken to income. Upon sale or maturity, the net gains and losses are included in income.

Fair value is based on market prices where available, otherwise it is calculated as the net present value of expected future cash flows.

From January 1, 2005 this has resulted in certain unquoted equity securities being recognised at fair value compared with recognition at cost under US GAAP and the impact on transition is disclosed in Note 8. This change in accounting has no impact on the timing of recognition of income arising from these investments.

Securities forming part of a portfolio which is required to be held long-term are classified under investments.

Interest on debt securities is accounted for in income by applying the effective interest method. Dividends on equity securities are accounted for in income when receivable.

Receivables are recognised initially at fair value based on amounts exchanged and subsequently at amortised cost less any impairment.

Cash and cash equivalents include cash in hand, short-term deposits and other investments which have a maturity from acquisition of three months or less and are readily convertible into known amounts of cash.

**(b) Financial liabilities**

Debt and accounts payable are recognised initially at fair value based on amounts exchanged and subsequently at amortised cost, except for fixed rate debt subject to fair value hedging.

Interest expense, other than interest capitalised, is accounted for in income using the effective interest method.

**(c) Derivative contracts**

Shell Group companies use derivatives in the management of interest rate risk, foreign currency risk and commodity price risk. These derivative contracts are recognised at fair value, using market prices.

Those derivatives qualifying and designated as hedges are either: (1) a “fair value” hedge of the change in fair value of a recognised asset or liability or an unrecognised firm commitment, or (2) a “cash flow” hedge of the change in cash flows to be received or paid relating to a recognised asset or liability or a highly probable forecasted transaction.

A change in the fair value of a hedging instrument designated as a fair value hedge is taken to income, together with the consequential adjustment to the carrying amount of the hedged item. The effective portion of a change in fair value of a derivative designated as a cash flow hedge is recognised directly in equity, until income reflects the variability of underlying cash flows; any ineffective portion is taken to income.

Shell Group companies formally document all relationships between hedging instruments and hedged items, as well as risk management objectives and strategies for undertaking hedge transactions. The effectiveness of a hedge is also continually assessed and when it ceases, hedge accounting is discontinued.

Certain contracts to purchase and sell commodities are required to be recognised at fair value, generally based on market prices, (with gains and losses taken to income). These are contracts which can be net settled or sales contracts containing volume optionality.

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### Notes to the Condensed Consolidated Interim Financial Statements

Certain embedded derivatives within contracts are required to be separated from their host contract and recognised at fair value, generally based on market prices, (with gains and losses taken to income) if the economic characteristics and risks of the embedded derivative are not closely related to that of the host contract.

These policies are very similar to those applied until the end of 2004 under US GAAP and the impact of the application on January 1, 2005 is shown in Note 8.

#### **Provisions**

Provisions are liabilities where the timing or amount of future expenditure is uncertain. Provisions are recorded at the best estimate of the present value of the expenditure required to settle the present obligation at the balance sheet date. Non-current amounts are discounted using the risk-free rate. Specific details for decommissioning and restoration costs and environmental remediation are described below.

Estimated decommissioning and restoration costs are based on current requirements, technology and price levels and are stated at fair value, and the associated asset retirement costs are capitalised as part of the carrying amount of the related property, plant and equipment. The liability, once an obligation, whether legal or constructive, crystallises, is recognised with a corresponding amount of property, plant and equipment in the period when a reasonable estimate of the fair value can be made. The fair value is calculated using amounts discounted over the useful economic life of the assets. The effects of changes resulting from revisions to the timing or the amount of the original estimate of the provision are incorporated on a prospective basis.

Provisions for environmental remediation resulting from ongoing or past operations or events are recognised in the period in which an obligation, legal or constructive, to a third party arises and the amount can be reasonably estimated. Measurement of liabilities is based on current legal requirements and existing technology. Recognition of any joint and several liability is based upon Shell Group companies' best estimate of their final pro rata share of the liability. Liabilities are determined independently of expected insurance recoveries. Recoveries are recognised and reported as separate events and brought into account when reasonably certain of realisation. The carrying amount of provisions is regularly reviewed and adjusted for new facts or changes in law or technology.

#### **Treasury shares**

Shares in the Company held by Shell Group companies are not included in assets but, after deducting dividends received, are reflected at cost as a deduction from equity as treasury shares.

#### **Administrative expenses**

Administrative expenses are those which do not relate directly to the activities of a single business segment and include expenses incurred in the management and co-ordination of multi-segment enterprises.

#### **Research and development**

Development costs which are expected to generate probable future economic benefits are capitalised. All other research and development expenditure is charged to income as incurred, with the exception of that on buildings and major items of equipment which have alternative use.

#### **Discontinued operations**

Discontinued operations comprise those activities which have been disposed of during the period, or remain held for sale at period end, and represent a separate major line of business or geographical area of operation which can be clearly distinguished, operationally and for financial reporting purposes, from other activities of the Shell Group.

#### **Business combinations**

Assets acquired and liabilities assumed on a business combination are recognised at their fair value at the date of the acquisition; the amount of the purchase consideration above this value is reflected as goodwill.

#### **Currency translation**

Assets and liabilities of non-US dollar Shell Group companies are translated to US dollars at year-end rates of exchange, whilst their statements of income and cash flows are translated at quarterly average rates. Translation differences arising on aggregation are taken directly to a currency translation differences account within equity. As part of the transition to IFRS, the balance of this account was eliminated at January 1, 2004 and transferred to retained earnings with no impact on total equity. Upon divestment or liquidation of an entity, cumulative currency translation differences related to that entity are taken to income.

The US dollar equivalents of exchange gains and losses arising as a result of foreign currency transactions (including those in respect of inter-company balances unless related to transactions of a long-term investment nature) are included in income.



## New accounting standards and interpretations

Certain new IFRS and IFRIC interpretations have been published which are not mandatory for 2005. The Shell Group has elected to early adopt in 2005 IFRS 6 Exploration for and Evaluation of Mineral Resources and IFRIC 4 Determining whether an Arrangement Contains a Lease, and these are reflected in the accounting policies described above. All other published pronouncements, which are not mandatory in 2005, are not expected to have an impact on the Shell Group.

## 4. Other reserves

					\$ million Income/(expense)
	At December 31, 2004	IAS 32/39	At January 1, 2005 after IAS 32/39 transition	Movement	At June 30, 2005
Cumulative currency translation differences	3,126	–	3,126	(3,950)	(824)
Unrealised gains/(losses) on securities	350	–	350	(55)	295
Unrealised gains/(losses) on cash flow hedges	(157)	823	666	5	671
<b>Total</b>	3,319	823	4,142	(4,000)	142

				\$ million Income/(expense)
	At January 1, 2004	Movement	At June 30, 2004	
Cumulative currency translation differences	–	(1,167)	(1,167)	
Unrealised gains/(losses) on securities	700	(443)	257	
Unrealised gains/(losses) on cash flow hedges	(188)	57	(131)	
<b>Total</b>	512	(1,553)	(1,041)	

## 5. Earnings per share

				\$
	Three months ended June 30,		Six months ended June 30,	
	2005	2004	2005	2004
Earnings per share	<b>0.78</b>	0.57	<b>1.77</b>	1.27
— Continuing operations	<b>0.78</b>	0.57	<b>1.80</b>	1.26
— Discontinued operations	–	–	(0.03)	0.01
Diluted earnings per share	<b>0.78</b>	0.57	<b>1.77</b>	1.26
— Continuing operations	<b>0.78</b>	0.57	<b>1.80</b>	1.26
— Discontinued operations	–	–	(0.03)	0.00

The basic earnings per share amounts shown relates to income attributable to Royal Dutch Shell shareholders. The three months ended June 30, 2005 calculation uses a weighted-average number of shares of 6,724,546,338 (2004: 6,788,344,846). For the purpose of the calculation, shares repurchased under the buy-back programme are deemed to have been cancelled on purchase date. The diluted earnings per share is based on the same profit figures. For this calculation, the following weighted-average number of shares are used: 6,744,102,164 (2004: 6,793,649,975). The difference between the basic and diluted number of shares relates to share option schemes.

The six months ended June 30, 2005 calculation uses a weighted-average number of shares of 6,729,238,223 (2004: 6,795,041,047). For the diluted earnings per share calculation, the following weighted-average number of shares are 6,747,711,694 (2004: 6,798,797,961).

## 6. Information by business segment

						\$ million
	Exploration & Production	Gas & Power	Oil Products	Chemicals	Corporate and Other	Total Shell Group
<b>Total Assets at June 30, 2005</b>	<b>65,085</b>	<b>33,204</b>	<b>74,122</b>	<b>15,732</b>	<b>14,354</b>	<b>202,497</b>
Total Assets at December 31, 2004	65,736	23,076	69,278	16,878	12,478	187,446



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## Notes to the Condensed Consolidated Interim Financial Statements

### Segment information — Three months ended June 30, 2005

\$ million

	Exploration & Production	Gas & Power	Oil Products	Chemicals	Corporate and Other	Eliminations	Total Shell Group
							<b>2005</b>
Revenue							
Third party	6,073	2,858	65,927	7,604	182	—	82,644
Inter-segment	8,247	356	1,521	969	—	(11,093)	—
<b>Total</b>	<b>14,320</b>	<b>3,214</b>	<b>67,448</b>	<b>8,573</b>	<b>182</b>	<b>(11,093)</b>	<b>82,644</b>
<b>Segment result</b>	<b>6,022</b>	<b>(127)</b>	<b>3,110</b>	<b>237</b>	<b>(227)</b>	<b>—</b>	<b>9,015</b>
Share of profit of equity accounted investments	458	1	488	133	—	—	1,080
Net finance costs							260
Other income							(221)
Taxation							4,595
<b>Income from continuing operations</b>							<b>5,461</b>
Income from discontinued operations							—
<b>Income for the period</b>							<b>5,461</b>

### Segment information — Three months ended June 30, 2004

\$ million

	Exploration & Production	Gas & Power	Oil Products	Chemicals	Corporate and Other	Eliminations	Total Shell Group
							<b>2004</b>
Revenue							
Third party	2,935	2,151	50,286	6,557	203	—	62,132
Inter-segment	6,057	306	1,248	795	1	(8,407)	—
<b>Total</b>	<b>8,992</b>	<b>2,457</b>	<b>51,534</b>	<b>7,352</b>	<b>204</b>	<b>(8,407)</b>	<b>62,132</b>
<b>Segment result</b>	<b>3,323</b>	<b>(4)</b>	<b>2,321</b>	<b>363</b>	<b>(288)</b>	<b>—</b>	<b>5,715</b>
Share of profit of equity accounted investments	534	233	257	89	(2)	—	1,111
Net finance costs							300
Other income							(165)
Taxation							2,663
<b>Income from continuing operations</b>							<b>4,028</b>
Income from discontinued operations	—	—	—	22	—	—	22
<b>Income for the period</b>							<b>4,050</b>

### Segment information — Six months ended June 30, 2005

\$ million

	Exploration & Production	Gas & Power	Oil Products	Chemicals	Corporate and Other	Eliminations	Total Shell Group
							<b>2005</b>
Revenue							
Third party	10,639	6,135	121,922	15,630	474	—	154,800
Inter-segment	15,522	726	3,056	1,717	—	(21,021)	—
<b>Total</b>	<b>26,161</b>	<b>6,861</b>	<b>124,978</b>	<b>17,347</b>	<b>474</b>	<b>(21,021)</b>	<b>154,800</b>
<b>Segment result</b>	<b>11,550</b>	<b>70</b>	<b>6,587</b>	<b>1,042</b>	<b>(443)</b>	<b>—</b>	<b>18,806</b>
Share of profit of equity accounted investments	1,172	258	1,005	218	—	—	2,653
Net finance costs							549
Other income							(440)
Taxation							8,869
<b>Income from continuing operations</b>							<b>12,481</b>
Income/(loss) from discontinued operations	—	—	—	(214)	—	—	(214)
<b>Income for the period</b>							<b>12,267</b>

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## Notes to the Condensed Consolidated Interim Financial Statements

## Segment information — Six months ended June 30, 2004

\$ million

	Exploration & Production	Gas & Power	Oil Products	Chemicals	Corporate and Other	Eliminations	Total Shell Group
							2004
Revenue							
Third party	6,710	4,312	95,681	12,138	559	–	119,400
Inter-segment	11,742	637	2,370	1,494	4	(16,247)	–
<b>Total</b>	<b>18,452</b>	<b>4,949</b>	<b>98,051</b>	<b>13,632</b>	<b>563</b>	<b>(16,247)</b>	<b>119,400</b>
<b>Segment result</b>	<b>7,663</b>	<b>103</b>	<b>4,154</b>	<b>528</b>	<b>(394)</b>	<b>–</b>	<b>12,054</b>
Share of profit of equity accounted investments	1,144	462	487	152	(3)	–	2,242
Net finance costs							692
Other income							(735)
Taxation							5,485
<b>Income from continuing     operations</b>							<b>8,854</b>
Income from discontinued operations	–	–	–	42	–	–	42
<b>Income for the period</b>							<b>8,896</b>

The information above is provided in accordance with IAS 14 Segment Reporting. Operating segment results are appraised by management on the basis of income including equity accounted investments and certain net finance costs and other (income)/expense and after tax, and this forms the basis of the discussion of segment results in the Operational and Financial Review (OFR). The table below reconciles the foregoing segment information to the information used for management reporting and is consistent with how the information will be presented in the Shell Group's annual Financial Statements to comply with SFAS 131.

## Income for the period by segment — Three months ended June 30, 2005

\$ million

	Exploration & Production	Gas & Power	Oil Products	Chemicals	Corporate and Other	Total Shell Group
Segment result — IAS 14	6,022	(127)	3,110	237	(227)	9,015
Share of profit of equity accounted investments	458	1	488	133	–	1,080
Net finance costs and other (income)/expense	131	(46)	41	5	(92)	39
Taxation	3,604	(91)	893	106	83	4,595
Discontinued operations	–	–	–	–	–	–
Segment result — OFR	2,745	11	2,664	259	(218)	5,461

## Income for the period by segment — Three months ended June 30, 2004

\$ million

	Exploration & Production	Gas & Power	Oil Products	Chemicals	Corporate and Other	Total Shell Group
Segment result — IAS 14	3,323	(4)	2,321	363	(288)	5,715
Share of profit of equity accounted investments	534	233	257	89	(2)	1,111
Net finance costs and other (income)/expense	174	(97)	80	(2)	(20)	135
Taxation	1,828	(8)	703	101	39	2,663
Discontinued operations	–	–	–	22	–	22
Segment result — OFR	1,855	334	1,795	375	(309)	4,050

## Income for the period by segment — Six months ended June 30, 2005

\$ million

	Exploration & Production	Gas & Power	Oil Products	Chemicals	Corporate and Other	Total Shell Group
Segment result — IAS 14	11,550	70	6,587	1,042	(443)	18,806
Share of profit of equity accounted investments	1,172	258	1,005	218	–	2,653
Net finance costs and other (income)/expense	245	(82)	84	5	(143)	109
Taxation	6,777	(77)	1,793	333	43	8,869
Discontinued operations	–	–	–	(214)	–	(214)
Segment result — OFR	5,700	487	5,715	708	(343)	12,267

## Income for the period by segment — Six months ended June 30, 2004

\$ million

	Exploration & Production	Gas & Power	Oil Products	Chemicals	Corporate and Other	Total Shell Group
Segment result — IAS 14	7,663	103	4,154	528	(394)	12,054
Share of profit of equity accounted investments	1,144	462	487	152	(3)	2,242
Net finance costs and other (income)/expense	238	(298)	41	7	(31)	(43)
Taxation	4,007	7	1,232	119	120	5,485
Discontinued operations	—	—	—	42	—	42
Segment result — OFR	4,562	856	3,368	596	(486)	8,896

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#### 7. Discontinued operations

Discontinued operations in the three and six month periods ended June 30, 2005 comprise the activities of Basell, a jointly controlled Chemicals entity (Shell Group interest 50%), which has been held for sale at fair value less costs to sell since the announcement in 2004 of a review of strategic alternatives regarding this venture. The loss for the three and six month periods ended June 30, 2005 comprised an impairment in order to reflect the carrying amount at June 30, 2005 at fair value less costs to sell.

#### 8. Implementation of IAS 32 and IAS 39 Financial Instruments

As described in Note 2, the impact on transition at January 1, 2005 resulting from recognising at fair value certain additional derivative contracts and unquoted securities, and recognising preference shares as debt, was an increase in total equity of \$0.8 billion. This was reflected by increases in assets and liabilities at January 1, 2005 as follows:

	\$ million
Investments: financial assets	1,018
Non-current assets: deferred tax	5
Current assets	42
Non-current liabilities: deferred tax	(195)
Non-current liabilities debt	(20)
Current liabilities	(54)
	796

Preference share capital of \$20 million was recategorised as debt on January 1, 2005 on the adoption of IAS 32 and 39.

#### 9. Share capital

##### Equity share capital

	June 30 2005	Dec. 31 2004
<b>Allotted, called up and fully paid</b>		
Royal Dutch ordinary shares	350	350
Shell Transport Ordinary shares	233	234
	583	584

The number of shares outstanding at June 30, 2005 and December 31, 2004, were as follows:

	Royal Dutch	Shell Transport	Combined Royal Dutch Shell
<b>Shares outstanding at June 30, 2005</b>	<b>2,069,520,000</b>	<b>9,603,350,000</b>	<b>6,898,399,999</b>
Shares outstanding at December 31, 2004	2,074,400,000	9,624,900,000	6,914,352,027

Under the terms of the Unification Transaction, Royal Dutch and Shell Transport ordinary shares were exchanged at the agreed ratios set forth in Note 1.

##### Non-equity share capital

	number of shares		\$ million	
	June 30 2005	Dec. 31 2004	June 30 2005	Dec. 31 2004
<b>Allotted, called up and fully paid</b>				
€448 Royal Dutch priority shares	–	1,500	–	1
£1 Shell Transport and Trading Company plc First Preference Shares	–	2,000,000	–	3
£1 Shell Transport and Trading Company plc Second Preference Shares	–	10,000,000	–	16
			–	20

The preference share capital was recategorised as debt on January 1, 2005 on the adoption of IAS 32 and 39.

#### 10. Contingencies and litigation

Shell Oil Company (including subsidiaries and affiliates, referred to collectively as SOC), along with numerous other defendants, has been sued by public and quasi-public water purveyors, as well as governmental entities, alleging responsibility for groundwater contamination caused by releases of gasoline containing oxygenate additives. Most of these suits assert various theories of liability, including product liability, and seek to recover actual damages, including clean-up costs. Some assert claims for punitive damages. As of August 25, 2005, there were approximately 64 pending suits by such plaintiffs that asserted claims against SOC and many other defendants (including major energy and refining companies). Although a majority of these cases do not specify the amount of monetary damages sought, some include specific damage claims collectively against all defendants. While the aggregate amounts claimed against all defendants for actual and punitive damages in such suits could be material to the Consolidated Financial Statements if they were ultimately recovered against SOC alone rather than apportioned among the defendants, management of the Shell Group considers the amounts claimed in these

pleadings to be highly speculative and not an appropriate basis on which to determine a reasonable estimate of the amount of the loss that may be ultimately incurred, for the reasons described below.

The reasons for this determination can be summarised as follows:

- While the majority of the cases have been consolidated for pre-trial proceedings in the United States District Court for the Southern District of New York, there are many cases pending in other jurisdictions throughout the U.S. Most of the cases are at a preliminary stage. In many matters, little discovery has been taken and many critical substantial legal issues remain unresolved. Consequently, management of the Shell Group does not have sufficient information to assess the facts underlying the plaintiffs' claims; the nature and extent of damages claimed, if any; the reasonableness of any specific claim for money damages; the allocation of potential responsibility among defendants; or the law that may be applicable. Additionally, given the pendency of cases in varying jurisdictions, there may be inconsistencies in the determinations made in these matters.
- There are significant unresolved legal questions relating to claims asserted in this litigation. For example, it has not been established whether the use of oxygenates mandated by the 1990 amendments to the Clean Air Act can give rise to a products liability based claim. While some trial courts have held that it cannot, other courts have left the question open or declined to dismiss claims brought on a products liability theory. Other examples of unresolved legal questions relate to the applicability of federal preemption, whether a plaintiff may recover damages for alleged levels of contamination significantly below state environmental standards, and whether a plaintiff may recover for an alleged threat to groundwater before detection of contamination.
- There are also significant unresolved legal questions relating to whether punitive damages are available for products liability claims or, if available, the manner in which they might be determined. For example, some courts have held that for certain types of product liability claims, punitive damages are not available. It is not known whether that rule of law would be applied in some or all of the pending oxygenate additive cases. Where specific claims for damages have been made, punitive damages represent in most cases a majority of the total amounts claimed.
- There are significant issues relating to the allocation of any liability among the defendants. Virtually all of the oxygenate additives cases involve multiple defendants including most of the major participants in the retail gasoline marketing business in the regions involved in the pending cases. The basis on which any potential liability may be apportioned among the defendants in any particular pending case cannot yet be determined.

For these reasons, management of the Shell Group is not currently able to estimate a range of reasonably possible losses or minimum loss for this litigation; however, management of the Shell Group does not currently believe that the outcome of the oxygenate-related litigation pending as of August 25, 2005 will have a material impact on the Shell Group's financial condition, although such resolutions could have a significant effect on periodic results for the period in which they are recognised.

A \$490 million judgment in favour of 466 plaintiffs in a consolidated matter that had once been nine individual cases was rendered in 2002 by a Nicaraguan court jointly against SOC and three other named defendants (not affiliated with SOC), based upon Nicaraguan Special Law 364 for claimed personal injuries resulting from alleged exposure to dibromochloropropane (DBCP) — a pesticide manufactured by SOC prior to 1978. This special law imposes strict liability (in a predetermined amount) on international manufacturers of DBCP. The statute also provides that unless a deposit (calculated as described below) of an amount denominated in Nicaraguan cordobas is made into the Nicaraguan courts, the claims would be submitted to the US courts. In SOC's case the deposit would have been between \$19 million and \$20 million (based on an exchange rate between 15 and 16 cordobas per US dollar). SOC chose not to make this deposit. The Nicaraguan courts did not, however, give effect to the provision of Special Law 364 that requires submission of the matter to the U.S. courts. Instead, the Nicaraguan court entered judgment against SOC and the other defendants. Further, SOC was not afforded the opportunity to present any defences in the Nicaraguan court, including that it was not subject to Nicaraguan jurisdiction because it had neither shipped nor sold DBCP to parties in Nicaragua. At this time, SOC has not completed the steps necessary to perfect an appeal in Nicaragua and, as described below, the Nicaraguan claimants have sought to enforce the Nicaraguan judgment against SOC in the U.S. and in Venezuela. SOC does not have any assets in Nicaragua. In 2003, an attempt by the plaintiffs to enforce the Nicaraguan judgment described above in the United States against Shell Chemical Company and purported affiliates of the other named defendants was rejected by the United States District Court for the Central District of California because of improper service and attempted enforcement against non-existent entities or entities that were not named in the Nicaraguan judgment. The plaintiffs initially appealed this decision but have subsequently withdrawn their appeal. SOC filed a declaratory judgment action seeking ultimate adjudication of the non-enforceability of this Nicaraguan judgment in the United States District Court for the Central District of California. This district court denied motions filed by the Nicaraguan claimants to dismiss SOC claims that Nicaragua does not have impartial tribunals, the proceedings violated due process, the relationship between SOC and Nicaragua made the exercise of personal jurisdiction unreasonable, and Special Law 364 is repugnant to U.S. public policy because it violates due process. A finding in favour of SOC on any of these grounds will result in a refusal to recognize and enforce the judgment in the United States. Several requests for Exequatur were filed in 2004 with the Tribunal Suprema de Justicia (the Venezuelan Supreme Court) to enforce Nicaraguan judgments. The petitions imply that judgments can be satisfied with assets of Shell Venezuela, S.A., which was neither a party to the Nicaraguan judgment nor a subsidiary of SOC, against whom the Exequatur was filed. The petitions are pending before the Tribunal Suprema de



## Notes to the Condensed Consolidated Interim Financial Statements

Justicia. As of August 25, 2005, eight additional Nicaraguan judgments had been entered in the collective amount of approximately \$398.2 million in favor of 489 plaintiffs jointly against Shell Chemical Company and three other named defendants (not affiliated with Shell Chemical Company) under facts and circumstances almost identical to those relating to the judgment described above. Additional judgments are anticipated (including a suit seeking more than \$3 billion). It is the opinion of management of the Shell Group that the above judgments are unenforceable in a U.S. court, as a matter of law, for the reasons set out in SOC's declaratory judgment action described above. No financial provisions have been established for these judgments or related claims.

Since 1984, SOC has been named with others as a defendant in numerous product liability cases, including class actions, involving the failure of residential plumbing systems and municipal water distribution systems constructed with polybutylene plastic pipe. SOC fabricated the resin for this pipe while the co-defendants fabricated the raw materials for the pipe fittings. As a result of two class action settlements in 1995, SOC and the co-defendants agreed on a mechanism to fund until 2009 the settlement of most of the residential plumbing claims in the United States. Financial provisions have been taken by SOC for its settlement funding needs anticipated at this time. Additionally, claims that are not part of these class action settlements or that challenge these settlements continue to be filed primarily involving alleged problems with polybutylene pipe used in municipal water distribution systems. It is the opinion of management of the Shell Group that exposure from this other polybutylene litigation pending as of August 25, 2005, is not material. Management of the Shell Group cannot currently predict when or how all polybutylene matters will be finally resolved.

In connection with the recategorisation of certain hydrocarbon reserves that occurred in 2004, a number of putative shareholder class actions were filed against Royal Dutch, Shell Transport, Managing Directors of Royal Dutch during the class period, Managing Directors of Shell Transport during the class period and the external auditors for Royal Dutch, Shell Transport and the Royal Dutch/ Shell Group. These actions were consolidated in the United States District Court in New Jersey and a consolidated complaint was filed in September 2004. On August 9, 2005, the court ruled on motions to dismiss filed by Shell and other defendants. These motions generally addressed whether plaintiffs' complaint sufficiently alleges claims and should be allowed to proceed. First, the court dismissed with prejudice the private plaintiffs' attempts to challenge Shell's shareholder notifications under section 14(a) of the Securities Exchange Act of 1934. The court ruled that, as a non-U.S. private issuer of securities, Shell is exempt from the provisions of section 14(a). Plaintiffs may not attempt to replead these claims. Second, the court dismissed all claims against seven of Shell's current and former managing and supervisory directors: non-executive Chairman Aad Jacobs, Executive Committee member Malcolm Brinded, Maarten van den Bergh, Mark Moody-Stuart, Steven Miller, Paul Skinner and Harry Roels. The plaintiffs have been given 30 days to try to file an adequate complaint against these individuals. Third, the court declined to dismiss plaintiffs' remaining claims against Shell, as well as the claims against one of its current executive directors, Jeroen van der Veer, and three of its former executive directors, Sir Philip Watts, Walter van de Vijver and Judith Boynton. Fourth, the Court decided to permit the class action plaintiffs to proceed with claims on behalf of non-US purchasers of Shell securities who bought their shares on markets outside the United States. Shell had argued that, in this case, the jurisdiction of U.S. courts was limited to those who purchased Shell's shares on U.S. securities exchanges or who are U.S. citizens. Finally, the court decided to dismiss claims brought by shareholders who purchased Shell shares after the January 9, 2004 announcement of the reserves recategorization and by shareholders who purchased shares during the class period and still hold those shares. The court ruled that the former group may attempt to replead their claims, but the latter group will not. Plaintiffs have notified the court of their intention to file a motion to reconsider the court's dismissal of the latter group's claims.

Shell has filed a motion for reconsideration on the issue of jurisdiction over non-U.S. purchasers who bought their securities on non-U.S. markets and, alternatively, a motion to certify this issue for appeal to the United States Court of Appeals for the Third Circuit. Because of uncertainties relating to further legal action with respect to the court's decision and the very early stage of the proceedings, the company is currently unable to assess the impact of the ruling on the litigation. Further, the case is at an early stage and subject to substantial uncertainties concerning the outcome of material factual and legal issues relating to the litigation. In addition, potential damages, if any, in a fully litigated securities class action would depend on the losses caused by the alleged wrongful conduct that would be demonstrated by individual class members in their purchases and sales of Royal Dutch and Shell Transport shares during the relevant class period. Accordingly, based on the current status of the litigation, management of the Shell Group is unable to estimate a range of possible losses or any minimum loss. Management of the Shell Group will review this determination as the litigation progresses.

Also in connection with the hydrocarbon reserves recategorisation, a number of putative class actions were filed on behalf of participants in certain employee benefit plans sponsored by Shell Oil Company or one of its United States-based affiliates alleging that Royal Dutch, Shell Transport and various current and former officers and directors breached various fiduciary duties to employee participants imposed by the Employee Retirement Income Security Act of 1974 (ERISA). These suits were consolidated in the United States District Court in New Jersey and a consolidated class action complaint was filed in July 2004. A settlement agreement has been reached and, on August 22, 2005, the court orally approved the settlement agreement and certified the settlement class. Thirty days after entry of the court's order and judgment approving the settlement, that order and judgment, unless appealed, will be final and the consolidated complaint will be dismissed with prejudice. The settlement agreement requires defendants to pay \$90 million to resolve the claims that have been made or that could have been made in this class action lawsuit. In addition to the settlement amount, defendants will also pay up to \$1,000,000 to the court-appointed class counsel for their out-of-pocket expenses and will pay the costs incurred in providing

notice of the settlement to class members. The corporate defendants will also require Shell Oil Company to adopt specific procedures regarding the monitoring and training of individuals appointed to be ERISA fiduciaries.

The reserves recategorisation also led to the filing of shareholder derivative actions in 2004. The four suits pending in New York state court, New York federal court and New Jersey federal court demand Shell Group management and structural changes and seek unspecified damages from certain current and former members of the Boards of Directors of Royal Dutch and Shell Transport. The suits are in preliminary stages and no responses are yet due from defendants. A settlement has been reached with counsel for plaintiffs and the court has entered an order preliminarily approving the settlement and requiring notice of the settlement to shareholders. The settlement remains subject to confirmatory discovery and final court approval. Terms of the settlement include payment by the Shell Group of \$9.2 million in attorneys' fees and expenses to counsel for the derivative plaintiffs and the adoption and implementation by Royal Dutch Shell plc of certain corporate governance principles.

The United States Securities and Exchange Commission (SEC) and UK Financial Services Authority (FSA) issued formal orders of private investigation in relation to the reserves recategorisation which Royal Dutch and Shell Transport resolved by reaching agreements with the SEC and the FSA as announced on August 24, 2004. In connection with the agreement with the SEC, Royal Dutch and Shell Transport consented, without admitting or denying the SEC's findings or conclusions, to an administrative order finding that Royal Dutch and Shell Transport violated, and requiring Royal Dutch and Shell Transport to cease and desist from future violations of, the antifraud, reporting, recordkeeping and internal control provisions of the US Federal securities laws and related SEC rules, agreed to pay a \$120 million civil penalty and undertook to spend an additional \$5 million developing a comprehensive internal compliance program. In connection with the agreement with the FSA, Royal Dutch and Shell Transport agreed, without admitting or denying the FSA's findings or conclusions, to the entry of a Final Notice by the FSA finding that Royal Dutch and Shell Transport breached market abuse provisions of the UK's Financial Services and Markets Act 2000 and the Listing Rules made under it and agreed to pay a penalty of £17 million. The penalties from the SEC and FSA and the additional amount to develop a comprehensive internal compliance program have been paid by Shell Group companies and fully included in the Income Statement of the Shell Group for the year 2004. The United States Department of Justice commenced a criminal investigation but announced on June 29, 2005 that it had made a determination not to prosecute. Euronext Amsterdam, the Dutch Authority for the Financial Markets (AFM) and the California Department of Corporations are investigating the issues related to the reserves recategorisation. The AFM have announced that their findings do not give rise to any further action from their side at this time. Management of the Shell Group cannot currently predict the manner and timing of the resolution of these pending matters and is currently unable to estimate the range of reasonably possible losses from such matters.

Shell Group companies are subject to a number of other loss contingencies arising out of litigation and claims brought by governmental and private parties, which are handled in the ordinary course of business.

The operations and earnings of Shell Group companies continue, from time to time, to be affected to varying degrees by political, legislative, fiscal and regulatory developments, including those relating to the protection of the environment and indigenous people, in the countries in which they operate. The industries in which Shell Group companies are engaged are also subject to physical risks of various types. The nature and frequency of these developments and events, not all of which are covered by insurance, as well as their effect on future operations and earnings, are unpredictable.

## **11. Reconciliation from IFRS to US GAAP in 2005**

The Group adopted IFRS in 2005, which varies from US GAAP in certain respects, with a date of transition of January 1, 2004 (see Note 13). The differences between IFRS and US GAAP are described below.

### **Cumulative currency translation differences (CCTD)**

Under IFRS at January 1, 2004, the balance of CCTD of \$1,208 million was eliminated to increase retained earnings. For US GAAP there is no change in the accounting for CCTD and the before mentioned amount is included in accumulated other comprehensive income. Equity in total under both IFRS and US GAAP was not impacted.

### **Joint ventures**

Under IFRS incorporated joint ventures, in which the Group has a liability proportionate to its interest are presented as equity accounted investments. For US GAAP purposes, the Shell Group proportionally consolidated these joint ventures until December 31, 2004. As of January 1, 2005, these joint ventures are presented as equity accounted investments under US GAAP. This change has no impact on total equity or income.

### **Major Inspection cost**

Under IFRS major inspection costs are capitalised and are amortised to income over the period until the next planned major inspection. On a US GAAP basis prior to January 1, 2005, the Group expensed these costs as they were incurred. From January 1, 2005 such costs are capitalised and are amortised to income over the period until the next planned major inspection.

## Notes to the Condensed Consolidated Interim Financial Statements

The cumulative effect of the change of policy (\$554 million) has been included in US GAAP net income for the quarter ended March 31, 2005. Consequently, the related reconciling items between IFRS and US GAAP that existed at December 31, 2004 do not exist any more. The impact on income going forward is reflected in lower operating costs and higher depreciation.

### Financial instruments and other derivatives contracts

The Shell Group adopted IAS 32 and IAS 39 as of January 1, 2005, which requires certain unquoted equity securities to be recognised at fair value. Under US GAAP these are recognised at cost. This change in accounting has no impact on the timing of recognition of income arising from these investments.

From the same date, certain commodity contracts and embedded derivatives that are not recognised under US GAAP are recognised at fair value under IFRS.

### Employee benefits

#### (a) Employee retirement plans and other postretirement benefits

Under IFRS, all gains and losses related to defined benefit pension arrangements and other post retirement benefits at the date of transition to IFRS have been recognised in the 2004 opening balance sheet, with a corresponding reduction in equity of \$4,938 million. Under US GAAP these amounts are amortized therefore equity under US GAAP at June 30, 2005 is \$4,858 million higher.

Under IFRS, the use of the fair value of pension plan assets (rather than market-related value under US GAAP) to calculate annual expected investment returns and the changed approach to amortisation of investment gains/ losses can be expected to increase volatility in income going forward as compared to past IFRS and US GAAP results. Under US GAAP, the pension charge for the six month period ended 30 June 2005 is \$105 million lower (2004: \$68 million lower) and for the three month period ended June 30, 2005 of \$58 million lower (2004: \$44 million lower).

#### (b) Share-based compensation

Under IFRS, share options awards made after November 7, 2002 and not vested at January 1, 2005 are recognised as an expense based on their fair value rather than the practice under US GAAP of recognising the expense based on the intrinsic value method which required no recognition of compensation expense for plans where the exercise price is not at a discount to the market value at the date of the grant, and the number of options is fixed on the grant date.

### Impairments

Under IFRS an impairment is based on discounted cash flows. Under US GAAP, only if an asset's estimated undiscounted future cash flows are below its carrying amount is a determination required of the amount of any impairment based on discounted cash flows. There is no undiscounted test under IFRS.

### Reversal of impairments

Under IFRS, a favourable change in the circumstance, which resulted in an impairment of an asset other than goodwill, would trigger the requirement for a redetermination of the amount of the impairment and any reversal is recognised in income. Under US GAAP, impairments are not reversed.

### Other adjustments

Other reconciling items include: the reclassification between line item allocations under IFRS which do not affect equity compared with that shown under US GAAP; differences arising from cumulative currency translation differences; presentation of income from equity accounted investments; other differences arising from IAS 12 Income Taxes and IAS 17 Leases.

### Recent US GAAP accounting pronouncements

On April 4, 2005, the FASB adopted FASB Staff Position FSP FAS 19-1 that amends Statement of Financial Accounting Standards No. 19 (FAS 19), "Financial Accounting and Reporting by Oil and Gas Producing Companies," to permit the continued capitalization of exploratory well costs beyond one year if (a) the well found a sufficient quantity of reserves to justify its completion as a producing well and (b) the entity is making sufficient progress assessing the reserves and the economic and operating viability of the project. The guidance in the FSP is required to be applied prospectively as of the third quarter of 2005. Currently we do not expect this to have a material impact on our financial statements.

Royal Dutch Shell plc

Unaudited Condensed Interim Financial Report

**Reconciliation of statement of income from IFRS to US GAAP for Three months ended June 30, 2005**

\$ million

	IFRS	Discontinued operations <sup>1</sup>	Reclassifications <sup>2</sup>	Employee benefits		Impairments	Reversals of Impairments	Other	US GAAP
				(a)	(b)				
Sales proceeds	101,383	(1,141)	–	–	–	–	–	45	100,287
less: Sales taxes, excise duties and similar levies	18,739	(681)	–	–	–	–	–	–	18,058
<b>Revenue</b>	<b>82,644</b>	<b>(460)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>45</b>	<b>82,229</b>
Cost of sales	69,464	(426)	(46)	40	11	10	(46)	39	69,046
<b>Gross profit</b>	<b>13,180</b>	<b>(34)</b>	<b>46</b>	<b>(40)</b>	<b>(11)</b>	<b>(10)</b>	<b>46</b>	<b>6</b>	<b>13,183</b>
Selling and distribution expenses	3,148	(35)	–	31	–	–	–	42	3,186
Administrative expenses	769	–	–	5	1	–	–	–	775
Exploration	248	–	–	–	–	–	–	–	248
Research and development	–	–	139	–	–	–	–	–	139
Share of profit of equity accounted investments	1,080	–	–	(2)	–	–	109	(31)	1,156
Net finance costs and other income	39	–	(93)	–	–	–	–	18	(36)
<b>Income before taxation</b>	<b>10,056</b>	<b>1</b>	<b>–</b>	<b>(78)</b>	<b>(12)</b>	<b>(10)</b>	<b>155</b>	<b>(85)</b>	<b>10,027</b>
Taxation	4,595	1	–	(20)	(1)	(3)	–	(8)	4,564
<b>Income from continuing operations</b>	<b>5,461</b>	<b>–</b>	<b>–</b>	<b>(58)</b>	<b>(11)</b>	<b>(7)</b>	<b>155</b>	<b>(77)</b>	<b>5,463</b>
Income from discontinued operations	–	–	–	–	–	–	–	–	–
Cumulative effect of change in accounting policy	–	–	–	–	–	–	–	–	–
<b>Income for the period</b>	<b>5,461</b>	<b>–</b>	<b>–</b>	<b>(58)</b>	<b>(11)</b>	<b>(7)</b>	<b>155</b>	<b>(77)</b>	<b>5,463</b>
Attributable to minority interest	225	–	–	–	–	–	–	–	225
<b>Income attributable to shareholders of Royal Dutch Shell</b>	<b>5,236</b>	<b>–</b>	<b>–</b>	<b>(58)</b>	<b>(11)</b>	<b>(7)</b>	<b>155</b>	<b>(77)</b>	<b>5,238</b>

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### Notes to the Condensed Consolidated Interim Financial Statements

#### Reconciliation of statement of income from IFRS to US GAAP for Six months ended June 30, 2005

\$ million

	IFRS	Discontinued operations <sup>1</sup>	Reclassifications <sup>2</sup>	Employee benefits		Impairments	Reversals of Impairments	Major inspection costs	Other	US GAAP
				(a)	(b)					
Sales proceeds	191,451	(1,374)	–	–	–	–	–	–	(13)	190,064
less: Sales taxes, excise duties and similar levies	36,651	(726)	–	–	–	–	–	–	–	35,925
<b>Revenue</b>	<b>154,800</b>	<b>(648)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(13)</b>	<b>154,139</b>
Cost of sales	128,029	(170)	(62)	103	14	20	(53)	–	(70)	127,811
<b>Gross profit</b>	<b>26,771</b>	<b>(478)</b>	<b>62</b>	<b>(103)</b>	<b>(14)</b>	<b>(20)</b>	<b>53</b>	<b>–</b>	<b>57</b>	<b>26,328</b>
Selling and distribution expenses	6,312	(64)	–	52	–	–	–	–	(27)	6,273
Administrative expenses	1,144	–	–	5	1	–	–	–	(25)	1,125
Exploration	509	–	–	–	–	–	–	–	–	509
Research and development	–	–	232	–	–	–	–	–	–	232
Share of profit of equity accounted investments	2,653	(214)	–	(1)	–	–	120	–	(14)	2,544
Net finance costs and other income	109	(1)	(170)	–	–	–	–	–	1	(61)
<b>Income before taxation</b>	<b>21,350</b>	<b>(627)</b>	<b>–</b>	<b>(161)</b>	<b>(15)</b>	<b>(20)</b>	<b>173</b>	<b>–</b>	<b>94</b>	<b>20,794</b>
Taxation	8,869	(35)	–	(56)	3	(61)	–	–	(3)	8,717
<b>Income from continuing operations</b>	<b>12,481</b>	<b>(592)</b>	<b>–</b>	<b>(105)</b>	<b>(18)</b>	<b>41</b>	<b>173</b>	<b>–</b>	<b>97</b>	<b>12,077</b>
Income from discontinued operations	(214)	592	–	–	–	–	–	–	–	378
Cumulative effect of change in accounting policy	–	–	–	–	–	–	–	(554)	–	(554)
<b>Income for the period</b>	<b>12,267</b>	<b>–</b>	<b>–</b>	<b>(105)</b>	<b>(18)</b>	<b>41</b>	<b>173</b>	<b>554</b>	<b>97</b>	<b>13,009</b>
Attributable to minority interest	356	–	–	–	–	60	–	–	–	416
<b>Income attributable to shareholders of Royal Dutch Shell</b>	<b>11,911</b>	<b>–</b>	<b>–</b>	<b>(105)</b>	<b>(18)</b>	<b>(19)</b>	<b>173</b>	<b>554</b>	<b>97</b>	<b>12,593</b>

- The definition of activities classified as discontinued operations differs from that under US GAAP. Under IFRS equity accounted or other investments are not excluded from this classification, but the activity must be a separate major line of business or geographical area of operations. As a result, all of the items presented as discontinued operations in 2004 under US GAAP are included within continuing operations under IFRS.
- Reclassifications are differences in line item allocation under IFRS but do not affect income compared with that shown under US GAAP. They mainly comprise impacts from reporting 1) all jointly controlled entities using the equity method, 2) the results of equity accounted investments on a single line (therefore after net finance costs and tax), 3) accretion expense arising on asset retirement obligations as net finance costs rather than as cost of sales, and 4) research and development within cost of sales.

#### Earnings per share under US GAAP

	\$			
	Three months ended June 30,		Six months ended June 30,	
	2005	2004	2005	2004
<b>Earnings per share</b>	<b>0.78</b>	0.58	<b>1.87</b>	1.26
— Continuing operations	<b>0.78</b>	0.57	<b>1.73</b>	1.21
— Discontinuing operations	–	0.01	<b>0.06</b>	0.05
— Cumulative effect of change in accounting policy	–	–	<b>0.08</b>	–
<b>Diluted earnings per share</b>	<b>0.78</b>	0.58	<b>1.87</b>	1.26
— Continuing operations	<b>0.78</b>	0.57	<b>1.73</b>	1.21
— Discontinuing operations	–	0.01	<b>0.06</b>	0.05
— Cumulative effect of change in accounting policy	–	–	<b>0.08</b>	–

Details of the number of shares used in these calculations are contained in Note 5. Income from continuing operations is adjusted for income attributable to minority interest.



**Reconciliation of balance sheet from IFRS to US GAAP as at June 30, 2005**

						\$ million
	IFRS	Employee benefits	Impairments	Reversals of Impairments	Other	US GAAP
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	84,816	–	686	(159)	(128)	85,215
Intangible assets	4,403	349	(5)	–	(15)	4,732
Investments:						
equity accounted investments	18,679	124	(212)	(266)	73	18,398
financial assets	3,401	–	–	–	(385)	3,016
Deferred tax	2,961	(992)	(3)	–	101	2,067
Other long term assets	6,731	5,548	–	–	(56)	12,223
	<b>120,991</b>	<b>5,029</b>	<b>466</b>	<b>(425)</b>	<b>(410)</b>	<b>125,651</b>
<b>Current assets</b>						
Inventories	18,566	–	–	–	–	18,566
Accounts receivable	51,420	–	–	–	(41)	51,379
Cash and cash equivalents	11,520	–	–	–	–	11,520
	<b>81,506</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(41)</b>	<b>81,465</b>
<b>Total assets</b>	<b>202,497</b>	<b>5,029</b>	<b>466</b>	<b>(425)</b>	<b>(451)</b>	<b>207,116</b>
<b>LIABILITIES</b>						
<b>Non-current liabilities</b>						
Debt	7,905	–	–	–	(348)	7,557
Deferred tax	12,807	1,463	240	(128)	57	14,439
Provisions	13,020	(1,274)	–	–	(1,319)	10,427
Other	4,020	–	–	–	1,362	5,382
	<b>37,752</b>	<b>189</b>	<b>240</b>	<b>(128)</b>	<b>(248)</b>	<b>37,805</b>
<b>Current liabilities</b>						
Debt	5,479	–	–	–	5	5,484
Accounts payable and accrued liabilities	54,408	(18)	–	–	105	54,495
Taxes payable	10,789	–	–	–	9	10,798
	<b>70,676</b>	<b>(18)</b>	<b>–</b>	<b>–</b>	<b>119</b>	<b>70,777</b>
<b>Total liabilities</b>	<b>108,428</b>	<b>171</b>	<b>240</b>	<b>(128)</b>	<b>(129)</b>	<b>108,582</b>
Minority interest					6,242	6,242
<b>Equity attributable to shareholders of Royal Dutch Shell</b>	<b>87,829</b>	<b>4,838</b>	<b>226</b>	<b>(297)</b>	<b>(304)</b>	<b>92,292</b>
Minority interest	6,240	20	–	–	(6,260)	–
<b>Total equity</b>	<b>94,069</b>	<b>4,858</b>	<b>226</b>	<b>(297)</b>	<b>(6,564)</b>	<b>92,292</b>
<b>Total liabilities and equity</b>	<b>202,497</b>	<b>5,029</b>	<b>466</b>	<b>(425)</b>	<b>(451)</b>	<b>207,116</b>

**Accumulated Other Comprehensive Income under US GAAP comprises the following amounts:**

	\$ million
	<b>At June 30, 2005</b>
Currency translation differences	169
Unrealised gains on securities	291
Unrealised gains on cash flow hedges	244
Minimum pension liability	(1,638)
	(934)

An amount of \$3.8 billion has been reclassified from accumulated other comprehensive income to retained earnings compared to the Form 6-K filed on July 20, 2005.

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## Notes to the Condensed Consolidated Interim Financial Statements

## 12. Reconciliations from IFRS to US GAAP in 2004

### Reconciliation of statement of income from IFRS to US GAAP for Three months ended June 30, 2004

\$ million

	IFRS	Discontinued operations <sup>1</sup>	Reclassifications <sup>2</sup>	Employee benefits <sup>3</sup>		Cumulative currency translation differences <sup>3</sup>	Impairments <sup>3</sup>	Reversals of impairments <sup>3</sup>	Major inspection costs <sup>3</sup>	Other	US GAAP
				(a)	(b)						
Sales proceeds	79,880	(1,373)	535	–	–	–	–	–	–	3	79,045
Less: Sales taxes, excise duties and similar levies	17,748	(446)	121	–	–	–	–	–	–	–	17,423
<b>Revenue</b>	<b>62,132</b>	<b>(927)</b>	<b>414</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3</b>	<b>61,622</b>
Cost of sales	51,860	(735)	30	(79)	(35)	(4)	–	–	37	20	51,094
<b>Gross profit</b>	<b>10,272</b>	<b>(192)</b>	<b>384</b>	<b>79</b>	<b>35</b>	<b>4</b>	<b>–</b>	<b>–</b>	<b>(37)</b>	<b>(17)</b>	<b>10,528</b>
Selling and distribution expenses	3,023	(90)	–	1	(3)	–	–	–	–	(2)	2,929
Administrative expenses	645	(9)	1	5	(1)	–	–	–	–	(1)	640
Exploration	889	(2)	(9)	–	–	–	–	–	–	–	878
Research and development	–	–	159	–	–	–	–	–	–	–	159
Share of profit of equity accounted investments	1,111	17	461	(5)	–	–	(4)	–	(5)	(11)	1,564
Net finance costs and other income	135	(18)	17	–	–	–	–	–	–	(15)	119
<b>Income before taxation</b>	<b>6,691</b>	<b>(56)</b>	<b>677</b>	<b>68</b>	<b>39</b>	<b>4</b>	<b>(4)</b>	<b>–</b>	<b>(42)</b>	<b>(10)</b>	<b>7,367</b>
Taxation	2,663	(19)	677	25	5	–	–	–	(18)	(2)	3,331
<b>Income from continuing operations</b>	<b>4,028</b>	<b>(37)</b>	<b>–</b>	<b>43</b>	<b>34</b>	<b>4</b>	<b>(4)</b>	<b>–</b>	<b>(24)</b>	<b>(8)</b>	<b>4,036</b>
Income from discontinued operations	22	27	–	–	–	–	–	–	–	–	49
<b>Income for the period</b>	<b>4,050</b>	<b>(10)</b>	<b>–</b>	<b>43</b>	<b>34</b>	<b>4</b>	<b>(4)</b>	<b>–</b>	<b>(24)</b>	<b>(8)</b>	<b>4,085</b>
Attributable to minority interest	153	(10)	–	(1)	1	–	–	–	(5)	–	138
<b>Income attributable to shareholders of Royal Dutch Shell</b>	<b>3,897</b>	<b>–</b>	<b>–</b>	<b>44</b>	<b>33</b>	<b>4</b>	<b>(4)</b>	<b>–</b>	<b>(19)</b>	<b>(8)</b>	<b>3,947</b>

1 The definition of activities classified as discontinued operations differs from that under US GAAP. Under IFRS equity accounted or other investments are not excluded from this classification, but the activity must be a separate major line of business or geographical area of operations. As a result, all of the items presented as discontinued operations in 2004 under US GAAP are included within continuing operations under IFRS.

2 Reclassifications are differences in line item allocation under IFRS but do not affect income compared with that shown under US GAAP. They mainly comprise impacts from reporting 1) all jointly controlled entities using the equity method, 2) the results of equity accounted investments on a single line (therefore after net finance costs and tax), 3) accretion expense arising on asset retirement obligations as net finance costs rather than as cost of sales, and 4) research and development within cost of sales.

3 See Note 11.

### Reconciliation of statement of income from IFRS to US GAAP for Six months ended June 30, 2004

\$ million

	IFRS	Discontinued operations <sup>1</sup>	Reclassifications <sup>2</sup>	Employee benefits <sup>3</sup>		Cumulative currency translation differences <sup>3</sup>	Impairments <sup>3</sup>	Reversals of impairments <sup>3</sup>	Major inspection costs <sup>3</sup>	Other	US GAAP
				(a)	(b)						
Sales proceeds	154,628	(2,674)	1,996	–	–	–	–	–	–	3	153,953
Less: Sales taxes, excise duties and similar levies	35,228	(883)	772	–	–	–	–	–	–	–	35,117
<b>Revenue</b>	<b>119,400</b>	<b>(1,791)</b>	<b>1,224</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3</b>	<b>118,836</b>
Cost of sales	99,297	(1,153)	181	(134)	(56)	12	–	–	175	33	98,355
<b>Gross profit</b>	<b>20,103</b>	<b>(638)</b>	<b>1,043</b>	<b>134</b>	<b>56</b>	<b>(12)</b>	<b>–</b>	<b>–</b>	<b>(175)</b>	<b>(30)</b>	<b>20,481</b>
Selling and distribution expenses	5,936	(172)	–	7	(5)	–	–	–	–	(2)	5,764



Administrative expenses	1,113	(16)	1	17	(1)	–	–	–	–	2	1,116
Exploration	1,000	(3)	5	–	–	–	–	–	–	–	1,002
Research and development	–	–	295	–	–	–	–	–	–	–	295
Share of profit of equity accounted investments	2,242	32	623	(6)	–	–	(4)	–	(22)	(11)	2,854
Net finance costs and other income	(43)	(30)	(63)	–	–	(2)	–	–	–	(31)	(169)
<b>Income before taxation</b>	<b>14,339</b>	<b>(385)</b>	<b>1,428</b>	<b>104</b>	<b>62</b>	<b>(10)</b>	<b>(4)</b>	<b>–</b>	<b>(197)</b>	<b>(10)</b>	<b>15,327</b>
Taxation	5,485	(89)	1,428	37	3	–	–	–	(65)	22	6,821
<b>Income from continuing operations</b>	<b>8,854</b>	<b>(296)</b>	<b>–</b>	<b>67</b>	<b>59</b>	<b>(10)</b>	<b>(4)</b>	<b>–</b>	<b>(132)</b>	<b>(32)</b>	<b>8,506</b>
Income from discontinued operations	42	269	–	–	–	–	–	–	–	–	311
<b>Income for the period</b>	<b>8,896</b>	<b>(27)</b>	<b>–</b>	<b>67</b>	<b>59</b>	<b>(10)</b>	<b>(4)</b>	<b>–</b>	<b>(132)</b>	<b>(32)</b>	<b>8,817</b>
Attributable to minority interest	298	(27)	–	(1)	1	–	–	–	(5)	(3)	263
<b>Income attributable to shareholders of Royal Dutch Shell</b>	<b>8,598</b>	<b>–</b>	<b>–</b>	<b>68</b>	<b>58</b>	<b>(10)</b>	<b>(4)</b>	<b>–</b>	<b>(127)</b>	<b>(29)</b>	<b>8,554</b>

Royal Dutch Shell plc

Unaudited Condensed Interim Financial Report

**Reconciliation of statement of income from IFRS to US GAAP for Twelve months ended December 31, 2004**

\$ million

	IFRS	Discontinued operations <sup>1</sup>	Reclassifications <sup>2</sup>	Employee benefits <sup>3</sup>		Cumulative currency translation differences <sup>3</sup>	Impairments <sup>3</sup>	Reversals of impairments <sup>3</sup>	Major inspection costs <sup>3</sup>	Other	US GAAP
				(a)	(b)						
Sales proceeds	338,756	(5,044)	3,803	–	–	–	–	–	–	7	337,522
Less: Sales taxes, excise duties and similar levies	72,370	(1,537)	1,499	–	–	–	–	–	–	–	72,332
<b>Revenue</b>	<b>266,386</b>	<b>(3,507)</b>	<b>2,304</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>7</b>	<b>265,190</b>
Cost of sales	223,259	(1,141)	134	(306)	(128)	102	(730)	211	223	54	221,678
<b>Gross profit</b>	<b>43,127</b>	<b>(2,366)</b>	<b>2,170</b>	<b>306</b>	<b>128</b>	<b>(102)</b>	<b>730</b>	<b>(211)</b>	<b>(223)</b>	<b>(47)</b>	<b>43,512</b>
Selling and distribution expenses	12,550	(341)	–	25	(9)	28	–	–	–	87	12,340
Administrative expenses	2,548	(28)	3	25	(5)	–	–	–	–	(1)	2,542
Exploration	1,809	(5)	19	–	–	–	–	–	–	–	1,823
Research and development	–	–	553	–	–	–	–	–	–	–	553
Share of profit of equity accounted investments	5,015	(252)	1,420	(6)	–	–	(212)	(258)	(50)	(4)	5,653
Net finance costs and other income	(424)	(30)	121	–	–	–	–	–	–	(145)	(478)
<b>Income before taxation</b>	<b>31,659</b>	<b>(2,214)</b>	<b>2,894</b>	<b>250</b>	<b>142</b>	<b>(130)</b>	<b>518</b>	<b>(469)</b>	<b>(273)</b>	<b>8</b>	<b>32,385</b>
Taxation	12,168	(332)	2,894	77	27	–	258	–	(75)	120	15,137
<b>Income from continuing operations</b>	<b>19,491</b>	<b>(1,882)</b>	<b>–</b>	<b>173</b>	<b>115</b>	<b>(130)</b>	<b>260</b>	<b>469</b>	<b>(198)</b>	<b>(112)</b>	<b>17,248</b>
Income from discontinued operations	(234)	1,794	–	–	–	–	–	–	–	–	1,560
<b>Income for the period</b>	<b>19,257</b>	<b>(88)</b>	<b>–</b>	<b>173</b>	<b>115</b>	<b>(130)</b>	<b>260</b>	<b>(469)</b>	<b>(198)</b>	<b>(112)</b>	<b>18,808</b>
Attributable to minority interest	717	(88)	–	(3)	–	–	–	–	(2)	2	626
<b>Income attributable to shareholders of Royal Dutch Shell</b>	<b>18,540</b>	<b>–</b>	<b>–</b>	<b>176</b>	<b>115</b>	<b>(130)</b>	<b>260</b>	<b>469</b>	<b>(196)</b>	<b>(114)</b>	<b>18,182</b>

1 The definition of activities classified as discontinued operations differs from that under US GAAP. Under IFRS equity accounted or other investments are not excluded from this classification, but the activity must be a separate major line of business or geographical area of operations. As a result, all of the items presented as discontinued operations in 2004 under US GAAP are included within continuing operations under IFRS.

2 Reclassifications are differences in line item allocation under IFRS but do not affect income compared with that shown under US GAAP. They mainly comprise impacts from reporting 1) all jointly controlled entities using the equity method, 2) the results of equity accounted investments on a single line (therefore after net finance costs and tax), 3) accretion expense arising on asset retirement obligations as net finance costs rather than as cost of sales, and 4) research and development within cost of sales.

3 See Note 11.

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## Notes to the Condensed Consolidated Interim Financial Statements

## Reconciliation of balance sheet from IFRS to US GAAP as at June 30, 2004

\$ million

	IFRS	Reclassifications <sup>1</sup>	Employee benefits (a) <sup>2</sup>	Major inspection costs <sup>2</sup>	Other <sup>3</sup>	US GAAP
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	84,440	1,218	–	(615)	(58)	84,985
Intangible assets	4,380	12	326	–	(8)	4,710
Investments:						
equity accounted investments	20,076	62	100	(144)	64	20,158
financial assets	2,455	–	–	–	51	2,506
Deferred tax <sup>2</sup>	3,038	–	(526)	25	(445)	2,092
Employee benefit assets	1,810	–	5,231	–	(13)	7,028
Other	3,422	9	(106)	–	(31)	3,294
	<b>119,621</b>	<b>1,301</b>	<b>5,025</b>	<b>(734)</b>	<b>(440)</b>	<b>124,773</b>
<b>Current assets</b>						
Inventories	14,545	13	–	–	–	14,558
Accounts receivable	32,505	60	–	–	7	32,572
Cash and cash equivalents	3,244	–	–	–	–	3,244
	<b>50,294</b>	<b>73</b>	<b>–</b>	<b>–</b>	<b>7</b>	<b>50,374</b>
<b>Total assets</b>	<b>169,915</b>	<b>1,374</b>	<b>5,025</b>	<b>(734)</b>	<b>(433)</b>	<b>175,147</b>
<b>LIABILITIES</b>						
<b>Non-current liabilities</b>						
Debt	9,673	19	–	–	(189)	9,503
Deferred tax <sup>2</sup>	13,225	237	2,030	(218)	(662)	14,612
Employee benefit obligations	6,939	19	(1,919)	–	31	5,070
Other provisions	5,374	(989)	–	–	101	4,486
Other	4,648	1,724	–	–	179	6,551
	<b>39,859</b>	<b>1,010</b>	<b>111</b>	<b>(218)</b>	<b>(540)</b>	<b>40,222</b>
<b>Current liabilities</b>						
Debt	6,867	–	–	–	(5)	6,862
Accounts payable and accrued liabilities	33,040	940	–	–	28	34,008
Taxes payable	8,835	835	–	–	–	9,670
Employee benefit obligations	312	(256)	(57)	–	1	–
Other provisions	1,166	(1,155)	–	–	(11)	–
	<b>50,220</b>	<b>364</b>	<b>(57)</b>	<b>–</b>	<b>13</b>	<b>50,540</b>
<b>Total liabilities</b>	<b>90,079</b>	<b>1,374</b>	<b>54</b>	<b>(218)</b>	<b>(527)</b>	<b>90,762</b>
Minority interest	–	–	–	–	4,148	4,148
<b>EQUITY</b>						
Equity attributable to shareholders of Royal Dutch Shell	75,688	–	4,952	(493)	90	80,237
Minority interest	4,148	–	20	(15)	(4,153)	–
<b>Total equity</b>	<b>79,836</b>	<b>–</b>	<b>4,972</b>	<b>(508)</b>	<b>(4,063)</b>	<b>80,237</b>
<b>Total liabilities and equity</b>	<b>169,915</b>	<b>1,374</b>	<b>5,026</b>	<b>(726)</b>	<b>(442)</b>	<b>175,147</b>

1 Reclassifications are differences in line item allocation under IFRS which do not affect equity compared with that shown under US GAAP. They mainly comprise impacts from reporting all jointly controlled entities using the equity method and separate reporting of all provisions.

2 See Note 11.

3 Includes the impact of the effect of transition to IFRS on cumulative currency translation differences.

Royal Dutch Shell plc

Unaudited Condensed Interim Financial Report

## Reconciliation of balance sheet from IFRS to US GAAP as at December 31, 2004

\$ million

	IFRS	Reclassifications <sup>1</sup>	Employee benefits (a) <sup>2</sup>	Impairments <sup>2</sup>	Reversals of impairments <sup>2</sup>	Major inspection costs <sup>2</sup>	Other <sup>3</sup>	US GAAP
<b>ASSETS</b>								
<b>Non-current assets</b>								
Property, plant and equipment	87,918	1,309	–	730	(211)	(660)	(146)	88,940
Intangible assets	4,528	19	349	–	–	–	(6)	4,890
Investments:								
equity accounted investments	20,493	(222)	99	(212)	(397)	(170)	152	19,743
financial assets	2,700	–	–	–	–	–	48	2,748
Deferred tax	2,789	(6)	(980)	(12)	–	31	173	1,995
Employee benefit assets	2,479	–	5,377	–	–	–	422	8,278
Other	4,490	8	(98)	–	–	–	(31)	4,369
	<b>125,397</b>	<b>1,108</b>	<b>4,747</b>	<b>506</b>	<b>(608)</b>	<b>(799)</b>	<b>612</b>	<b>130,963</b>
<b>Current assets</b>								
Inventories	15,375	16	–	–	–	–	–	15,391
Accounts receivable	37,473	575	–	–	–	–	15	38,063
Cash and cash equivalents	9,201	6	–	–	–	–	1	9,208
	<b>62,049</b>	<b>597</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>16</b>	<b>62,662</b>
<b>Total assets</b>	<b>187,446</b>	<b>1,705</b>	<b>4,747</b>	<b>506</b>	<b>(608)</b>	<b>(799)</b>	<b>628</b>	<b>193,625</b>
<b>LIABILITIES</b>								
<b>Non-current liabilities</b>								
Debt	8,858	(26)	–	–	–	–	(232)	8,600
Deferred tax	12,930	206	1,541	246	(139)	(220)	280	14,844
Employee benefit obligations	6,795	21	(1,711)	–	–	–	(61)	5,044
Other provisions	6,828	(1,227)	–	–	–	–	108	5,709
Other	5,800	2,014	–	–	–	–	251	8,065
	<b>41,211</b>	<b>988</b>	<b>(170)</b>	<b>246</b>	<b>(139)</b>	<b>(220)</b>	<b>346</b>	<b>42,262</b>
<b>Current liabilities</b>								
Debt	5,734	–	–	–	–	–	28	5,762
Accounts payable and accrued liabilities	37,909	1,868	–	–	–	–	85	39,862
Taxes payable	9,058	829	–	–	–	–	(2)	9,885
Employee benefit obligations	339	(282)	(57)	–	–	–	–	–
Other provisions	1,812	(1,698)	–	–	–	–	(114)	–
	<b>54,852</b>	<b>717</b>	<b>(57)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(3)</b>	<b>55,509</b>
<b>Total liabilities</b>	<b>96,063</b>	<b>1,705</b>	<b>(227)</b>	<b>246</b>	<b>(139)</b>	<b>(220)</b>	<b>343</b>	<b>97,771</b>
Minority interest	–	–	–	–	–	–	5,309	5,309
<b>EQUITY</b>								
<b>Equity attributable to Shareholders of Royal Dutch Shell</b>								
Dutch Shell	86,070	–	4,954	260	(469)	(564)	294	90,545
Minority interest	5,313	–	20	–	–	(15)	(5,318)	–
<b>Total equity</b>	<b>91,383</b>	<b>–</b>	<b>4,974</b>	<b>260</b>	<b>(469)</b>	<b>(579)</b>	<b>(5,024)</b>	<b>90,545</b>
<b>Total liabilities and equity</b>	<b>187,446</b>	<b>1,705</b>	<b>4,747</b>	<b>506</b>	<b>(608)</b>	<b>(799)</b>	<b>628</b>	<b>193,625</b>

1 Reclassifications are differences in line item allocation under IFRS which do not affect equity compared with that shown under US GAAP. They mainly comprise impacts from reporting all jointly controlled entities using the equity method and separate reporting of all provisions. The impact of the reclassification to report all jointly controlled entities using the equity method will also be reflected in the Supplementary information — Oil and Gas (unaudited) in the Shell Group's 2005 Annual Report.

2 See Note 11.

3 Includes the impact of the effect of transition to IFRS on cumulative currency translation differences.

## Notes to the Condensed Consolidated Interim Financial Statements

**13. Transition to IFRS on January 1, 2004**

\$ million

	US GAAP	Reclassifications <sup>1</sup>	Employee benefits (a) <sup>2</sup>	Major inspection costs <sup>2</sup>	Other	IFRS
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	87,088	(1,350)	–	440	103	86,281
Intangible assets	4,735	(16)	(326)	–	–	4,393
Investments:						
equity accounted investments	19,371	(118)	(109)	113	(78)	19,179
financial assets	3,403	–	–	–	(54)	3,349
Deferred tax	2,092	–	935	(17)	53	3,063
Employee benefit assets	6,516	–	(5,055)	–	–	1,461
Other	2,741	(14)	119	–	33	2,879
	<b>125,946</b>	<b>(1,498)</b>	<b>(4,436)</b>	<b>536</b>	<b>57</b>	<b>120,605</b>
<b>Current assets</b>						
Inventories	12,690	(13)	–	–	–	12,677
Accounts receivable	29,013	(328)	–	–	2	28,687
Cash and cash equivalents	2,117	(10)	–	–	–	2,107
	<b>43,820</b>	<b>(351)</b>	<b>–</b>	<b>–</b>	<b>2</b>	<b>43,471</b>
<b>Total assets</b>	<b>169,766</b>	<b>(1,849)</b>	<b>(4,436)</b>	<b>536</b>	<b>59</b>	<b>164,076</b>
<b>LIABILITIES</b>						
<b>Non-current liabilities</b>						
Debt	9,100	–	–	–	174	9,274
Deferred tax	15,185	(257)	(1,596)	153	316	13,801
Employee benefit obligations	4,927	(20)	2,038	–	–	6,945
Other provisions	3,955	1,072	–	–	(86)	4,941
Other	6,054	(1,838)	–	–	(194)	4,022
	<b>39,221</b>	<b>(1,043)</b>	<b>442</b>	<b>153</b>	<b>210</b>	<b>38,983</b>
<b>Current liabilities</b>						
Debt	10,569	–	–	–	6	10,575
Accounts payable and accrued liabilities	32,383	(1,553)	–	–	(15)	30,815
Taxes payable	5,927	(561)	–	–	–	5,366
Employee benefit obligations	–	259	60	–	–	319
Other provisions	–	1,049	–	–	26	1,075
	<b>48,879</b>	<b>(806)</b>	<b>60</b>	<b>–</b>	<b>17</b>	<b>48,150</b>
<b>Total liabilities</b>	<b>88,100</b>	<b>(1,849)</b>	<b>502</b>	<b>153</b>	<b>227</b>	<b>87,133</b>
Minority interest	–	–	–	–	3,408	3,408
<b>EQUITY</b>						
Equity attributable to Shareholders of Royal Dutch Shell	78,251	–	(4,918)	368	(166)	73,535
Minority interest	3,415	–	(20)	15	3,406	–
<b>Total equity</b>	<b>81,666</b>	<b>–</b>	<b>(4,938)</b>	<b>383</b>	<b>(168)</b>	<b>76,943</b>
<b>Total liabilities and equity</b>	<b>169,766</b>	<b>(1,849)</b>	<b>(4,436)</b>	<b>536</b>	<b>59</b>	<b>164,076</b>

1 Reclassifications are differences in line item allocation under IFRS which do not affect equity compared with that shown under US GAAP. They mainly comprise impacts from reporting all jointly controlled entities using the equity method and separate reporting of all provisions. The impact of the reclassification to report all jointly controlled entities using the equity method will also be reflected in the Supplementary information — Oil and Gas (unaudited) in the Shell Group's 2005 Annual Report.

2 See Note 11.

Royal Dutch Shell plc

Unaudited Condensed Interim Financial Report

ARTICLES OF ASSOCIATION

of

Royal Dutch Shell plc

(Articles adopted on 17 May 2005  
as amended by written resolution on 18 July 2005  
taking effect from 27 July 2005)

**1. Exclusion of Table A**

The regulations in Table A of The Companies (Tables A to F) Regulations 1985 and any similar regulations in any other legislation relating to companies do not apply to the company.

**2. Definitions**

(A) The following table gives the meaning of certain words and expressions as they are used in these articles. However, the meaning given in the table does not apply if it is not consistent with the context in which a word or expression appears. At the end of these articles there is a Glossary which explains various words and expressions which appear in the text. The Glossary also explains some of the words and expressions used in the memorandum. The Glossary is not part of the memorandum or articles and does not affect their meaning.

“address”	in relation to electronic communications, includes any number or address used for the purposes of such communications;
“affiliate”	means any undertaking within the meaning of section 259 of the Companies Act, which is not an associated company of the company, and (i) in which the company or any of its associated companies holds any shares (within the meaning of section 259 of the Companies Act); and (ii) of which a director or employee of the company or of any of its associated companies is a director (or holds an equivalent office) and in such capacity is a nominee of the company or any of its associated companies;
“alternate director”	has the meaning given in article 99;

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“these articles”	means these articles of association, including any changes made to them, and the expression “this article” refers to a particular article in these articles of association;
“amount” (of a share)	this refers to the nominal amount of the share;
“associated company”	has the meaning given in the Companies Act;
“auditors”	means the auditor of the company and, where two or more persons are appointed to act jointly, any one of them;
“A shares”	means the A ordinary shares of €0.07 each in the capital of the company;
“B shares”	means the B ordinary shares of €0.07 each in the capital of the company;
“certificated share”	means a share which is not a CREST share and is normally held in certificated form;
“chairman”	means the chairman of the board of directors;
“clear days”	in relation to the period of a notice means that period excluding the day when the notice is served or deemed to be served and the day for which it is given or on which it is to take effect;
“Companies Act”	means the Companies Act 1985;
“CREST”	means the electronic settlement system for securities traded on a recognised investment exchange and owned by CRESTCo Limited, or any similar system;
“CREST share”	means a share which is noted on the register as being held through CREST in uncertificated form;
“deputy chairman”	has the meaning given in article 117;
“directors”	means the executive and non-executive directors of the company who make up its board of directors (and “director” means any one of them) or the directors present at a meeting of the directors at which a quorum is present;

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“dividend access trustee”	means the trustee of any trust established for the purpose of receiving, on behalf of holders of B shares, amounts paid by way of dividend to such trust by a subsidiary of the company;
“electronic signature”	means anything in electronic form which the directors require to be included with an electronic communication to establish the authenticity or integrity of the communication;
“Euroclear Nederland”	means the Dutch depositary and settlement institute defined as the “Central Institute” under the provisions of the Securities Giro Act ( <i>“Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.”</i> ), or such other central institute in The Netherlands from time to time;
“euro deferred shares”	means the non-voting euro deferred shares of €0.07 each in the capital of the company;
“headquarters”	means the headquarters of the company established in accordance with article 87;
“holder”	in relation to any shares means the person whose name is entered in the register as the holder of those shares;
“legislation”	means every statute (and any orders, regulations or other subordinate legislation made under it) applying to the company;
“Listing Rules”	means the rules which are made from time to time by the relevant competent authority for the purposes of the regulation of the listing of the company's securities on the official list;
“market value”	means, in relation to a listed security, the middle market quotation for that security as derived from the Daily Official List of the London Stock Exchange plc or any other publication of a recognised investment exchange showing quotations for listed securities as agreed with the UK Listing Authority for the relevant date, or such other value as the directors may decide;
“office”	means the company's registered office;

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“official list”	means the official list of the Financial Services Authority acting in its capacity as the UK Listing Authority;
“ordinary shareholder”	means a holder of ordinary shares;
“ordinary shares”	means the A shares and the B shares;
“paid up”	means paid up or treated (credited) as paid up;
“pay”	includes any kind of reward or payment for services;
“personal representative”	means a personal representative under English law or a person in any jurisdiction outside England who proves to the satisfaction of the company that he holds a position equivalent to that of a personal representative in that other jurisdiction;
“principal meeting place”	has the meaning given in article 55(B);
“register”	means the company’s register of shareholders and, at any time when the company has shares in issue which are CREST shares, means the Operator register of members (maintained by CREST) and the issuer register of members (maintained by the company);
“seal”	means any common or official seal that the company may be permitted to have under the legislation;
“secretary”	means the secretary, or (if there are joint secretaries) any one of the joint secretaries, of the company and includes an assistant or deputy secretary and any person appointed by the directors to perform any of the duties of the secretary;
“Securities Giro Act”	means the Dutch Securities Giro Act (“ <i>Wet giraal effectenverkeer</i> ”);
“shareholder”	means a holder of the company’s shares;
“sterling deferred shares”	means the non-voting sterling deferred shares of £1 each in the capital of the company having the rights set out in article 6;

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“Uncertificated Securities Regulations”	means The Uncertificated Securities Regulations 2001;
“United Kingdom”	means Great Britain and Northern Ireland; and
“working day”	means a day (other than a Saturday, Sunday or public holiday) when banks are open for business in the City of London (other than for trading and settlement solely in euro) and in The Hague.

- (B) References in these articles to a document being “signed” or to “signature” include references to it being executed under hand or under seal or by any other method and, in the case of an electronic communication, such references are to it bearing an electronic signature.
- (C) References in these articles to “writing” and to any form of “written” communication include references to any method of representing or reproducing words in a legible and non-transitory form including by way of electronic communications where specifically provided in a particular article or where permitted by the directors in their absolute discretion.
- (D) Any words or expressions defined in the legislation in force when these articles or any part of these articles are adopted will (if not inconsistent with the subject or context in which they appear) have the same meaning in these articles or that part save the word “company” includes any body corporate.
- (E) References to a meeting will not be taken as requiring more than one person to be present if any quorum requirement can be satisfied by one person.
- (F) Headings in these articles are only included for convenience. They do not affect the meaning of these articles.
- (G) Where these articles refer to a person who is entitled to a share by law, this means a person who has been noted in the register as being entitled to a share as a result of the death or bankruptcy of a shareholder or some other event which gives rise to the transmission of the share by operation of law.
- (H) A reference to any statute or statutory provision shall be construed as a reference to the same as it may have been, or may from time to time be, amended, modified or re-enacted.
- (I) Use of any gender includes the other genders.

### **3. Form of Resolution**

- (A) Where anything can be done by passing an ordinary resolution, this can also be done by passing a special resolution or an extraordinary resolution. Where anything can be done by passing an extraordinary resolution, this can also be done by passing a special resolution.
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- (B) Subject to the legislation, a resolution in writing signed by or on behalf of each shareholder who would have been entitled to vote on it at a general meeting will be as effective as a resolution passed at a general meeting which is properly called and held. The resolution can be passed using several copies of the resolution if each copy is signed by or on behalf of one or more shareholders. In this paragraph references to “in writing” include the use of electronic communications subject to any terms and conditions decided on by the directors.

#### **4. Rights of the A Shares and the B Shares**

The A shares and the B shares will be separate classes of shares but will rank *pari passu* in all respects except as set out in these articles.

#### **5. Dividend Access Arrangements relating to the B Shares**

- (A) Where any amount paid by way of dividend by a subsidiary of the company is received by the dividend access trustee on behalf of any holder of B shares and paid by the dividend access trustee to such holder of B shares, the entitlement of such holder of B shares to be paid any dividend declared pursuant to these articles will be reduced by the corresponding amount that has been paid by the dividend access trustee to such holder of B shares.
- (B) Without altering the continuing effect of article 5(A), if a dividend is declared pursuant to these articles and the entitlement of any holder of B shares to be paid its pro rata share of such dividend is not fully extinguished on the relevant payment date by virtue of a payment made by the dividend access trustee, the company has a full and unconditional obligation to make payment in respect of the outstanding part of such dividend entitlement immediately.
- (C) Where amounts are paid by the dividend access trustee in one currency and a dividend is declared by the company in another currency, the amounts so paid by the dividend access trustee will, for the purposes of the comparison required by articles 5(A) and 5(B) above, be converted into the currency in which the company has declared the dividend at such rate as the directors shall consider appropriate.
- (D) For the purposes of articles 5(A) and 5(B), the amount that the dividend access trustee has paid to any holder of B shares in respect of any particular dividend paid by a subsidiary of the company (a “specified dividend”) will be deemed to include:
- (i) any amount that the dividend access trustee may be compelled by law to withhold;
  - (ii) a pro rata share of any tax that the company paying the specified dividend is obliged to withhold or to deduct from the same; and
  - (iii) a pro rata share of any tax that is payable by the dividend access trustee in respect of the specified dividend.
- (E) The arrangements outlined in articles 5(A) to (D) above are terminable by the board of directors of the company at any time and upon any such termination occurring, the B
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shares will form one uniform class with the A shares ranking *pari passu* in all respects and the A shares and the B shares will thereafter be known as ordinary shares without further distinction.

- (F) For the purposes of this article 5, the dividend access trustee is to be treated as having paid an amount to a holder of B shares if a cheque, warrant or similar financial instrument in respect of that amount is properly despatched to that holder of B shares or if a payment is made through CREST, bank transfer or other electronic means.

## **6. Rights of the Sterling Deferred Shares**

The sterling deferred shares have the following rights and restrictions:

- (A) on a distribution of assets of the company among its shareholders on a winding up, the holders of the sterling deferred shares will be entitled (such entitlement ranking after the rights of holders of euro deferred shares and in priority to the rights of holders of ordinary shares) to receive an amount equal to the aggregate of the capital paid up or credited as paid up on each sterling deferred share;
- (B) save as provided in article 6(A), the holders of the sterling deferred shares will not be entitled to any participation in the profits or assets of the company;
- (C) the holders of sterling deferred shares will not be entitled to receive notice of or to attend and/or speak or vote (whether on a show of hands or on a poll) at general meetings of the company;
- (D) the written consent of the holders of three-quarters in nominal value of the issued sterling deferred shares or the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the sterling deferred shares is required if the special rights and privileges attaching to the sterling deferred shares are to be abrogated, or adversely varied or otherwise directly adversely affected in any way. The creation, allotment or issue of shares or securities which rank in priority to or equally with the sterling deferred shares (or of any right to call for the allotment or issue of such shares or securities) is for these purposes deemed not to be an abrogation or variation or to have an effect on the rights and privileges attaching to sterling deferred shares;
- (E) all provisions of the articles relating to general meetings of the company will apply, with necessary modifications, to every general meeting of the holders of the sterling deferred shares;
- (F) subject to the Companies Act, the company will have the right at any time to redeem any such sterling deferred share (provided that it is credited as fully paid) at a price not exceeding £1 for all the sterling deferred shares redeemed at any one time (to be paid on such date as the board shall select as the date of redemption to such one of the holders (if more than one) as may be selected by lot) without the requirement to give notice to the holder(s) of the sterling deferred shares;
- (G) if any holder of a sterling deferred share to be redeemed fails or refuses to surrender the share certificate(s) or indemnity for such sterling deferred share or if the holder
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selected by lot to receive the redemption monies fails or refuses to accept the redemption monies payable in respect of it:

- (i) such sterling deferred share will, notwithstanding the foregoing, be redeemed and cancelled by the company; and
- (ii) in the event of a failure or refusal to accept the redemption monies, the company will retain such money and hold it on trust for the selected holder without interest,

and the company will have no further obligation whatsoever to the holder of such sterling deferred share;

- (H) no sterling deferred share will be redeemed otherwise than out of distributable profits or the proceeds of a fresh issue of shares made for the purposes of the redemption or out of capital to the extent permitted by the Companies Act; and
- (I) no sterling deferred share redeemed by the company will be capable of re-issue and on redemption of any sterling deferred share the directors may convert the authorised share capital created as a consequence of such redemption into shares of any other class of share capital into which the authorised share capital of the company is or may at that time be divided of a like nominal amount (as nearly as may be) as the shares of such class then in issue or into unclassified shares of the same.

## **7. Rights of the Euro Deferred Shares**

The euro deferred shares have the following rights and restrictions:

- (A) on a distribution of assets of the company among its shareholders on a winding up, the holders of the euro deferred shares will be entitled (such entitlement ranking in priority to the rights of holders of ordinary shares and sterling deferred shares) to receive an amount equal to the aggregate of the capital paid up or credited as paid up on each euro deferred share;
  - (B) the holders of euro deferred shares will be entitled (such entitlement ranking in priority to the rights of ordinary shares and sterling deferred shares) in each financial year of the company to receive out of the profits of the company available for distribution and resolved under the articles to be distributed, a non-cumulative preferential cash dividend of one per cent. of the nominal value of their euro deferred shares, provided that the company has first declared and paid dividends on its ordinary shares in excess of €7 billion in that financial year;
  - (C) save as provided in articles 7(A) and 7(B) above, the holders of the euro deferred shares will not be entitled to any participation in the profits or assets of the company;
  - (D) the holders of euro deferred shares will not be entitled to receive notice of or to attend and/or speak or vote (whether on a show of hands or on a poll) at general meetings of the company or at any meeting of any class of shareholders of the company;
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- (E) subject to the Companies Act, the company will have the right at any time to redeem all or any of the euro deferred shares (provided such euro deferred shares are credited as fully paid) at a price not exceeding €0.01 for all the euro deferred shares redeemed at any one time (to be paid on such date as the board shall select as the date of redemption to such one of the holders (if more than one) as may be selected by lot or to such person as the selected holder may direct) without the requirement to give notice to the holder(s) of the euro deferred shares;
- (F) if any holder of a euro deferred share to be redeemed fails or refuses to surrender the share certificate(s) or indemnity for such euro deferred share or if the holder selected by lot to receive the redemption monies fails or refuses to accept the redemption monies payable in respect of it:
- (i) such euro deferred share will, notwithstanding the foregoing, be redeemed and cancelled by the company; and
  - (ii) in the event of a failure or refusal to accept the redemption monies, the company will retain such money and hold it on trust for the selected holder without interest,
- and the company will have no further obligation whatsoever to the holder of such euro deferred share.
- (G) no euro deferred share will be redeemed otherwise than out of distributable profits or the proceeds of a fresh issue of shares made for the purposes of the redemption or out of capital to the extent permitted by the Companies Act; and
- (H) no euro deferred share redeemed by the company will be capable of re-issue and on redemption of any euro deferred share the directors may convert the authorised share capital created as a consequence of such redemption into shares of any other class of share capital into which the authorised share capital of the company is or may at that time be divided of a like nominal amount (as nearly as may be) as the shares of such class then in issue or into unclassified shares of the same.

## **8. Rights Attached to Shares**

Subject to the legislation, the company can issue shares with any rights or restrictions attached to them as long as this is not restricted by any rights attached to existing shares. These rights or restrictions can be decided either by an ordinary resolution passed by the shareholders or by the directors as long as there is no conflict with any resolution passed by the shareholders. Any sterling ordinary shares of £1 each will rank *pari passu* in all respects with the A shares.

## **9. Redeemable Shares**

Subject to the legislation and to any rights attached to existing shares, the company can issue shares which can be redeemed. This can include shares which can be redeemed if the holders want to do so, as well as shares which the company can insist on redeeming.

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## 10. Purchase of Own Shares

Subject to the legislation and any rights attached to existing shares, the company can purchase or contract to purchase any of its shares (including redeemable shares). The directors are not required to select the shares to purchase in any particular manner.

## 11. Variation of Rights

- (A) Subject to article 11(B), if the legislation allows this, the rights attached to any class of shares can be changed if this is approved either in writing by shareholders holding at least three quarters of the issued shares of that class by amount (excluding any shares of that class held as treasury shares) or by an extraordinary resolution passed at a separate meeting of the holders of the relevant class of shares. This is called a “class meeting”.
- (B) Notwithstanding article 11(A), the rights (including the redemption rights) attached to the euro deferred shares can be changed if this is approved either in writing by shareholders holding at least three-quarters of the issued sterling deferred shares by amount (excluding any sterling deferred shares held as treasury shares) or by an extraordinary resolution passed at a class meeting of the holders of sterling deferred shares and, for the avoidance of doubt, any change to the rights attached to the euro deferred shares so approved shall not require the approval of the holders of the euro deferred shares.
- (C) All the articles relating to general meetings will apply to any class meeting, with any necessary changes. The following changes will also apply:
- (i) a quorum will be present if at least one shareholder who is entitled to vote is present in person or by proxy who owns at least one-third in amount of the issued shares of the relevant class (excluding any shares of that class held as treasury shares);
  - (ii) any shareholder who is present in person or by proxy and entitled to vote can demand a poll;
  - (iii) on a poll every shareholder who is present in person or by proxy and entitled to vote is entitled to one vote for every share he has of the class (but this is subject to any special rights or restrictions which are attached to any class of shares); and
  - (iv) at an adjourned meeting, one person entitled to vote and who holds shares of the class, or his proxy, will be a quorum.
- (D) The provisions of this article 11 will apply to any change of rights of shares forming part of a class. Each part of the class which is being treated differently is treated as a separate class in applying this article.
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**12. Pari Passu Issues**

If new shares are created or issued which rank equally with any other existing shares, the rights of the existing shares will not be regarded as changed or abrogated unless the terms of the existing shares expressly say otherwise.

**13. Unissued Shares**

The directors can decide how to deal with any shares which have not been issued. They can, for instance, offer the shares for sale, grant options to acquire them, allot them or dispose of the shares in any other way. The directors are free to decide who they deal with, when they deal with the shares and the terms on which they deal with the shares. However, in making their decision they must take account of:

- (i) the provisions of the legislation relating to authority, pre-emption rights and other matters;
- (ii) the provisions of these articles;
- (iii) any resolution passed by the shareholders; and
- (iv) any rights attached to existing shares.

**14. Payment of Commission**

In connection with any share issue, the company can use all the powers given by the legislation to pay commission or brokerage. Subject to the legislation, the company can pay the commission in cash or by allotting shares or by a combination of both.

**15. Trusts Not Recognised**

The company will only be affected by, or recognise, a current and absolute right to whole shares. The fact that any share, or any part of a share, may not be owned outright by the registered owner (for example, where a share is held by one person as a nominee or otherwise as a trustee for another person) is not of any concern to the company. This applies even if the company knows about the ownership of the share. The only exceptions to this are where the rights of the kind described are expressly given by these articles or are of a kind which the company has a legal duty to recognise.

**16. Suspension of Rights Where Non-Disclosure of Interest**

- (A) The company can under the Companies Act send out notices to those it knows or has reasonable cause to believe have an interest in its shares. In the notice, the company will ask for details of those who have an interest and the extent of their interest in a particular holding of shares. In these articles this notice is referred to as a "statutory notice" and the holding of shares is referred to as the "identified shares".
  - (B) When a person receives a statutory notice, he has 14 days to comply with it. If he does not do so or if he makes a statement in response to the notice which is false or
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inadequate in some important way, the company can decide to restrict the rights relating to the identified shares and send out a further notice to the holder, known as a restriction notice. The restriction notice will take effect when it is delivered. The restriction notice will state that the identified shares no longer give the shareholder any right to attend or vote either personally or by proxy at a shareholders' meeting or to exercise any other right in relation to shareholders' meetings.

- (C) Where the identified shares make up 0.25 per cent. or more (in amount or in number) of the existing shares of a class (calculated exclusive of any shares of that class held as treasury shares) at the date of delivery of the restriction notice, the restriction notice can also contain the following further restrictions:
- (i) the directors can withhold any dividend or part of a dividend (including scrip dividend) or other money which would otherwise be payable in respect of the identified shares without any liability to pay interest when such money is finally paid to the shareholder; and
  - (ii) the directors can refuse to register a transfer of any of the identified shares which are certificated shares unless the directors are satisfied that they have been sold outright to an independent third party. The independent third party must not be connected with the shareholder or with any person appearing to be interested in the shares. Any sale through a recognised investment exchange or any other stock exchange outside the United Kingdom or by way of acceptance of a takeover offer will be treated as an outright sale to an independent third party. For this purpose, any associate (as that term is defined in section 435 of the Insolvency Act 1986) is included in the class of persons who are connected with the shareholder or any person appearing to be interested in the shares.
- (D) Once a restriction notice has been given, the directors are free to cancel it or exclude any shares from it at any time they think fit. In addition, they must cancel the restriction notice within seven days of being satisfied that all information requested in the statutory notice has been given. Also, where any of the identified shares are sold and the directors are satisfied that they were sold outright to an independent third party, they must cancel the restriction notice within seven days of receipt of notification of the sale.
- (E) The restriction notice will apply to any further shares issued in right of the identified shares. The directors can also make the restrictions in the restriction notice apply to any right to an allotment of further shares associated with the identified shares.
- (F) If a shareholder receives a restriction notice, he can ask the company for a written explanation of why the notice was given, or why it has not been cancelled. The company must respond within 14 days of receiving the request.
- (G) If the company gives a statutory notice to a person it has reasonable cause to believe has an interest in any of its shares, it will also give a copy at the same time to the person who holds the shares. If the company does not do so or the holder does not receive the copy, this will not invalidate the statutory notice.
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- (H) This article does not restrict in any way the provisions of the Companies Act which apply to failures to comply with notices under section 212 of the Companies Act.

## 17. Uncertificated Shares

- (A) Under the Uncertificated Securities Regulations, the directors can allow the ownership of shares to be evidenced without share certificates and for these shares to be transferred through CREST. The directors can select and make arrangements for any class of shares to participate in CREST in this way, provided that the shares of the class are identical in all respects.

As long as the directors comply with the Uncertificated Securities Regulations and the rules of CREST, they can also withdraw a class of shares from being transferred through CREST and from allowing ownership of them to be evidenced without share certificates.

CREST shares do not form a class of shares separate from certificated shares with the same rights.

- (B) If the company has any shares in issue which are CREST shares, these articles apply to those shares, but only as far as they are consistent with:

- (i) holding shares in an uncertificated form;
- (ii) transferring shares through CREST; or
- (iii) any provision of the Uncertificated Securities Regulations,

and, without affecting the general nature of this article, no provision of these articles applies so far as it is inconsistent with the maintenance, keeping or entering up by the Operator, so long as that is permitted or required by the Uncertificated Securities Regulations, of an Operator register of securities in respect of CREST shares.

- (C) CREST shares can be changed to become certificated shares and certificated shares can be changed to become CREST shares, provided the requirements of the Uncertificated Securities Regulations and the rules of CREST are met.
- (D) Unless the Uncertificated Securities Regulations or the rules of CREST otherwise require or the directors otherwise determine, shares which are issued or created from or in respect of CREST shares will be CREST shares and shares which are issued or created from or in respect of certificated shares will be certificated shares.
- (E) The company can assume that entries on any record of securities kept by it as required by the Uncertificated Securities Regulations and regularly reconciled with the relevant Operator register of securities are a complete and accurate reproduction of the particulars entered in the Operator register of securities and therefore will not be liable in respect of anything done or not done by or on its behalf in reliance on such assumption; in particular, any provision of these articles which requires or envisages action to be taken in reliance on information contained in the register will be taken to
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allow that action to be taken in reliance on information contained in any relevant record of securities (as so maintained and reconciled).

#### **18. Right to Share Certificates**

- (A) When a shareholder is first registered as the holder of any class of certificated shares, he is entitled, free of charge, to one certificate for all of the certificated shares of that class which he holds. If a shareholder holds certificated shares of more than one class, he is entitled to a separate share certificate for each class. This does not apply if the legislation allows the company not to issue share certificates.
- (B) If a shareholder receives more certificated shares of any class, he is entitled, without charge, to a certificate for the extra shares.
- (C) If a shareholder transfers some of the shares represented by a share certificate, he is entitled, free of charge, to a new certificate for the balance to the extent the balance is to be held in certificated form.
- (D) Where a certificated share is held jointly, the company does not have to issue more than one certificate for that share. When the company delivers a share certificate to one joint shareholder, this is treated as delivery to all of the joint shareholders.
- (E) The time limit for the company to provide a share certificate under this article is as prescribed by the legislation or, if this is earlier, within any prescribed time limit or within a time specified when the shares were issued.

#### **19. Replacement of Share Certificates**

- (A) If a shareholder has two or more share certificates for shares of the same class, he can ask the company for these to be cancelled and replaced by a single new certificate. The company must comply with this request.
  - (B) A shareholder can ask the company to cancel and replace a single share certificate with two or more certificates for the same total number of shares. The company may, at its discretion, comply with this request.
  - (C) A shareholder can ask the company for a new certificate if the original is:
    - (i) damaged or defaced; or
    - (ii) said to be lost, stolen or destroyed.
  - (D) If a certificate has been damaged or defaced, the company can require the certificate to be returned to it before issuing a replacement. If a certificate is said to be lost, stolen or destroyed, the company can require satisfactory evidence of this and insist on receiving an indemnity before issuing a replacement.
  - (E) The directors can require the shareholder to pay the company's exceptional out-of-pocket expenses incurred in connection with the issue of any certificates under this article.
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(F) Any one joint shareholder can request replacement certificates under this article.

## **20. Execution of Share Certificates**

Share certificates must be sealed or made effective in such other way as the directors decide, having regard to, among other things, the terms of issue and the Listing Rules. The directors can resolve that signatures on any share certificates can be applied to the certificates by mechanical or other means or can be printed on them or that signatures are not required. A share certificate must state the number and class of shares to which it relates and the amount paid up on those shares.

## **21. Company's Lien on Shares Not Fully Paid**

The company has a lien on all partly paid shares. This lien has priority over claims of others to the shares. The lien is for any money owed to the company for the shares. The directors can decide to give up any lien which has arisen and can also decide to suspend any lien which would otherwise apply to particular shares.

## **22. Enforcing Lien by Sale**

If a shareholder fails to pay the company any amount due on his partly paid shares, the directors can enforce the company's lien by selling all or any of them in any way they decide. The directors cannot, however, sell the shares until all the following conditions are met:

- (i) the money owed by the shareholder must be payable immediately;
- (ii) the directors must have given notice to the shareholder. The notice must state the amount of money due, it must demand payment of this sum and state that the shareholder's shares may be sold if the money is not paid;
- (iii) the notice must have been served on the shareholder or on any person who is entitled to the shares by law and can be served in any way that the directors decide; and
- (iv) the money has not been paid by at least 14 clear days after the notice has been served.

The directors can authorise any person to sign a document transferring the shares. Any such transferee will not be bound to ensure that his purchase moneys are transferred to the person whose shares have been sold, nor will his ownership of the shares be affected by any irregularity or invalidity in relation to the sale to him.

## **23. Application of Proceeds of Sale**

If the directors sell any shares on which the company has a lien, the proceeds will first be used to pay the company's expenses associated with the sale. The remaining money will be used to pay off the amount which is then payable on the shares and any balance will be passed to the former shareholder or to any person who would otherwise be entitled to the shares by law. The company's lien will also apply to any such balance

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to cover any money still due to the company in respect of the shares which is not immediately payable. The company has the same rights over the money as it had over the shares immediately before they were sold. The company need not pay over anything until, if the shares are certificated, the certificate representing the shares sold has been delivered to the company for cancellation.

#### **24. Calls**

The directors can call on shareholders to pay any money which has not yet been paid to the company for their shares. This includes the nominal value of the shares and any premium which may be payable on those shares. The directors can also make calls on persons who are entitled to shares by law. If the terms of issue of the shares allow this, the directors can do any one or more of the following:

- (i) make calls at any time and as often as they think fit;
- (ii) decide when and where the money is to be paid;
- (iii) decide that the money may be paid by instalments; and
- (iv) revoke or postpone any call.

A shareholder who has received at least 14 clear days' notice giving details of the amount called and of the time and place for payment, must pay the call as required by the notice. A person remains liable jointly and severally with the successors in title to his shares to pay calls even after he has transferred the shares to which they relate.

#### **25. Timing of Calls**

A call is treated as having been made as soon as the directors have passed a resolution authorising it.

#### **26. Liability of Joint Holders**

Joint shareholders are jointly and severally liable to pay any calls in respect of their shares. This means that any of them can be sued for all the money due on the shares or they can be sued together.

#### **27. Interest Due on Non-Payment**

Where a call is made and the money due remains unpaid, the shareholder will be liable to pay interest on the amount unpaid from the day it is due until it has actually been paid. The directors will decide on the annual rate of interest, which must not exceed 15 per cent. per annum. The shareholder will also be liable to pay all expenses incurred by the company as a result of the non-payment of the call. The directors can decide to forgo payment of any or all of such interest or expenses.

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**28. Sums Due on Allotment Treated as Calls**

If the terms of a share require any money to be paid at the time of allotment, or at any other fixed date, the money due will be treated in the same way as a valid call for money on shares which is due on the same date. If this money is not paid, everything in these articles relating to non-payment of calls applies. This includes articles which allow the company to forfeit or sell shares and to claim interest.

**29. Power to Differentiate**

On or before an issue of shares, the directors can decide that shareholders can be called on to pay different amounts or that they can be called on at different times.

**30. Payment of Calls in Advance**

The directors can accept payment in advance of some or all of the money from a shareholder before he is called on to pay that money. The directors can agree to pay interest on money paid in advance until it would otherwise be due to the company. The rate of interest will be decided by the directors, but must not exceed 15 per cent. per annum unless the company passes an ordinary resolution to allow a higher rate.

**31. Notice if Call or Instalment Not Paid**

If a shareholder fails to pay a call or an instalment of a call when due, the directors can send the shareholder a notice requiring payment of the unpaid amount, together with any interest accrued and any expenses incurred by the company as a result of the failure to pay.

**32. Form of Notice**

The notice must:

- (i) demand payment of the amount immediately payable, plus any interest and expenses;
- (ii) give the date by when the total amount due must be paid. This must be at least 14 clear days after the date of the notice;
- (iii) say where the payment must be made; and
- (iv) say that if the full amount demanded is not paid by the time and at the place stated, the company can forfeit the shares on which the call or instalment is outstanding.

**33. Forfeiture for Non-Compliance with Notice**

If the notice is not complied with, the shares it relates to can be forfeited at any time while any amount is still outstanding. This is done by the directors passing a resolution stating that the shares have been forfeited. The forfeiture will extend to all dividends and other sums payable in respect of the forfeited shares which have not been paid

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before the forfeiture. The directors can accept the surrender of any share which would otherwise be forfeited. Where they do so, references in these articles to forfeiture include surrender.

#### **34. Notice after Forfeiture**

After a share has been forfeited, the company will notify the person whose share has been forfeited. However, the share will still be forfeited even if such notice is not given.

#### **35. Sale of Forfeited Shares**

- (A) A forfeited share becomes the property of the company and the directors can sell or dispose of it on any terms and in any way that they decide. This can be with, or without, a credit for any amount previously paid up for the share. It can be sold or disposed of to any person, including the previous shareholder or the person who was previously entitled to the share by law. The directors can, if necessary, authorise any person to transfer a forfeited share.
- (B) After a share has been forfeited, the directors can cancel the forfeiture, but only before the share has been sold or disposed of. This cancellation of forfeiture can be on any terms the directors decide.

#### **36. Arrears to be Paid Notwithstanding Forfeiture**

When a person's shares have been forfeited, he will lose all rights as shareholder in respect of those forfeited shares. He must return any share certificate for the forfeited shares to the company for cancellation. However, he will remain liable to pay calls which have been made, but not paid, before the shares were forfeited. The shareholder also continues to be liable for all claims and demands which the company could have made relating to the forfeited share. He must pay interest on any unpaid amount until it is paid. The directors can fix the rate of interest, but it must not be more than 15 per cent. a year. He is not entitled to any credit for the value of the share when it was forfeited or for any consideration received on its disposal unless the directors decide to allow credit for all or any of that value.

#### **37. Statutory Declaration as to Forfeiture**

- (A) A director or the secretary can make a statutory declaration declaring:
  - (i) that he is a director or the secretary of the company;
  - (ii) that a share has been properly forfeited under the articles; and
  - (iii) when the share was forfeited.

The declaration will be evidence of these facts which cannot be disputed.

- (B) If such a declaration is delivered to a new holder of a share along with a completed transfer form (if one is required), this gives the buyer good title. The new shareholder does not need to take any steps to see how any money paid for the share is used. His
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ownership of the share will not be affected if the steps taken to forfeit, sell or dispose of the share were invalid or irregular, or if anything that should have been done was not done.

### **38. Transfer**

#### **(A) Certificated shares**

Unless these articles say otherwise, any shareholder can transfer some or all of his certificated shares to another person. A transfer of certificated shares must be made in writing and either in the usual standard form or in any other form approved by the directors.

#### **(B) CREST shares**

Unless these articles say otherwise, any shareholder can transfer some or all of his CREST shares to another person. A transfer of CREST shares must be made through CREST and must comply with the Uncertificated Securities Regulations and the rules of CREST.

#### **(C) Entry on register**

The person making a transfer will continue to be treated as a shareholder until the name of the person to whom the share is being transferred is put on the register for that share.

### **39. Execution of Transfer**

(A) A share transfer form for certificated shares must be signed or made effective in some other way by, or on behalf of, the person making the transfer.

(B) In the case of a transfer of a certificated share, where the share is not fully paid, the share transfer form must also be signed or made effective in some other way by, or on behalf of, the person to whom the share is being transferred.

(C) If the company registers a transfer of a certificated share, it can keep the transfer form.

### **40. Rights to Decline Registration of Partly Paid Shares**

The directors can, without giving any reason, refuse to register the transfer of any shares which are not fully paid.

### **41. Other Rights to Decline Registration**

#### **(A) Certificated shares**

(i) A share transfer form cannot be used to transfer more than one class of shares. Each class needs a separate form.

(ii) Transfers cannot be in favour of more than four joint holders.

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- (iii) The share transfer form must be properly stamped to show payment of any applicable stamp duty or certified or otherwise shown to the satisfaction of the directors to be exempt from stamp duty and must be delivered to the office, or any other place decided on by the directors. The transfer form must be accompanied by the share certificate relating to the shares being transferred, unless the transfer is being made by a person to whom the company was not required to, and did not send, a certificate. The directors can also ask (acting reasonably) for any other evidence to show that the person wishing to transfer the share is entitled to do so and, if the share transfer form is signed by another person on behalf of the person making the transfer, evidence of the authority of that person to do so.

**(B) CREST shares**

- (i) Registration of a transfer of CREST shares can be refused in the circumstances set out in the Uncertificated Securities Regulations.
- (ii) Transfers cannot be in favour of more than four joint holders.

**(C) Renunciations**

Where a share has not yet been entered on the register, the directors can recognise a renunciation by that person of his right to the share in favour of some other person. Such renunciation will be treated as a transfer and the directors have the same powers of refusing to give effect to such a renunciation as if it were a transfer.

**42. No Fee for Registration**

No fee is payable to the company for transferring shares or registering changes relating to the ownership of shares.

**43. Untraced Shareholders**

- (A) If on two consecutive occasions notices have been sent through the post to any shareholder at his registered address or his address for the service of notices but have been returned undelivered, that shareholder will not be entitled to receive any further notices from the company until he has delivered to the company at the office written confirmation of a new registered address or address for the service of notices which, subject to any applicable requirements of the Listing Rules, is within the United Kingdom or The Netherlands.
  - (B) The company can sell any certificated shares at the best price reasonably obtainable at the time of the sale if:
    - (i) during the 12 years before the earliest of the notices referred to in (ii) below, the shares have been in issue, at least three cash dividends have become payable on the shares and no dividend has been cashed during that period;
    - (ii) after the 12 year period, the company has published a notice, stating that it intends to sell the shares. The notice must have appeared in a national
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newspaper and in a local newspaper in each case circulating in the country and area, respectively, of the postal address held by the company for serving notices relating to those shares; and

- (iii) during the 12 year period and for three months after the last of the notices referred to in (ii) above appear, the company has not heard from the shareholder or any person entitled to the shares by law.
- (C) To sell any shares in this way, the directors can appoint anyone to transfer the shares. This transfer will be just as effective as if it had been signed by the holder, or by a person who is entitled to the shares by law. The person to whom the shares are transferred will not be bound to concern himself as to what is done with the purchase moneys nor will his ownership be affected even if the sale is irregular or invalid in any way.
- (D) The proceeds of sale will belong to the company, but it must pay an amount equal to the sale proceeds less the costs of the sale to the shareholder who could not be traced, or to the person who is entitled to his shares by law, if that shareholder, or person, asks for it.
- (E) After the sale, the company must record the name of the shareholder, or (if known) the person who would have been entitled to the shares by law, as a creditor for the money in its accounts. The company will not be a trustee of the money and will not be liable to pay interest on it. The company can use the money, and any money earned by using the money, for its business or in any other way that the directors decide.

#### **44. Transmission on Death**

- (A) When a sole shareholder or a shareholder who is the last survivor of joint shareholders dies, his personal representatives will be the only persons who will be recognised as being entitled to his shares.
- (B) If a joint shareholder dies, the surviving joint shareholder or shareholders will be the only persons who will be recognised as being entitled to his shares.
- (C) However, this article does not discharge the estate of any shareholder from any liability.

#### **45. Entry of Transmission in Register**

A person who becomes entitled to a share as a result of the death or bankruptcy of a shareholder or some other event which gives rise to the transmission of the share by operation of law must provide any evidence of his entitlement which is reasonably required. In the case of certificated shares, the directors must note this entitlement in the register within two months of receiving such evidence.

#### **46. Election of Person Entitled by Transmission**

- (A) Subject to these articles, a person who becomes entitled to a share by law can either be registered as the shareholder or choose another person to become the shareholder.
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- (B) If a person who is entitled to a certificated share by law wants to be registered as a shareholder, he must deliver or send a notice to the company saying that he has made this decision. This notice will be treated as a transfer form. All the provisions of these articles about registering transfers of certificated shares apply to it. The directors have the same power to refuse to register a person entitled to certificated shares by law as they would have had to refuse to register a transfer by the person who was previously entitled to the shares.
- (C) If a person entitled to a CREST share by law wants to be registered as a shareholder, he must do so in accordance with the Uncertificated Securities Regulations. All the provisions of these articles about registering transfers of CREST shares will apply and the same power to refuse to register a person entitled to a CREST share by law will apply as would have applied to refuse to register a transfer by the person who was previously entitled to the shares.
- (D) If a person who is entitled to a certificated share by law wants the share to be transferred to another person, he must do this by signing a transfer form to the person he has selected. The directors have the same power to refuse to register the person selected as they would have had to refuse to register a transfer by the person who was previously entitled to the shares.
- (E) If a person who is entitled to a CREST share by law wants the share to be transferred to another person, he must do this using CREST. The same power to refuse to register the person selected will apply as would have applied to refuse to register a transfer by the person who was previously entitled to the shares.

#### **47. Rights of Person Entitled by Transmission**

- (A) Where a person becomes entitled to a share by law, the rights of the registered shareholder in relation to that share will cease to have effect.
  - (B) A person who is entitled to a share by law is entitled to any dividends or other money relating to the share, even though he is not registered as the holder of the share, on supplying evidence reasonably required to show his title to the share. However, the directors can send written notice to the person saying the person must either be registered as the holder of the share or transfer the share to some other person. If the person entitled to a share by law does not do this within 60 days of the notice, the directors can withhold all dividends or other money relating to the share until he does.
  - (C) Unless he is registered as the holder of the share, the person entitled to a share by law is not entitled to:
    - (i) receive notices of shareholders' meetings or attend or vote at these meetings; or
    - (ii) exercise any of the other rights of a shareholder in relation to these meetings,
 unless the directors decide to allow this.
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**48. Increase, Consolidation, Sub-Division and Cancellation**

- (A) The company's shareholders can increase the company's share capital by passing an ordinary resolution. This resolution will fix the amount of the increase and the amount of the new shares.
- (B) The company's shareholders can pass an ordinary resolution to do any of the following:
  - (i) consolidate, or consolidate and then divide, all or any of its share capital into shares of a larger amount than the existing shares;
  - (ii) divide some or all of its shares into shares of a smaller amount than the existing shares. This is subject to any restrictions in the Companies Act. The resolution can provide that as between the holders of the divided shares different rights and restrictions of a kind which the company can apply to new shares can apply to different divided shares; and
  - (iii) cancel any shares which have not been taken, or agreed to be taken, by anyone at the date of the resolution and reduce the amount of the company's share capital by the amount of the cancelled shares.

**49. Fractions**

- (A) If any shares are consolidated, consolidated and then divided or divided, the directors have power to deal with any fractions of shares which result. If the directors decide to sell any shares representing fractions, they must do so for the best price reasonably obtainable and distribute the net proceeds of sale among shareholders in proportion to their fractional entitlements. The directors can arrange for any shares representing fractions to be entered in the register as certificated shares if they consider that this makes it easier to sell them. The directors can sell those shares to anyone, including the company, if the legislation allows, and can authorise any person to transfer or deliver the shares to the buyer or in accordance with the buyer's instructions. The buyer does not have to take any steps to see how any money he is paying is used and his ownership will not be affected if the sale is irregular or invalid in any way.
- (B) When the directors consolidate or divide shares, they can treat certificated and CREST shares which a shareholder holds as separate shareholdings, as far as the legislation allows this.

**50. Reduction of Capital**

The company can pass a special resolution to reduce its share capital, any capital redemption reserve, any share premium account or any other undistributable reserve in any way. This is subject to any restrictions under the legislation.

**51. Extraordinary General Meetings**

Any general meeting of the company which is not an annual general meeting is called an extraordinary general meeting.

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**52. Annual General Meetings**

The company must hold an annual general meeting each year in addition to any other general meetings held in the year. The annual general meeting will usually be held in The Netherlands but the directors may decide otherwise. The directors will decide when and where the meeting is to be held. The notice calling the meeting must say that the meeting is the annual general meeting.

**53. Convening of Extraordinary General Meetings**

The directors can call an extraordinary general meeting at any time. An extraordinary general meeting will usually be held in The Netherlands but the directors may decide otherwise.

**54. Separate General Meetings**

If a separate general meeting of holders of shares of a class is called otherwise than for changing or abrogating the rights of the shares of that class, the provisions of these articles relating to general meetings will apply to such a meeting with any necessary changes. For the purposes of this article, a general meeting where ordinary shareholders are the only shareholders who can attend and vote in their capacity as shareholders will also constitute a separate general meeting of the holders of the ordinary shares.

**55. Length and Form of Notice**

- (A) At least 21 clear days' written notice must be given for every annual general meeting and for any other meeting called to pass a special resolution or a resolution electing a person as a director or (except where the legislation provides otherwise) to pass a resolution of which special notice under the Companies Act has been given to the company. For all other general meetings, at least 14 clear days' written notice must be given. At the same time that written notice is given for any general meeting, an announcement of the date, time and place of that meeting will, if practicable, be published in a national newspaper in The Netherlands. In this article references to "written notice" include the use of electronic communications and publication on a website in accordance with the legislation.
- (B) The notice for any general meeting must state:
- (i) where the meeting is to be held (the "principal meeting place") and the location of any satellite meeting place arranged for the purposes of article 56(D), which shall be identified as such in the notice;
  - (ii) the date and time of the meeting; and
  - (iii) details of any arrangements made for the purpose of article 56(H) (making clear that participation in those arrangements will not amount to attendance at the meeting to which the notice relates).
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(C) All shareholders must be given notice of every general meeting. The only exception is those shareholders who are not entitled to receive a notice because of:

- (i) a provision in these articles; or
- (ii) the terms of issue of the shares they hold.

Notice must also be given to the auditors.

## **56. Meeting in Different Places**

(A) Subject to the legislation and these articles, every shareholder can attend a general meeting in person or by proxy. Where the general meeting is to be held at more than one place, a shareholder or proxy prevented from attending at one place can attend and participate at another place.

(B) The directors can make arrangements that they, in their discretion, think appropriate to:

- (i) regulate the number of persons attending at a place where a general meeting (or adjourned meeting) is to be held;
- (ii) ensure the safety of persons attending at that place; or
- (iii) enable attendance at that meeting (or adjourned meeting),

and can change those arrangements at any time. The arrangements can include (without limitation) the issue of tickets or the use of a random method of selection.

(C) In the case of a general meeting to which the arrangements in article 56(B) apply, the directors can, when specifying the place of the meeting:

- (i) direct that the meeting will be held at a place identified in the notice which the chairman of the meeting will attend; and
- (ii) make arrangements for simultaneous attendance and participation at other places by shareholders and proxies entitled to attend the meeting but excluded from it under article 56(B) or who want to attend at one of the other places.

The notice of meeting does not have to give details of any arrangements under this article.

(D) The directors (or the chairman of the meeting in the case of an adjourned meeting) may resolve to enable persons entitled to attend a general meeting (or an adjourned general meeting) to do so by simultaneous attendance and participation at one or more satellite meeting places anywhere in the world. The shareholders present in person or by proxy at satellite meeting places shall be counted in the quorum for, and entitled to vote at, the general meeting in question.

(E) If shareholders and/or proxies attend at one or more other places in accordance with article 56(C) or at one or more satellite meeting places in accordance with article 56(D),

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the general meeting will be duly constituted and its proceedings valid if the chairman of the meeting is satisfied that adequate facilities are available throughout the general meeting to ensure that shareholders attending at all the meeting places are able to:

- (i) participate in the business for which the meeting has been convened;
- (ii) hear and see all persons who address the meeting (whether by the use of microphones, loudspeakers, audio-visual communications equipment or otherwise) who are attending at the principal meeting place, any places in accordance with article 56(C) and any satellite meeting places in accordance with paragraph 56(D); and
- (iii) be heard and seen when addressing the meeting by all other persons so present in the same way.

The chairman of the general meeting shall be present at, and the meeting shall be deemed to take place at, the principal meeting place.

- (F) For the purposes of this article 56, the right of a shareholder to participate in the business of any general meeting shall include without limitation the right to speak, vote on a show of hands, vote on a poll, be represented by a proxy and have access to all documents which are required by the legislation or these articles to be made available at the meeting.
  - (G) If it appears to the chairman of the general meeting that the facilities at the principal meeting place or at a satellite meeting place or at any other meeting place have become inadequate for the purposes referred to in article 56(E), the chairman of the general meeting may, without the consent of the meeting, interrupt or adjourn the general meeting. All business conducted at that general meeting up to the time of that adjournment shall be valid. The provisions of article 65 shall apply to that adjournment.
  - (H) The directors may make arrangements for persons not entitled to attend a general meeting or an adjourned general meeting to be able to view and hear the proceedings of the general meeting or adjourned general meeting by the use of loudspeakers, audio-visual communications equipment or other electronic communications by attending any venue anywhere in the world. Those attending at any such venue shall not be regarded as present at the general meeting or adjourned general meeting and shall not be entitled to vote at the meeting at or from that venue. The inability for any reason of any shareholder present in person or by persons at such venue to view or hear all or any of the proceedings of the meeting shall not in any way affect the validity of the proceedings of the meeting.
  - (I) Subject to article 56(A), arrangements for simultaneous attendance can include arrangements for regulating the number of persons attending at any other places.
  - (J) The directors' powers and discretions under this article are delegated to the chairman of the relevant general meeting.
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**57. Omission or Non-Receipt of Notice**

- (A) If any notice or other document relating to any meeting or other proceeding is accidentally not sent, or is not received, the meeting or other proceeding will not be invalid as a result.
- (B) A shareholder present in person or by proxy at a shareholders' meeting is treated as having received proper notice of that meeting and, where necessary, of the purpose of that meeting.

**58. Postponement of General Meetings**

If the directors consider that it is impracticable or undesirable to hold a general meeting on the date or at the time or place stated in the notice calling the meeting, they can move or postpone the meeting (or do both). If the directors do this, an announcement of the date, time and place of the rearranged meeting will, if practicable, be published in at least two national newspapers in the United Kingdom and in one national newspaper in The Netherlands. Notice of the business of the meeting does not need to be given again. The directors must take reasonable steps to ensure that any shareholder trying to attend the meeting at the original time and place is informed of the new arrangements. If a meeting is rearranged in this way, article 82 applies to the rearranged meeting. The directors can also move or postpone the rearranged meeting (or do both) under this article.

**59. Quorum**

Before a general meeting starts to do business, there must be a quorum present. Unless these articles say otherwise, a quorum for all purposes is two persons who are entitled to vote. They can be shareholders who are personally present or proxies for shareholders or a combination of both. If a quorum is not present, a chairman of the meeting can still be chosen and this will not be treated as part of the business of the meeting.

**60. Procedure if Quorum Not Present**

- (A) This article applies if a quorum is not present within five minutes of the time fixed for a general meeting to start or within any longer period not exceeding one hour which the chairman of the meeting can decide.
  - (B) If the meeting was called by shareholders it will be cancelled. Any other meeting will be adjourned to any day (being not less than three nor more than 28 days later), time and place stated in the notice of meeting. If the notice does not provide for this, the meeting shall be adjourned to a day, time and place decided on by the chairman of the meeting and article 65 will apply. In this article references to "written notice" include the use of electronic communications and publication on a website in accordance with the legislation.
  - (C) One shareholder present in person or by proxy and entitled to vote will constitute a quorum at any adjourned meeting and any notice of an adjourned meeting will say this.
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**61. Security Arrangements**

The directors can put in place arrangements, both before and during any general meeting, which they consider to be appropriate for the proper and orderly conduct of the general meeting and the safety of persons attending it including, without limitation, searches and other similar security arrangements or restrictions. This authority includes power to refuse entry to, or remove from meetings, persons who fail to comply with the arrangements including any person who fails to submit to a search or other similar security arrangement or restriction.

**62. Chairman of General Meeting**

- (A) The chairman will be the chairman of the meeting at every general meeting, if he is willing and able to take the chair.
- (B) If the company does not have a chairman, or if he is not willing and able to take the chair, a deputy chairman will chair the meeting if he is willing and able to take the chair. If more than one deputy chairman is present they will agree between themselves who will take the chair and if they cannot agree, the deputy chairman who has been a director longest will take the chair.
- (C) If the company does not have a chairman or a deputy chairman, or if neither the chairman nor a deputy chairman is willing and able to chair the meeting, after waiting five minutes from the time that a meeting is due to start, the directors who are present will choose one of themselves to act as chairman of the meeting. If there is only one director present, he will be the chairman of the meeting, if he agrees.
- (D) If there is no director willing and able to be the chairman of the meeting, then the persons who are present at the meeting and entitled to vote will decide which one of them is to be the chairman of the meeting.
- (E) Nothing in these articles is intended to restrict or exclude any of the powers or rights of a chairman of a meeting which are given by law.

**63. Orderly Conduct**

The chairman of a meeting can take any action he considers appropriate for proper and orderly conduct at a general meeting (including the order of business). The decision of the chairman of the meeting on points of order, matters of procedure or on matters that arise incidentally from the business of a meeting is final, as is the decision of the chairman of the meeting on whether a point or matter is of this nature.

**64. Entitlement to Attend and Speak of Directors and Others**

Each director can attend and speak at any general meeting of the company. The chairman of a meeting can also allow anyone to attend and speak where he considers that this will help the business of the meeting.

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**65. Adjournments**

- (A) The chairman of a meeting can adjourn the meeting before or after it has started, and whether or not a quorum is present, if he considers that:
- (i) there is not enough room for the number of shareholders and proxies who can and wish to attend the meeting;
  - (ii) the behaviour of anyone present prevents, or is likely to prevent, the business of the meeting being carried out in an orderly way; or
  - (iii) an adjournment is necessary for any other reason so that the business of the meeting can be properly carried out.
- The chairman of the meeting does not need the consent of the meeting to adjourn it for any of these reasons to a time, date and place which he decides. He can also adjourn the meeting to a later time on the same day or indefinitely. If a meeting is adjourned indefinitely, the directors will fix the time, date and place of the adjourned meeting.
- (B) The chairman of a meeting can also adjourn a meeting which has a quorum present if this is agreed by the meeting. This can be to a time, date and place proposed by the chairman of the meeting or the adjournment can be indefinite. The chairman of the meeting must adjourn the meeting if the meeting directs him to. In these circumstances the meeting will decide how long the adjournment will be and where it will adjourn to. If a meeting is adjourned indefinitely, the directors will fix the time, date and place of the adjourned meeting.
- (C) A reconvened meeting can only deal with business that could have been dealt with at the meeting which was adjourned.
- (D) Meetings can be adjourned more than once.

**66. Notice of Adjournment**

Where a meeting is adjourned indefinitely or for more than sixty days, notice of the adjourned meeting must be given in the same way as was required for the original meeting. Except where these articles require it, there is no need to give notice of the adjourned meeting or of the business to be considered there.

**67. Amendments to Resolutions**

- (A) Amendments can be proposed to any resolution if they are clerical amendments or amendments to correct some other obvious error in the resolution.
- (B) No other amendments can be proposed to any special resolution or extraordinary resolution.
- (C) Amendments to an ordinary resolution which are within the scope of the resolution can be proposed if:
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- (i) notice of the proposed amendment is delivered to the office or the headquarters at least two working days before the date of the meeting, or adjourned meeting; or
- (ii) the chairman of the meeting decides that the amendment is appropriate for consideration by the meeting.

No other amendment can be proposed to an ordinary resolution. The chairman of the meeting can agree to the withdrawal of any proposed amendment before it is put to the vote.

#### **68. Amendments Ruled Out of Order**

If the chairman of a meeting rules that a proposed amendment to any resolution under consideration is out of order, any error in that ruling will not affect the validity of a vote on the original resolution.

#### **69. Votes of Members**

On a show of hands, every shareholder present in person at a general meeting will have one vote and every proxy appointed by a shareholder and present at a general meeting (other than the chairman of the meeting) will have one vote. A proxy will not have more than one vote on a show of hands even if he is also a shareholder himself or is a proxy for more than one person. On a poll, every shareholder present in person or by proxy will have one vote for every share he holds. This is subject to any special rights or restrictions which are given to any class of shares and to these articles.

#### **70. Method of Voting**

- (A) The directors can decide in advance of any general meeting that some or all of the resolutions to be put to the vote at a general meeting will be decided on a poll.
  - (B) A resolution put to the vote at any general meeting will be decided on a show of hands unless the directors have decided otherwise pursuant to article 70(A) or unless a poll is demanded when, or before, the chairman of the meeting declares the result of the show of hands. Subject to the legislation, a poll can be demanded by:
    - (i) the chairman of the meeting;
    - (ii) at least five persons at the meeting who are entitled to vote being either shareholders present in person or proxies appointed by shareholders;
    - (iii) one or more shareholders at the meeting who are entitled to vote (or their proxies) and who have between them at least ten per cent. of the total votes of all shareholders who have the right to vote at the meeting; or
    - (iv) one or more shareholders at the meeting who have shares which allow them to vote at the meeting (or their proxies) and on which the total amount which has been paid up is at least ten per cent. of the total sum paid up on all shares which give the right to vote at the meeting.
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- (C) The chairman of the meeting can also demand a poll before a resolution is put to the vote on a show of hands.
- (D) A demand for a poll can be withdrawn if the chairman of the meeting agrees to this.
- (E) If no poll is demanded or a demand for a poll is withdrawn, any declaration by the chairman of the meeting of the result of a vote on that resolution by a show of hands will stand as conclusive evidence of the result without proof of the number or proportion of the votes recorded for or against the resolution.
- (F) The chairman of the meeting can decide the manner in which any poll or vote on a show of hands is conducted.

#### **71. Procedure if Poll Demanded**

If a poll is demanded in the way allowed by these articles, the chairman of the meeting can decide when, where and how it will be taken. The result will be treated as the decision of the meeting at which the poll was demanded, even if the poll is taken after the meeting.

#### **72. When Poll to be Taken**

If a poll is demanded on a vote to elect the chairman of the meeting, or to adjourn a meeting, it must be taken immediately at the meeting. Any other poll demanded can either be taken immediately or within 30 days from the date it was demanded and at a time and place decided on by the chairman of the meeting. It is not necessary to give notice for a poll which is not taken immediately.

#### **73. Continuance of Other Business after Poll Demand**

A demand for a poll on a particular matter (other than on the election of the chairman of the meeting or on the adjournment of the meeting) will not stop a meeting from continuing to deal with other matters.

#### **74. Votes on a Poll**

On a poll a shareholder can vote either in person or by his proxy. If a shareholder votes on a poll, he does not have to use all of his votes or cast all his votes in the same way.

#### **75. Casting Vote of Chairman**

Where equal votes are cast at a general meeting, whether on a show of hands or on a poll, the chairman of the meeting will be entitled to an additional or casting vote.

#### **76. Votes of Joint Holders**

If more than one joint shareholder votes (including voting by proxy), the only vote which will count is the vote of the person whose name is listed before the other joint shareholder(s) on the register for the share.

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**77. Voting on behalf of Incapable Member**

This article applies where a court or official claiming jurisdiction to protect persons who are unable to manage their own affairs has made an order about the shareholder. The person appointed to act for that shareholder can vote for him. He can also exercise any other rights of the shareholder relating to meetings. This includes appointing a proxy, voting on a show of hands and voting on a poll. Before the representative does so however, such evidence of his authority as the directors require must be received at the office not later than the latest time at which proxy forms must be received to be valid for use at the relevant meeting or on the holding of the relevant poll. If a different place for the receipt of proxy forms which are not electronic communications is specified, the evidence must instead be received at that address.

**78. No Right to Vote where Sums Overdue on Shares**

Unless the directors decide otherwise, a shareholder cannot attend or vote shares at any general meeting of the company or at any separate general meeting of the holders of any class of shares in the company or upon a poll or exercise any other right conferred by membership in relation to general meetings or polls if he has not paid all amounts relating to those shares which are due at the time of the meeting.

**79. Objections or Errors in Voting**

If:

- (i) any objection to the right of any person to vote is made;
- (ii) any votes have been counted which ought not to have been counted or which might have been rejected; or
- (iii) any votes are not counted which ought to have been counted,

the objection or error must be raised or pointed out at the meeting (or the adjourned meeting) or poll at which the vote objected to is cast or at which the error occurs. Any objection or error must be raised with or pointed out to the chairman of the meeting. His decision is final. If a vote is allowed at a meeting or poll, it is valid for all purposes and if a vote is not counted at a meeting or poll, this will not affect the decision of the meeting or poll.

**80. Appointment of Company Representatives**

- (A) A company which is a shareholder can authorise persons to act as its representative at a general meeting in respect of its entire holding of shares or any part of its holding of shares and may only appoint more than one person if permitted by the directors in their absolute discretion. Such person or persons are called company representatives. A company representative can exercise all the powers on behalf of the company (in respect of those shares held in the name of the company in respect of which the authorisation is given) which the company could exercise and is subject to the provisions of these articles as if he was an individual shareholder present at the meeting.
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- (B) The directors or the chairman of the meeting must be provided with any evidence which is reasonably required of the authority of a company representative, including details of the number of shares in respect of which that company representative is appointed before allowing that person to exercise the powers conferred by this article.

#### **81. Appointment of Proxies**

- (A) A proxy form must be in writing, signed by the shareholder appointing the proxy, or by his attorney. Where the proxy is appointed by a company, the proxy form should either be sealed by that company or signed by someone authorised to sign it. In this article references to "in writing" include the use of electronic communications subject to any terms and conditions decided on by the directors.
- (B) A shareholder must not appoint more than one proxy to attend the same meeting unless he is permitted to do so by the directors in their absolute discretion. If a shareholder appoints more than one proxy, he must specify the number of shares in relation to which each proxy is appointed and each proxy will only be entitled to exercise voting rights in relation to the number of shares for which he is appointed. If a shareholder appoints more than one proxy, he must ensure that no more than one proxy is appointed in relation to any share.

#### **82. Receipt of Proxies**

- (A) Forms appointing a proxy which are not electronic communications must be received at the office, or at any other place stated in or by way of note to the notice of meeting or adjourned meeting or in any accompanying document, at least:

- (i) 48 hours before a meeting or an adjourned meeting; or
- (ii) 24 hours before a poll is taken, if the poll is not taken on the same day as the meeting or adjourned meeting.

If such a proxy form is signed by an attorney and the directors require this, the power of attorney or other authority relied on to sign it (or a copy which has been certified by a notary or in some other way approved by the directors, or an office copy) must be received with the proxy form.

- (B) Forms appointing a proxy which are electronic communications, where an address has been specified for the purpose of receiving electronic communications in or by way of note to the notice of meeting or adjourned meeting or in any accompanying document or in any electronic communication issued by or on behalf of the company, must be received at that specified address at least:

- (i) 48 hours before a meeting or an adjourned meeting; or
- (ii) 24 hours before a poll is taken, if the poll is not taken on the same day as the meeting or adjourned meeting.

If such a proxy form is signed by an attorney and the directors require this, the power of attorney or other authority relied on to sign it (or a copy which has been certified by a

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notary or in some other way approved by the directors, or an office copy) must be received at the office, or at any other place stated in the notice of meeting or adjourned meeting or in any accompanying document at least 48 hours before a meeting or an adjourned meeting or 24 hours before a poll is taken if the poll is not taken on the same day as the meeting or adjourned meeting.

- (C) Providing the form appointing a proxy is received by the time specified in article 82(A) or 82(B) (as appropriate), the instructions in terms of how the proxy is to vote, and in terms of the number of shares in respect of which the proxy is entitled to vote, can be amended at any time provided that the amended instructions are received at the address specified pursuant to article 82(A) or 82(B) (as appropriate) at least 24 hours before the meeting or the adjourned meeting. The amended instruction must be submitted by way of a further proxy form and the provisions of articles 81(A) and 81(B), relating to signature, apply equally to this further proxy form.
- (D) If the above requirements are not complied with, the proxy form will be invalid and the proxy will not be able to act for the person who appointed him.
- (E) If more than one valid proxy form is received in respect of the same share for use at the same meeting or poll, the one which is received last by date and time (regardless of its date or the date on which it is signed) will be treated as revoking and replacing the other(s) as regards that share. If it is not possible otherwise to determine the order of receipt, none of the forms will be treated as valid.
- (F) A shareholder can attend and vote at a general meeting or on a poll even if he has appointed a proxy to attend and, on a poll, vote on his behalf at that meeting or on that poll.
- (G) The proceedings at a general meeting will not be invalidated where an appointment of a proxy in respect of that meeting is delivered in a manner permitted by these articles by electronic communications, but because of a technical problem it cannot be read by the recipient.

### **83. Maximum Validity of Proxy**

A proxy form will cease to be valid 12 months from the date of its receipt. But it will be valid, unless the proxy form itself states otherwise, if it is used at an adjourned meeting or on a poll after a meeting or an adjourned meeting even after 12 months, if it was valid for the original meeting.

### **84. Form of Proxy**

A proxy form can be in any form which the directors approve. Unless it says otherwise, a proxy form is valid for the meeting to which it relates and also for any adjournment of that meeting.

### **85. Rights of a Proxy**

A proxy form gives the proxy the authority to demand a poll or to join others in demanding a poll and to vote on any amendment to a resolution put to, or any other

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business which may properly come before, the meeting. Any proxy appointed in accordance with these articles can also speak at any general meeting of the company.

#### **86. Cancellation of Proxy's Authority**

- (A) Any vote cast in the way a proxy form authorises or any demand for a poll made by a proxy will be valid even though:
- (i) the person who appointed the proxy has died or is of unsound mind;
  - (ii) the proxy form has been revoked; or
  - (iii) the authority of the person who signed the proxy form for the shareholder has been revoked.
- (B) Any vote cast or poll demanded by a company representative will also be valid even though his authority has been revoked.
- (C) However, this article 86 does not apply if written notice of the relevant fact has been received at the office (or at any other place specified for the receipt of forms of proxy) at least:
- (i) 24 hours before the meeting or adjourned meeting; or
  - (ii) 24 hours before a poll is taken, if the poll is not taken on the day of the meeting or adjourned meeting.
- (D) In this article 86 references to written notice include the use of electronic communications subject to any terms and conditions decided on by the directors.

#### **87. Headquarters of the Company**

The headquarters of the company shall be in The Netherlands. The meaning of "headquarters" for the purposes of this article shall be established by the board of directors and can only be amended by resolution of the board of directors in respect of which two-thirds of the directors present and voting vote in favour.

#### **88. Number of Directors**

The company must have a minimum of three directors and a maximum of 20 directors (disregarding alternate directors), but these restrictions can be changed by the directors.

#### **89. Age of Directors**

No person will be disqualified from being appointed or elected as a director or be required to stop being a director because he has reached a particular age. It is not necessary to give special notice of a resolution electing someone a director if he is 70 or more. However, any person who is of the age of 70 or more must retire in accordance with article 93(B). Any notice of a meeting at which a resolution will be

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proposed to elect or re-elect a director who is of the age of 70 or more must state the fact that the relevant director is aged 70 or more or must be accompanied by a document stating such fact. The accidental omission to make such disclosure will not make invalid the proceedings, or any election or re-election of the relevant director, at that meeting.

#### **90. Directors' Shareholding Qualification**

The directors are not required to hold any shares in the company.

#### **91. Power of Company to Elect Directors**

Subject to these articles, the company can, by passing an ordinary resolution, elect any willing person to be a director, either as an extra director or to fill a vacancy where a director has stopped being a director for some reason.

#### **92. Power of Directors to Appoint Directors**

Subject to these articles, the directors can appoint any willing person to be a director, either as an extra director or as a replacement for another director. Any director appointed in this way must retire from office at the first annual general meeting after his appointment. A director who retires in this way is then eligible for election.

#### **93. Identity of Directors to Retire**

- (A) At every annual general meeting of the company, any director who was in office at the time of the two previous annual general meetings and who did not retire at either of them must retire.
- (B) A director who would not otherwise be required to retire must also retire if he is aged 70 or more at the date of the annual general meeting or if he has been in office, other than as a director holding an executive position, for a continuous period of nine years or more at the date of the meeting.

#### **94. Filling Vacancies**

Subject to these articles, at the general meeting at which a director retires, shareholders can pass an ordinary resolution to re-elect the director or to elect some other eligible person in his place.

#### **95. Power of Removal by Special Resolution**

In addition to any power to remove directors conferred by the legislation, the company can pass a special resolution to remove a director from office even though his time in office has not ended and can (subject to these articles) elect a person to replace a director who has been removed in this way by passing an ordinary resolution.

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**96. Persons Eligible as Directors**

The only persons who can be elected as directors at a general meeting are the following:

- (i) directors retiring at the meeting;
- (ii) anyone recommended by the directors; and
- (iii) anyone nominated by a shareholder (not being the person to be nominated) in the following way. The shareholder must be entitled to vote at the meeting. He must deliver to the office not less than six nor more than 21 days before the day of the meeting:
  - (a) a letter stating that he intends to nominate another person for election as a director; and
  - (b) written confirmation from that person that he is willing to be elected.

**97. Position of Retiring Directors**

A director retiring at a general meeting retires at the end of that meeting or (if earlier) when a resolution is passed to elect another person in the director's place or when a resolution to elect or re-elect the director is put to the meeting and lost. Where a retiring director is elected or re-elected, he continues as a director without a break.

**98. Vacation of Office by Directors**

(A) Any director automatically stops being a director if:

- (i) he gives the company a written notice of resignation;
  - (ii) he gives the company a written notice in which he offers to resign and the directors decide to accept this offer;
  - (iii) all of the other directors (who must comprise at least three persons) pass a resolution or sign a written notice requiring the director to resign;
  - (iv) he is or has been suffering from mental ill-health and the directors pass a resolution removing the director from office;
  - (v) he has missed directors' meetings (whether or not an alternate director appointed by him attends those meetings) for a continuous period of six months without permission from the directors and the directors pass a resolution removing the director from office;
  - (vi) a bankruptcy order is made against him or he makes any arrangement or composition with his creditors generally;
  - (vii) he is prohibited from being a director under the legislation; or
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(viii) he ceases to be a director under the legislation or he is removed from office under these articles.

- (B) If a director stops being a director for any reason, he will also automatically cease to be a member of any committee or sub-committee of the directors.
- (C) In this article 98 references to written notice include the use of electronic communications subject to any terms and conditions decided on by the directors.

## **99. Alternate Directors**

- (A) Any director can appoint any person (including another director) to act in his place (called an "alternate director"). That appointment requires the approval of the directors, unless previously approved by the directors or unless the appointee is another director. A director appoints an alternate director by sending a signed written notice of appointment to the office or by tabling it at a meeting of the directors, or in such other way as the directors approve.
  - (B) The appointment of an alternate director ends on the happening of any event which, if he were a director, would cause him to vacate that office. It also ends if the alternate director resigns his office by written notice to the company or if his appointor stops being a director, unless that director retires at a general meeting at which he is re-elected. A director can also remove his alternate director by a written notice delivered to the office or tabled at a meeting of the directors.
  - (C) An alternate director is entitled to receive notices of meetings of the directors, except when absent from both the United Kingdom and The Netherlands. He is entitled to attend and vote as a director at any meeting at which the director appointing him is not personally present and generally at that meeting is entitled to perform all of the functions of his appointor as a director. The provisions of these articles regulating the meeting apply as if he (instead of his appointor) were a director. If he is himself a director, or he attends any meeting as an alternate director for more than one director, he can vote cumulatively for himself and for each other director he represents but he cannot be counted more than once for the purposes of the quorum. An alternate director's signature to any resolution in writing of the directors is as effective as the signature of his appointor, unless the notice of his appointment provides to the contrary. This article also applies in a similar fashion to any meeting of a committee of which his appointor is a member. Except as set out in this article, an alternate director:
    - (i) does not have power to act as a director;
    - (ii) is not deemed to be a director for the purposes of these articles; and
    - (iii) is not deemed to be the agent of his appointor.
  - (D) An alternate director is entitled to contract and be interested in and benefit from contracts, transactions or arrangements and to be repaid expenses and to be indemnified by the company to the same extent as if he were a director. However, he is not entitled to receive from the company as an alternate director any pay, except for
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that part (if any) of the pay otherwise payable to his appointor as his appointor may tell the company in writing to pay to his alternate director.

- (E) In this article references to "written notice" and to "in writing" include the use of electronic communications subject to any terms and conditions decided on by the directors.

#### **100. Executive Directors**

- (A) The directors or any committee authorised by the directors can appoint one or more directors to any executive position, on such terms and for such period (subject to the provisions of the Companies Act) as they think fit. They can also terminate or vary an appointment at any time. The directors or any committee authorised by the directors will decide how much remuneration a director appointed to an executive office will receive (whether as salary, commission, profit share or any other form of remuneration) and whether this is in addition to or in place of his fees as a director.
- (B) If the directors terminate the appointment, the termination will not affect any right of the company or the director in relation to any breach of any employment contract which may be involved in the termination.

#### **101. Directors' Fees**

The total fees paid to all of the directors (excluding any payments made under any other provision of these articles) must not exceed:

- (i) £2,500,000 a year; or
- (ii) any higher sum decided on by an ordinary resolution at a general meeting.

It is for the directors to decide how much to pay each director by way of fees under this article.

#### **102. Additional Remuneration**

The directors or any committee authorised by the directors can award extra fees to any director who, in their view, performs any special or extra services for the company. Extra fees can take the form of salary or other benefits (and can be paid partly in one way and partly in another). This is all decided by the directors or any committee authorised by the directors.

#### **103. Expenses**

The company can pay the reasonable travel, hotel and incidental expenses of each director incurred in attending and returning from general meetings, meetings of the directors or committees of the directors or any other meetings which as a director he is entitled to attend. The company will pay all other expenses properly and reasonably incurred by each director in connection with the company's business or in the performance of his duties as a director. As far as the legislation allows, the company

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can also fund a director's expenditure on defending proceedings as provided in the legislation.

#### **104. Pensions and Gratuities for Directors**

- (A) The directors or any committee authorised by the directors can decide whether to provide pensions, annual payments or other benefits to any director or former director of the company, or any relation or dependant of, or person connected to, such a person. The directors can also decide to contribute to a scheme or fund or to pay premiums to a third party for these purposes. The company can only provide pensions and other benefits to persons who are or were directors but who have not been employed by, or held an office or executive position in, the company or any of its subsidiary undertakings or former subsidiary undertakings or any predecessor in business of the company or any such other company or to relations or dependants of, or persons connected to, these directors or former directors if the shareholders approve this by passing an ordinary resolution.
- (B) A director or former director will not be accountable to the company or the shareholders for any benefit provided pursuant to this article. Anyone receiving such a benefit will not be disqualified from being or becoming a director of the company.

#### **105. Permitted Interests and Voting**

- (A) If the legislation allows and he has disclosed the nature and extent of his interest to the directors, a director can do any one or more of the following:
    - (i) have any kind of interest in a contract with or involving the company;
    - (ii) have any kind of interest in a contract with or involving another company in which the company has an interest;
    - (iii) alone, or through some firm with which he is associated, do paid professional work for the company or another company in which the company has an interest (other than as auditor);
    - (iv) hold a position (other than auditor) in the company as well as being a director; and
    - (v) have any kind of interest in a company in which the company has an interest (including holding a position in that company or being a shareholder of that company).
  - (B) A director does not have to hand over to the company any benefit he receives or profit he makes as a result of anything allowed under article 105(A) nor is any type of contract allowed under article 105(A) liable to be avoided.
  - (C) When a director knows that he is in any way interested in a contract with the company, he must tell the other directors. A general notice given to the directors that a director has an interest of the kind stated in the notice in a contract involving any company or person identified in the notice is treated as a standing disclosure that the director has
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that interest. This notice must either be given at a directors' meeting or read out at the next directors' meeting after it has been given.

- (D) Unless these articles say otherwise, a director cannot vote on a resolution about a contract in which he has an interest which he knows is material (and if he does vote, his vote will not be counted). For this purpose, interests of a person who is connected with a director are added to the interests of the director. Interests purely as a result of having an interest in the company's shares, debentures or other securities are disregarded. If a director cannot vote on a resolution, the director cannot be counted in the quorum when the directors vote on that resolution.
- (E) However, a director can vote, and be counted in the quorum, on a resolution about any of the following things, as long as the only material interest he has in it is included in the following list:
- (i) a resolution about giving him any guarantee, security or indemnity for any money which he, or any other person, has lent at the request, or for the benefit, of the company or any of its subsidiary undertakings;
  - (ii) a resolution about giving him any guarantee, security or indemnity for any liability which he, or any other person, has incurred at the request, or for the benefit of, the company or any of its subsidiary undertakings;
  - (iii) a resolution about giving any guarantee, security or indemnity to any other person for a debt or obligation which is owed by the company or any of its subsidiary undertakings to that other person, if the director has taken responsibility for some or all of that debt or obligation. The director can take this responsibility by giving a guarantee, indemnity or security;
  - (iv) a resolution relating to an offer by the company or any of its subsidiary undertakings of any shares or debentures or other securities for subscription or purchase, if the director takes part because he is a holder of shares, debentures or other securities, or if he takes part in the underwriting or sub-underwriting of the offer;
  - (v) a resolution about a contract involving any other company if the director has an interest of any kind in that company (including an interest by holding any position in that company, or by being a shareholder of that company). This does not apply if he knows that he owns one per cent. or more of that company;
  - (vi) a resolution about a contract relating to an arrangement for the benefit of employees of the company or any of its subsidiary undertakings which only gives him benefits which are also generally given to the employees to whom the arrangement relates;
  - (vii) a resolution about a contract relating to any insurance which the company can buy or renew for the benefit of directors or of a group of persons which includes directors; or
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- (viii) a resolution about a contract relating to a pension, superannuation or similar scheme or a retirement, death or disability benefits scheme or employees' share scheme, which gives the director benefits which are also generally given to the employees to whom the scheme relates.
  - (F) A director cannot vote or be counted in the quorum on a resolution relating to appointing that director to a position with the company or a company in which the company has an interest or the terms or termination of the appointment.
  - (G) This article applies if the directors are considering proposals about appointing two or more directors to positions with the company or any company in which the company has an interest. It also applies if the directors are considering setting or changing the terms of their appointment. These proposals can be split up to deal with each director separately. If this is done, each director can vote and be included in the quorum for each resolution, except any resolution concerning him or concerning the appointment of another director to a position with a company in which the company is interested where the director owns one per cent. or more of that company.
  - (H) Subject to the legislation and these articles, the directors can exercise or arrange for the exercise of the voting rights attached to any shares in another company held by the company and the voting rights which they have as directors of that company in any way that they decide. This includes voting in favour of a resolution appointing any of them as directors or officers of that company and deciding their remuneration. Subject to the legislation and these articles, they can also vote and be counted in the quorum as directors of the company in connection with any of these things.
  - (I) If a question comes up at a meeting about whether a director (other than the chairman of the meeting) has a material interest, or whether he can vote or be counted in the quorum, and the director does not agree to abstain from voting on the issue or not to be counted in the quorum, the question must be referred to the chairman of the meeting. The ruling of the chairman of the meeting about any other director is final and conclusive, unless the nature and extent of the director's interests have not been fairly disclosed to the directors. If the question comes up about the chairman of the meeting, the question shall be decided by a resolution of the directors. The chairman of the meeting cannot vote on the question but can be counted in the quorum. The directors' resolution about the chairman of the meeting is conclusive, unless the nature and extent of the interests of the chairman of the meeting have not been fairly disclosed to the directors.
  - (J) In this article:
    - (i) a reference to a contract includes a reference to an existing or proposed contract, transaction or arrangement;
    - (ii) a director will be treated as owning one per cent. or more of a company if he (together with persons connected with him) holds an interest in shares representing one per cent. or more of a class of equity share capital (calculated exclusive of any shares of that class in that company held as treasury shares) or the voting rights of that company; in relation to an alternate director, an
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interest of his appointor shall be treated as an interest of the alternate director without prejudice to any interest which the alternate director has otherwise;

- (iii) where a company in which a director (taken together with any interest of any person connected with him) owns one per cent. or more is materially interested in a contract, the director will also be treated as being materially interested in that contract; and
  - (iv) interests which are unknown to the director and which it is unreasonable to expect him to know about are ignored.
- (K) Subject to the legislation, the company can by ordinary resolution suspend or relax the provisions of this article to any extent or ratify any contract which has not been properly authorised in accordance with this article.

#### **106. General Powers of Company Vested in Directors**

- (A) The directors will manage the company's business. They can use all the company's powers except where the memorandum, these articles or the legislation say that powers can only be used by the shareholders voting to do so at a general meeting. The general management powers under this article are not limited in any way by specific powers given to the directors by other articles.
- (B) The directors are, however, subject to:
  - (i) the provisions of the legislation;
  - (ii) the requirements of the memorandum and these articles; and
  - (iii) any regulations laid down by the shareholders by passing a special resolution at a general meeting.
- (C) If a change is made to the memorandum or these articles or if the shareholders lay down any regulation relating to something which the directors have already done which was within their powers, that change or regulation cannot invalidate the directors' previous action.

#### **107. Borrowing Powers**

- (A) The directors can exercise all the company's powers:
    - (i) to borrow money;
    - (ii) to mortgage or charge all or any of the company's undertaking, property and assets (present and future) and uncalled capital;
    - (iii) to issue debentures and other securities; and
    - (iv) to give security, either outright or as collateral security, for any debt, liability or obligation of the company or of any third party.
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- (B) (i) The directors must limit the borrowings of the company and exercise all voting and other rights or powers of control exercisable by the company in relation to its subsidiary undertakings so as to ensure that the total amount of the group's borrowings does not exceed two times the company's adjusted capital and reserves. This affects subsidiary undertakings only to the extent that the directors can do this by exercising these rights or powers of control.
- (ii) This limit can be exceeded if the consent of the shareholders has been given in advance by passing an ordinary resolution.
- (iii) This limit does not include any borrowings owing by one member of the group to another member of the group.

(C) *Adjusted capital and reserves*

The company's adjusted capital and reserves will be established by the following calculations:

Add:

- (i) the amount paid up on the company's issued share capital (including any shares held as treasury shares); and
- (ii) the amount standing to the credit of the reserves of the company (which include any share premium account, capital redemption reserve or merger reserve and any credit balance on the company's profit and loss account),

using the figures shown on the then latest audited balance sheet.

Then:

- (iii) deduct any debit balance on profit and loss account at the date of the audited balance sheet (if such a deduction has not already been made on that account); and
- (iv) make any adjustments needed to reflect any changes since the date of the audited balance sheet to the amount of paid up share capital or reserves.

(D) *Borrowings*

When calculating the group's borrowings, the directors will include not only borrowings but also the following (unless these have already been included in borrowings):

- (i) the amount of any issued and paid up share capital (other than equity share capital) of any subsidiary undertaking beneficially owned otherwise than by a member of the group;
  - (ii) the amount of any other issued and paid up share capital and the principal amount of any debentures or borrowed moneys not beneficially owned by a member of the group where a member of the group has given a guarantee or indemnity for its redemption or repayment or where a member of the group may have to buy such share capital, debenture or borrowed money;
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- (iii) the amount outstanding under any acceptance credits opened for or in favour of any member of the group;
- (iv) the principal amount of any debenture (whether secured or unsecured) issued by any member of the group which is not beneficially owned by any other member of the group;
- (v) any fixed or minimum premium payable on the final repayment of any borrowing or deemed borrowing; and
- (vi) the minority proportion of moneys borrowed by a member of the group and owing to a partly-owned subsidiary undertaking.

However, the directors will not include the following items in the borrowings:

- (vii) amounts borrowed by any member of the group to repay some or all of any other borrowings of any member of the group (but this exclusion will only apply if the original debt is discharged within six months from the new borrowing);
- (viii) amounts borrowed by any member of the group to finance any contract where part of the price receivable by any member of the group is guaranteed or insured by the Export Credits Guarantee Department or any other similar government department or agency (but this exclusion will only apply up to an amount equal to the amount guaranteed or insured);
- (ix) amounts borrowed by, or amounts secured on assets of, an undertaking which became a subsidiary undertaking of the company after the date of the last audited balance sheet (but this exclusion will only apply up to an amount equal to the amount of borrowing, or amounts secured on assets, of the undertaking at the time immediately after it became a subsidiary undertaking); or
- (x) the minority proportion of moneys borrowed by a partly-owned subsidiary undertaking which is not owing to another member of the group.

(E) Any foreign currency amounts will be translated into US dollars when calculating total borrowings. The exchange rate applied will be the exchange rate on the last business day:

- (i) before the date of the calculation; or
- (ii) six months before the date of the calculation,

whichever exchange rate produces the lower figure.

The exchange rate will be taken as the spot rate in London which is recommended by a London clearing bank (chosen by the directors for this purpose) as the most appropriate rate for buying the relevant currency for US dollars on the relevant day.

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- (F) If the amount of adjusted capital and reserves is being calculated in connection with a transaction involving a company becoming or ceasing to be a member of the group, the amount is to be calculated as if the transaction had already occurred.
- (G) The audited balance sheet of the company will be taken as the audited balance sheet of the company prepared for the purposes of the legislation. However, if an audited consolidated balance sheet relating to the company and its subsidiary undertakings has been prepared for the same financial year, the audited consolidated balance sheet will be used instead. In that case, all references to reserves and profit and loss account will be taken to be references to consolidated reserves and consolidated profit and loss account respectively.
- (H) The company can from time to time change the accounting convention applied in the preparation of the audited balance sheet, but any new convention applied must comply with the requirements of the legislation. If the company prepares a supplementary audited balance sheet applying a different convention from the main audited balance sheet, the main audited balance sheet will be taken as the audited balance sheet for the purposes of the calculations under these articles.
- (I) The group will be taken as the company and its subsidiary undertakings (if any).
- (J) For the purposes of this article the minority proportion means a proportion equal to the proportion of the issued share capital of a partly-owned subsidiary undertaking which does not belong to a member of the group.
- (K) A certificate or report by the company's auditors:
  - (i) as to the amount of the adjusted capital and reserves;
  - (ii) as to the amount of any borrowings; or
  - (iii) to the effect that the limit imposed by this article has not been or will not be exceeded at any particular time,
 will be conclusive evidence of that amount or that fact.
- (L) Until the audited consolidated balance sheet of the company and its subsidiary undertakings as at 31 December 2005 is available, the company's adjusted capital and reserves referred to in article 107(B) shall be deemed to be \$90,425,000,000.

#### **108. Agents**

- (A) The directors can appoint anyone as the company's attorney by granting a power of attorney or by authorising them in some other way. Attorneys can either be appointed directly by the directors or the directors can give someone else the power to select attorneys. The directors or the persons who are authorised by them to select attorneys can decide on the purposes, powers, authorities and discretions of attorneys. But they cannot give an attorney any power, authority or discretion which the directors do not have under these articles.
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(B) The directors can decide how long a power of attorney will last for and attach any conditions to it. The power of attorney can include any provisions which the directors decide on for the protection and convenience of anybody dealing with the attorney. The power of attorney can allow the attorney to grant any or all of his power, authority or discretion to any other person.

(C) The directors can:

- (i) delegate any of their authority, powers or discretions to any manager or agent of the company;
- (ii) allow managers or agents to delegate to another person;
- (iii) remove any persons they have appointed in any of these ways; and
- (iv) cancel or change anything that they have delegated, although this will not affect anybody who acts in good faith who has not had any notice of any cancellation or change.

Any appointment or delegation by the directors which is referred to in this article can be on any conditions decided on by the directors.

(D) The ability of the directors to delegate under this article applies to all their powers and is not limited because certain articles refer to powers being exercised by the directors or by a committee authorised by the directors while other articles do not.

#### **109. Delegation to Individual Directors**

(A) The directors can give a director any of the powers which they have jointly as directors (with power to sub-delegate). These powers can be given on terms and conditions decided on by the directors either in parallel with, or in place of, the powers of the directors acting jointly.

(B) The directors can change the basis on which such powers are given or withdraw such powers. But if a person deals with an individual director in good faith without knowledge of the change or withdrawal, he will not be affected by it.

(C) The ability of the directors to delegate under this article applies to all their powers and is not limited because certain articles refer to powers being exercised by the directors or by a committee authorised by the directors while other articles do not.

#### **110. Official Seals**

The directors can use all the powers given by the legislation relating to official seals.

#### **111. Registers**

The company can use the powers given by the legislation to keep an overseas, local or other register. The directors can make and/or change any regulations previously made by them relating to any of such registers, as long as the legislation allows this.

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**112. Provision for Employees**

The directors can exercise the powers under the legislation to make provision for the benefit of employees or former employees of the company or any of its subsidiaries in connection with the cessation or transfer of the whole or part of the business of the company or that subsidiary.

**113. Directors' Meetings**

All meetings of directors will usually be held in The Netherlands but the directors will decide in each case when and where to have meetings and how they will be conducted. They can also adjourn their meetings. A directors' meeting can be called by any director. The secretary must call a directors' meeting if asked to by a director.

**114. Notice of Directors' Meeting**

Directors' meetings are called by giving notice to all the directors. Notice can be given personally, by word of mouth or in writing to the director's last known address or any other address given by him to the company for this purpose. A director who is, or is going to be, out of the United Kingdom or The Netherlands can ask the directors to send notices in writing of meetings to him at an address given by him to the company for this purpose, but such notices do not need to be given any earlier than notices given to directors who are in the United Kingdom or The Netherlands. Unless he asks for notices to be sent to him in this way, a director who is out of the United Kingdom or The Netherlands is not entitled to be given notice of any directors' meetings. Any director can waive notice of any directors' meeting, including one which has already taken place. In this article references to "in writing" include the use of electronic communications subject to any terms and conditions decided on by the directors.

**115. Quorum**

If no other quorum is fixed by the directors, two directors are a quorum. Subject to these articles, if a director ceases to be a director at a board meeting, he can continue to be present and to act as a director and be counted in the quorum until the end of the meeting if no other director objects and if otherwise a quorum of directors would not be present.

**116. Directors below Minimum through Vacancies**

Even if one or more directors stops being a director the remaining directors can continue to act. But if the number of directors falls below the minimum which applies under these articles, or the number fixed as the quorum for directors' meetings, the remaining director(s) may only act to:

- (i) appoint further director(s) to make up the shortfall; or
  - (ii) convene general meetings.
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If no director or directors are willing or able to act under this article, any two shareholders (excluding any shareholder holding shares as treasury shares) can call a general meeting to appoint extra director(s).

#### **117. Appointment of Chairman**

- (A) The directors can appoint any director as chairman or as deputy chairman and can remove him from that office at any time. If the chairman is at a directors' meeting, he will chair it. In his absence, the chair will be taken by a deputy chairman, if one is present. If more than one deputy chairman is present, they will agree between them who should chair the meeting or, if they cannot agree, the deputy chairman longest in office as a director will take the chair. If there is no chairman or deputy chairman present within five minutes of the time when the directors' meeting is due to start, the directors who are present can choose which one of them will be the chairman of the meeting.
- (B) References in these articles to a deputy chairman include, if no one has been appointed with that title, a person appointed to a position with another title which the directors designate as equivalent to the position of deputy chairman.

#### **118. Competence of Meetings**

A directors' meeting at which a quorum is present can exercise all the powers and discretions of the directors.

#### **119. Voting**

Matters to be decided at a directors' meeting will be decided by a majority vote. If votes are equal, the chairman of the meeting has a second, casting vote.

#### **120. Delegation to Committees**

- (A) The directors can delegate any of their powers or discretions to committees of one or more persons. If the directors have delegated any power or discretion to a committee, any references in these articles to using that power or discretion include its use by the committee. Any committee must comply with any regulations laid down by the directors. These regulations can require or allow persons who are not directors to be members of the committee, and can give voting rights to such persons. But:
    - (i) there must be more directors on a committee than persons who are not directors; and
    - (ii) a resolution of the committee is only effective if a majority of the members of the committee present at the time of the resolution were directors.
  - (B) Unless the directors decide not to allow this, any committee can sub-delegate any of its powers or discretions to sub-committees. Reference in these articles to committees include sub-committees permitted under this article.
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- (C) If a committee consists of more than one person, the articles which regulate directors' meetings and their procedure and resolutions of directors will also apply to committee meetings (if they can apply to committee meetings) and resolutions of committees unless these are inconsistent with any regulations for the committee which have been laid down under this article.
- (D) The ability of the directors to delegate under this article applies to all their powers and discretions and is not limited because certain articles refer to powers and discretions being exercised by committees authorised by directors while other articles do not.

#### **121. Participation in Meetings by Telephone**

All or any of the directors can take part in a meeting of the directors by way of a conference telephone or any communication equipment which allows everybody to take part in the meeting by being able to hear each of the other persons at the meeting and by being able to speak to all of them at the same time. A person taking part in this way will be treated as being present at the meeting and will be entitled to vote and be counted in the quorum. Any such meeting will be deemed to take place where the largest group of directors participating is assembled or, if there is no such group, where the chairman of the meeting then is.

#### **122. Resolution in Writing**

A resolution in writing of which notice has been given to all directors who at the time are entitled to receive notice of a directors' meeting and who would be entitled to vote on the resolution at a directors' meeting must be signed by a majority of such directors (who together meet the quorum requirement for directors' meetings). This kind of resolution is just as valid and effective as a resolution passed by those directors at a meeting which is properly called and held. The resolution can be passed using several copies of the resolution if each copy is signed by one or more directors. In this article references to "in writing" include the use of electronic communications subject to any terms and conditions decided on by the directors.

#### **123. Validity of Acts of Directors or Committee**

Everything which is done by any directors' meeting, or by a committee of the directors, or by a person acting as a director, or as a member of a committee, will be valid even if it is discovered later that any director, or person acting as a director, was not properly appointed. This also applies if it is discovered later that anyone was disqualified from being a director, or had ceased to be a director or was not entitled to vote. In any of these cases, anything done will be as valid as if there was no defect or irregularity of the kind referred to in this article.

#### **124. Appointment and Removal of the Secretary**

The directors can appoint the secretary for such term and upon such conditions as they see fit; and any secretary so appointed can be removed by the directors.

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**125. Use of Seals**

- (A) The directors must arrange for every seal of the company to be kept safely.
- (B) A seal can only be used with the authority of the directors or a committee authorised by the directors.
- (C) Subject as otherwise provided in these articles or as determined by the directors, every document which is sealed using the common seal must be signed by one director and the secretary, or by two directors or by any other person or persons authorised by the directors.
- (D) Any document to which the official seal is applied need not be signed, unless the directors decide otherwise or the legislation requires otherwise, and may be impressed by mechanical means or by printing the seal or a facsimile of it on the instrument.
- (E) The directors can resolve that the requirement for any counter-signature in this article can be dispensed with on any occasion.

**126. Declaration of Dividends by Company**

The company's shareholders can declare dividends in accordance with the rights of the shareholders by passing an ordinary resolution. No such dividend can exceed the amount recommended by the directors.

**127. Payment of Interim and Fixed Dividends by Directors**

Subject to the legislation, if the directors consider that the financial position of the company justifies such payments, they can pay:

- (i) the fixed or other dividends on any class of shares on the dates prescribed for the payment of those dividends; and
- (ii) interim dividends on shares of any class of any amounts and on any dates and for any periods which they decide.

If the directors act in good faith, they will not be liable for any loss that any shareholders may suffer because a lawful dividend has been paid on other shares which rank equally with or behind their shares.

**128. Calculation of Dividends**

All dividends will be divided and paid in proportions based on the amounts paid up on the shares during any period for which the dividend is paid. Sums which have been paid up in advance of calls will not count as paid up for this purpose. If the terms of any share say that it will be entitled to a dividend as if it were a fully paid up, or partly paid up, share from a particular date (in the past or future), it will be entitled to a dividend on this basis. This article applies unless these articles, the rights attached to any shares, or the terms of any shares, say otherwise.

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**129. Currency of Dividends**

- (A) Unless the rights attached to any shares, the terms of any shares or these articles say otherwise, a dividend or any other money payable in respect of a share can be declared and paid in any currency the directors decide using an exchange rate selected by the directors for any currency conversions required. The directors can also decide how any costs relating to the choice of currency will be met.
- (B) The directors can offer shareholders the choice to receive dividends and other money payable in respect of their shares in a currency other than that in which the dividend or other money payable is declared on such terms and conditions as the directors may prescribe from time to time.

**130. Amounts Due on Shares can be Deducted from Dividends**

If a shareholder owes the company any money for calls on shares or money in any other way relating to his shares, the directors can deduct any of this money from any dividend or other money payable to the shareholder on or in respect of any share held by him. Money deducted in this way can be used to pay amounts owed to the company.

**131. No Interest on Dividends**

Unless the rights attached to any shares, or the terms of any shares, say otherwise, no dividend or other sum payable by the company on or in respect of its shares carries a right to interest from the company.

**132. Payment Procedure**

- (A) Any dividend or other money payable in cash relating to a share can be paid by sending a cheque, warrant or similar financial instrument payable to the shareholder who is entitled to it by post addressed to his registered address. Or it can be made payable to someone else named in a written instruction from the shareholder (or all joint shareholders) and sent by post to the address specified in that instruction. A dividend can also be paid by inter-bank transfer or by other electronic means (including payment through CREST) directly to an account with a bank or other financial institution (or other organisation operating deposit accounts if allowed by the company) named in a written instruction from the person entitled to receive the payment under this article. Such account is to be an account in the United Kingdom unless the share on which the payment is to be made is held by Euroclear Nederland and the Securities Giro Act applies to such share. Alternatively, a dividend can be paid in some other way requested in writing by the shareholder (or all joint shareholders) and agreed with the company.
  - (B) For joint shareholders or persons jointly entitled to shares by law, payment can be made to the shareholder whose name stands first in the register. The company can rely on a receipt for a dividend or other money paid on shares from any one of them on behalf of all of them.
  - (C) Cheques, warrants and similar financial instruments are sent, and payment in any other way is made, at the risk of the person who is entitled to the money. The company is
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treated as having paid a dividend if the cheque, warrant or similar financial instrument is cleared or if a payment is made through CREST, bank transfer or other electronic means. The company will not be responsible for a payment which is lost or delayed.

- (D) Dividends can be paid to a person who has become entitled to a share by law as if he were the holder of the share.

### **133. Uncashed Dividends**

- (A) The company can stop sending dividend payments through the post, or cease using any other method of payment (including payment through CREST), for any dividend if:
- (i) for two consecutive dividends:
    - (a) the dividend payments sent through the post have been returned undelivered or remain uncashed during the period for which they are valid; or
    - (b) the payments by any other method have failed; or
  - (ii) for any one dividend:
    - (a) the dividend payment sent through the post has been returned undelivered or remains uncashed during the period for which it is valid; or
    - (b) the payment by any other method has failed,

and reasonable enquiries have failed to establish any new address or account of the registered shareholder.
- (B) Subject to these articles, the company must recommence sending dividend payments if requested in writing by the shareholder or the person entitled to a share by law.

### **134. Forfeiture of Unclaimed Dividends**

Where any dividends or other amounts payable on a share have not been claimed, the directors can invest them or use them in any other way for the company's benefit until they are claimed. The company will not be a trustee of the money and will not be liable to pay interest on it. If a dividend or other money has not been claimed for 12 years after being declared or becoming due for payment, it will be forfeited and go back to the company unless the directors decide otherwise.

### **135. Dividends Not in Cash**

If recommended by the directors, the company can pass an ordinary resolution that a dividend be paid wholly or partly by distributing specific assets (and, in particular, paid up shares or debentures of any other company). Where any difficulty arises on such a distribution, the directors can resolve it as they decide. For example, they can:

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- (i) authorise any person to sell and transfer any fractions;
- (ii) ignore any fractions;
- (iii) value assets for distribution purposes;
- (iv) pay cash of a similar value to adjust the rights of shareholders; and/or
- (v) vest any assets in trustees for the benefit of more than one shareholder.

### 136. Scrip Dividends

The directors can offer ordinary shareholders (excluding any shareholder holding shares as treasury shares) the right to choose to receive extra ordinary shares, which are credited as fully paid up, instead of some or all of their cash dividend. Before they can do this, shareholders must have passed an ordinary resolution authorising the directors to make this offer.

- (i) The ordinary resolution can apply to some or all of a particular dividend or dividends. Or it can apply to some or all of the dividends which may be declared or paid in a specified period. The specified period must not end later than the fifth anniversary of the date on which the ordinary resolution is passed.
  - (ii) The directors can also offer shareholders the right to request new shares instead of cash for all future dividends (if a share alternative is available), until they tell the company that they no longer wish to receive new shares.
  - (iii) A shareholder will be entitled to A shares or B shares whose total "relevant value" is as near as possible to the cash dividend he would have received (disregarding any tax credit), but not more than it. The relevant value of a share is the average value of the A shares or B shares (as applicable) for the five dealing days starting from, and including, the day when the shares are first quoted "ex dividend". This average value is worked out from the market value of the A shares or B shares (as applicable) for the relevant dealing days.
  - (iv) The ordinary resolution can require that the relevant value is worked out in some different way. A certificate or report by the auditors stating the relevant value of a share for any dividend will be conclusive evidence of that value.
  - (v) After the directors have decided how many new shares ordinary shareholders will be entitled to, they can notify them in writing of their right to opt for new shares. This notice should also say how, where and when shareholders must notify the company if they wish to receive new shares. Where shareholders have opted to receive new shares in place of all future dividends, if new shares are available, the company will not need to notify them of a right to opt for new shares. No shareholders will receive a fraction of a share. The directors can decide how to deal with any fractions left over. For example, they can decide that the benefit of these fractions belongs to the company or that fractions are ignored or deal with fractions in some other way.
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- (vi) If a notice informing any shareholders of their right to opt for new shares is accidentally not sent or is not received, the offer will not be invalid as a result nor give rise to any claim, suit or action.
  - (vii) The directors can exclude or restrict the right to opt for new shares or make any other arrangements where they decide that this is necessary or convenient to deal with any of the following legal or practical problems:
    - (a) problems relating to laws of any territory; or
    - (b) problems relating to the requirements of any recognised regulatory body or stock exchange in any territory, or where the directors believe that for any other reason the right should not be given.
  - (viii) If a shareholder has opted to receive new shares, no dividend on the shares for which he has opted to receive new shares (which are called the "elected shares"), will be declared or payable. Instead, new ordinary shares will be allotted on the basis set out earlier in this article. To do this, the directors will convert into capital the sum equal to the total amount of the new ordinary shares to be allotted. They will use this sum to pay up in full the appropriate number of new ordinary shares. These will then be allotted and distributed to the holders of the elected shares on the basis set out above. The sum to be converted into capital can be taken from:
    - (a) any amount which is then in any reserve or fund (including the share premium account, any capital redemption reserve, any merger reserve and the profit and loss account); or
    - (b) any other sum which is available to be distributed.
  - (ix) The new ordinary shares will rank equally in all respects with the existing fully paid up ordinary shares at the time when the new ordinary shares are allotted. But they will not be entitled to share in the dividend from which they arose, or to have new shares instead of that dividend.
  - (x) The directors can decide that new shares will not be available in place of any cash dividend. They can decide this at any time before new shares are allotted in place of such dividend, whether before or after shareholders have opted to receive new shares.
  - (xi) The directors can decide how any costs relating to making new shares available in place of a cash dividend will be met. For example, they can decide that an amount will be deducted from the entitlement of a shareholder under this article.
  - (xii) Unless the directors decide otherwise or unless the Uncertificated Securities Regulations and/or the rules of CREST require otherwise, any new ordinary shares which a shareholder has chosen to receive instead of some or all of his cash dividend will be:
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- (a) CREST shares if the corresponding elected shares were CREST shares on the record date for that dividend; and
  - (b) certificated shares if the corresponding elected shares were certificated shares on the record date for that dividend.
- (xiii) Unless the directors decide otherwise, any new ordinary shares which a shareholder has chosen to receive instead of some or all of his cash dividend will be:
- (a) A shares if the corresponding elected shares are A shares; and
  - (b) B shares if the corresponding elected shares are B shares.

### **137. Power to Capitalise Reserves and Funds**

- (A) If recommended by the directors, the company's shareholders can pass an ordinary resolution to capitalise any sum:
- (i) which is part of any of the company's reserves (including premiums received when any shares were issued, capital redemption reserves, merger reserves or other undistributable reserves); or
  - (ii) which the company is holding as net profits.
- (B) Unless the ordinary resolution states otherwise, the directors will use the sum which is capitalised by setting it aside for the ordinary shareholders on the register at the close of business on the day the resolution is passed (or another date stated in the resolution or fixed as stated in the resolution) and in the same proportions as the ordinary shareholders' entitlement to dividends (or in other proportions stated in the resolution or fixed as stated in the resolution). The sum set aside can be used:
- (i) to pay up some or all of any amount on any issued shares which has not already been called, or paid in advance; or
  - (ii) to pay up in full unissued shares, debentures or other securities of the company which would then be allotted and distributed, credited as fully paid, to shareholders.

However, a share premium account, a capital redemption reserve, a merger reserve or any reserve or fund representing unrealised profits, can only be used to pay up in full the company's unissued shares. Where the sum capitalised is used to pay up in full unissued shares, the company is also entitled to participate in the relevant distribution in relation to any shares of the relevant class held by it as treasury shares and the proportionate entitlement of the relevant class of shareholders to the distribution will be calculated on this basis.

- (C) The directors can appoint any person to sign a contract with the company on behalf of those who are entitled to shares, debentures or other securities under the resolution. Such a contract is binding on all concerned.
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**138. Settlement of Difficulties in Distribution**

If any difficulty arises in connection with any distribution of any capitalised reserve or fund, the directors can resolve it in any way which they decide. For example, they can deal with entitlements to fractions by deciding that the benefit of fractions belong to the company or that fractions are ignored or deal with fractions in some other way.

**139. Power to Choose Any Record Date**

This article applies to any dividend on any shares, or any distribution, allotment or issue to the holders of any shares. These can be paid or made to the registered holder or holders of the shares, or to anyone entitled in any other way, at a particular time on a particular day selected by the directors. They will be based on the number of shares registered at that time on that day, even if this is before any resolution to authorise what is being done was passed. This article applies whether what is being done is the result of a resolution of the directors, or a resolution at a general meeting. The time and date can be before the dividend or distribution is to be paid or the allotment or issue of share is to be made, or before any relevant resolution was passed.

**140. Records to be Kept**

The directors must ensure that proper accounting records that comply with the legislation are kept to record and explain the company's transactions and show its financial position with reasonable accuracy.

**141. Inspection of Records**

A shareholder is not entitled to inspect any of the company's accounting records or other books or papers unless:

- (i) the legislation or a proper court order gives him that right;
- (ii) the directors authorise him to do so; or
- (iii) the shareholders authorise him to do so by ordinary resolution.

**142. Summary Financial Statements**

The company can send summary financial statements to its shareholders instead of copies of its full reports and accounts and for the purposes of this article sending includes using electronic communications and publication on a website in accordance with the legislation.

**143. Service of Notices**

- (A) The company can send any notice or other document, including a share certificate, to a shareholder:
    - (i) by delivering it to him personally;
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- (ii) by addressing it to him and posting it to, or leaving it at, the shareholder's registered address;
  - (iii) through CREST, where the notice or document relates to CREST shares; or
  - (iv) as authorised in writing by the relevant shareholder.
- (B) Where appropriate the company can also send any notice or other document by using electronic communications and by publication on a website in accordance with the legislation.
- (C) Where there are joint shareholders, the notice or other document can be sent to any one of the joint holders and will be treated as having been sent to all the joint holders.

#### **144. Record Date for Service**

Where the company sends notices or documents to shareholders, it can do so by reference to the shareholders' register as it stands at any time not more than 15 days before the date the notice or document is sent. Any change of details on the register after that time will not invalidate the sending and the company is not obliged to send the same notice or document to any person entered on the shareholders' register after the date selected by the company.

#### **145. Members Resident Abroad or on Branch Registers**

- (A) If a shareholder's address on the register is outside the United Kingdom or The Netherlands, he can give the company a United Kingdom or a Netherlands postal address to which notices and other documents can be sent to him. If he does, he is entitled to have notices and other documents sent to him at that address. Alternatively, a shareholder whose address on the register is outside the United Kingdom or The Netherlands can give the company an address for the purposes of electronic communications. If he does, notices and other documents may be sent to him at that address, but this will be at the absolute discretion of the directors. Otherwise, subject to the provisions of the Listing Rules, he is not entitled to receive any notices or other documents from the company.
- (B) For a shareholder registered on a branch register, notices or documents can be posted or despatched in the United Kingdom or in the country where the branch register is kept.

#### **146. Service of Notices on Persons Entitled by Transmission**

This article applies where a shareholder has died or become bankrupt or is in liquidation, or where someone else has otherwise become entitled by law to that shareholder's shares, but is still registered as a shareholder. It applies whether he is registered as a sole or joint shareholder. A person who is entitled to that shareholder's shares by law, and who proves this to the reasonable satisfaction of the directors, can give the company a United Kingdom or Netherlands postal address for the sending of notices and other documents. If this is done, notices and other documents must be sent to that address. Alternatively, a person who is entitled to that shareholder's shares

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by law, and who proves this to the reasonable satisfaction of the directors, can give the company an address for the purposes of electronic communications. If this is done, notices or documents may be sent to him at that address, but this will be at the absolute discretion of the directors. Otherwise, if any notice or other document is sent to the shareholder named on the register, this will be valid despite his death, bankruptcy or liquidation or the fact that any other event giving rise to an entitlement to the shares by law has occurred. This applies even if the company knew about these things. If notices or other documents are sent in accordance with this article, there is no need to send them to any other persons who may be involved.

#### **147. When Notice Deemed Served**

- (A) If a notice or document is sent by the company by inland post, it is treated as being received the day after it was posted if first class post (or a service similar to first class post) was used or 72 hours after it was posted if first class post (or a service similar to first class post) was not used. If a notice or document is sent by the company by airmail, it is treated as being received 72 hours after it was posted. In proving that a notice or document was received, it is sufficient to show that the envelope was properly addressed and put into the postal system with postage paid.
- (B) If a notice or document is left by the company at a shareholder's registered address or at a postal address notified to the company in accordance with these articles by a shareholder or a person who is entitled to a share by law, it is treated as being received on the day it was left.
- (C) If a notice is sent through CREST, it is treated as being received when the company, or any CREST participant acting for the company, sends the issuer-instruction relating to the notice.
- (D) If a notice or document is sent by the company using electronic communications it is treated as being received on the day after it was sent. In the case of publication on a website, the notice or document is treated as being received on the day after notice of the publication and the address of the website is sent. Proof that a notice contained in an electronic communication was sent in accordance with guidance issued from time to time by the Institute of Chartered Secretaries and Administrators shall be conclusive evidence that the notice was given.
- (E) If a notice or document is sent by the company by any other means authorised in writing by a shareholder, it is treated as being received when the company has done what it was authorised to do by that shareholder.

#### **148. Notice When Post Not Available**

If a general meeting cannot be called by sending notices through the post or by electronic communications because the postal service in any country to which notices will be sent to, or from which notices will be sent, or some part of such country, or the relevant electronic mail system is suspended or restricted, the directors can give notice of the meeting to shareholders affected by the suspension or restriction by publishing a notice in at least one United Kingdom and one Dutch national newspaper. Notice published in this way will be treated as being properly served on affected shareholders

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who are entitled to receive it on the day the advertisement appears. If it becomes generally possible to send notices by post or by electronic communications again at least six clear days before the meeting, the directors will send a copy of the notice by post or by electronic communications to those entitled to receive it by way of confirmation.

#### **149. Presumption Where Documents Destroyed**

- (A) The company can destroy or delete:
    - (i) all transfer forms or Operator-instructions transferring shares, and documents sent to support a transfer, and any other documents which were the basis for making an entry by the company on the register, after six years from the date of registration;
    - (ii) all dividend and other payment instructions and notifications of a change of address or name, after two years from the date these were recorded; and
    - (iii) all cancelled share certificates, after one year from the date they were cancelled.
  - (B) If the company destroys or deletes a document under this article, it is conclusively treated as having been a valid and effective document in accordance with the company's records relating to the document. Any action of the company in dealing with the document in accordance with its terms before it was destroyed or deleted is conclusively treated as having been properly taken.
  - (C) This article only applies to documents which are destroyed or deleted in good faith and where the company is not on notice of any claim to which the document may be relevant.
  - (D) If the documents relate to CREST shares, the company must comply with any requirements of the Uncertificated Securities Regulations which limit its ability to destroy these documents.
  - (E) This article does not make the company liable if:
    - (i) it destroys or deletes a document earlier than the time limit referred to in article 149(A);
    - (ii) it does not comply with the conditions in article 149(C); or
    - (iii) the company would not be liable if this article did not exist.
  - (F) This article applies whether a document is destroyed or deleted or disposed of in some other way.
-

**150. Distribution of Assets Otherwise Than in Cash**

If the company is wound up (whether the liquidation is voluntary, under supervision of the court or by the court), the liquidator can, with the authority of an extraordinary resolution passed by the shareholders and any other sanction required by the legislation, divide among the shareholders (excluding any shareholder holding shares as treasury shares) the whole or any part of the assets of the company. This applies whether the assets consist of property of one kind or different kinds. For this purpose, the liquidator can set such value as he considers fair upon any property and decide how such division is carried out as between shareholders or different groups of shareholders. The liquidator can transfer any part of the assets to trustees upon such trusts for the benefit of shareholders as the liquidator, acting under that resolution, decides. However, no shareholder can be compelled to accept any shares or other property under this article which carry a liability.

**151. Indemnity of Officers**

As far as the legislation allows this, the company can:

- (i) indemnify any director of the company, of any associated company or of any affiliate against any liability; and
- (ii) purchase and maintain insurance against any liability for any director of the company, of any associated company or of any affiliate.

In this article, the term "director" shall include any former director.

**152. Arbitration**

Unless article 153 applies:

(A) All disputes:

- (i) between a shareholder in that shareholder's capacity as such and the company and/or its directors arising out of or in connection with these articles or otherwise; and/or
- (ii) to the fullest extent permitted by law, between the company and any of its directors in their capacities as such or as employees of the company, including all claims made by or on behalf of the company against its directors; and/or
- (iii) between a shareholder in that shareholder's capacity as such and the company's professional service providers; and/or
- (iv) between the company and the company's professional service providers arising in connection with any claim within the scope of article 152(A)(iii),

shall be exclusively and finally resolved under the Rules of Arbitration of the International Chamber of Commerce ("ICC") (the "ICC Rules"), as amended from time to time.

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- (B) The tribunal shall consist of three arbitrators to be appointed in accordance with the ICC Rules.
- (C) The chairman of the tribunal must have at least 20 years experience as a lawyer qualified to practise in a common law jurisdiction within the Commonwealth (as constituted on 12 May 2005) and each other arbitrator must have at least 20 years experience as a qualified lawyer.
- (D) The place of arbitration shall be The Hague, The Netherlands.
- (E) The language of the arbitration shall be English.
- (F) These articles constitute a contract between the company and its shareholders and between the company's shareholders *inter se*. This article 152 (as supplemented from time to time by any agreement to a similar effect between the company and its directors or professional service providers) also contains or evidences an express submission to arbitration by each shareholder, the company, its directors and professional service providers and such submissions shall be treated as a written arbitration agreement under the Netherlands Arbitration Act, the Arbitration Act 1996 of England and Wales and Article II of the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958).
- (G) Each person to whom this article 152 applies hereby waives, to the fullest extent permitted by law: (i) any right under the laws of any jurisdiction to apply to any court of law or other judicial authority to determine any preliminary point of law, and/or (ii) any right it may otherwise have under the laws of any jurisdiction to appeal or otherwise challenge the award, ruling or decision of the tribunal.

### **153. Exclusive Jurisdiction**

- (A) This article 153 shall apply to a dispute (which would otherwise be subject to article 152) in any jurisdiction if a court in that jurisdiction determines that article 152 is invalid or unenforceable in relation to that dispute in that jurisdiction.
  - (B) For the purposes of article 153(A), court shall mean any court of competent jurisdiction or other competent authority including for the avoidance of doubt, a court or authority in any jurisdiction which is not a signatory to the New York Convention.
  - (C) Any proceeding, suit or action:
    - (i) between a shareholder in that shareholder's capacity as such and the company and/or its directors arising out of or in connection with these articles or otherwise; and/or
    - (ii) to the fullest extent permitted by law, between the company and any of its directors in their capacities as such or as employees of the company, including all claims made by or on behalf of the company against its directors; and/or
    - (iii) between a shareholder in that shareholder's capacity as such and the company's professional service providers and/or
-

- (iv) between the company and the company's professional service providers arising in connection with any claim within the scope of article 153(C)(iii),

may only be brought in the courts of England and Wales.

- (D) Damages alone may not be an adequate remedy for any breach of this article 153, so that in the event of a breach or anticipated breach, the remedies of injunction and/or an order for specific performance would in appropriate circumstances be available.

#### **154. General Dispute Resolution Provisions**

- (A) For the purposes of articles 152 and 153, a "dispute" shall mean any dispute, controversy or claim, other than any dispute, controversy or claim relating to any failure or alleged failure by the company to pay all or part of a dividend which has been declared and which has fallen due for payment.
  - (B) The governing law of these articles, including the submissions to arbitration and written arbitration agreement contained in or evidenced by article 152, shall be the substantive law of England.
  - (C) The company shall be entitled to enforce articles 152 and 153 for its own benefit, and that of its directors, subsidiary undertakings and professional service providers.
  - (D) References in articles 152 and 153 to:
    - (i) "company" shall be read so as to include each and any of the company's subsidiary undertakings from time to time; and
    - (ii) "director" shall be read so as to include each and any director of the company from time to time in its capacity as such or as employee of the company and shall include any former director of the company; and
    - (iii) "professional service providers" shall be read so as to include the company's auditors, legal counsel, bankers, ADR depositaries and any other similar professional service providers in their capacity as such from time to time but only if and to the extent such person has agreed with the company in writing to be bound by article 152 and/or 153 (or has otherwise agreed to submit disputes to arbitration and/or exclusive jurisdiction in a materially similar way).
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## GLOSSARY

### About the Glossary

This Glossary is to help readers understand the company's memorandum and articles. Words are explained as they are used in the memorandum and articles — they might mean different things in other documents. This Glossary is not legally part of the memorandum or articles, and it does not affect their meaning. The explanations are intended to be a general guide — they are not precise. Words and expressions which are printed in bold in a definition have their own general explanation of their meaning which is contained in this Glossary.

**abrogate** If the **special rights** of a share are abrogated, they are cancelled or withdrawn.

**adjourn** Where a meeting breaks up, to be continued at a later time or day, at the same or a different place.

**allot** When new shares are allotted, they are set aside for the person they are intended for. This will normally be after the person has agreed to pay for a new share, or has become entitled to a new share for any other reason. As soon as a share is allotted, that person has the right to have his name put on the register of shareholders. When he has been registered, the share has also been **issued**.

**asset** Anything which is of any value to its owner.

**attorney** An attorney is a person who has been appointed to act for another person. The person is appointed by a formal document, called a "**power of attorney**".

**authorised share capital** The total number of shares which a company has the potential, under its memorandum of association, to have **in issue** at any time. Authorised share capital includes all the shares which a company has **in issue** at any time as well as any shares which have been authorised by a shareholder's meeting but are not yet **issued** (whether or not authority to **issue** them has been given under the company's articles).

**brokerage** Commission which is paid to a broker by a company **issuing** shares where the broker's clients have applied for shares.

**call** A call to pay money which is due on shares which has not yet been paid. This happens if the company **issues** shares which are partly paid, where money remains to be paid to the company for the shares. The money which has not been paid can be "called" for. If all the money to be paid on a share has been paid, the share is called a "**fully paid share**".

**capitalise** To convert some or all of the **reserves** of a company into capital (such as shares).

**capital redemption reserve** A **reserve** which a company may have to set up to maintain the level of its capital base when shares are **redeemed** or bought back.

**certificated form** A shareholder holds a share or other security in certificated form if it is not able to be held in **uncertificated form** or, if it is able to be held in **uncertificated form** but that shareholder has requested that a certificate be issued for that share or other **security** (see also **uncertificated form**).

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**company representative** If a corporation owns shares, it can appoint a company representative to attend a shareholders' meeting to speak and vote for it.

**consolidate** When shares are consolidated, they are combined with other shares — for example, three £1 shares might be consolidated into one new £3 share.

**debenture** A typical debenture is a long-term borrowing by a company. The loan usually has to be repaid at a fixed date in the future and carries a fixed rate of interest.

**declare** Generally, when a dividend is declared, it becomes due to be paid.

**electronic communication** An electronic communication is a communication by means of a telecommunications system or some other system but while in electronic form. It includes fax and telephone communications and also electronic mail.

**entitled to a share by law** In some situations, a person will be entitled to have shares which are registered in somebody else's name registered in his own name or to require the shares to be transferred to another person. When a shareholder dies, or the sole survivor of joint shareholders dies, his **personal representatives** have this right. If a shareholder is made bankrupt, his **trustee** in bankruptcy has the right.

**ex-dividend** Once a share has gone ex-dividend, a person who buys the share in the market will not be entitled to the dividend which has been declared shortly before it was bought. The seller remains entitled to this dividend even though it will be paid after he has sold his share.

**executed** A document is executed when it is signed or sealed or made valid in some other way.

**exercise** When a power is exercised, it is used.

**extraordinary resolution** A decision reached by a majority of at least 75 per cent. of votes cast. Shareholders must be given at least 14 days' notice of any extraordinary resolution.

**forfeit** and **forfeiture** When a share is forfeited it is taken away from the shareholder and goes back to the company. This process is called "forfeiture". This can happen if a **call** on a **partly paid share** is not paid on time.

**fully paid shares** When all of the money or other property which is due to the company for a share has been paid or received, a share is called a "fully paid share".

**indemnity** and **indemnify** If a person gives another person an indemnity, he promises to make good any losses or damage which the other might suffer. The person who gives the indemnity is said to "indemnify" the other person.

**in issue** See **issue**.

**instruments** Formal legal documents.

**issue** When a share has been issued, everything has been done by a company to make the shareholder the owner of the share. In particular, the shareholder's name has been put on the register. Existing shares which have been issued are called "**in issue**".

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**lien** Where the company has a lien over shares, it can take the dividends, and any other payments relating to the shares which it has a lien over, or it can sell the shares, to repay the debt and so on.

**members** Shareholders.

**nominal amount** or **nominal value** The amount of the share shown in a company's account. The nominal value of both the A shares and the B shares is €0.07. This amount is shown on the share certificate for a share. When a company **issues** new shares this can be for a price which is at a **premium** to the nominal value. When shares are bought and sold on the stock market this can be for more, or less, than the nominal value. The nominal value is sometimes also called the "par value".

**officer** The term officer includes (subject to the provisions of the articles) a director, secretary, any employee who reports directly to a director or any other person who the directors decide should be an officer.

**Operator** A person approved by the Treasury under the Uncertificated Securities Regulations as operator of a **relevant system**.

**Operator-instruction** A properly authenticated instruction sent by or on behalf of an **Operator** and sent or received by means of a **relevant system**.

**ordinary resolution** A decision reached by a simple majority of votes — that is by more than 50 per cent. of the votes cast.

**partly paid shares** If any money remains to be paid on a share, it is said to be partly paid. The unpaid money can be "**called**" for.

**personal representatives** A person who is entitled to deal with the property (the "estate") of a person who has died. If the person who has died left a valid will, the will appoints "executors" who are personal representatives. If the person died without a will, the courts will appoint one or more "administrators" to be the personal representatives.

**poll** On a vote taken on a poll, the number of votes which a shareholder has will depend on the number of shares which he owns. An ordinary shareholder has one vote for each share he owns. A poll vote is different to a vote taken on a **show of hands**, where each person who is entitled to vote has just one vote, however many shares he owns.

**power of attorney** A formal document which legally appoints one or more persons to act on behalf of another person.

**pre-emption rights** The right of some shareholders which is given by the Companies Act to be offered a proportion of certain classes of newly issued shares and other securities before they are offered to anyone else. This offer must be made on terms which are at least as favourable as the terms offered to anyone else.

**premium** If a company **issues** a new share for more than its **nominal value**, the amount above the **nominal value** is the premium.

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**proxy** A proxy is a person who is appointed by a shareholder to attend a meeting and vote for that shareholder. A proxy is appointed by using a **proxy form**, which may be electronic. A proxy does not have to be a shareholder. A proxy can vote both on a poll and on a show of hands under the company's articles.

**proxy form** A form (including an electronic form) which a shareholder uses to appoint a **proxy** to attend a meeting and vote for him. A proxy form is also used to instruct a proxy in terms of the number of shares in respect of which the proxy is entitled to vote and how he is to exercise the votes attaching to those shares. The proxy forms are sent out by the company and must be returned to the company before the meeting to which they relate.

**quorum** The minimum number of shareholders or directors who must be present before a shareholders' or, as appropriate, directors' meeting can start. When this number is reached, the meeting is said to be "quorate".

**rank** When either capital or income is distributed to shareholders, it is paid out according to the rank (or ranking) of the shares. For example, a share which ranks ahead of (or above) another share in sharing in a company's income is entitled to have its dividends paid first, before any dividends are paid on shares which rank below (or after) it. If there is not enough income to pay dividends on all shares, the available income must be used first to pay dividends on shares which rank first, and then to shares which rank next. The same applies for repayments of capital. Capital must be paid first to shares which rank first in sharing in the company's capital, and then to shares which rank next. A company's preference shares (if it has any) generally rank ahead of its ordinary shares.

**recognised investment exchange** An investment exchange which has been officially recognised by the UK authorities. An investment exchange is a place where investments, such as shares, are traded. The London Stock Exchange is a recognised investment exchange.

**redeem, redemption and redeemable** When a share is redeemed, it goes back to the company in return for a sum of money which was fixed (or calculated from a formula fixed) before the share was **issued**. This process is called "redemption". A share which can be redeemed is called a "redeemable" share.

**relevant system** This is a term used in the legislation for a computer system which allows shares without share certificates to be transferred without using transfer forms. The CREST system for paperless share dealing is a "relevant system".

**renounces and renunciation** Where a share has been **allotted**, but nobody has been entered on the share register for the share, it can be renounced to another person. This transfers the right to have the share registered to another person. This process is called "renunciation".

**requisition** A formal process which shareholders can use to call a meeting of shareholders. Generally speaking the shareholders who want to call a meeting must hold at least 10 per cent. of the **issued** shares.

**reserves** A fund which has been set aside in the accounts of a company — profits which are not paid out to shareholders as dividends, or used up in some other way, are held in a reserve by the company.

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**revoke** To withdraw or cancel.

**share premium account** If a new share is **issued** by a company for more than its **nominal value**, the amount above the **nominal value** is the **premium** and the total of these **premiums** is held in a **reserve** (which cannot be used to pay dividends) called the share premium account.

**show of hands** A vote where each person who is entitled to vote has just one vote, however many shares he holds.

**special notice** If special notice of a resolution is required by the legislation, the resolution is not valid unless the company has been told about the intention to propose it at least 28 days before the meeting at which it is proposed.

**special resolution** A decision reached by a majority of at least 75 per cent. of votes cast. Shareholders must be given at least 21 days' notice of any special resolution.

**special rights** These are the rights of a particular class of shares as distinct from rights which apply to all shares generally. Typical examples of special rights are: where the shares **rank**; their rights to sharing in income and **assets**; and voting rights.

**statutory declaration** A formal way of declaring something in writing. Particular words and formalities must be used — these are laid down by the Statutory Declarations Act of 1835.

**subdivide** When shares are subdivided they are split into shares which have a smaller **nominal amount**. For example, a £1 share might be subdivided into two 50p shares.

**subject to** Means that something else has priority, or prevails, or must be taken into account. When a statement is subject to something this means that the statement must be read in the light of that other thing, which will prevail if there is any conflict.

**subsidiary** A company which is controlled by another company (for example, because the other company owns a majority of its shares) is called a subsidiary of that company. This is defined in more detail in the Companies Act.

**subsidiary undertaking** This is a term used by the Companies Act. It has a wider meaning than **subsidiary**. Generally speaking, it is a company which is controlled by another company because the other company:

- has a majority of the votes in the company, either alone or acting with others;
- is a shareholder who can appoint or remove a majority of the directors; or
- can **exercise** dominant influence over the company because of anything in the company's memorandum or articles or because of a certain kind of contract.

**treasury shares** Shares in the company which were bought by the company as provided by the legislation and which have been held by the company continuously since being bought are called treasury shares.

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**trustees** Persons who hold property of any kind for the benefit of one or more other persons under a kind of arrangement which the law treats as a "trust".

**uncertificated form** A share or other security is held in uncertificated form if no certificate has been issued for it. A share or other security held in uncertificated form is eligible for settlement in CREST or any other **relevant system**.

**underwriting** A person who agrees to buy new shares if they are not bought by other persons underwrites the share offer.

**warrant** or **dividend warrant** Similar to a cheque for a dividend.

**wind up** The formal process to put an end to a company. When a company is wound up, its **assets** are distributed. The **assets** go first to creditors who have supplied property and services and then to shareholders. Shares which **rank** above other shares in sharing in the company's **assets** will receive any funds which are left over before any shares which **rank** after (or below) them.

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**ARTICLES OF ASSOCIATION  
OF**

**ROYAL DUTCH SHELL PLC  
(ARTICLES ADOPTED ON 17 May 2005  
AS AMENDED BY WRITTEN RESOLUTION ON 18 July 2005  
TAKING EFFECT FROM 27 July 2005)**

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**Slaughter and May  
One Bunhill Row  
London EC1Y 8YY  
(Ref: RJYT/RLC)  
CD052140004**

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