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A large circular graphic dominates the center of the page. It is divided into four quadrants: the top-left and bottom-left are solid dark grey, the top-right and bottom-right are filled with a complex, repeating geometric pattern, and a white sphere is positioned in the center. A horizontal grey band cuts across the middle of the circle, containing the report title.

Quarterly Report **2017**  
31 March

OHSAS 18001: 2007, ISO 9001:2008 & ISO 14001:2004 Certified



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## COMPANY INFORMATION

### BOARD OF DIRECTORS

#### Chairman

Sheikh Mohammad Aijaz Akhtar - Non-executive & Independent

#### Directors

Dr. Abolghassem Jamshidi - Iran - Non-executive  
Mr. Jamal Nasim - Non-executive  
Mr. Muhammad Ayub - Non-executive  
Mr. Shoaib Mir - Non-executive  
Mr. Shamsuddin Soomro - Non-executive  
Mr. Rauf Ahmad - Non-executive  
Mr. Naveed Ehtesham - Non-executive  
Mr. Memet Ozyavuz - Turkey - Non-executive

#### Chief Executive Officer

Mr. Muhammad Misbah Tunio - Executive

### BOARD AUDIT COMMITTEE

Mr. Muhammad Ayub - Chairman  
Sheikh Mohammad Aijaz Akhtar - Member  
Dr. Abolghassem Jamshidi - Member  
Mr. Shamsuddin Soomro - Member  
Mr. Rauf Ahmad - Member  
Mr. Babar Aijaz - Secretary

### BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Jamal Nasim - Chairman  
Mr. Muhammad Misbah Tunio - Member  
Mr. Shoaib Mir - Member  
Qazi Syed Imran Azam - Secretary

### CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr. Rizwan Ul Haq Khan

### BANKERS

National Bank of Pakistan  
NIB Bank Limited  
Habib Metropolitan Bank Limited  
Bank Alfalah Limited  
Bank Al Habib Limited  
Meezan Bank Limited

### AUDITORS

EY Ford Rhodes  
Chartered Accountants

### LEGAL ADVISORS

Mohsin Tayebaly & Co.  
Advocates & Legal Consultants

### REGISTERED OFFICE

Jinnah Avenue, Malir Halt,  
Karachi - 75100  
Tel : (+9221) 99248285  
Fax : (+9221) 99248286  
E-mail: comsec@security-papers.com

### MILLS

Jinnah Avenue, Malir Halt, Karachi - 75100  
Tel : (+9221) 99248536-37  
Fax : (+9221) 99248616

### TAX CONSULTANTS

A. F. Ferguson & Co.  
Chartered Accountants

### SHARE REGISTRARS

FAMCO Associates (Pvt.) Limited  
8-F, Next to Hotel Faran, Nursery,  
Block-6, P.E.C.H.S, Shahra-e-Faisal, Karachi.  
Tel: (+9221) 34380101-5  
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## DIRECTORS' REPORT

The Directors are pleased to present the un-audited financial information for the third quarter ended 31 March 2017.

### **BUSINESS AND PERFORMANCE REVIEW**

The Company produced 703 tons of finished paper during the quarter under review as compared to 733 tons in the corresponding period of previous year. Net sales reported to be Rs 630 million during the period under review as compared to Rs 679 million in the corresponding period of preceding year. The Company achieved sales volume of 655 tons as against 697 tons during the corresponding period of preceding year.

Gross profit reported to be Rs 231 million as against Rs 291 million in the corresponding period of preceding year.

The profit before and after taxation during the period under review reported to be Rs 311 million and Rs 233 million respectively as against Rs 289 million and Rs 205 million respectively during the corresponding period of preceding year.

### **FORWARD LOOKING INFORMATION**

Going forward, the Company remains strongly focused on innovations and opportunities in a challenging macroeconomic, political and social environment to improve productivity and enhance shareholders' value. In today's competitive landscape, the Company is continuously gearing up its business to meet the challenges that lie ahead.

The directors are hopeful that with continued and concerted efforts, the Company would achieve the desired results during the current Financial Year.

For and on behalf of the Board

**SHEIKH MOHAMMAD AIJAZ AKHTAR**  
Chairman

Karachi, 26th April 2017



## Condensed Interim Balance Sheet

As at 31 March 2017

		31 March 2017 Un-audited	30 June 2016 Audited
<b>ASSETS</b>	<b>Note</b>	----- (Rupees in '000) -----	
<b>Non-current assets</b>			
Property, plant and equipment	5	1,608,637	1,710,120
Long-term investment	6	777,180	774,229
Long-term deposits		15,747	15,514
		<u>2,401,564</u>	<u>2,499,863</u>
<b>Current assets</b>			
Stores, spares and loose tools		132,852	108,025
Stock-in-trade		542,982	487,006
Trade debts - considered good		357,273	310,892
Advances, deposits, prepayments and other receivables		74,608	34,973
Accrued mark-up		21,070	75,523
Investments	7	1,782,373	1,608,966
Cash and bank balances	10	274,033	147,365
		<u>3,185,191</u>	<u>2,772,750</u>
<b>Total assets</b>		<u>5,586,755</u>	<u>5,272,613</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		696,126	552,525
Accrued mark-up		18	325
Current maturity of long term loan	8	4,787	40,037
Current portion of liabilities against subject to finance lease		4,997	4,685
Taxation - net		143,829	135,322
		<u>849,757</u>	<u>732,894</u>
<b>Non-current liabilities</b>			
Long Term Loan		-	1,212
Liabilities against assets subject to finance lease		11,212	13,990
Deferred taxation - net		250,755	275,028
		<u>261,967</u>	<u>290,230</u>
<b>Total liabilities</b>		<u>1,111,724</u>	<u>1,023,124</u>
<b>Contingencies and commitments</b>	9		
<b>NET ASSETS</b>		<u>4,475,031</u>	<u>4,249,489</u>
<b>EQUITY</b>			
<b>Share Capital and reserves</b>			
Authorised share capital 70,000,000 (30 June 2016: 70,000,000) ordinary shares of Rs 10 each		700,000	700,000
Issued, subscribed and paid-up capital		592,559	592,559
General Reserves		3,209,919	3,023,489
Unappropriated profit		677,393	631,815
(Deficit)/Surplus on re-measurement of investments classified as 'available for sales'		(4,840)	1,626
		<u>4,475,031</u>	<u>4,249,489</u>

The annexed notes 1 to 12 form an integral part of this condensed financial information.

MUHAMMAD MISBAH TUNIO  
Chief Executive Officer

MUHAMMAD AYUB  
Director

**Condensed Interim Profit and Loss Account (Un-audited)**  
**For the nine months ended 31 March 2017**

	Nine months ended		Three months ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	----- (Rupees in '000) -----			
Sales - net	<b>2,050,260</b>	2,039,704	<b>630,447</b>	678,665
Cost of sales	<b>(1,290,481)</b>	(1,240,534)	<b>(399,396)</b>	(387,555)
<b>Gross profit</b>	<b>759,779</b>	799,170	<b>231,051</b>	291,110
Administration and general expenses	<b>(151,043)</b>	(143,714)	<b>(41,382)</b>	(45,615)
	<b>608,736</b>	655,456	<b>189,669</b>	245,495
Other operating income	<b>372,251</b>	203,972	<b>144,004</b>	70,505
	<b>980,987</b>	859,428	<b>333,673</b>	316,000
Other operating charges	<b>(69,966)</b>	(65,752)	<b>(22,025)</b>	(24,835)
	<b>911,021</b>	793,676	<b>311,648</b>	291,165
Finance costs	<b>(3,282)</b>	(9,512)	<b>(797)</b>	(2,074)
<b>Profit before taxation</b>	<b>907,739</b>	784,164	<b>310,851</b>	289,091
Taxation				
- Current	<b>(257,251)</b>	(249,489)	<b>(83,592)</b>	(88,864)
- Prior	<b>1,667</b>	4,186	-	-
- Deferred	<b>24,273</b>	13,123	<b>5,763</b>	4,966
	<b>(231,311)</b>	(232,180)	<b>(77,829)</b>	(83,898)
<b>Profit after taxation</b>	<b>676,428</b>	551,984	<b>233,022</b>	205,193
<b>Earnings per share</b>	<b>11.42</b>	9.32	<b>3.93</b>	3.46

The annexed notes 1 to 12 form an integral part of this condensed financial information.

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**MUHAMMAD MISBAH TUNIO**  
Chief Executive Officer

\_\_\_\_\_  
**MUHAMMAD AYUB**  
Director



**Condensed Interim Statement of  
Comprehensive Income (Un-audited)  
For the nine months ended 31 March 2017**

	Nine months ended		Three months ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	(Rupees in '000)			
Profit after tax for the period	676,428	551,984	233,022	205,193
<b>Other comprehensive income for the period:</b>				
<b>Other Comprehensive income to be reclassified to profit and loss account in subsequent periods</b>				
Unrealised appreciation/( diminution) during the period on remeasurement classified as 'available for sale'	270,761	(16,858)	41,559	14,530
Realised appreciation during the period-net classified as 'available for sale'	(277,227) (6,466)	(28,528) (45,386)	(114,590) (73,031)	(22,426) (7,896)
<b>Total comprehensive income for the period</b>	<b>669,962</b>	<b>506,598</b>	<b>159,991</b>	<b>197,297</b>

The annexed notes 1 to 12 form an integral part of this condensed financial information.

\_\_\_\_\_  
**MUHAMMAD MISBAH TUNIO**  
Chief Executive Officer

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**MUHAMMAD AYUB**  
Director



**Condensed Interim Cash Flow Statement (Un-audited)**  
**For the nine months ended 31 March 2017**

	Note	Nine months ended	
		31 March 2017	31 March 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	10	633,517	702,014
Long-term deposits		(233)	5
Taxes paid		(248,927)	(203,395)
Finance costs paid		(3,589)	(10,486)
<b>Net cash generated from operating activities</b>		<b>380,768</b>	<b>488,138</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(52,219)	(45,439)
Proceeds from sale of property, plant and equipment		127	1,009
Redemption of Sukuk term finance certificates		1,285	3,713
Dividend received from mutual Fund		-	25,368
Realized capital gain on mutual fund-net		277,227	28,528
Mark-up received		140,621	177,639
Investment made during the period - net		(176,876)	(98,623)
<b>Net cash generated from investing activities</b>		<b>190,165</b>	<b>92,195</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment against lease obligations		(3,595)	(3,856)
Re-payment of long-term loan		(36,462)	(101,655)
Dividend paid		(404,208)	(321,429)
<b>Net cash used in financing activities</b>		<b>(444,265)</b>	<b>(426,940)</b>
Net increase / (Decrease) in cash and cash equivalents		126,668	153,393
Cash and cash equivalents at the beginning of the period		147,365	114,543
<b>Cash and cash equivalents at the end of the period</b>		<b>274,033</b>	<b>267,936</b>

The annexed notes 1 to 12 form an integral part of this condensed financial information.

\_\_\_\_\_  
**MUHAMMAD MISBAH TUNIO**  
Chief Executive Officer

\_\_\_\_\_  
**MUHAMMAD AYUB**  
Director





**Condensed Interim Statement of Changes in Equity (Un-audited)**  
**For the nine months ended 31 March 2017**

	Issued, subscribed and paid-up share capital	General reserves	Unappro- priated profit	(Deficit)/Surplus on re- measurement of investments classified as available for sale	Total Equity
----- Rupees in '000 -----					
Balance as at 30 June 2015	592,559	2,873,119	500,140	54,352	4,020,170
Total comprehensive income for for the nine months period ended 31 Mar 2016					
Profit for the period	-	-	551,984	-	551,984
Other comprehensive loss	-	-	-	(45,386)	(45,386)
Transactions with owners					
Final Cash dividend for the year ended June30,2015	-	-	(355,536)	-	(355,536)
Transfer to general reserves	-	150,370	(150,370)	-	-
Balance as at 31 March 2016	<u>592,559</u>	<u>3,023,489</u>	<u>546,218</u>	<u>8,966</u>	<u>4,171,232</u>
<b>Balance as at 30 June 2016</b>	<b>592,559</b>	<b>3,023,489</b>	<b>631,815</b>	<b>1,626</b>	<b>4,249,489</b>
Total comprehensive income for the nine months period ended 31 Mar 2017					
Profit for the period	-	-	676,428	-	676,428
Other comprehensive income	-	-	-	(6,466)	(6,466)
Transactions with owners					
Final cash dividend for the year ended June 30, 2016	-	-	(444,420)	-	(444,420)
Transfer to general reserves	-	186,430	(186,430)	-	-
<b>Balance as at 31 March 2017</b>	<u><b>592,559</b></u>	<u><b>3,209,919</b></u>	<u><b>677,393</b></u>	<u><b>(4,840)</b></u>	<u><b>4,475,031</b></u>

The annexed notes 1 to 12 form an integral part of this condensed financial information.

\_\_\_\_\_  
**MUHAMMAD MISBAH TUNIO**  
Chief Executive Officer

\_\_\_\_\_  
**MUHAMMAD AYUB**  
Director



**Notes to the Condensed Interim Financial Information (Un-audited)**  
**For the nine months ended 31 March 2017**

**1. THE COMPANY & ITS OPERATION**

Security Papers Limited (“the Company”) is incorporated and domiciled in Pakistan as a public company Limited by shares. The address of its registered office is Jinnah Avenue, Malir Halt, Karachi, Pakistan. The Company is listed on the Pakistan Stock Exchange Limited. The registered office and manufacturing plant of the Company are situated at Jinnah Avenue, Malir Halt, Karachi, Pakistan. The Company manufactures and sells specialised paper for banknote and non-bank note security documents.

**2. BASIS OF PREPARATION**

**2.1 Statement of Compliance**

This condensed interim financial information of the Company for the nine months ended 31 March 2017 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under Companies Ordinance, 1984 have been followed.

**2.2 Functional & Presentation Currency**

This condensed financial information is presented in Pakistan Rupees, which is the Company's functional and presentation currency and all financial information presented has been rounded off to the nearest thousand.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these condensed interim financial information are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2016 except for the adoption of new and amended standards and interpretations as follows;

**New / Revised Standards, Interpretations And Amendments**

The Company has adopted the following amendments to IFRS which became effective for the current period:

IFRS 10- Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements: Investment Entities: Applying the Consolidation Exception (Amendment)

IFRS 11 - Joint Arrangements: Accounting for Acquisition of Interest in Joint Operation (Amendment)

IAS 1 - Presentation of Financial Statements: Disclosure Initiative (Amendment)

IAS 16 - Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of Acceptable Method of Depreciation and Amortization (Amendment).

IAS 16 - Property, Plant and Equipment and IAS 41 Agriculture: 'Agriculture - Bearer Plants (Amendment)

IAS 27 - Separate Financial Statements: Equity Method in Separate 'Financial Statements (Amendment)



In addition to the above standard and interpretation, improvements to various accounting standards have also been issued by the IASB and are generally effective for current period. The adoption of the above amended standard / improvement and interpretation did not have any material effect on the condensed interim financial statements.

#### 4. ACCOUNTING ESTIMATES AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim financial statements require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and areas where assumptions and estimates are significant are same as those applied to the financial statements as at and for the year ended June 30, 2016. The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2016.

		<b>31 March 2017</b>	30 June 2016
	<b>Note</b>	<b>(Un-audited)</b>	(Audited)
----- (Rupees in '000) -----			
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating assets	5.1	<b>1,579,931</b>	1,704,667
Capital work-in-progress	5.2	<b>28,706</b>	5,453
		<u><b>1,608,637</b></u>	<u>1,710,120</u>
<b>5.1. Operating assets</b>			
Opening book value		<b>1,704,667</b>	1,843,930
Additions during the period / year	5.1.1	<b>30,096</b>	73,558
Disposal during the period / year at book value		<b>(5)</b>	(364)
Depreciation charged during the period / year		<u><b>(154,827)</b></u>	<u>(212,457)</u>
		<u><b>1,579,931</b></u>	<u>1,704,667</u>
<b>5.1.1. Additions during the period / year</b>			
Land and building		<b>3,323</b>	1,661
Plant and machinery		<b>1,606</b>	35,413
Spare parts and stand by equipments		<b>2,804</b>	2,736
Electric, water and gas installations		<b>16,493</b>	16,388
Laboratory equipment		<b>494</b>	4,029
Furniture & fixtures		<b>518</b>	44
Office & Security Equipment		<b>1,596</b>	2,075
Computers and accessories		<b>204</b>	1,618
Motor Vehicles - Owned		<b>66</b>	426
Motor vehicles - leased		<u><b>2,992</b></u>	<u>9,168</u>
		<u><b>30,096</b></u>	<u>73,558</u>



	31 March 2017 (Un-audited)	30 June 2016 (Audited)
Note	----- (Rupees in '000) -----	
<b>5.2. Capital work-in-progress</b>		
Opening balance	5,453	3,684
Addition during the period / year	31,663	39,997
Transferred to operating fixed asset	(8,410)	(38,228)
	<u>28,706</u>	<u>5,453</u>
<b>6. LONG-TERM INVESTMENT</b>		
Held to maturity		
Pakistan Investment Bond - 5 years	6.1 <u>777,180</u>	<u>774,229</u>
<b>6.1</b>	These represent investments in Pakistan Investment Bonds (PIB's) carrying profit at a rate of 11.25% to 11.5% (effective yield of 11.97% to 12.05%) per annum with maturity in July 2018. The profit payments are made semi annually.	
<b>7. INVESTMENTS</b>		
<b>Held to maturity</b>		
Pakistan Investment Bonds	-	697,894
<b>Available for sale</b>		
Term finance certificates		
B.R.R. Guardian Modaraba		
1,420 (June 30 2016: 1,678) units of Rs 5,000 each	7.1 <u>5,326</u>	6,291
Units of Mutual Funds	<u>1,527,047</u>	904,781
<b>Loans &amp; Receivable</b>		
Term Deposit receipts	<u>250,000</u>	-
	<u>1,782,373</u>	<u>1,608,966</u>
<b>7.1.</b>	Diminishing Musharaka based term finance certificates originally had a term of 6 years and carried profit at the rate of six months KIBOR plus 1.3% payable semi annually with maturity on 26 May 2014. The borrower had defaulted on certain payments and entered into a restructuring agreement with the trustee on 15 April 2011. As per the revised terms, the principal amount was redeemable in varying monthly installments commencing from 07 August 2011 and ending on 07 December 2016 with regular profit pricing at the rate 01 month KIBOR and certain deferred profit (pertaining before restructuring) payable on monthly basis. The borrower has again defaulted on certain payments and entered into second restructuring agreement with the trustee on 30 June 2016. Revised terms include;	
	The principal amount will be redeemed in varying monthly installments commenced from 07 July 2016 and ending on 07 April 2019.	
	Markup at the rate of 01 month KIBOR plus 1.5% payable on monthly basis.	



	<b>31 March 2017 (Un-audited)</b>	<b>30 June 2016 (Audited)</b>
	----- (Rupees in '000) -----	
<b>8. LONG TERM LOAN - secured</b>		
Opening Balance	<b>41,249</b>	162,237
Repayments during the period	<b>(36,462)</b>	(120,988)
	<b>4,787</b>	41,249
Current maturity- shown under current liabilities	<b>(4,787)</b>	(40,037)
	<b>-</b>	1,212

The Company has acquired facility amounting to Rs 114.147 million (2016: Rs 114.147 million) from Bank Al Habib Limited for purchase & installation of plant and machinery for balancing, modernisation and replacement of existing machinery. The entire financing is to be availed by 31 December 2017 (2016: 31 December 2016) and carries mark-up at three months Karachi Inter Bank Offer Rate (KIBOR).

These facilities are secured by Pakistan Investment Bond of the Company having face value of Rs 785 million. The facility availed is re-payable in 5 years in 20 equal quarterly installments starting from the date of disbursement. The Company has an option to prepay the loan without incurring any penalty.

#### 9. CONTINGENCIES AND COMMITMENTS

There are no major changes in the status of contingencies as reported in the annual financial statements for the year ended June 30, 2016.

	<b>31 March 2017 (Un-audited)</b>	<b>30 June 2016 (Audited)</b>
	----- (Rupees in '000) -----	
<b>9.1 Commitments</b>		
Capital expenditure contracted for but not incurred	<b>18,217</b>	5,499
Commitments against letters of credit	<b>68,009</b>	55,639
	<b>86,226</b>	61,138
	<b>31 March 2017 (Un-audited)</b>	<b>31 March 2016 (Un-audited)</b>
	----- (Rupees in '000) -----	
<b>10. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	<b>907,739</b>	784,164
<b>Adjustments for:</b>		
Depreciation	<b>154,826</b>	159,704
Gain on disposal of fixed asset	<b>(127)</b>	(662)
Capital gain on redemption of mutual fund	<b>(277,227)</b>	(28,528)
Reversal of Impairment on BRR Guardian Modarba	<b>(321)</b>	(928)
Dividend income on mutual funds	<b>-</b>	(25,368)
Amortisation of discount on PIB	<b>(5,057)</b>	(8,400)
Mark up on Investments	<b>(75,380)</b>	(127,503)
Mark up on bank deposits and saving account	<b>(10,354)</b>	(5,371)
Mark up on security deposits	<b>(422)</b>	(422)
Mark up on employee Loan	<b>(12)</b>	(4)
Finance costs	<b>3,282</b>	9,512
Working capital changes	<b>(63,430)</b>	(54,180)
	<b>(274,222)</b>	(82,150)
<b>Cash flows generated from operations</b>	<b>633,517</b>	702,014



## 11 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise associated companies, directors, key management personnel and retirement benefit funds. The Company has a policy whereby all transactions with related parties are based on commercial terms. Transactions with related parties essentially entail sale of goods to the aforementioned concerns. However, contributions to staff retirement benefits are made in accordance with the terms of the contribution plan. The significant transactions with related parties carried out during the nine months ended 31 March 2017 and the balances outstanding as at 31 March 2017 were as follows.

	31 March 2017 (Un-audited)	31 March 2016 (Un-Audited)
	----- (Rupees in '000) -----	
<b>Associates:</b>		
- Sale of goods to Pakistan Security Printing Corporation (Private) Limited - net	<u>2,041,682</u>	<u>1,919,299</u>
- Receivable from Pakistan Security Printing Corporation (Private) Limited - net	<u>350,820</u>	<u>270,799</u>
<b>Key management personnel:</b>		
- Salaries and other employee benefits	<u>110,325</u>	<u>85,702</u>

## 12. DATE OF AUTHORISATION

This condensed financial information were authorised by the Board of Directors of the Company on 26 April 2017.

\_\_\_\_\_  
MUHAMMAD MISBAH TUNIO  
Chief Executive Officer

\_\_\_\_\_  
MUHAMMAD AYUB  
Director



## **ATTENTION SHAREHOLDERS**

Attention of shareholders is invited to the following legal requirements:

### **1. CNIC / NTN Number on Dividend Warrant (Mandatory)**

As has already been notified from time to time, the Securities and Exchange Commission of Pakistan (SECP) vide Notification S.R.O. 275(I)/2016 dated 31st March 2016 read with Notification S.R.O. 19(I)/2014 dated 10th January 2014 and Notification S.R.O. 831(1)/2012 dated July 5, 2012 required that the Dividend Warrant(s) should also bear the Computerized National Identity Card (CNIC) Number of the registered shareholder or the authorized person, except in case of minor(s) and corporate shareholder(s).

Henceforth, issuance of dividend warrant(s) will be subject to submission of CNIC (individuals) / NTN (corporate entities) by shareholders.

### **2. Deduction of Income Tax from Dividend under Section 150 the Income Tax Ordinance, 2001 (Mandatory)**

(i) Pursuant to the provisions of the Finance Act 2016 effective July 1, 2016, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:

1. Rate of tax deduction for filer of income tax return 12.5%
2. Rate of tax deduction for non-filers of income tax return 20%

To enable the company to make tax deduction on the amount of cash dividend @ 12.5% instead of 20%, shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to immediately make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 20% instead of 12.5%

(ii) Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder (s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

Company Name	Folio/CDS Account #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

The required information must reach our Share Registrar within 10 days of this notice; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

(iii) As per FBR Circulars C. No. 1 (29) WHT/2006 dated 30.06.2010 and C. No. 1 (43) DG (WHT)/2008-Vol.II-66417-R dated 12th May 2015, the valid exemption certificate is mandatory to claim exemption of withholding tax U/S 150 of the Income Tax Ordinance, 2001 (tax on dividend amount) where the statutory exemption under clause 47B of part-IV of Second Schedule is available. The shareholders who fall in the category mentioned in above clause and want to avail exemption U/S 150 of the Ordinance, must provide valid Tax Exemption Certificate to our Share Registrar before book closure otherwise tax will be deducted on dividend as per applicable rates.

(iv) For any query/problem/information, the investors may contact the Company Secretary at phone: 021-99248285 and email address comsec@security-papres.com and/or FAMCO Associates (Pvt.) Ltd. at phone 021-34380101-5 and email address: info.shares@famco.com.pk.



- (v) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or FAMCO Associates (Pvt.) Ltd. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

**3. Dividend Mandate (Optional)**

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide Circular No. 18 of 2012 dated June 05, 2012, a shareholder may, if so desire, direct the Company to pay dividend through his/her/its bank account under Section 250 of the Companies Ordinance, 1984.

Further, transferee of shares may exercise option for dividend mandate by using the revised "Form of Transfer Deed" available on Company's website. The revised form of transfer deed will enable the transferees to receive cash dividend directly in their bank accounts, if such transferee provides particulars of its bank account which he/she/it desires to be used for credit of cash dividend.

If they so desires the shareholders have the option to seek the dividend mandate by using the standardized "Dividend Mandate Form" available on Company's website <http://www.security-papers.com>.

**4. Payment of Cash Dividend Electronically (Optional)**

The SECP has initiated e-dividend mechanism through its letter No: 8(4) SM/CDC/2008 dated April 05, 2013. In order to avail benefits of e-dividend (such as instant credit of dividends, no chances of dividend warrants getting lost in the post, undelivered or delivered to the wrong address etc.) shareholders are hereby advised to provide details of their bank mandate specifying: (i) title of account, (ii) account number, (iii) bank name, (iv) branch name, code and address.

**5. Consent for Electronic Transmission of Audited Financial Statements & Notices (Optional)**

The Securities and Exchange Commission of Pakistan (SECP) through its Notification S.R.O. 787(I)/2014 dated 8th September 2014 has permitted companies to circulate Audited Financial Statements along with Notice of Annual General Meeting to its members through e-mail. Accordingly, members are hereby requested to convey their consent and e-mail address for receiving Audited Financial Statements and Notice through e-mail. In order to avail this facility a Standard Request Form is available at the Company's website <http://www.security-papers.com>.

**6. Change of Address (If any)**

Members are requested to notify any change in their addresses immediately.

Shareholders are requested to provide above mentioned information/documents to (i) respective Central Depository System (CDS) Participants and (ii) in case of physical securities to the Company / Share Registrar:

**Registered Office**

The Company Secretary  
Security Papers Limited  
Jinnah Avenue, Malir Halt,  
Karachi.  
Tel. No: (+9221) 99248285  
Fax No: (+9221) 99248286  
Email: [comsec@security-papers.com](mailto:comsec@security-papers.com)  
Website: <http://www.security-papers.com>

Karachi  
26 April 2017

**OR**

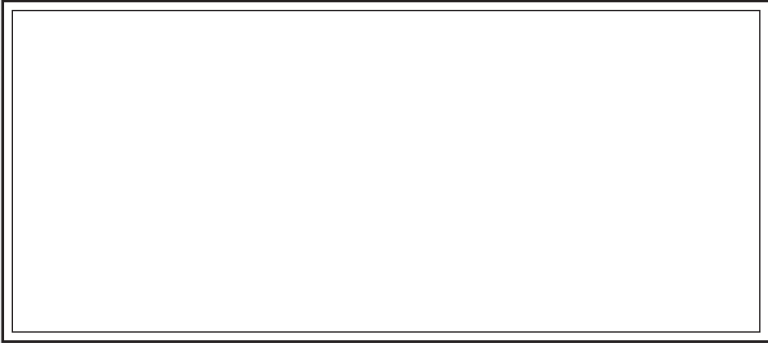
**Share Registrar**

FAMCO Associates (Pvt.) Limited  
8-F, Next to Hotel Faran, Nursery,  
Block-6, P.E.C.H.S., Shahrah-e-Faisal,  
Karachi.  
Tel. No: (+9221) 34380101-5  
Fax No: (+9221) 34380106  
E-mail: [info.shares@famco.com.pk](mailto:info.shares@famco.com.pk)  
Website: [www.famco.com.pk](http://www.famco.com.pk)

**Rizwan Ul Haq Khan**  
Chief Financial Officer &  
Company Secretary



**BOOK POST**  
**PRINTED MATTER**  
**UNDER POSTAL CERTIFICATE**



*Security Papers*  
LIMITED

OHSAS 18001: 2007, ISO 9001:2008 & ISO 14001:2004 Certified  
**REGISTERED OFFICE & SHARES DEPARTMENT:**  
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Ph: (+9221) 99248285 Fax: (+9221) 99248286  
**Factory:** Jinnah Avenue, Malir Halt, Karachi-75100  
Ph: (+9221) 99248536-37 Fax: (+9221) 99248616