



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

March 10, 2017

Dear Sir,

FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2016

This is to inform you that the Board of Directors of our Company in their meeting held at 10:30 hrs. on Friday, March 10, 2017 recommended the following:

(i) CASH DIVIDEND

A final cash dividend for the year ended December 31, 2016 at the rate of Rs. 28.00 per share i.e. 280%. This is in addition to the interim dividend at the rate of Rs. 6.00 per share i.e. 60%.

(ii) BONUS SHARES

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

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 for the year ended December 31, 2016 are as follows:

	2016 ----- (Rupees '000) -----	2015 ----- (Rupees '000) -----
Sales	214,852,746	248,570,957
Other revenue	<u>1,049,709</u>	<u>824,840</u>
	215,902,455	249,395,797
Sales tax	<u>(48,260,853)</u>	<u>(52,267,446)</u>
Net revenue	167,641,602	197,128,351
Cost of products sold	<u>(153,638,427)</u>	<u>(186,533,476)</u>
Gross profit	14,003,175	10,594,875
Distribution and marketing expenses	(5,441,546)	(4,965,781)
Administrative expenses	(3,585,894)	(2,995,215)
Other expenses	(584,902)	(993,187)
Other income	767,045	419,318
Operating profit	5,157,878	2,060,010
Finance costs	<u>(203,896)</u>	<u>(299,146)</u>
	4,953,982	1,760,864
Share of profit of associate - net of tax	<u>751,840</u>	<u>583,961</u>
Profit before taxation	5,705,822	2,344,825
Taxation	<u>1,059,085</u>	<u>(1,433,855)</u>
Profit for the year	6,764,907	910,970
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Actuarial gain on post-employment benefits	76,249	30,886
Total comprehensive income for the year	<u><u>6,841,156</u></u>	<u><u>941,856</u></u>
	----- (Rupees) -----	
Earnings per share – basic and diluted	<u><u>63.22</u></u>	<u><u>8.51</u></u>

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The Annual General Meeting of the Company will be held at 10:00 a.m. on Thursday, April 20, 2017 at the Movenpick Hotel Karachi.

The final 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 5, 2017.

The Share Transfer Books of the Company will be closed from Thursday, April 6 to Thursday, April 20, 2017 (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 5, 2017 will be in time for the purpose of payment of final dividend 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 year ended December 31, 2016.

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



Andalib Alavi
Secretary

CC: The General Manager
Pakistan Stock Exchange Limited
19, Khayaban-e-Awan-e-Iqbal
Lahore-54000

Shell Pakistan Limited

ANNOUNCEMENT OF FINAL DIVIDEND 2016

The Board of Directors of the Company at a meeting held on March 10, 2017 has recommended that the members approve Final Cash Dividend for the year ended December 31, 2016 at the rate of Rs. 28.00 per ordinary share of Rs. 10/- each (i.e.280%).

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 6 to Thursday, April 20, 2017 (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 5, 2017 will be in time for the purpose of payment of final 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



Andalib Alavi
Secretary

Dated: March 10, 2017

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

Chief Executive's Review
For the year ended December 31, 2016

Dear Shareholders,

On behalf of the Board of Directors of Shell Pakistan Limited, I am pleased to share the results for the year ended December 31, 2016. It has been a strong year in terms of performance with your Company delivering a reported profit after tax of Rs. 6,764 million (including recognition of a deferred tax asset of Rs. 2,763 million) compared to Rs. 911 million same period last year. In acknowledgment of the solid performance of the Company, the Board of Directors decided to recommend a final cash dividend of Rs. 28 per share, which is in addition to the earlier interim dividend of Rs. 6 per share.

Oil prices continued to fluctuate in 2016 and your Company was constantly exposed to inventory losses driven by the price volatility and compliance to the requirement of maintaining strategic stock cover. However, with Shell's global supply chain network we continued to drive for best available prices for imported products and achieved some success in mitigating potential losses.

Our customers continue to be at the heart of everything we do. Following the deregulation of margins for premium gasoline, your Company launched Shell V-Power, the most technologically advanced fuel in Shell's global portfolio, for the Pakistani customer. In 2016, we also introduced Shell Advance Ultra, one of our top tier lubricants for motorcycles. We are confident that we will continue to use our Global technology leadership to bring higher quality and cleaner energy solutions to Pakistan along with enhancing customer experience across our network through superior customer service and value added propositions.

Creating and sustaining a culture that focuses on our commitment to business principles, safety of people and protection of the environment is integral and in 2016 we continued our focus on this. We also drove excellence in operations while keeping costs at a manageable level as well as making significant investments in both infrastructure and brand building to maintain competitive advantage.

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 2016, your Company did make some further recoveries of these dues; however, the Company continues to incur financing cost on bank borrowings required to fund these receivables. As at 31st December 2016, total outstanding receivables stand at Rs. 4,733 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

Main grade Motor gasoline and diesel margins are fixed in Rupees per liter by the Government of Pakistan, and the recent initiative by the Government to revise margins based on CPI is a positive and 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. Lower margin environment has a negative impact on your Company's profitability. We continue to advocate and push for further deregulation of the downstream value chain in Pakistan to drive for more investments in the downstream sector.

The Government of Pakistan made it possible for the Oil Marketing Companies to improve Main Grade motor gasoline RON specifications from 87 to 92, and the forthcoming upgradation of Diesel to EURO II specifications are positive steps towards providing Pakistani customers with better quality fuels.

Going forward

The management remains committed to maintain focus on further improving the financial performance of your Company, and we continue to drive for achieving Goal Zero in our safety performance. We are committed to take Shell Pakistan Forward with greater ambition; delivering better returns for our investors, positively impacting the communities we operate in and playing a key role in developing Pakistan's energy future. We thank our shareholders, customers and staff for their sustained support and trust in the Company, and look forward to taking this Company to newer heights.



Farwaad Cheema,
Chairman and CEO