



The General Manager  
Pakistan 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

August 19, 2016

Dear Sir,

**FINANCIAL RESULTS FOR THE QUARTER & SIX MONTHS ENDED JUNE 30, 2016**

We have to inform you that the Board of Directors of our company in their meeting held on Friday, August 19, 2016 at 11:00 a.m at Serena Hotel, Islamabad, recommended the following:

(i) **CASH DIVIDEND**

An Interim Cash Dividend for the quarter and six months ended June 30, 2016 at Rs. 6.00 per share (i.e. 60%)

(ii) **BONUS SHARES**

It has been recommended by the Board of Directors to issue Bonus Shares in the proportion of NIL share(s) for every NIL share(s) held i.e. NIL %. This is in addition to the Interim Bonus Shares already issued @ NIL %.

(iii) **RIGHT SHARES**

The Board has recommended to issue NIL % Right Shares at par/at a discount/premium of Rs. NIL per share in proportion of NIL share(s) for every NIL share(s). The entitlement of right shares being declared simultaneously will be/will not be applicable on Bonus Shares as declared above.

(iv) **ANY OTHER ENTITLEMENT/CORPORATE ACTION**

NIL

(v) **ANY OTHER PRICE-SENSITIVE INFORMATION**

NIL

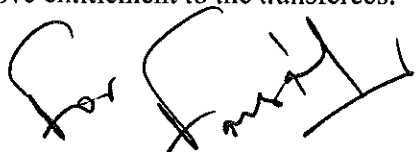
## FINANCIAL RESULTS

The financial results of the Company are as follows:

|   | Half year ended          |                    | Quarter ended     |                   |
|---|--------------------------|--------------------|-------------------|-------------------|
|   | June 30,<br>2016         | June 30,<br>2015   | June 30,<br>2016  | June 30,<br>2015  |
|   | ------(Rupees '000)----- |                    |                   |                   |
| Sales                                     | 117,435,141              | 135,043,958        | 60,766,772        | 75,825,275        |
| Other revenue                             | 492,094                  | 334,463            | 252,298           | 193,581           |
|   | <u>117,927,235</u>       | <u>135,378,421</u> | <u>61,019,070</u> | <u>76,018,856</u> |
| Sales tax                                 | (27,864,281)             | (24,733,292)       | (13,631,883)      | (13,549,088)      |
| Net revenue                               | <u>90,062,954</u>        | <u>110,645,129</u> | <u>47,387,187</u> | <u>62,469,768</u> |
| Cost of products sold                     | (83,476,972)             | (104,816,422)      | (42,779,764)      | (57,975,337)      |
| Gross profit                              | <u>6,585,982</u>         | <u>5,828,707</u>   | <u>4,607,423</u>  | <u>4,494,431</u>  |
| Distribution and marketing expenses       | (2,298,188)              | (2,172,786)        | (1,183,603)       | (1,100,087)       |
| Administrative expenses                   | (1,880,874)              | (2,066,592)        | (915,674)         | (995,129)         |
|   | <u>2,406,920</u>         | <u>1,589,329</u>   | <u>2,508,146</u>  | <u>2,399,215</u>  |
| Other expenses                            | (204,753)                | (494,802)          | (203,550)         | (363,544)         |
|   | <u>2,202,167</u>         | <u>1,094,527</u>   | <u>2,304,596</u>  | <u>2,035,671</u>  |
| Other income                              | 422,948                  | 128,966            | 268,047           | 87,589            |
| Operating profit                          | <u>2,625,115</u>         | <u>1,223,493</u>   | <u>2,572,643</u>  | <u>2,123,260</u>  |
| Finance costs                             | (91,417)                 | (144,693)          | (61,143)          | (73,828)          |
|   | <u>2,533,698</u>         | <u>1,078,800</u>   | <u>2,511,500</u>  | <u>2,049,432</u>  |
| Share of profit of associate - net of tax | 274,178                  | 266,889            | 135,653           | 156,688           |
| Profit before taxation                    | <u>2,807,876</u>         | <u>1,345,689</u>   | <u>2,647,153</u>  | <u>2,206,120</u>  |
| Taxation                                  | (595,043)                | (811,613)          | (455,581)         | (918,969)         |
| Profit for the period                     | <u>2,212,833</u>         | <u>534,076</u>     | <u>2,191,572</u>  | <u>1,287,151</u>  |
| Other comprehensive income                | -                        | -                  | -                 | -                 |
| Total comprehensive income for the period | <u>2,212,833</u>         | <u>534,076</u>     | <u>2,191,572</u>  | <u>1,287,151</u>  |
|   | ------(Rupees)-----      |                    |                   |                   |
| Earnings per share (basic and diluted)    | <u>20.68</u>             | <u>4.99</u>        | <u>20.48</u>      | <u>12.03</u>      |

The above entitlement will be paid to the shareholders whose names will appear in the Register of Members at the close of business on Monday, September 19, 2016.

The Share Transfer Books of the Company will be closed from Tuesday, September 20, 2016 to Tuesday, October 4, 2016 (both days inclusive). Transfers received 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-75400 at the close of business on Monday, September 19, 2016 will be treated in time for the purpose of above entitlement to the transferees.



We enclose a copy of the Chief Executive's Review, on behalf of the Board of Directors of the Company, for the quarter & six months ended June 30, 2016.

We will be sending you 200 copies of the printed Accounts for distribution amongst the TRE Certificate Holders of the Exchange.

Yours faithfully,  
Shell Pakistan Limited

A handwritten signature in black ink, appearing to read 'Tariq Saeed', written in a cursive style.

Tariq Saeed  
Secretary

# Shell Pakistan Limited

## ANNOUNCEMENT OF INTERIM DIVIDEND

The Board of Directors of the Company at a meeting held at Serena Hotel, Islamabad on Friday, August 19, 2016 has recommended an Interim Dividend for the year ending December 31, 2016 at the rate of Rs. 6.00 per ordinary share of Rs.10.00 each (60%).

### CLOSURE OF BOOKS

The Register of Members of the Company shall remain closed and no transfer of shares will be accepted for registration from Tuesday, September 20, 2016 to Tuesday, October 4, 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-75400 by the close of business on Monday, September 19, 2016 will be in time for the purpose of payment of the interim 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 Share 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 : August 19, 2016

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

## Our performance

Dear Shareholders,

Following my appointment as your Company's Chief Executive Officer, I am honored to be given the opportunity of leading Shell Pakistan Limited and remain committed in leading your Company to deliver greater shareholder value.

On behalf of the Board of Directors of Shell Pakistan Limited, I would like to share the results of your Company for the half year ended June 30, 2016. The Company has built on its positive operational performance during the quarter, with a clear focus on key strategic priorities and profitable growth. Despite declining oil prices that continue to impact operational performance, your Company delivered a profit after tax of Rs 2,213 million for the half year ended June 2016 compared to a profit after tax of Rs. 534 million in the same period last year. In acknowledgement of the solid performance of the company, the Board of Directors has declared a cash dividend of Rs 6 per share.

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 continues to be a major factor. With the oil prices continuing to fluctuate in 2016, your Company incurred significant inventory losses during the period under review as it continued to comply with regulatory requirements of maintaining adequate stock levels. However, we continued to leverage our global supply chain network to get the best available prices for imported products and these efforts were successful in mitigating these losses to some extent. Additionally, the financial results of your Company continue to be affected by the financial burden resulting from overdue receivables from the Government of Pakistan.

Your Company continued a strict focus on driving operating costs down and ensuring excellence in operations. While significant investment was made in building the Brand through advertising and promotional activities, we were efficient and kept our costs in line with last year to ensure we maintain our competitive advantage. The investment in brand building was coupled with a focus on enhancing customer experience across our network, and we drove for better value propositions delivering superior portfolio offering, along with exciting new initiatives and customer offerings to achieve growth in the non-fuel retailing sector.

### Receivables & financing costs

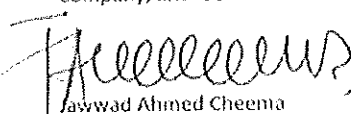
During the current period, your Company was unable to collect further refunds from the Government due to which the Company continues to incur financing cost on bank borrowings required to fund these receivables. As at 30<sup>th</sup> June 2016, total outstanding receivables stand at Rs 6,389 million. The Company's management is constantly engaged with relevant Government authorities and we continue to demand payment of the remaining amount on an expedited basis to ensure we enhance shareholder returns, drive for efficient business and invest in growth opportunities in Pakistan.

### Fuel margins

Motor gasoline and diesel margins are fixed in Rupees per liter by the government and currently the margin environment is not conducive to cover rising direct costs due to inflation, high financing costs on receivables, working capital tied up in minimum stock to be maintained, or indeed for the investments in business assets that are required to give our customers a world class experience. In July 2016, the Government of Pakistan approved a small increase in regulated fuels margins for motor gasoline and diesel. However, comparing the unit margins in Pakistan with the available margins in the region, we continue to advocate for a further favourable revision, to bring them in line with increasing costs of doing business in Pakistan.

### Going forward

The management remains committed to maintain focus on improving the financial performance of your Company. We assure you that we are driving towards credible, competitive and affordable business plans that deliver top quartile business performance. We thank our shareholders, customers and staff for their sustained support and trust in the Company, and look forward taking this Company to newer heights.



Jawwad Ahmed Cheema  
Chief Executive Officer