October 22, 2015

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

The General Manager
Karachi Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
KARACHI

Dear Sir,

FINANCIAL RESULTS FOR THE QUARTER & NINE MONTHS ENDED SEPTEMBER 30, 2015

This is to inform you that a meeting of the Board of Directors was held at 11:00 a.m. on Thursday, October 22, 2015 to consider the accounts for the quarter & nine months ended September 30, 2015.

FINANCIAL RESULTS:

The financial results of the company are as follows:

	Nine months ended		Quarter ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
	(Rupees '000)			
Sales	188,698,437	224,084,417	53,654,479	73,596,034
Other revenue	574,630	576,753	240,167	229,237
	189,273,067	224,661,170	53,894,646	73,825,271
Sales tax	(37,695,890)	(31,505,499)	(12,962,598)	(10,413,637)
Net revenue	151,577,177	193,155,671	40,932,048	63,411,634
Cost of products sold	(143,516,999)	(184,877,963)	(38,700,577)	(60,207,740)
Gross profit	8,060,178	8,277,708	2,231,471	3,203,894
Distribution and marketing expenses	(3,353,345)	(3,349,793)	(1,180,559)	(1,143,951)
Administrative expenses	(3,073,328)	(2,970,573)	(1,006,736)	(1,045,540)
	1,633,505	1,957,342	44,176	1,014,403
Other operating expenses	(881,848)	(159,009)	(387,046)	(27,668)
	751,657	1,798,333	(342,870)	986,735
Other income	209,558	368,986	80,592	(523,091)
Operating profit	961,215	2,167,319	(262,278)	463,644
Finance costs	(228,831)	(329,721)	(84,138)	(86,427)
	732,384	1,837,598	(346,416)	377,217
Share of profit of associate - net of tax	377,665	346,971	110,776	103,750
Profit / (loss) before taxation	1,110,049	2,184,569	(235,640)	480,967
Taxation	(925,006)	(1,288,822)	(113,393)	(316,411)
Profit / (loss) for the period	185,043	895,747	(349,033)	164,556
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the period	185,043	895,747	(349,033)	164,556
	(Rupees)			
Earnings / (loss) per share	1.73	8.37	(3.26)	1.54

We enclose a copy of the Chairman's review for the quarter & nine months ended September 30, 2015.

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-Aiwan-e-Iqbal
LAHORE

Chairman's review
For the quarter and nine months ended September 30, 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 third quarter and nine months ended September 30, 2015. The Company continued to build on in its operational performance during the quarter registering strong growth in Motor Gasoline, Diesel and Lubricant volumes. Impact of exchange rate along with decreasing international oil prices however, adversely impacted the otherwise strong performance by your company and as a result, during this quarter, your Company incurred a net loss of Rs 349 million leading to a net profit of Rs 185 million for the first nine months of the year. This compares to a net profit of Rs 165 million in third quarter 2014 and a net profit of Rs 896 million in the first nine months 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 significant. With oil prices taking a further plunge in 2015, your Company incurred heavy inventory losses during the period under review as it continued to comply with regulatory requirements on maintaining adequate stock levels. To manage this impact, your Company maintained a strict focus on costs and operational expenses and as a result, despite significant investment in advertising and promotion, only a 2% increase in costs was witnessed over last year.

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

Receivables & financing costs
During the current period, your Company was not able 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 30th September 2015, total outstanding receivables stand at Rs 4,549 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 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 regulated fuel margins was granted by the Government. However, these still remain the lowest in the region and we continue to advocate for a further favorable revision 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 it 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