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Registered in England and Wales FC024342

SHELL HOLDINGS (BERMUDA) LIMITED

DIRECTORS' REPORT

AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2012

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SHELL HOLDINGS (BERMUDA) LIMITED

DIRECTORS' REPORT

The Directors present their report and accounts for the year ended 31 December 2012

The Directors' report and accounts of the Company have been prepared in accordance with the Companies Act 1981 (Bermuda)

Shell Holdings (Bermuda) Limited (also referred to as the "Company") is one of the entities within the "Shell Group" In this context the term "Shell Group" and "Companies of the Shell Group" or "Group companies" means companies in which Royal Dutch Shell plc, either directly or indirectly, has control either through a majority of the voting rights or the right to exercise a controlling influence or to obtain the majority of the benefits and be exposed to the majority of the risks Companies in which Group companies have significant influence but not control are classified as "Associated companies" Royal Dutch Shell plc, a Company incorporated in England and Wales, is known as the "Parent Company" of the Shell Group In this Report "Shell", "Shell Group" and "Royal Dutch Shell" are sometimes used for convenience where references are made to Royal Dutch Shell and its subsidiaries in general These expressions are also used where no useful purpose is served by identifying the particular company or companies

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The Company is registered in Bermuda, however central control and management transferred to the UK on 18 September 2002 A place of business in the UK was subsequently registered with Companies House under Section 1045 of the Companies Act 2006

The Company primarily owns investments in a number of non-UK companies engaged in various branches of the oil and natural gas exploration and production businesses

The Company recharges the cost received from the other group companies, on account of the services provided by them, to Brunei Shell Petroleum Company Sendirian Berhad ('BSP')

The Company's profit for the financial year decreased from $865 3 million in 2011 to $577 5 million in 2012 This was principally due to the decrease in dividend income from investments

The Directors consider that the year end financial position of the Company is satisfactory

Dividends

Interim dividend of $1,115 0 million was paid during the year (2011 $981 5 million) The Directors recommend that no further dividend be paid for the year ended 31 December 2012 (2011 $nil)

Future Outlook

No significant change in the business of the Company or of its subsidiary and participating undertakings has taken place during the year or is expected in the immediately foreseeable future

Principal Risks and Uncertainties

The Shell Group has a single risk based control framework – The Shell Control Framework – to identify and manage risks The Shell Control Framework applies to all wholly owned Shell companies and to those ventures and other companies in which Royal Dutch Shell plc ("Royal Dutch Shell") has directly or indirectly a controlling interest From the perspective of the Company, the principal risks and uncertainties affecting the Company are considered to be those that affect the Shell Group Accordingly, the principal risks and uncertainties of the Shell Group, which are discussed on pages 13 to 15 of Royal Dutch Shell's Annual Report and Form 20-F for the year ended 31 December 2012 (the "Group Report"), include those of the Company (The Group Report does not form part of this report)

DIRECTORS' REPORT (continued)

Key Performance Indicators

Companies of the Shell Group comprise the Upstream businesses of Exploration and Production, Gas and Power and Oil Sands and the Downstream businesses of Oil Products and Chemicals The Company's key performance indicators, that give an understanding of the development, performance and position of the business, are aligned with those of the Shell Group The development, performance and position of the various businesses is discussed on pages 20 to 41 of the Group Report and the key performance indicators through which the Group's performance is measured are as set out on pages 8 to 9 of the Group Report

DIRECTORS

The Directors of the Company, who served throughout the year and to the date of this report (except as noted) were

C Clabots	Resigned 18 July 2013
H Stemmler	Resigned 30 September 2013
N Wakefield	
G Archibald	
S Ostrowski	Appointed 19 July 2013
P Gamero	Appointed 12 November 2013

FINANCIAL RISK MANAGEMENT

The Company's Directors are required to follow the requirements of Shell Group risk management policies, which include specific guidelines on the management of market, credit and liquidity risk, and advice on the use of financial instruments to manage them Shell Group risk management policies can be found in the Group Report (see pages 83 to 84 and note 21)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report and the Company's accounts in accordance with applicable law and regulations in Bermuda

Bermudan Company law requires the Directors to prepare accounts for each financial year Under that law the Directors have elected to prepare the Company's accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law, the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period In preparing these accounts, the Directors are required to

- Select suitable accounting policies and then apply them consistently,
- Make judgements and estimates that are reasonable and prudent,
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts, and
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts comply with the Companies Act 1981 (Bermuda) They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

DISCLOSURE OF INFORMATION TO AUDITORS

All Directors in office at the date of approval of the Directors' report confirm that so far as each of the Directors is aware, there is no relevant audit information (meaning information needed by the Company's auditors in connection with preparing their report) that has not been disclosed to the Company's auditors Each of the Directors believes that he or she has taken all steps that ought to have been taken to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

By order of the Board



Gary Thomson
Assistant Company Secretary
9th December 2013

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF SHELL HOLDINGS (BERMUDA) LIMITED

We have audited the accounts of Shell Holdings (Bermuda) Limited for the year ended 31 December 2012 which comprise the profit and loss account, the balance sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law in Bermuda and United Kingdom Accounting Standards as issued by the UK Accounting Standards Board

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the Directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law in Bermuda and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the UK Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 90 of The Companies Act 1981 (Bermuda) and for no other purpose We do not, in giving the opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the accounts In addition, we read all the financial and non-financial information in the Directors' report and accounts to identify material inconsistencies with the audited accounts If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on accounts

In our opinion the accounts

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Accounting Standards, and
- have been prepared in accordance with the requirements of the Companies Act 1981 (Bermuda)

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
Glasgow, United Kingdom
9 December 2013

SHELL HOLDINGS (BERMUDA) LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2012

Continuing operations

	Note	2012 US$'000	*Restated 2011 US$'000
Turnover	2	52,625	55,533
Cost of sales		(71,028)	(71,364)
GROSS LOSS		(18,403)	(15,831)
Income from shares in Group undertakings			
Subsidiary undertakings		474,648	583,608
Income from participating undertakings		119,174	298,034
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		575,419	865,811
Interest receivable and similar income	3	462	263
Interest payable and similar charges	4	-	(874)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	575,881	865,200
Tax on profit on ordinary activities	6	1,664	97
PROFIT FOR THE FINANCIAL YEAR		577,545	865,297

There is no material difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents

There were no recognised gains and losses other than the profit for the current year and the prior year and accordingly a statement of total recognised gains and losses has not been presented

* The presentation of certain comparatives has been changed to provide consistency with current year presentation (refer to note 2)

SHELL HOLDINGS (BERMUDA) LIMITED

REGISTERED IN ENGLAND AND WALES: FC024342

BALANCE SHEET

As at 31 December 2012

	Note	2012 US$'000	2011 US$'000
FIXED ASSETS			
Investments	7	850,781	850,281
CURRENT ASSETS			
Debtors	8	220,906	754,883
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	(4,802)	(824)
NET CURRENT ASSETS		216,104	754,059
NET ASSETS		1,066,885	1,604,340
CAPITAL AND RESERVES			
Called up share capital	10	5,778,062	5,778,062
Additional contributed capital	12	32,090	32,090
Profit and loss account	12	(4,743,267)	(4,205,812)
TOTAL SHAREHOLDER'S FUNDS	12	1,066,885	1,604,340

The accounts on pages 5 to 13 were approved by the Board of Directors on 9th December 2013 and were signed on its behalf by

N Wakefield
Director

S Ostrowski
Director

SHELL HOLDINGS (BERMUDA) LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2012

1 Accounting policies

a) Accounting convention and compliance with Accounting Standards

The accounts have been prepared on a going concern basis under the historical cost convention, in accordance with the Companies Act 1981 (Bermuda) and applicable Accounting Standards in the UK (UK GAAP), and the accounting policies as described below

The accounting policies have been consistently applied There have been no changes in accounting policies in 2012

b) Group accounts

Group accounts of the Company and its subsidiary undertakings and its participating undertakings have not been prepared The accounts present information about the Company as an individual undertaking and not about its group

The immediate parent company is The Shell Petroleum Company Limited

The ultimate parent company and controlling party is Royal Dutch Shell plc, which is incorporated in England and Wales

The consolidated accounts of Royal Dutch Shell plc are available from

Royal Dutch Shell plc
Tel +31 888 800 844
Email order@shell com

c) Fixed asset investments

These comprise investments in shares that the Company intends to hold on a continuing basis The investments are stated at cost, less provisions for impairment The Company carries out a review for the potential impairment of an investment if events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable Such impairment reviews are performed in accordance with Financial Reporting Standard ("FRS") 11 Any impairments are recorded in the profit and loss account

d) Income from shares in Group undertakings and participating undertakings

Income from shares in Group undertakings and participating undertakings represents dividends relating to the current year and prior periods, provided that the dividend has been approved by the Company

1 **Accounting policies (continued)**

e) **Corporation Tax**

The Company records a tax charge or credit in the profit and loss account calculated at the tax rate prevailing in the year for tax payable to HM Revenue and Customs, or for Group relief to surrender to or to be received from other Group undertakings, and for which payment may be requested

f) **Foreign currency translation**

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

Monetary assets and liabilities recorded in foreign currencies have been expressed in US Dollars at the rates of exchange ruling at the year end Differences on translation are included in the profit and loss account Non-monetary assets and liabilities denominated in a foreign currency are translated using exchange rates at the date of the transaction No subsequent translations are made once this has occurred

Foreign currency amounts have been translated at $1 6166 £1 (2011 $1 5415 £1) being the relevant exchange rate prevailing at the balance sheet date

g) **Turnover**

Turnover represents amounts receivable (excluding value added tax) for services provided in the ordinary course of business

The Company recharges the cost received from the inter group companies on account of the services provided by the Group, to Brunei Shell Petroleum Company Sendirian Berhad

h) **Netting-off policy**

Balances with other companies of the Shell Group are stated gross, unless both of the following conditions are met

(i) Currently there is a legally enforceable right to set off the recognised amounts, and

(ii) There is intent either to settle on a net basis, or to realise the asset and settle the liability simultaneously

i) **Cash flow statement**

In accordance with the exemption allowed by paragraph 5(a) of FRS 1, a cash flow statement for the Company has not been provided

1 Accounting policies (continued)

j) Related party disclosures

In accordance with the exemption allowed by paragraph 3(c) of FRS 8, no disclosure is made of transactions with wholly-owned member companies of the Shell Group Related party transactions have been disclosed in Note 12

2 Turnover

The Company incurs expenditure in relation to services provided by the Group to Brunei Shell Petroleum Company S B ('BSP') These costs are recharged to BSP and the recovery of these costs presented as Turnover on the Profit and Loss Account In the prior year revenue and expenditure in relation to BSP was presented net, accordingly the 2011 comparative figures have been restated to provide consistency with the current year presentation which better reflects the risk attached to the full recovery of these costs in the Company

3 Interest receivable and similar income

	2012 US$'000	2011 US$'000
Interest from Group undertakings		
Fellow subsidiary undertakings	444	263
Profit on currency translation	18	-
	462	263

4 Interest payable and similar charges

	2012 US$'000	2011 US$'000
Loss on currency translation	-	874
	-	874

5 Profit on ordinary activities before taxation

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

	2012 US$'000	2011 US$'000
Currency translation		
Financing	(18)	874

The Company had no employees during 2012 (2011 none)

5 Profit on ordinary activities before taxation (continued)

The Auditors' remuneration of $22,197 (2011 $24,208) in respect of the statutory audit was borne by a parent undertaking for both the current and preceding years

Fees paid to PricewaterhouseCoopers LLP and its associates for non-audit services to the Company itself are not disclosed in the individual accounts of Shell Holdings (Bermuda) Limited because the Royal Dutch Shell plc consolidated accounts are required to disclose such fees on a consolidated basis

None of the Directors received any emoluments (2011 none) in respect of their services to the Company

6 Tax on profit on ordinary activities

The credit for the year of $1,664,295 (2011 $97,240) is made up as follows

	2012 US$'000	2011 US$'000
UK corporation tax at the standard rate of 24 5% (2011 26 5%)	131	64
Adjustments in respect of prior years	(1,795)	(161)
Total current tax credit	(1,664)	(97)
Total tax credit	(1,664)	(97)

The tax assessed for the year differs from the standard effective rate of corporation tax in the UK of 24 5% (2011 26 5%) The differences are explained below

	2012 US$'000	2011 US$'000
Profit on ordinary activities before taxation	575,881	865,200
Tax on profit on ordinary activities at standard UK corporation tax rate of 24 5 % (2011 26 5%)	141,091	229,278
Effects of		
Income not assessable	(145,486)	(233,635)
Expenses not deductible	4,526	4,421
Adjustments in respect of prior years	(1,795)	(161)
Current tax credit for the year	(1,664)	(97)

6 Tax on profit on ordinary activities (continued)

The corporation tax rate for non-upstream companies was 24 5% for current tax in the year to 31 December 2012 (2011 26 5%)

Factors affecting current and future tax charges

Changes to the UK corporation tax rate were announced in the March 2012 Budget, including a reduction to the UK main corporation tax rate from 26% to 24% which became effective on 1 April 2012 and was substantively enacted on 26 March 2012 A further reduction to 23% is effective from 1 April 2013 and was substantively enacted on 3 July 2012

The March 2013 Budget announced further changes reducing the UK corporation tax rate to 21% effective from 1 April 2014 and to 20% from 1 April 2015 which were substantively enacted on 2 July 2013

7 Fixed assets – Investments

	Subsidiary undertakings Shares US$'000	Participating undertakings Shares US$'000	Total US$'000
Cost			
Balance at 1 January 2012	492,434	357,847	850,281
Additions	358,347	-	358,347
Disposal	-	(357,847)	(357,847)
Balance at 31 December 2012	850,781	-	850,781
Net book amount			
At 31 December 2012	850,781	-	850,781
At 31 December 2011	492,434	357,847	850,281

There was no impairment recognised on the investments during 2012 (2011 $ Nil) The Directors believe that the carrying value of the investments in Group undertakings is supported by future cash flows and underlying net assets

In 2012, a new subsidiary of the Company was incorporated, Shell Borneo Sendirian Berhad, and the Company transferred its beneficial ownership in participating undertaking (Brunei Shell Petroleum Company) to the new subsidiary at the carrying value of $357 8 million

7 Fixed assets – Investments (continued)

List of investments

Companies listed below are engaged in the principal activities of extraction and marketing of oil, gas and associated products

i) Principal subsidiary undertakings

The principal subsidiary undertaking at 31 December 2012 is as follows

	Country of Incorporation	Principal Activity	% of Shares held
Sarawak Shell Berhad	Malaysia	Exploration and production	100 0
Shell Borneo Sendirian Berhad	Negara Brunei Daruss	Exploration and production	100 0

All shares held are ordinary shares

ii) Principal participating undertakings

There is no participating undertaking as at 31 December 2012 The principal participating undertaking at 31 December 2011 was as follows

	Country of Incorporation	Principal Activity	% of Shares held
Brunei Shell Petroleum Company Sendirian Berhad	Brunei Darussalam	Exploration and production	50

All shares held are ordinary shares

During the year, the Company received a dividend of $403 0 million (2011 $583 1 million) from Sarawak Shell Berhad, $71 7 million (2011 $Nil) from Shell Borneo Sendirian Berhad and $119 1 million (2011 $298 0 million) from Brunei Shell Petroleum Company Sendirian Berhad

8 Debtors

	2012 Within 1 Year US$'000	2011 Within 1 Year US$'000
Amounts owed by Group undertakings		
Fellow subsidiary undertakings	165,060	725,368
Amounts owed by participating undertaking	51,996	29,139
Tax receivable	-	376
Accrued income	3,850	-
	220,906	754,883

9 Creditors: amounts falling due within one year

	2012 US$'000	2011 US$'000
Amounts owed to Group undertakings		
Fellow subsidiary undertakings	2,632	824
Tax payable	197	-
Accruals	1,973	-
	4,802	824

10 Called up share capital

	2012 US$'000	2011 US$'000
Authorised		
4,000,000,000 (2011 4,000,000,000) ordinary shares of £1 each		
(1 GBP USD 1 961)	7,844,000	7,844,000
Allotted and fully paid		
3,202,780,000 (2011 3,202,780,000) ordinary shares of £1 each		
(1 GBP USD 1 804)	5,778,062	5,778,062

11 Dividends

An interim dividend of $1,115 0 million was paid during the year (2011 $981 5 million) The Directors recommend that no further dividend be paid for the year ended 31 December 2012 (2011 $Nil)

Section 54 of the Companies Act 1981 (Bermuda) allows dividends to be paid in excess of realised reserves as long as the Directors of the Company have reasonable grounds for believing that

(a) the Company will remain solvent after the dividend has been paid, and,
(b) the unrealised profits of the Company support the dividend to the extent that the dividend exceeds the realised reserves of the Company

To allow the Directors to ensure that the Company met the conditions of Section 54 of the Companies Act 1981 (Bermuda) as above, an exercise was undertaken during the year to establish the realisable value of the Company's investments, and the Directors were able to be comfortable that the Company could remain solvent and that the unrealised profits could support the dividend proposed and paid

12 Reconciliation of movements in reserves and shareholder's funds

	Profit and loss account	Share capital	Additional capital	Shareholder's funds
	US$'000	US$'000	US$'000	US$'000
At 1 January 2011	(4,089,609)	5,778,062	32,090	1,720,543
Profit for the year	865,297	-	-	865,297
Dividends paid	(981,500)	-	-	(981,500)
At 1 January 2012	(4,205,812)	5,778,062	32,090	1,604,340
Profit for the year	577,545	-	-	577,545
Dividends paid	(1,115,000)	-	-	(1,115,000)
At 31 December 2012	(4,743,267)	5,778,062	32,090	1,066,885

13 Related party transaction and balance

Related parties comprise entities incorporated as joint ventures During the year, the Company raised invoices to Brunei Shell Petroleum Company Sendirian Berhad amounting to $48,776k (2011 $55,533k) and the year end balance owed by the related party is $51,996k (2011 $29,139k) The dividend paid by the same related party during the year was $119,174k (2011 $298,034k)