TO BE THE TOP PERFORMER OF FIRST CHOICE

At Shell Pakistan Limited, we strive to deliver results, perform to the highest standards, develop our people, provide quality customer service, and actively pursue consistent safety improvements. A firm foundation based on performance enables us to deliver strong returns and value growth for our shareholders, greater and better choices for our customers and opportunities and improvements in the quality of life of our communities. In an unsettled world, our commitment to performance at every level continues to be both the challenge and the aspiration.
In order to increase efficiency and to enable stronger value growth for our shareholders, customers and communities, Shell Pakistan Limited has embarked on a business transformation and streamline journey known globally as Downstream-One.

The ultimate goal of this global project is to reduce business complexity and increase operational efficiency by implementing simpler functions and efficient processes.

Simply put, streamlining our process means making our systems and procedures easier to operate and more effective in execution, making Shell Pakistan Limited healthier for the future.

The improvements to our business will position our company strongly for the future, creating a simpler operating model that is geared to deliver a more satisfying experience to customers and stakeholders and improve our competitiveness in the market.

For Our Customers, this means
Delivering the right product, to the right place, at the right time—every time.
More reliable and efficient service, making it easier to do business with Shell.

For Our Business, this means
Greater efficiency and less cost through reduced complexity and duplication.
Smarter, global ways of working for a more profitable downstream business.

For Our People, this means
Greater efficiency through cleaner roles and responsibilities.
More time to spend on the things that matter.

Live the change
Transformation of the best working at Shell for the future.
A LONG ASSOCIATION TRANSFORMING INTO HISTORICAL SUCCESSES

The Shell technical partnership with Ferrari is regarded as the most successful partnership in the world of Formula One. With 12 Drivers’ titles and 16 Constructors’ titles together, both Shell and Ferrari have established a legacy of success in motorsport.

Shell has always been committed to innovation. As such, Shell Pakistan has proven itself as an industry leader when it comes to the introduction of new products and processes, and in providing exemplary service for demanding customer needs.

A key component of this business transformation is the Delivery Promise (DP). DP covers sales and delivery process from scheduling and loading to final delivery of products. It ensures that we effectively manage customer requirements and deliver every product to the right place at the right time.

In order to facilitate our customers, we launched an innovative payment facility known as Electronic Funds Transfer in association with a partner bank. EFT is a critical component of our business transformation process, and offers our customers a simplified and convenient payment method. After extensive pilot runs, EFT was rolled out for all our customers across the country, marking a first for any company in Pakistan. This service will remove the need for manual transactions, providing greater transparency and cash management for our business using real-time money realisation.

In our business, scheduling is a key component for the supply and distribution of fuels across Pakistan. This year in order to further our commitment to innovate, Shell became one of the first oil marketing companies in Pakistan to implement an automated routing and scheduling system known as CROSS. CROSS will schedule the transport of fuel from depots to customers in the most effective and cost-efficient way, ensuring continuity in fuel supply nationwide at each and every site.

In order to manage the operational efficiency and customer experience of working with Shell, we have moved our invoice processing activities from depots to a centralised Customer Service Centre, providing a dedicated point of contact for all customer activities.

Leading the industry through innovative solutions and being fully in tune to the ever-changing dynamics of our customer requirements, Shell is geared towards driving growth in the market and delivering long-term value and commitment for our customers.
DELIVERING THE BEST INNOVATIVE PRODUCTS
AT EVERY SITE, EVERY VISIT, EVERY DAY

At Shell, it is our commitment to exceed customer expectations by delivering the best quality fuels, right quantity and customer service, every day and at every site.

In 2009, Shell launched the Quality, Quantity and Service (QQS) campaign to highlight our commitment and pursuit of excellence in customer satisfaction to ensure more customers trust Shell as their fueling destination.

To achieve the highest performance at our forecourts, Shell Pakistan annually participates in the Global Mystery Motorist Programme (GMP), whereby an independent agency conducts service checks on sites across Pakistan. This year the results exceeded industry targets and are a testimony to our commitment to excellence.

The contribution of our business partners is the driving force behind our services, and with the conviction that “People Make the Difference Real” we strive to ensure all necessary support to our business partners to deliver success in every endeavour.

One such platform for ensuring on-site operational excellence is the rewards and recognition scheme designed to motivate our retailers to achieve the highest standard of service. This year we recognized the best performers in a Global Reward and Recognition Ceremony in Istanbul, Turkey. The ceremony was held in the presence of an audience of 850 retailers from all over the world. Several retailers from Pakistan were recognized for their outstanding achievements to the business.

On the Lubricants front we started the year with the Retail Lubricant Premier League (PL) to drive more customers to our forecourts. The promotion was a team activity in which both marketing and sales worked together to achieve a world record 3270 oil changes in one day.

This was followed by one of three “Buy, Display and Win” promotions to coincide with the launch of Agriculture season. More than 3000 retailers participated in this promotion, which increased visibility of our products in stores across Pakistan. We also conducted a number of separate events to promote our Pennzoil brand to key clients including users of Al-Ghazi tractors, a leading tractor manufacturer that endorses Pennzoil as their official lubricant.

This year we also launched the Rimulol retail promotion to sell our highest grade of oil—Rimulol R3 X. The promotion saw us drive considerable traffic to our forecourts and sell over 100,000 litres in a record amount of time.

On the Commercial Fuels (CF) front, we continued supplies to Independent Power Plants, which will be a major source of energy for the country in the coming decade. This marks a step-change for our CF business and promises strong growth in the coming years.

In our Aviation business we grew considerably in our volumes while ensuring safe and timely fueling across the country at all major airports. On the fuel farm at Karachi airport, we managed continuity in supply through product bridging and active consultation with our joint venture partners. We also completed the first revamping plan and are now fully complying with global benchmark of on-ten tablet refueling.
At Shell Pakistan, developing our people is a top priority. Over the years, we have maintained a distinctive corporate culture that is driven and influenced by our dedicated and energetic workforce.

In pursuit of Top Quartile Performance we launched HR Online in March across Shell Pakistan. HR Online is a turnkey solution, providing an online portal for employees, managers and HR professionals to view, create and maintain their own data with real time information and transaction processing. Among the many benefits, employees will have access to fast and consistent information management, improvement in employee and line managers’ interface and intelligent access to HR policies and procedures.

Another exceptional service that has been made available to staff is Shell Open University (SOU). SOU is a prime illustration of attention paid to individual development in Shell. This service will make it easier for our people to access training tools, providing a "one-stop-shop" for learning and development.

SOU provides employees with an abundance of resources, such as Skillscape, an online service which enables staff to build their respective skill set through specialist courses, simulations, books, test packs, job aids, skill briefs and express guides. It not only delivers improved learning facilities, it also provides HR with a comprehensive tool to better manage competence and support the company’s bottom line performance and long-term sustainability.

Being an 'Employer of Choice' takes a lot of hard work and effort, as is the case with our brands and products. Constant investment in developing our people has helped us achieve delivery and growth across Shell’s business in Pakistan.

Shell’s journey to Top Quartile Performance in HR started some time ago, and it will continue well beyond 2009. Along the journey we have implemented a number of steps to enable continuous improvement across all areas by consolidating and simplifying HR services. These include the implementation of Shell People and alignment of policies with global standards.

We believe that our future business success requires high quality delivery in everything we do, and within HR, this means being among the best companies when it comes to recruiting, developing and retaining top talent.
Our efforts to promote road safety and responsible driving saw the launch of new initiatives such as the 2nd National Road Safety Conference, which raised awareness of motorcycle riders among corporate, government and health professionals as the most vulnerable road user group in Pakistan.

We continued our support for education, partnering with The Citizen’s Foundation to build three primary schools in earthquake-struck northern areas. Now in its second year, Shell Pakistan’s scholarship programme has supported 50 deserving students from underprivileged sectors of society for degrees in higher education at top universities across the country.

Shell’s LiveWIRE programme known locally as Tameer, today exists as one of the foremost efforts to facilitate youth entrepreneurship in the country, providing guidance and training to over 50,000 students.

In 2009, Tameer has expanded its outreach in Pakistan and partnered with leading universities to provide students on-campus entrepreneurship guidance. Tameer has also partnered with the British Council’s Active Citizens Programme to promote enterprise development in communities. 2009 saw Tameer attain the prestigious achievement of being selected as a best practice from amongst numerous Shell LiveWIRE worldwide programmes. This achievement was celebrated at an international Youth Development Conference in Yorkshire, UK.

This year Shell Pakistan became the first country from the subcontinent to have teams represented at the Shell Eco-marathon (SEM) in Berlin, a global event to develop solutions to the world’s energy challenge. Four teams from Pakistan took part in the competition to develop fuel-efficient vehicles and were widely covered by media and press. The accomplishment won praise from many segments of society and set the stage for the next Shell EcoMarathon event in Kuala Lumpur in 2010, where more than 25 teams have registered from Pakistan.

Shell Pakistan took a lead role to fight the spread of HIV/AIDS, and our work with low-income truck drivers was recognised by Shell Global as a best practice for others to emulate. Going forward, Shell Pakistan has launched the “Awaz” pilot project to employ hearing-impaired individuals at retail forecourts, a first in Pakistan.
Our 12 Life-Saving Rules

1. Work with a valid Work Permit when required.
2. Obtain authorization before operating or deciding safety critical equipment.
3. Conduct gas tests when required.
4. Protect yourself against a fall when working at height.
5. No alcohol or drugs when working or driving.
6. While driving, do not use your phone and do not exceed speed limits.
7. Wear your seat belt.
8. Do not smoke outside designated smoking areas.
9. Obtain authorization before entering a confined space.
10. Do not walk under a suspended load.
11. Do not walk under a suspended load.
12. Follow prescribed journey management plan.

Strengthening our safety culture

Shell has always placed great importance on the health, safety and environment aspect of the society it does business in. Safety is one of our top priorities, and we base our policies on the belief that all accidents are preventable.

Safety Day on 8th July, marked another first for our company as the theme of “Do the Right Thing” was extended to customers at retail sites and coincided with the launch of “Health, Safety, Security and Environment best retailer award” to promote HSSE at our retail outlets.

Through a “Talk not Tick” approach we cascaded the message of HSSE and ensured that site staff is appropriately updated on HSSE standards. Several HSSE upgrades including the installation of steel structures at all receipt and dispatch gantries to protect those working at height were put into place.

HSSE continues to be a key hallmark of all our operations and this year two staff members from Aviation were recognised with Vice President Awards for their commitment to HSSE rules when they declined to refuel an aircraft that did not comply with safety standards.

In this difficult environment, all Shell staff and assets remained safe due to proactive measures and commitment to our safety culture. We firmly believe that our business performance correlates directly with exemplary HSSE performance and we strive to achieve the highest standards of safety across our business.
Statement of General Business Principles

Introduction

The Shell Pakistan Limited General Business Principles govern how Shell Pakistan Limited conducts its affairs. The principles are designed to ensure that the company conducts its business in a manner that is consistent with the highest standards of business conduct and integrity. The principles are intended to guide the company in its day-to-day operations and to ensure that the company's activities are conducted in a manner that is consistent with the principles set out in this document.

Sustainable Development

At Shell Pakistan Limited, we are committed to contributing to sustainable development through our business operations. We believe that our business activities have a significant impact on the environment and on the communities in which we operate. We are committed to operating in a responsible and transparent manner, and to ensuring that our operations are conducted in a manner that is consistent with the principles set out in this document.

Responsibility

Equityholders are responsible for the conduct of the company, and are expected to act in the best interests of the company and its shareholders. They are also expected to act in accordance with the principles set out in this document.

Principle 1 - Integrity

Integrity is a fundamental value that underpins all aspects of our business. It is the ethical foundation of our operations, and is reflected in our commitment to doing the right thing, even in difficult circumstances. We are committed to maintaining the highest standards of integrity in all our dealings, and to ensuring that our operations are conducted in a manner that is consistent with the principles set out in this document.

Principle 2 - Respect for People

We recognize the importance of respecting the rights and dignity of all people, and are committed to ensuring that our operations are conducted in a manner that is consistent with the principles set out in this document.

Principle 3 - Public Disclosure

We are committed to maintaining high standards of public disclosure, and are committed to ensuring that our operations are conducted in a manner that is consistent with the principles set out in this document.

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Notice of Annual General Meeting

Notice is hereby given that the Forty-First Annual General Meeting of Shell Pakistan Limited will be held on Tuesday, April 20, 2010 at 2:30 p.m. at Sheraton Karachi Hotel, Karachi to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Report of Directors and Auditors together with Audited Accounts for the year ended December 31, 2009.

2. To approve the payment of final dividend of Rs. 25.00 per share (250%) and also the interim dividend of Rs. 8.00 per share (80%) declared on August 18, 2009 making a total of Rs. 33.00 per share (330%) for the year ended December 31, 2009.

3. To appoint Auditors for the financial year January 1 to December 31, 2010 and to fix their remuneration.

By Order of the Board

[Tariq Saeed]
Secretary

Karachi: March 4, 2010

NOTES:

(i) The register of members will remain closed from Tuesday, April 6 to Tuesday, April 20, 2010 (both days inclusive). Transfers received in order at the office of our Share Registrars, FAMCO Associates (Pvt) Ltd., First Floor, State Life Building 1-A, Off I I Chundrigar Road, Karachi by the close of business on April 5, 2010 will be in time for the purpose of payment of final dividend to the transferes.

(ii) A member entitled to attend and vote at the meeting shall be entitled to appoint another person as his/her proxy to attend, demand or join in demanding a poll, speak and vote instead of him/her, and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the meeting as are available to a member. Proxies in order to be effective must be received at the registered office of the Company not later than 48 hours before the meeting. A proxy need not be a member of the Company.

(iii) Members are requested to notify any change in their addresses immediately to our Share Registrars, FAMCO Associates (Pvt) Ltd., First Floor, State Life Building 1-A, Off I I Chundrigar Road, Karachi.

(iv) Members or their proxies are required to present their original CNIC or Passport along with the Participant’s I D. and account number at the time of attending the Annual General Meeting to authenticate their identity.

(v) A form of Proxy is enclosed with the Notice of the Meeting being sent to the members.
Board of Directors

Mr. Zabih J. Nisar, an MBA graduate from Cranfield University, UK, joined Shell Pakistan in 1992. Since then he has held various appointments in the business and has served in a number of capacities. In 2001, he was accorded the title of General Manager Refining Business and in 2004, Mr. Nisar was appointed General Manager Gas Business. Effective September 2008, Mr. Nisar is the Chairman of Shell Pakistan, Shell Pakistan Refineries Limited, a member of the Board of Directors of Corporate Directors of Shell Pakistan, and also serves on the Board of a number of sister companies, including the Pakistan Petroleum Company Limited. He is a member of the Council of Corporate Directors and also serves on the Board of the university's senior governing body, education, and industry partnerships.

Mr. Chirag A. Khan, graduated as a mechanical engineer from IIT Bombay University and started his career in the Oil Industry in 1985 working with a number of organizations in the business. He has been with Shell for over 30 years and has held various positions including General Manager, Shell Pakistan Refineries Limited. He is currently serving as General Manager, Refining Business, Shell Pakistan, and also serves on the Board of a number of sister companies, including Shell Pakistan Refineries Limited, Pakistan Petroleum Company Limited, and Pakistan Petroleum (London) Limited. He is a member of the Council of Corporate Directors and also serves on the Board of the university's senior governing body, education, and industry partnerships.

Mr. Yousuf Ali, completed his MBA degree from the Lahore University of Management Sciences, with honors in Business Administration. In 1982, he joined Shell Pakistan as a pilot professional in the sales sector, and later joined Shell Pakistan Refineries Limited as a Joint Venture Manager in the internal audit department. He has over 19 years of experience in finance, taxation, sales, and marketing. He has been with Shell for over 30 years and has held various positions including General Manager, Shell Pakistan Refineries Limited, Pakistan Petroleum Company Limited, and Pakistan Petroleum (London) Limited. He is a member of the Council of Corporate Directors and also serves on the Board of the university's senior governing body, education, and industry partnerships.

Ms. Shahzadi Wazir Ali, joined the company in 2000 and has held various positions including Finance Director, Shell Pakistan Refineries Limited, and currently serves as Executive Director, Finance and Administration, Shell Pakistan. She is a member of the Council of Corporate Directors and also serves on the Board of the university's senior governing body, education, and industry partnerships.

Mr. Rafi H. Bashir, joined the company in 1982 and has held various positions including Chief Executive Officer, Shell Pakistan Refineries Limited, and currently serves as Executive Director, Finance and Administration, Shell Pakistan. He is a member of the Council of Corporate Directors and also serves on the Board of the university's senior governing body, education, and industry partnerships.

Mr. Michael Haywood, is the Vice President Finance for Shell Pakistan. He joined the company in 1970 and has held various positions including Chief Financial Officer, Shell Pakistan Refineries Limited, and currently serves as Executive Director, Finance and Administration, Shell Pakistan. He is a member of the Council of Corporate Directors and also serves on the Board of the university's senior governing body, education, and industry partnerships.
Country Leadership Team

Mr. Zaini bin Abdullah

Board of Directors
- Mr. Zakari bin Abdullah
- Mr. Zaffer A. Khan
- Mr. Younus Ali
- M. Shafique Wazir Ali
- Mr. Raja B. Bashir
- Mr. Michael Nisar
- Mr. Leon Menezes
- Mr. Inam R. Bashir
- Mr. Faizulla Kazi
- Mr. Faizullah K. Capadia
- Mr. Badarudin F. Vellani

Chief Executive
- Mr. Zakari bin Abdullah

Audit Committee
- Mr. Badarudin F. Vellani
- Mr. Inam R. Bashir
- Mr. Michael Nisar

Country Leadership Team
- Chairman:
  - General Manager External Affairs
  - General Manager Distribution
  - General Manager Commercial Fuels
  - General Manager Retail
  - General Manager Human Resources
  - Finance Director / Chief Financial Officer
  - General Manager Business Strategy
  - Country Programme Manager Downstream-One
  - General Manager Supply
  - Company Secretary & Head of Legal
  - General Manager Lubricants
  - National Sales Manager

Company Secretary
- Mr. Tariq Saeed

Registered Office
- Shell House,
  6, Cl. Khadiquzzaman Road,
  Karachi - 75530

Auditors
- A. F. Ferguson & Co.

Legal Advisers
- Vellani & Vellani

Advocates & Solicitors

Registrar & Share Registration Office
- FAMCO Associates (Pvt) Ltd.,
  4th Floor, State Life Building 2-A,
  I. I. Chundrigar Road,
  Karachi - 74000