



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 878 679 172
Organisasjonsform: Aksjeselskap
Foretaksnavn: SHELL NEW ENERGIES NORWAY AS
Forretningsadresse: Tankvegen 1
4056 TANANGER

Regnskapsår

Årsregnskapets periode: 01.01.2019 - 31.12.2019

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Birthe Nylund Sundt
Dato for fastsettelse av årsregnskapet: 24.06.2020

Grunnlag for avgivelse

År 2019: Årsregnskapet er elektronisk innlevert
År 2018: Tall er hentet fra elektronisk innlevert årsregnskap fra 2019

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 28.09.2021



Resultatregnskap

Beløp i: NOK	Note	2019	2018
RESULTATREGNSKAP			
Inntekter			
Sales income	4	52 859 620	450 089 712
Other operating income	5,10	20 224 535	9 586 053
Sum inntekter		73 084 155	459 675 765
Kostnader			
Materials, goods and services		44 435 441	460 497 628
Other Operating expenses	7,8,10	11 297 664	26 138 846
Sum kostnader		55 733 105	486 636 474
Driftsresultat		17 351 050	-26 960 709
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern	10	717 361	161 698
Other Finance Income	3		2 991 348
Sum finansinntekter		717 361	3 153 046
Rentekostnad til foretak i samme konsern	10	1 139	31 931
Other Financial expenses	3,14	992 195	58 920
Sum finanskostnader		993 334	90 851
Netto finans		-275 973	3 062 195
Ordinært resultat før skattekostnad		17 075 077	-23 898 514
Tax (credit)/expense	15	3 738 197	-5 479 425
Ordinært resultat etter skattekostnad		13 336 880	-18 419 089
Årsresultat		13 336 880	-18 419 089
Overføringer og disponeringer			
Transfer to other equity	16	13 336 880	-18 419 089
Sum overføringer og disponeringer		13 336 880	-18 419 089



Balanse

Beløp i: NOK	Note	2019	2018
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Intangible fixed assets	9	26 340 900	0
Utsatt skattefordel	0	0	0
Sum immaterielle eiendeler		26 340 900	0
Finansielle anleggsmidler			
Other Long Term receivables	0	0	0
Sum finansielle anleggsmidler		0	0
Sum anleggsmidler		26 340 900	0
Omløpsmidler			
Varer			
Fordringer			
Accounts receivables	13	0	57 115 427
Other short-term receivables	11,12	41 509 125	64 332 700
Sum fordringer		41 509 125	121 448 127
Sum omløpsmidler		41 509 125	121 448 127
SUM EIENDELER		67 850 025	121 448 127
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share Capital	16,17	50 000 000	50 000 000
Sum innskutt egenkapital		50 000 000	50 000 000
Opptjent egenkapital			
Retained Earnings	16	13 221 505	-115 375
Sum opptjent egenkapital		13 221 505	-115 375



Balanse

Beløp i: NOK	Note	2019	2018
Sum egenkapital		63 221 505	49 884 625
Gjeld			
Langsiktig gjeld			
Utsatt skatt	15	11 934	0
Sum avsetninger for forpliktelser		11 934	0
Annen langsiktig gjeld			
Sum langsiktig gjeld		11 934	0
Kortsiktig gjeld			
Leverandørgjeld	12,13	490 979	29 240 127
Current Tax	15	3 726 263	
Other payables and accruals	12	399 344	42 323 375
Sum kortsiktig gjeld		4 616 586	71 563 502
Sum gjeld		4 628 520	71 563 502
SUM EGENKAPITAL OG GJELD		67 850 025	121 448 127



Skattedirektoratet

Saksbehandler Rune Tystad	Deres dato 31.01.2017	Vår dato 13.02.2017
Telefon 977 59 464	Deres referanse Håvard Zeiler-Sørensen	Vår referanse 2017/96981

A/S Norske Shell
Postboks 40
4098 TANANGER

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Shell Marine Products AS, org.nr. 878 679 172

Vi viser til deres brev mottatt 31. januar 2017 der dere søker om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Shell Marine Products AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Shell Marine Products AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Fra deres søknad gjengis:

Shell Marine Products(org nr. 878 679 172) er et kontraktsselskap som eier kontrakter med internasjonale marine kunder. Selskapet kjøper smøreoljeprodukter fra andre Shell-selskaper og selger disse videre til sine kunder. Det er ingen ansatte i selskapet, da de kjøper tjenester fra morselskap A/S Norske Shell og Danske Shell. Selskapet er et heleid datterselskap av AS Norske Shell som igjen er heleid av selskap i utlandet.

Engelsk er det klart dominerende språket i bransjen og konsernets arbeidsspråk er engelsk. Styret består av personer som har engelsk som primært arbeidsspråk. Regnskapet utarbeides følgelig på engelsk da dette er det språket som er nødvendig for å kommunisere med konsernselskap og styret. Det er ingen forhold rundt selskapets finansiering som skulle tilsi behov for regnskap på norsk, da selskapet ikke har noe ekstern gjeld. Etter vår vurdering er det ingen mulige brukere av årsregnskapet som blir negativt påvirket av at regnskapet kun utarbeides på engelsk, da alle aktører i bransjen antas å ha god kjennskap til det engelske språket.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan

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være på et annet språk.”

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til “*informative regnskaper for ulike grupper av regnskapsbrukere*”. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapet er et heleid datteselskap og at eierkretsen derfor er begrenset. Videre er det vektlagt at selskapet opererer innen en internasjonal bransje og at det antas at ingen mulige brukere av årsregnskapet blir negativt påvirket av at regnskapet kun utarbeides på engelsk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Torstein Kinden Helleland
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Rune Tystad

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer



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Statsautoriserte revisorer
Ernst & Young AS

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Postboks 8015, NO-4068 Stavanger

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Shell Marine Products AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Shell Marine Products AS, which comprise the balance sheet as at 31 December 2019, the income statement and statements of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2019 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the audit of the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



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2

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- ▶ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Independent auditor's report - Shell Marine Products AS

A member firm of Ernst & Young Global Limited

Pennco Dokumentnrøkke: AE7JX-7PWXL-NS8ED-FCE3S-1182V-VPM11



Stavanger, 29 June 2020
ERNST & YOUNG AS

The auditor's report is signed electronically

Erik Søreng
State Authorised Public Accountant (Norway)

Penneo Dokumentnøkkel: AE7JX-7PWXL-NS8ED-FCE3S-1182V-VPVMT

Independent auditor's report - Shell Marine Products AS

A member firm of Ernst & Young Global Limited



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Erik Søreng

Statsautorisert revisor

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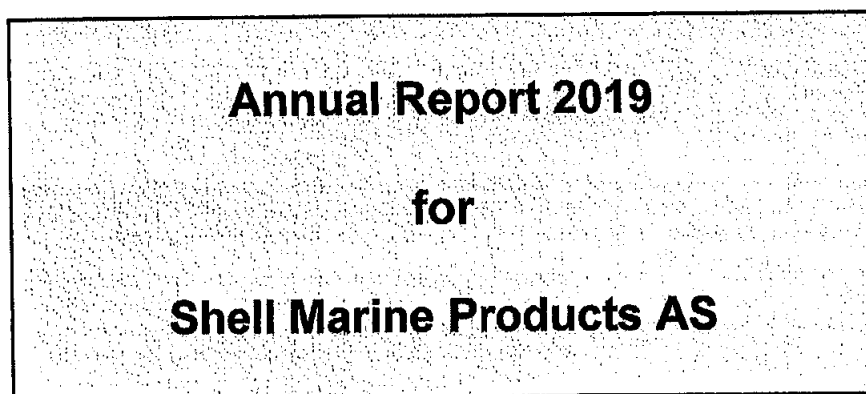
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Shell Marine Products AS

ANNUAL REPORT 2019

Organization no. 878 679 172





Shell Marine Products AS

ANNUAL REPORT 2019

Organization no. 878 679 172

Annual report 2019

Business

Shell Marine Products AS (hereinafter referred to as "the Company") is a wholly-owned subsidiary of A/S Norske Shell and is part of the Downstream sector.

The Company is a contracting company that owns contracts with international marine customers. The Company purchases lubricating oil products from other Shell companies and sells them on to its customers for use in marine transport, offshore operations and other marine activities. The Company also provides technical and commercial advice and is operated from the Company's premises in Oslo.

During the year 2019, as part of Shell group's business model simplification process, the Company has discontinued its marine business and has transferred the customer contracts to its another Group division, Shell Marine Products Singapore ("SMPS") based in Singapore under the legal entity Shell Eastern Trading (Pte) Limited.

In 2019, the Company was exploring new business opportunities with new energies in the Scandinavian countries. In view of this, the Board has proposed to change the name to "Shell New Energies Norway AS" which was later approved by the shareholders formally effective from 16 January 2020.

The staff providing services to the Company are employees of the parent company. Also, personnel related administrative services are mainly received from the parent company. Technical services, marketing activities, activities such as handling customer enquiries, billings, and managing accounts receivable/payable are performed and managed centrally in the Shell Marine Business with teams spread across all their Shell offices.

No such services were provided to the Company in 2019 as a result of discontinued operations.

Going concern

The Company has discontinued marine business during the year and continues to explore business opportunities with new energies. Hence, the Company continues to prepare the financial statements on a going concern basis.

Operations

After discontinuation of its marine operations, the Company has explored business opportunities with new energies and has funded an amount of NOK 26.3 million to a third party towards development phase of bio-fuel project.

Risks

With the discontinuation of operations, the Company has no exposure to credit risk and is exposed to a limited extent to liquidity related risks. The Company assumes a certain currency exchange risk, as it has elected not to hedge its foreign currency exposure.

Other

There are no research and development activities in the Company, but the Company has access to the Shell Group's R&D knowledge and this is used actively in the sales process.

The Company's business does not affect the external environment directly, and it experienced no personnel injuries in 2019.

The working environment, absence due to illness and equal opportunities, etc. for employees that have performed services for the Company, is described in the Annual Report of A/S Norske Shell.

There are two female Directors.



Shell Marine Products AS

ANNUAL REPORT 2019

Organization no. 878 679 172

For more information, please refer to the notes to the financial statements.

Stavanger, 24 June 2020

Harald Børre Jacobsen
Chairman of the Board of Directors

Magna Lovak
General Manager

Birthe Nylund Sundt
Director

Palhegyi Kinga
Director



Shell Marine Products AS

ANNUAL REPORT 2019

Organization no. 878 679 172

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2019

(in NOK)			
Discontinued operations	Note	2019	2018
OPERATING INCOME AND EXPENSES:			
OPERATING INCOME			
Sales income	4	52,859,620	450,089,712
Other operating income	5,10	20,224,535	9,586,053
TOTAL OPERATING INCOME		73,084,155	459,675,765
OPERATING EXPENSES			
Materials, goods and services		44,435,441	460,497,628
Other operating expenses	7,8,10	11,297,664	26,138,846
TOTAL OPERATING EXPENSES		55,733,105	486,636,474
OPERATING PROFIT/(LOSS)		17,351,050	(26,960,709)
FINANCE INCOME & FINANCE EXPENSES:			
FINANCE INCOME			
Interest income from group companies	10	717,361	161,698
Other finance income	3	-	2,991,348
TOTAL FINANCE INCOME		717,361	3,153,046
FINANCE EXPENSES			
Interest expense to group companies	10	1,139	31,931
Other finance expense	3, 14	992,195	58,920
TOTAL FINANCE EXPENSES		993,334	90,851
NET FINANCE ITEMS		(275,973)	3,062,195
NET PROFIT/(LOSS) BEFORE TAX FROM DISCONTINUED OPERATIONS		17,075,077	(23,898,514)
Tax (expense)/credit	15	(3,738,197)	5,479,425
NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS		13,336,880	(18,419,089)
TRANSFERS AND DISPOSITIONS			
Provisions for dividend	16	-	-
Transfer to other equity	16	13,336,880	(18,419,089)
TOTAL TRANSFERS AND DISPOSITIONS		13,336,880	(18,419,089)



Shell Marine Products AS

ANNUAL REPORT 2019

Organization no. 878 679 172

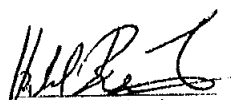
BALANCE SHEET AS AT 31 DECEMBER 2019

(in NOK)


ASSETS	Note	2019	2018
Intangible fixed assets	9	26,340,900	-
CURRENT ASSETS			
Receivables			
Accounts receivables	13	-	57,115,427
Other short-term receivables	11, 12	41,509,125	64,332,700
TOTAL CURRENT ASSETS		41,509,125	121,448,127
TOTAL ASSETS		67,850,025	121,448,127

EQUITY AND LIABILITIES	Note	2019	2018
Paid-up equity capital			
Share capital	16, 17	50,000,000	50,000,000
TOTAL PAID-UP SHAREHOLDERS' EQUITY		50,000,000	50,000,000
Retained earnings			
Retained earnings	16	13,221,505	(115,375)
TOTAL RETAINED EARNINGS		13,221,505	(115,375)
TOTAL EQUITY CAPITAL		63,221,505	49,884,625
LIABILITIES			
Provisions			
Deferred tax	15	11,934	-
Current liabilities			
Accounts payable	12, 13	490,979	29,240,127
Other payables and accruals	12	399,344	42,323,375
Current tax	15	3,726,263	-
TOTAL CURRENT LIABILITIES		4,616,586	71,563,502
TOTAL LIABILITIES		4,628,520	71,563,502
TOTAL EQUITY AND LIABILITIES		67,850,025	121,448,127


Stavanger, 24 June 2020



Harald Børre Jacobsen
Chairman of the Board of Directors



Magne Novak
General Manager



Birthe Nylund Sundt
Director



Palhegyi Kinga
Director



Shell Marine Products AS

ANNUAL REPORT 2019

Organization no. 878 679 172

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

	(in NOK)	
	2019	2018
Cash flows from operating activities		
Loss before tax from discontinued operations.	17,075,077	(23,898,514)
<u>Non-cash adjustment to reconcile profit before tax to net cash flows</u>		
Unrealized foreign exchange (gain)/loss	(293,130)	(2,677,568)
Interest expense	1,139	31,931
Interest income	(717,361)	(161,698)
Operating profit before working capital changes	16,065,725	(26,705,849)
Movements in working capital:		
(Decrease) in Account payables	(28,749,148)	(13,448,139)
(Decrease)/increase in Other payables and accruals	(41,924,031)	(4,977,921)
Decrease in Accounts receivables	32,525,742	9,551,472
Decrease in Other receivables	23,116,705	29,077,112
Cash generated from/(used in) operations	1,034,993	(6,503,325)
Direct taxes paid (net of refunds)	-	5,493,647
Net cash flow from/(used in) operating activities (A)	1,034,993	(1,009,678)
Cash flows from investing activities		
Interest received	717,361	161,698
Purchase of Intangible fixed asset	(26,340,900)	-
Net cash flow from/(used in) investing activities (B)	(25,623,539)	161,698
Cash flows from financing activities		
Movements with STCL	24,589,685	879,911
Interest paid	(1,139)	(31,931)
Net cash flow from/(used in) financing activities (C)	24,588,546	847,980
Net increase/(decrease) in cash and cash equivalents (A+B+C)	-	-
Cash and cash equivalents at the beginning of the year	-	-
Cash and cash equivalents at the end of the year	-	-



Shell Marine Products AS

ANNUAL REPORT 2019

Organization no. 878 679 172

Notes to the financial statements

1. Accounting principles

The annual statements were prepared in accordance with the Norwegian Accounting Act of 1998. They were prepared in accordance with Norwegian accounting rules and standards. There were no changes to the accounting principles this year.

The immediate parent Company is A/S Norske Shell.

The ultimate parent Company and controlling party is Royal Dutch Shell plc, which is incorporated in England and Wales. Royal Dutch Shell plc is the parent undertaking of the largest group to consolidate these accounts.

The consolidated accounts of Royal Dutch Shell plc are available from:

Royal Dutch Shell plc
Tel: +31 888 800 844
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Assets and Liabilities in Foreign Currency

Cash items in foreign currency are translated at the prevailing exchange rate as on the date of the balance sheet.

Intangible fixed assets

Intangible fixed assets are valued at cost less accumulated amortisation less any impairment applicable. The cost price of these assets are amortised on a straight-line basis over its estimated economic life.

Development costs are capitalized if they satisfy the technical, commercial and financial feasibility criteria set for them. Capitalised development expenses are amortised as soon as the commercial production process has commenced, with amortisation being based on the estimated economic life of the asset on a straight-line basis.

Receivables

Accounts receivables and other receivables are recorded at face value after deduction of provisions for expected losses. Provision for losses are made on the basis of an individual assessment of each claim.

Accrual of income

Income on the sale of goods is accrued at the time of delivery. Services are accrued concurrently with performance. The portion of sales revenue related to future service performance is recognized in the balance sheet as unearned income at the time of the sale and recognized thereafter as income in time with delivery.

Bank deposits

Bank deposits include cash, time deposits with bank and short-term investments with a maturity of three months or less from the time of acquisition. The bank deposit is included in a Zero-balancing Group agreement requiring that the bank account is swept into a top account, of which the Company's accumulated balance is decisive for whether there is a current receivable or payable.



Shell Marine Products AS

ANNUAL REPORT 2019

Organization no. 878 679 172

1. Accounting principles (continued)

Current tax and deferred taxes

The tax expense is related to the accounting profits and consists of the tax payable and changes in deferred taxes. The applicable tax rate for ordinary tax is used for the calculation of the tax expense.

In the balance sheet, deferred taxes are calculated on the positive temporary differences between the accounting and tax related balance sheet values after reconciliation of negative temporary differences.

A provision for deferred taxes according to the liability method without discounting has been made. Deferred tax liabilities and deferred tax assets are represented by a net amount in the balance sheet.

Cash flow statement

The cash flow statement has been prepared in accordance with the indirect method of the Norwegian Accounting Standard.

2. Discontinued operations

Following the Board's decision and as part of Shell group's business model simplification process, the Company has discontinued the marine business and transferred its customer contracts to its another Group division, Shell Marine Products Singapore ("SMPS") under the legal entity Shell Eastern Trading (Pte) Limited during the year.

3. Other finance income & expense

The company's purchases and sales are accounted in USD. Thus, the profit margin is exposed to foreign currency exchange risk. Currency exchange losses and gains are recognized via the income statement as part of other finance income/expense and are as follows:

	(in NOK)	
	2019	2018
Other finance expense		
Net currency loss	969,561	-
Bank charges	22,634	58,920
	992,195	58,920
Other finance income		
Net currency gain	-	2,991,348
	-	2,991,348

4. Sales revenue

The Company's sales revenue is from the sale of international marine products and all income in 2019 is related to the sale of Marine lubrication oil.



Shell Marine Products AS

ANNUAL REPORT 2019

Organization no. 878 679 172

5. Other operating income

The Company's other income includes commission received from Intragroup companies based on their Marine Lubrication services where the Company does not sell directly to its customers. Income from Services relates to technical services that the Company offers to its customers

(in NOK)

	2019	2018
Commission received	221,949	1,166,697
Income from services	858,481	8,419,356
Consideration received in lieu of marine business transfer	19,144,105	-
	20,224,535	9,586,053

6. Losses on accounts receivable

An amount of NOK 284,981 has been written off as bad debts against accounts receivable in the current year.

7. Remuneration to members of management

All personnel administration is governed by different Service Level Agreements between Shell Marine Products AS and its internal Group service providers. Shell Marine Products AS itself has no employees but procures all types of services from other Shell companies. The total amount recognized for these services amounted to NOK Nil in 2019 (2018: NOK 7,596,919 including the wages of the general manager of NOK 2,038,597).

The fee recognized for mandatory audit services amounts to NOK 79,241 excluding VAT (2018: NOK 86,885 excluding VAT). No compensation has been paid to the Directors.

8. Number of employees

The company has no employees. Administrative services are mainly purchased from A/S Norske Shell, which also ensures compliance with the requirements related to mandatory company pension.

9. Intangible fixed assets

The contribution made to the third party of NOK 26.3 million towards development phase of bio-fuel project was treated as a development cost and hence capitalised as an intangible fixed asset as the management and the business is of the view that it is probable that the future economic benefits attributable to the asset will flow to the entity.



Shell Marine Products AS

ANNUAL REPORT 2019

Organization no. 878 679 172

10. Transactions with related parties and others

(in NOK)		
	2019	2018
Other operating income		
Other group companies	(221,949)	(1,179,237)
Others	(858,481)	(8,406,816)
Total income	(1,080,430)	(9,586,053)
Operating expenses	2019	2018
Shell Eastern Trading (PET) Limited	14,760,905	137,296,390
Shell Nederland Verkoopmaatschappij B.V.	-	34,402,869
Shell Markets (Middle East) Limited	2,443,446	26,476,327
Shell Deutschland Oil GmbH	3,584,401	23,641,239
Hankook Shell Oil Co Ltd	1,266,575	39,575,779
Other group companies	6,559,654	20,419,209
Others	15,820,460	178,685,815
Purchases	44,435,441	460,497,628
Shell International Petroleum Company Limited	9,523,747	15,930,159
A/S Norske Shell	-	10,569
Other group companies	98,205	90,471
Others	1,675,712	10,107,647
Other costs	11,297,664	26,138,846
Total operating expenses	55,733,105	486,636,474
Finance (income)/expenses from group companies	2019	2018
Shell Treasury Centre Limited	(717,361)	(161,698)
Finance income from group companies	(717,361)	(161,698)
Shell Treasury Centre Limited	1,139	31,931
Finance expense from group companies	1,139	31,931
Net finance (income)/expense from group companies	(716,222)	(129,767)

The input for the table is based on incoming and outgoing invoices and accruals recorded in 2019 and 2018 comparatives.

11. Bank deposits and other cash equivalents (Zero-Balancing)

The bank accounts of the Company are part of a Group account system called Zero-Balancing. This means that accounts are swept daily into a top-level account in which accumulated receivables or payables are reported as claims or liabilities against Shell Treasury Company Limited (STCL). As of 31 December 2019, the Company's outstanding balance from STCL amounted to NOK 41,008,513 and is part of the claim on inter-group companies (Please refer to Note 10 below). There are no joint and several liabilities for the Group account arrangement.



Shell Marine Products AS

ANNUAL REPORT 2019

Organization no. 878 679 172

12. Accounts between companies in the same corporate group

(in NOK)

	2019	2018
Other short-term receivables		
- Related parties	41,210,571	55,614,662
- Others	298,554	8,718,038
	41,509,125	64,332,700
Account payables		
- Related parties	454,857	19,731,365
- Others	36,122	9,508,762
	490,979	29,240,127
Other payables and accruals		
- Related parties	232,299	6,965,087
- Others	167,045	35,358,288
	399,344	42,323,375

Other short-term receivables from related parties includes outstanding balances in Zero-Balancing, please refer Note 9.

13. Receivables / payables

The Company has classified all the receivables as current assets. The investment receivables included in the other receivables are related to customer contracts in which the Company offers discounted arrangements related to the first filling of lubricating oil for new vessels (initial fill - IP) or the refilling of lubricating oils related to new contracts where the customer previously has had an agreement with another oil company (changeover - CO). The negative margin on these sales are moved from the income statement to the balance sheet. From thereon, the amount is amortized monthly in line with the contract period.

14. Accounting currency

The Company records its transactions in USD, but the reporting currency is NOK. All exchange rate differences are recognized in the income statement as other finance income or other finance expense. The conversion rate to NOK in the income statement is based on an average monthly rate, whereas the conversion rate in the balance sheet is the exchange rate as on 31 December 2019. The exchange rates used for conversion are from Norges Bank.



Shell Marine Products AS

ANNUAL REPORT 2019

Organization no. 878 679 172

15. Taxes

(in NOK)		
	2019	2018
Basis for current year's tax payable:		
Net (loss)/profit before tax from discontinued operations	17,075,077	(23,898,514)
Permanent differences	-	(8,349)
Basis for current year's tax	17,075,077	(23,906,863)
Change in temporary differences	13,561	16,953
Received group relief	-	24,000,000
Basis for tax credit/payable in the profit and loss account	17,088,638	110,090
Group relief paid	(151,082)	(110,090)
Taxable income prior to group contribution	16,937,556	-
Tax expense in current year consists of:		
Current tax on result of the period (2019: 22%; 2018: 23%)	3,726,263	(5,520,000)
Change in deferred tax	11,934	40,575
Change in deferred tax due to change in tax rate	-	-
Total tax (credit)/expenses	3,738,197	(5,479,425)
Tax payable in the balance sheet:		
Tax payable on current year's result	3,738,197	-
Tax on group relief received	-	-
Tax payable	3,738,197	-

	Change	2019	2018
Specification of basis for deferred tax			
Current assets	-	-	-
Profit and loss account	13,561	54,246	67,807
Carry forward loss	(67,807)	-	(67,807)
Basis for deferred tax in the balance sheet	(54,246)	54,246	-
Deferred tax (asset)/liability in the balance sheet	(11,934)	11,934	-

16. Equity

(in NOK)			
	Share Capital	Retained earnings	Total equity
Equity as at 01.01.2019	50,000,000	(115,375)	49,884,625
Current year's change in equity			
Result of the year from discontinued operations	-	13,336,880	13,336,880
Equity as at 31.12.2019	50,000,000	13,221,505	63,221,505



Shell Marine Products AS

ANNUAL REPORT 2019

Organization no. 878 679 172

17. Share capital and shareholder information

The company's share capital is NOK 50,000,000, comprises 5,000 shares with a face value of NOK 10,000 per share. A/S Norske Shell is the sole shareholder.

18. Subsequent events

There are no subsequent events with a significant impact on the annual accounts.