



The General Manager
Pakistan Stock Exchange Limited
(formerly Karachi Stock Exchange Limited)
Stock Exchange Building
Stock Exchange Road
KARACHI

Shell Pakistan Limited

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

March 10, 2016

Dear Sir,

FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2015

This is to inform you that the Board of Directors of our Company in their meeting held at 11:00 hrs. on Thursday, March 10, 2016 recommended the following:

CASH DIVIDEND

A cash dividend for the year ended December 31, 2015 at the rate of Rs. 10.00 per share i.e. 100%.

FINANCIAL RESULTS

The financial results of the company are as follows:

	2015 (Rupees '000)	2014
Sales	248,570,957	291,362,990
Other revenue	824,840	759,802
	<u>249,395,797</u>	<u>292,122,792</u>
Sales tax	(52,267,446)	(41,338,051)
Net revenue	197,128,351	250,784,741
Cost of products sold	(186,533,476)	(243,203,242)
Gross profit	10,594,875	7,581,499
Distribution and marketing expenses	(4,965,781)	(4,363,677)
Administrative expenses	(2,995,215)	(3,828,215)
Other operating expenses	(998,218)	(216,430)
Other income	424,349	1,278,764
Operating profit	2,060,010	451,941
Finance costs	(299,146)	(447,109)
	<u>1,760,864</u>	<u>4,832</u>
Share of profit of associate - net of tax	583,961	541,552
Profit before taxation	2,344,825	546,384
Taxation	(1,433,855)	(1,613,517)
Profit / (Loss) for the year	910,970	(1,067,133)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
- Remeasurement of post employment benefits obligation - Actuarial gain	30,886	82,111
Total comprehensive income / (loss) for the year	<u>941,856</u>	<u>(985,022)</u>
	<u>(Rupees)</u>	
Earnings / (Loss) per share	8.51	(9.97)

The Annual General Meeting of the Company will be held at 10:00 a.m. on Thursday, April 21, 2016 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 at close of business on April 6, 2016.

The Share Transfer Books of the Company will be closed from Thursday, April 7 to Thursday, April 21, 2016 (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 6, 2016 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, 2015.

We also 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
Pakistan Stock Exchange Limited
(formerly Lahore Stock Exchange Ltd.)
19, Khayaban-e-Awan-e-Iqbal
Lahore-54000

Shell Pakistan Limited

ANNOUNCEMENT OF DIVIDEND 2015

The Board of Directors of the Company at a meeting held on March 10, 2016 has recommended that the members approve Cash Dividend for the year ended December 31, 2015 at the rate of Rs. 10.00 per ordinary share of Rs. 10/- each (i.e.100%).

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 7 to Thursday, April 21, 2016 (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 6, 2016 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 10, 2016

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

CHAIRMANS REVIEW

For the year ended December 31, 2015

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, 2015.

During 2015, your company further improved its operational performance, delivering volume and profitability growth in all three segments that the company operates in: Retail, Lubricants and Aviation. However, like the rest of the industry, the financial results were impacted by high inventory losses due to sharp decline in oil prices. The company reported a net profit after tax of Rs. 911 million against a loss after tax of Rs.1,067 million in the same period last year. In acknowledgement of the solid performance of the company, the Board of Directors decided to recommend a cash dividend of Rs. 10 per share.

In addition to delivering strong business performance, your company was also at the forefront of working closely with the Government to manage the fuel shortages that affected many Pakistanis in 2015, leveraging our global supply chain to import extra fuel, and sharing fuel parcels with other oil marketing companies. In addition, your company paid income tax amounting to Rs 817 million for the year, contributing to the government exchequers in spite of low fuel margins and inventory exposures.

Your company has been tirelessly campaigning for the overhaul of oil marketing regulations in Pakistan. Low regulated fuel margins, supply chain fragility, and an onerous tax regime have been plaguing the industry for several years, and recent supply crises and safety incidents suggest more can be done to ensure sustainable provision of energy to the public in Pakistan. 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 leading international Oil Marketing Company in Pakistan. This was achieved by concerted efforts to increase our market share while maintaining control on costs and capital expenditure.

Your Company's Retail Business delivered growth through a continued focus on superior customer services and grew market share in motor fuels. To add more value to its customer offering, 2015 saw refreshed focus of Non Fuel Retail (NFR) offering on sites with the launch of 30 state of the art Lube Oil Change facilities and the first McDonalds on a Shell site. Similarly the Lubricants business delivered a record performance this year by continued emphasis on deepening customer trust, and strong focus on key growth sectors. We continued to demonstrate our technology leadership with the launch of Shell Helix Ultra with PurePlus Technology, the worlds most advanced automotive lubricant.

During 2015, the Company managed to collect Rs. 296 million in receivables from the Government and at the end of 2015, the total outstanding from the Government amounts to Rs. 4,379 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 the relevant 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 2015, 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.



Omar Sheikh
Chairman

March 10, 2016