



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

Dear Sir,

FINANCIAL RESULTS FOR THE QUARTER ENDED MARCH 31, 2015

This is to inform you that a meeting of the Board of Directors of the Company was held at 2:00 p.m. on Thursday, April 23, 2015 to consider the Accounts for the quarter ended March 31, 2015.

FINANCIAL RESULTS

The financial results of the company are as follows:

	(Unaudited)	
	March 31, 2015	March 31, 2014
	(Rupees '000)	
Sales	59,218,683	64,870,359
Other revenue	140,882	158,916
	<u>59,359,565</u>	<u>65,029,275</u>
Sales tax	(11,184,204)	(9,010,688)
Net revenue	48,175,361	56,018,587
Cost of products sold	(46,841,085)	(53,841,804)
Gross profit	1,334,276	2,176,783
Distribution and marketing expenses	(1,072,699)	(893,126)
Administrative expenses	(1,071,463)	(1,039,660)
	<u>(809,886)</u>	<u>243,997</u>
Other operating expenses	(131,258)	(88,859)
	<u>(941,144)</u>	<u>155,138</u>
Other income	41,377	976,629
Operating profit	(899,767)	1,131,767
Finance costs	(70,865)	(140,763)
	<u>(970,632)</u>	<u>991,004</u>
Share of profit of associate - net of tax	110,201	103,750
Profit before taxation	(860,431)	1,094,754
Taxation	107,356	(583,312)
(Loss) / Profit for the period	(753,075)	511,442
Other comprehensive income	-	-
Total comprehensive (loss) / income for the quarter	<u>(753,075)</u>	<u>511,442</u>
	(Rupees)	
(Loss) / Earnings per share	<u>(7.04)</u>	<u>4.78</u>

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

Shell Pakistan Limited

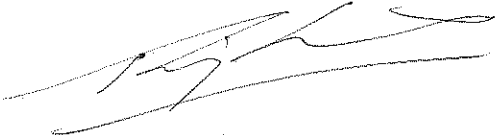
Shell House
6, Ch. Khaliqzaman Road
Karachi-75530
Tel +92 (21) 111 888 222
P.O. Box 3901 Karachi

April 23, 2015

We enclose a copy of the Chairman's review for the quarter ended March 31, 2015.

We will be sending you 200 copies of the printed Accounts for distribution amongst the members of your Exchange.

Yours faithfully,
Shell Pakistan Limited



TARIQ SAEED
Secretary



CC : The General Manager,
Lahore Stock Exchange Ltd.
19, Khayaban-e-Aiwan-e-Iqbal,
Lahore – 54000
Fax # 042-36368485

Review for the quarter ended March 31, 2015

Our performance

On behalf of the Board of Directors of Shell Pakistan Limited, I would like to share the results of your Company for the quarter ended March 31, 2015. The Company has continued to make progress on improving its operational performance during the quarter registering strong growth in Motor Gasoline, Diesel and Lubricant volumes and growth in market share. Downward oil price movement continued to impact our otherwise robust operational performance resulting in a net loss after tax of Rs 753m for the quarter, compared to a net profit of Rs 511 million in first quarter of 2014.

In an import dependent market with fixed margins for motor gasoline and diesel, the extent of inventory losses due to decline in international oil prices is rather large. With the oil prices taking a further plunge in the first three months of 2015, your Company incurred heavy inventory losses during the quarter.

The Company continued with its focus on enhanced customer value propositions and superior portfolio offering and in line with this, advertising and promotional spend of Rs 185 million provided significant volumes gains over first quarter of 2014.

Financial results of your Company continue to be affected by low regulated fuel margins, continued significant impact of the turnover tax mechanism and financial burden resulting from overdue receivables from the Government.

Receivables & financing costs

During the current period, the company was not able to collect further refunds from the Government with an implication that it continued to incur financing cost on bank borrowings required to fund these receivables. As at 31st March 2015, the Company is still owed Rs. 5,245 million as receivables. The Company's management is continuously engaged with relevant Government authorities and we continue to demand that the Government pay the remaining amount on an expedited basis to ensure business continuity and growth.

Fuel margins

Petrol and diesel margins in Pakistan are regulated and fixed in Rupees per liter. Currently, these margins are not at a level sufficient to cover steadily rising direct costs of operations and the high cost of financing required for investment in stocks and business assets. In November 2014, a minimal increase in margins on regulated petroleum products was granted by the Government. Currently regulated margins for motor gasoline and diesel still remain the lowest in the region and we continue to advocate for a further favorable revision of these margins to bring them in line with increasing costs of doing business.

Turnover tax

Due to the minimum tax on turnover regime applicable to oil companies, your Company pays Corporate Tax irrespective of the level of profits earned in the period, which has unfairly eroded its operating profit performance and is stifling future investment and growth prospects in the industry. The Company's management is in continuous discussions with Government authorities to remove this anomaly and to bring us in line with various allowances and lower rates that are granted to other similarly regulated sectors in the country.

Going forward

The management remains committed to maintain focus on improving the financial performance of your Company. We thank our shareholders, customers and staff for their sustained support and trust in the Company.



Omar Sheikh,
Chairman & Chief Executive