



The General Manager  
Karachi Stock Exchange Limited  
Stock Exchange Building  
Stock Exchange Road  
**KARACHI**  
Fax # 111-573-329

**Shell Pakistan Limited**

Shell House  
6, Ch. Khaliqzaman Road  
Karachi-75530  
Tel +92 (21) 111 888 222  
P.O. Box 3901 Karachi

March 11, 2015

Dear Sir,

**FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2014**

This is to inform you that the Board of Directors of our Company in their meeting held at 11:00 hrs on Wednesday, March 11, 2015 recommended the following:

**CASH DIVIDEND**

A cash dividend for the year ended December 31, 2014 at the rate of Rs. 8.00 per share i.e. 80%.

**FINANCIAL RESULTS**

The financial results of the company are as follows:

	2014	2013
	(Rupees '000)	
Sales	291,362,990	287,991,922
Other revenue	759,802	721,652
	<u>292,122,792</u>	<u>288,713,574</u>
Sales tax	(41,538,051)	(39,499,583)
Net revenue	250,784,741	249,213,991
Cost of products sold	(243,203,242)	(237,837,485)
Gross profit	7,581,499	11,376,506
Distribution and marketing expenses	(3,814,407)	(3,388,012)
Administrative expenses	(4,377,485)	(4,141,201)
Other operating expenses	(218,430)	(1,767,474)
Other income	1,278,764	300,037
Operating profit	451,941	2,401,856
Finance costs	(447,109)	(532,151)
	4,832	1,869,705
Share of profit of associate - net of tax	541,562	554,788
Profit before taxation	546,384	2,424,493
Taxation	(1,613,517)	(1,363,332)
(Loss) / Profit for the year	(1,067,133)	1,061,161
Other comprehensive income		
Items that will not be reclassified to profit or loss		
- Remeasurement of post employment benefits obligation - Actuarial gain	82,111	283,227
Total comprehensive (loss) / income for the year	<u>(985,022)</u>	<u>1,344,388</u>
	(Rupees)	
(Loss) / Earnings per share	<u>(9.97)</u>	<u>9.92</u>

Registered in Pakistan No. 2687  
Registered Office Shell House  
6, Ch. Khaliqzaman Road Karachi-75530

The Annual General Meeting of the Company will be held at 10:00 a.m. on Thursday, April 23, 2015 at the Movenpick Hotel, Karachi.

The dividend, if approved by the shareholders, will be paid to the shareholders whose names appear in the Register of Members by the close of business on April 8, 2015.

The Share Transfer Books of the Company will be closed from Thursday, April 9 to Thursday, April 23, 2015 (both days inclusive). Transfers received in order at the office of our Share Registrars FAMCO Associates (Pvt) Ltd., 8-F, next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shakra-e-Faisal, Karachi by the close of business on Wednesday, April 8, 2015 will be in time for the purpose of payment of dividend to the transferees.

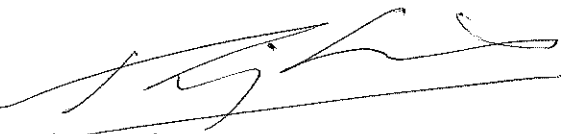
We enclose our commentary on the results for the year ended December 31, 2014.

We enclose a copy of the announcement, which will be published in the press shortly.

We will be sending you 200 copies of the printed Accounts for distribution amongst the members of the Exchange 21 days before the date of the Annual General Meeting.

You may please inform Members of your Exchange accordingly.

Yours faithfully,  
Shell Pakistan Limited



Tariq Saeed  
Secretary

CC: The General Manager  
Lahore Stock Exchange Ltd.  
19, Khayaban-e-Awan-e-Iqbal  
Lahore-54000

Fax # 042-36368485

# Shell Pakistan Limited

## ANNOUNCEMENT OF DIVIDEND 2014

The Board of Directors of the Company at a meeting held on March 11, 2015 has recommended that the members approve Cash Dividend for the year ended December 31, 2014 at the rate of Rs. 8.00 per ordinary share of Rs. 10/- each (i.e. 80%).

### CLOSURE OF BOOKS

The Register of Members of the Company shall remain closed and no transfer of shares will be accepted for registration from Thursday, April 9 to Thursday, April 23, 2015 (both days inclusive). Transfers received in order at the office of our Registrars FAMCO Associates (Pvt) Ltd., 8-F, next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shakra-e-Faisal, Karachi-75400 by the close of business on April 8, 2015 will be in time for the purpose of payment of dividend to the transferees.

Shareholders are requested to notify our Registrars of any change in their addresses promptly. This will ensure that the dividend warrants are dispatched to shareholders at their correct addresses.

Members are advised that as per the orders of the SECP inter alia vide SRO No. 831(1)/2012 dated July 5, 2012 and SRO No. 19(1)/2014 dated January 10, 2014, CNIC number of the concerned member is mandatorily required to be mentioned on Dividend Warrants, Members Register and other Statutory Returns. Members are therefore requested to submit a copy of their CNIC (if not already provided) to our Registrars FAMCO Associates (Pvt) Ltd., 8-F, next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shakra-e-Faisal, Karachi-75400 at the earliest. In case of non-receipt of the copies of valid CNICs of the Members, the Company may be constrained, under section 251(2)(a) of the Companies Ordinance 1984, to withhold dispatch of Dividend Warrants to such Members.

By Order of the Board

Tariq Saeed  
Secretary

Dated: March 11, 2015

Shell House  
6, Ch. Khaliquzzaman Road  
P. O. Box 3901  
Karachi - 75530

## CHAIRMANS REVIEW

For the year ended December 31, 2014

On behalf of the Board of Directors of Shell Pakistan Limited, I am happy to share the results of the Company for the year ended December 31, 2014.

During 2014, your company further improved its operational performance, delivering market share and profitability growth in all 3 segments that the company operates in: Retail, Lubricants and Aviation. However, the financial results were heavily impacted by exceptionally high inventory losses due to sharp decline in oil prices. The company reported a net loss after tax of Rs. 1,067 against a profit after tax of Rs.1,061 million in the same period last year. However, as the underlying profitability of the Company was robust, the Board of Directors decided to recommend a cash dividend of Rs. 8 per share.

The net loss for the company has arisen in the context of sharp decline in crude oil prices between July and December 2014. Your company maintained adequate stocks of product in line with compliance requirements. The outcome of these two factors has been an inventory loss of approximately Rs 4 bln during 2014. In spite of this loss, your company paid income tax amounting to Rs 1,244 (1.24 billion) for the year.

Oil marketing regulations in Pakistan need radical overhaul to ensure sustainable provision of energy to the public in Pakistan. The recent motor-gasoline supply crisis highlighted the immediate challenges that the industry faces: low regulated fuel margins that are insufficient to support infrastructure investment, supply chain fragility due to disincentives in the pricing mechanism for independent companies to import product and an onerous tax regime that discourages growth investment. We believe more needs to be done for the sustainability of the industry and we continue to request the government for increase in automotive fuels margin, providing an equitable taxation mechanism and a level playing field for all companies on supply and imports along with ensuring regulatory compliance by all industry players .

Overall market conditions remained competitive and despite the challenges, we continued to maintain our position as the second largest Oil Marketing Company in Pakistan. This was achieved by concerted efforts to increase our market share while maintaining control on costs and capital expenditure.

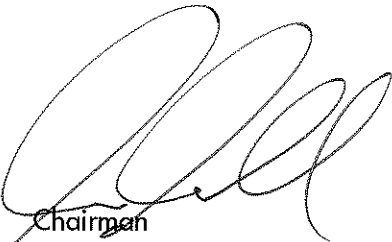
The Retail Business delivered growth through superior customer services and valuable customer offerings. 2014 saw the successful and safe completion of an integrated plan to turnaround 240 Prime Sites featuring the new Shell global branding along with necessary repairs and equipment installation to achieve greater customer satisfaction and continued increase in volumes. The business also rolled out a series of consumer promotions including the roll-out of the Quality Fuel Economy campaign on Motor gasoline. In the Aviation Business, 2014 was a year of many 'firsts' with alliances with international carriers and strong exports. The Lubricants business delivered a robust performance this year by concentrating on profitable growth via enhanced focus on premium segment and value selling.

During 2014, the Company managed to collect Rs. 939 million in receivables from the Government and we are thankful to the Government for this repayment. That said, at the end of 2014, the total outstanding from the government amounts to Rs. 5,378 million. These receivables have been outstanding for periods up to 10 years and we continue to incur financing cost on

bank borrowings required to fund them. The Company's management is continuously engaged with relevant Government authorities, and we look forward to support from the Government to pay the remaining amount on an expedited basis to ensure business continuity and growth.

Due to the minimum tax regime applicable to oil companies, the Company pays Corporate Tax irrespective of the level of profits earned in the period which unfairly erodes its operating profit. In 2014, we continued our discussions with tax authorities to bring the oil and gas sector in line with allowances and lower rates that are extended to other similarly regulated sectors in Pakistan. We are hopeful for a change in the taxation regime and look forward to early action by the authorities to resolve this major issue.

Your company remains committed to be the most innovative and competitive company in the Downstream Oil Marketing sector in Pakistan and we look forward to continued support from all our stakeholders. I would like to thank our customers, shareholders and staff for their continued support to the company.



Chairman

March 11, 2015