



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

October 20, 2016

Dear Sir,

**FINANCIAL RESULTS FOR THE QUARTER & NINE MONTHS ENDED SEPTEMBER 30, 2016**

We have to inform you that the Board of Directors of our company in their meeting held on Thursday, October 20, 2016 at 11:00 a.m. at Shell House, 6, Ch. Khaliqzaman Road, Karachi, recommended the following:

(i) **CASH DIVIDEND**

An Interim Cash Dividend for the quarter and nine months ended September 30, 2016 at Rs. NIL per share (i.e. NIL %).

(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

We enclose a copy of the Chief Executive Officer's Review, on behalf of the Board of Directors of the Company, for the quarter & nine months ended September 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



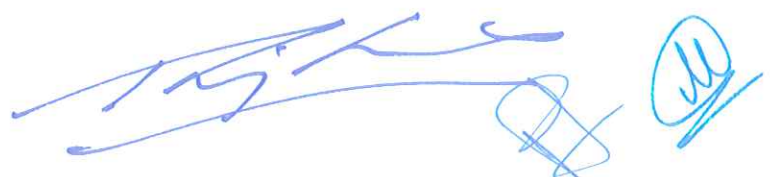
Tariq Saeed  
Secretary

## FINANCIAL RESULTS

The financial results of the Company are as follows:

### CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) For the quarter and nine months ended September 30, 2016

	Nine Month ended		Quarter ended	
	Sep 30, 2016	Sep 30, 2015	Sep 30, 2016	Sep 30, 2015
	(Rupees '000)			
Sales	171,753,186	188,698,437	54,318,044	53,654,479
Other revenue	738,023	574,630	245,929	240,167
	172,491,209	189,273,067	54,563,973	53,894,646
Sales tax	(37,537,133)	(37,695,890)	(9,672,851)	(12,962,598)
Net revenue	134,954,076	151,577,177	44,891,122	40,932,048
Cost of products sold	(124,712,239)	(143,516,999)	(41,235,267)	(38,700,577)
Gross profit	10,241,837	8,060,178	3,655,855	2,231,471
Distribution and marketing expenses	(3,631,987)	(3,353,345)	(1,333,799)	(1,180,559)
Administrative expenses	(2,925,113)	(3,073,328)	(1,044,239)	(1,006,736)
	3,684,737	1,633,505	1,277,817	44,176
Other operating expenses	(449,733)	(881,848)	(244,980)	(387,046)
	3,235,004	751,657	1,032,837	(342,870)
Other income	531,496	209,558	108,548	80,592
Operating profit	3,766,500	961,215	1,141,385	(262,278)
Finance costs	(145,252)	(228,831)	(53,835)	(84,138)
	3,621,248	732,384	1,087,550	(346,416)
Share of profit of associate - net of tax	508,172	377,665	233,994	110,776
Profit before taxation	4,129,420	1,110,049	1,321,544	(235,640)
Taxation	(707,443)	(925,006)	(112,400)	(113,393)
Profit/ (loss) for the period	3,421,977	185,043	1,209,144	(349,033)
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the quarter	3,421,977	185,043	1,209,144	(349,033)
	(Rupees)			
Earnings / (loss) per share	31.98	1.73	11.30	(3.26)



Chief Executive Officer's Review  
For the quarter and nine months ended September 30, 2016

**Our Performance**

Dear Shareholders,

On behalf of the Board of Directors of Shell Pakistan Limited, I would like to share the results of your Company for the nine months ended September 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 continued volatility in international oil prices, your Company delivered a profit after tax of Rs 3,422 million for the nine months ended September 2016, compared to a profit after tax of Rs. 186 million in the same period last year. We continue to drive towards creating and sustaining a culture that drives our commitment to the safety of people, protect the environment, and drive for achieving Goal Zero, in our safety performance.

With the oil prices continuing to fluctuate in 2016, your Company is exposed to inventory losses driven by price volatility and compliance to regulatory requirements of maintaining strategic stock levels in the country. With Shell's global supply chain network we continue to drive for best available prices for imported products, and some of these efforts have been successful in mitigating potential losses.

Your Company continued a strict focus on ensuring excellence in operations while keeping costs at a manageable level. We made significant investments in building the Brand through advertising and promotional activities, as well as in our infrastructure, to ensure we maintain our competitive advantage. We are working to enhance customer experience across our network by delivering enhanced value propositions delivered through our superior portfolio offerings.

**Receivables & financing costs**

The results of your Company continue to be affected by the financial burden resulting from overdue 'receivables' from the Government of Pakistan. 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> September 2016, total outstanding receivables stand at Rs 6,441 million. The Company's management is in engagement with relevant Government authorities for the recovery of 'receivables' 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 the recent initiative by the Government of Pakistan to revise margins based on CPI is a welcome change. In line with this, there was a small increase announced in July 2016; however, comparing the margins in Pakistan with the available margins in the region, we continue to advocate for a further favorable revision to bring them in line with increasing costs of doing business in Pakistan. Additionally, the Government of Pakistan announcement on de-regulation of RON 95 & RON 97 motor gasoline is a welcome initiative, which will allow OMC's to offer better quality fuels to customers.

The move by the Government to upgrade the Main Grade fuel from RON 87 to RON 92 is another positive step. However, margin environment for the main grade continues to be under stress. This has a negative impact as it does not allow companies 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 customers a world-class experience.

**Going forward**

The management remains committed to maintain focus on improving the financial performance of your Company, and we continue to drive for achieving Goal Zero in our safety performance. 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 Cheema,  
Chief Executive Officer