October 22, 2014

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

The Managing Director
Karachi Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
KARACHI

Fax # 111-573-329

Dear Sir

FINANCIAL RESULTS FOR THE QUARTER & NINE MONTHS ENDED SEPTEMBER 30, 2014

This is to inform you that a meeting of the Board of Directors was held at 11:00 a.m on Wednesday, October 22, 2014 to consider the accounts for the quarter & nine months ended September 30, 2014.

FINANCIAL RESULTS:

The financial results of the company are as follows:

	Nine months ended		Quarter ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
	(Rupees '000)			
Sales	224,084,417	212,833,140	73,596,034	73,660,925
Other revenue	576,753	529,006	229,237	84,601
	224,661,170	213,362,146	73,825,271	73,745,526
Sales tax	(31,505,499)	(29,206,304)	(10,413,637)	(10,505,666)
Net revenue	193,155,671	184,155,842	63,411,634	63,239,860
Cost of products sold	(184,877,963)	(175,931,071)	(60,207,740)	(59,561,917)
Gross profit	8,277,708	8,224,771	3,203,894	3,677,943
Distribution and marketing expenses	(3,349,793)	(2,812,111)	(1,143,951)	(1,083,959)
Administrative expenses	(2,970,573)	(2,984,496)	(1,045,540)	(1,014,657)
	1,957,342	2,428,164	1,014,403	1,579,327
Other operating expenses	(159,009)	(1,517,800)	(27,668)	(1,108,549)
	1,798,333	910,364	986,735	470,778
Other income	368,986	229,043	(523,091)	136,815
Operating profit	2,167,319	1,139,407	463,644	607,593
Finance costs	(329,721)	(446,084)	(86,427)	(76,558)
	1,837,598	693,323	377,217	531,035
Share of profit of associate - net of tax	346,971	412,021	103,750	93,193
Profit before taxation	2,184,569	1,105,344	480,967	624,228
Taxation	(1,288,822)	(890,957)	(316,411)	(344,540)
Profit for the period	895,747	214,387	164,556	279,688
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	895,747	214,387	164,556	279,688
	(Rupees)			
		Restated		Restated
Earnings per share	8.37	2.00	1.54	2.61

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

We enclose a copy of the Chairman's review for the quarter & nine months ended September 30, 2014.

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

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

Review for the quarter and nine months ended September 30, 2014

Our performance

On behalf of the Board of Directors of Shell Pakistan Limited, I am pleased to share the results of your Company for the third quarter and the nine months ended September 30, 2014. During this quarter 2014, your company earned a net profit of Rs. 165 million leading to a net profit of Rs. 896 million in the first nine months of 2014. This compares to a net profit of Rs. 280 million in third quarter 2013 and a net profit of Rs. 214 million in first nine months of 2013.

Operational performance of your company remained positive in the third quarter of 2014. Motor Gasoline and Lubricants exhibited growth against the third quarter last year. The Company continued its focus on achieving operational excellence and execution of winning consumer promotions / propositions for its customers.

Advertising and promotion spend of Rs. 550 million for the first nine months was more than twice that of last year. These spends were conducted to support consumer and trade promotions and to build brand share of preference both for Fuels and Lubricants.

Financial results of your Company continue to be affected by very 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 first nine months of 2014, limited progress was made in collecting receivables from the Government. Through its continued efforts, the Company managed to collect Rs. 334 million in first nine months of 2014 on account of Petroleum Development Levy refunds. 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 April 2013, 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 a relentless 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.

On behalf of the Board of Directors,
Omar Y Sheikh,
Managing Director