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COMPANY INFORMATION

BOARD OF DIRECTORS

Chairman

Sheikh Mohammad Aijaz Akhtar - Non-executive & Independent

Directors

Mrs. Ayla Akin - Turkey - Non-executive
Mr. Jamal Nasim - Non-executive
Dr. Abolghassem Jamshidi - Iran - Non-executive
Mr. Muhammad Ayub - Non-executive
Ch. Mehboob Ilahi - Non-executive
Mr. Shamsuddin Soomro - Non-executive
Mr. Muhammad Wajid Jamil - Non-executive
Ms. Nargis Ghaloo - 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
Ch. Mehboob Ilahi - Member
Mr. Shamsuddin Soomro - Member
Mr. Babar Aijaz - Secretary

BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Jamal Nasim - Chairman
Mr. Muhammad Misbah Tunio - Member
Ms. Nargis Ghaloo - Member
Qazi Syed Imran Azam - Secretary

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

- Mr. Rizwan Ul Haq Khan

BANKERS

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

AUDITORS

Ernst & Young Ford Rhodes Sidat Hyder
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
Fax: (+9221) 34380106
E-mail: info.shares@famco.com.pk

WEB SITE

<http://security-papers.com>



DIRECTORS' REPORT

The Directors are pleased to present the un-audited financial information for the half year ended 31 December 2015.

BUSINESS AND PERFORMANCE REVIEW

The Company produced 1,333 tons of finished paper during the half year under review as compared to 1,081 tons in the corresponding period of previous year. Net sales reported to be Rs 1,361 million during the half year under review as compared to Rs 1,052 million in the corresponding period of preceding year thereby registering increase of Rs 309 million (i.e.29 %). The Company achieved sales volume of 1,400 tons as against 1,109 tons during the corresponding period of preceding year.

Gross profit reported to be Rs 508 million as against Rs 322 million in the corresponding period of preceding year showing an increase of Rs 186 million primarily due to higher sales volume and operational efficiencies.

The profit before and after taxation during the period under review reported to be Rs 495 million and Rs 347 million respectively as against Rs 298 million and Rs 204 million respectively during the corresponding period of preceding year.

FORWARD LOOKING INFORMATION

Going forward there are considerable macro economic, political and social challenges, we continue to focus on innovations, increased customer focus and a strong performance culture within the organization to optimize the return and improve productivity during the later period of the current financial year.

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, 29 January 2016



Security Papers
LIMITED



Building a better
working world

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
eyfrsh.khi@pk.ey.com
ey.com/pk

Auditors' report to the members on review of interim financial information

Introduction

We have reviewed the accompanying condensed interim balance sheet of Security Papers Limited (the Company) as at 31 December 2015, the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six-months period then ended (here-in-after referred to as "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.


Chartered Accountants

Review Engagement Partner: Shariq Ali Zaidi

Date: 29 January 2016

Karachi

A member firm of Ernst & Young Global Limited



Condensed Interim Balance Sheet

As at December 31, 2015

		December 31, 2015 (Un-Audited)	June 30, 2015 (Audited)
ASSETS			
	Note	----- (Rupees in '000) -----	
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,764,564	1,847,614
Long-term deposits		15,091	15,048
Long-term investments	5	<u>1,466,497</u>	<u>1,461,099</u>
		3,246,152	3,323,761
CURRENT ASSETS			
Stores, spares and loose tools		125,438	108,855
Stock-in-trade		344,744	366,127
Trade debts - unsecured		250,051	252,764
Advances, deposits, prepayments and other receivables		61,927	76,711
Accrued mark-up		73,973	73,341
Investments	6	874,162	834,660
Cash and bank balances		<u>131,045</u>	<u>114,543</u>
		1,861,340	1,827,001
TOTAL ASSETS		5,107,492	5,150,762
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		598,574	538,105
Accrued mark-up		1,002	1,474
Short term borrowings		1,617	-
Current maturity of long-term loan	7	82,415	120,988
Current portion of liabilities against assets subject to finance lease		4,538	3,791
Taxation - net		<u>141,173</u>	<u>123,714</u>
		829,319	788,072
NON-CURRENT LIABILITIES			
Long-term loan	7	8,432	41,249
Liabilities against assets subject to finance lease		13,370	10,678
Deferred taxation - net		<u>282,436</u>	<u>290,593</u>
		304,238	342,520
TOTAL LIABILITIES		1,133,557	1,130,592
CONTINGENCIES AND COMMITMENTS	8		
NET ASSETS		3,973,935	4,020,170
FINANCED BY:			
Authorised share capital			
70,000,000 (June 30, 2015: 70,000,000)			
Ordinary shares of Rs 10/- each		<u>700,000</u>	<u>700,000</u>
Issued, subscribed and paid-up capital		592,559	592,559
General reserves		3,023,489	2,873,119
Unappropriated profit		341,025	500,140
Surplus on re-measurement of investments classified as available for sale		16,862	54,352
		3,973,935	4,020,170
SHAREHOLDERS' EQUITY			

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

MUHAMMAD MISBAH TUNIO
Chief Executive Officer

MUHAMMAD AYUB
Director

**Condensed Interim Profit and Loss Account (Un-audited)**
For the Half Year Ended December 31, 2015

	Half-year ended		Quarter ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	----- (Rupees in '000) -----			
Sales - net	1,361,039	1,051,703	704,357	555,983
Cost of sales	(852,979)	(729,458)	(449,544)	(394,190)
Gross profit	508,060	322,245	254,813	161,793
Administration and general expenses	(98,099)	(93,345)	(49,175)	(47,064)
Other income	133,467	108,460	38,318	52,184
Other charges	(40,917)	(23,131)	(18,581)	(10,885)
Finance costs	(7,438)	(16,654)	(3,412)	(7,631)
Profit before taxation	495,073	297,575	221,963	148,397
Taxation				
- current	(160,625)	(103,353)	(77,094)	(41,871)
- prior	4,186	(4,509)	4,186	(4,509)
- deferred	8,157	14,569	1,083	243
	(148,282)	(93,293)	(71,825)	(46,137)
Profit after taxation	346,791	204,282	150,138	102,260
Earnings per share - basic and diluted	----- Rupees -----			
	5.85	3.45	2.53	1.72

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

MUHAMMAD MISBAH TUNIO
 Chief Executive Officer

MUHAMMAD AYUB
 Director



**Condensed Interim Statement of
Comprehensive Income (Un-audited)
For the Half Year Ended December 31, 2015**

	Half-year ended		Quarter ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	----- (Rupees in '000) -----			
Net profit for the period	346,791	204,282	150,138	102,260
Other comprehensive income:				
Other comprehensive income to be reclassified to profit and loss account in subsequent period				
Unrealised (diminution) / appreciation during the period on remeasurement of investment classified as 'available-for-sale'	(31,388)	22,905	22,336	14,920
Realised (appreciation) / diminution during the period on redemption of investments classified as 'available for sale'	(6,102)	-	13,594	-
	(37,490)	22,905	35,930	14,920
Total comprehensive income for the period	309,301	227,187	186,068	117,180

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

MUHAMMAD MISBAH TUNIO
Chief Executive Officer

MUHAMMAD AYUB
Director



Condensed Interim Cash Flow Statement (Un-audited)
For the Half Year Ended December 31, 2015

	Note	Half-year ended	
		December 31, 2015	December 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows generated from operations	9	530,621	373,210
Long-term deposits		(42)	192
Taxes paid		(138,641)	(92,831)
Finance costs paid		(7,910)	(17,372)
Net cash generated from operating activities		384,028	263,199
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(18,198)	(95,102)
Sale proceeds on disposal of property, plant and equipment		195	693
Redemption of Sukuk term finance certificates		1,547	756
Dividend received from mutual fund		25,368	-
Realized capital gain on mutual fund		6,102	-
Mark-up received		89,254	103,980
Redemption of investments - net		(78,832)	(12,503)
Net cash from / (used in) investing activities		25,436	(2,176)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment against lease obligations		(2,114)	(3,935)
Repayment of long-term loan		(71,390)	(80,607)
Short term borrowings		1,617	-
Dividend paid		(321,075)	(153,559)
Net cash used in financing activities		(392,962)	(238,101)
Net increase in cash and cash equivalents		16,502	22,922
Cash and cash equivalents at the beginning of the period		114,543	83,213
Cash and cash equivalents at the end of the period		131,045	106,135

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

MUHAMMAD MISBAH TUNIO
Chief Executive Officer

MUHAMMAD AYUB
Director



Condensed Interim Statement of Changes in Equity (Un-audited)
For the Half Year Ended December 31, 2015

	Issued subscribed and paid-up capital	General reserve	Unappropriated profit	Surplus on re- measurement of investments classified as available for sale	Total Equity
----- Rupees in '000 -----					
Balance as at June 30, 2014	493,799	2,806,919	346,677	22,563	3,669,958
Final dividend @ Rs 3.5/- per share for the year ended June 30, 2014	-	-	(172,830)	-	(172,830)
Transfer to general reserve	-	62,200	(62,200)	-	-
Transfer to reserves for issue of bonus shares	-	82,300	(82,300)	-	-
Bonus shares issued during the period	98,760	(98,760)	-	-	-
Net profit for the period	-	-	204,282	-	204,282
Other comprehensive income	-	-	-	22,905	22,905
Total comprehensive income for the period	-	-	204,282	22,905	227,187
Balance as at December 31, 2014	592,559	2,852,659	233,629	45,468	3,724,315
Balance as at June 30, 2015	592,559	2,873,119	500,140	54,352	4,020,170
Final dividend @ Rs 6/- per share for the year ended June 30, 2015	-	-	(355,536)	-	(355,536)
Transfer to general reserve	-	150,370	(150,370)	-	-
Net profit for the period	-	-	346,791	-	346,791
Other comprehensive loss	-	-	-	(37,490)	(37,490)
Total comprehensive income for the period	-	-	346,791	(37,490)	309,301
Balance as at December 31, 2015	592,559	3,023,489	341,025	16,862	3,973,935

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

MUHAMMAD MISBAH TUNIO
Chief Executive Officer

MUHAMMAD AYUB
Director



**Notes to the Condensed Interim Financial Statements (Un-audited)
For the Half Year Ended December 31, 2015**

1. THE COMPANY AND ITS OPERATIONS

Security Papers Limited (the Company) is a public limited company incorporated and domiciled in Pakistan. The Company is listed on the Karachi Stock Exchange. The registered office and manufacturing plant of the Company is situated at Jinnah Avenue, Malir Halt, Karachi, Pakistan. The Company manufactures and sells specialised papers for banknote and non-banknote security documents.

2. STATEMENT OF COMPLIANCE

2.1. These condensed interim financial statements have been prepared in accordance with International Accounting Standard - 34 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirement differ, the provision of or directives issued under the Companies Ordinance, 1984 have been followed.

2.2. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2015 and 2014 have not been reviewed by the auditors of the Company as they have reviewed the cumulative figures for the half years ended December 31, 2015 and 2014. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with Company's annual financial statements for the year ended June 30, 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the financial statements of the Company for the year ended June 30, 2015 except as follows:

3.1 New / Revised Standards, Interpretations and Amendments

The Company has adopted the following amendment to IFRSs which became effective for the current period:

IFRS 10 - Consolidated Financial Statements
IFRS 11 - Joint Arrangements
IFRS 12 - Disclosure of Interests in Other Entities
IFRS 13 - Fair Value Measurement

The adoption of the above amendment to accounting standards did not have any effect on the condensed interim financial statements.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB and are generally effective for current period. The Company expects that such improvements to the standards do not have any impact on the Company's financial statements for the period.



	Note	December 31, 2015 (Un-audited)	June 30, 2015 (Audited)
----- (Rupees in '000) -----			
4. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	4.1	1,760,409	1,843,930
Capital work-in-progress	4.2	4,155	3,684
		<u>1,764,564</u>	<u>1,847,614</u>
4.1. Operating assets			
Opening book value		1,843,930	1,811,153
Additions during the period / year	4.1.1	22,954	237,078
Disposals during the period / year at book value		-	(398)
Depreciation charged during the period / year		(106,475)	(203,903)
		<u>1,760,409</u>	<u>1,843,930</u>
4.1.1. Additions during the period / year			
Land and building		1,661	33,729
Plant and machinery		4,435	110,415
Spare parts and standby equipment		525	6,053
Electric, water and gas installations		8,326	76,290
Laboratory equipment		1,227	111
Furniture and fixtures		-	2,912
Office and security equipment		512	2,463
Computers and accessories		764	1,109
Motor vehicles - owned		277	150
Motor vehicles - leased		5,227	3,846
		<u>22,954</u>	<u>237,078</u>
4.2. Capital work-in-progress			
Opening balance		3,684	118,583
Additions during the period / year		9,841	88,809
Transferred to operating fixed assets		(9,370)	(203,708)
		<u>4,155</u>	<u>3,684</u>
5. LONG - TERM INVESTMENT			
Held to maturity			
Pakistan Investment Bond - 5 years		<u>1,466,497</u>	<u>1,461,099</u>

5.1 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 12.96%) per annum with maturity in August 2016 and July 2018. The profit payments are made semi annually.



	December 31, 2015 (Un-audited)	June 30, 2015 (Audited)
Note	----- (Rupees in '000) -----	
6. INVESTMENTS		
Available for sale		
Term finance certificates		
B.R.R Guardian Modaraba 2,173 (June 30, 2015: 2,503) units of Rs 5,000 each	6.1	7,838
		9,384
Units of mutual funds	<u>866,324</u>	825,276
	<u>874,162</u>	<u>834,660</u>

- 6.1.** The term finance certificates originally had a term of 5 years and carried profit at the rate of six months KIBOR plus 1.3% (effective annual rate of 15.65%) payable semi-annually with maturity on July 07, 2014. On January 07, 2011, the borrower defaulted in payment of interest and entered into a restructuring agreement with the TFC holders. As per the revised terms, the principal amount will be redeemed in varying monthly principal installments commencing from August 07, 2011 and ending on December 07, 2016. The certificates now carry markup at the rate of one month KIBOR (effective annual rate of 6.72%) payable on monthly basis along with the accrued profit before the restructuring. The fair value of the above investment has been valued using rate notified by Mutual Fund Association of Pakistan.

	December 31, 2015 (Un-audited)	June 30, 2015 (Audited)
	----- (Rupees in '000) -----	
7. LONG-TERM LOAN- secured		
Opening balance	162,237	323,451
Repayments during the period / year	<u>71,390</u>	<u>(161,214)</u>
	90,847	162,237
Current maturity - shown under current liabilities	<u>(82,415)</u>	<u>(120,988)</u>
	<u>8,432</u>	<u>41,249</u>

- 7.1.** The Company has borrowings facility amounting to Rs 283.37 million (30 June 2015: Rs 283.37 million) with Bank Al Habib Limited for purchase and installation of plant and machinery for balancing, modernisation and replacement of existing machinery. It carries mark-up at three months Karachi Inter Bank Offer Rate (KIBOR).

The facility is secured by Pakistan Investment Bonds of the Company having face value of Rs 950 million (June 30, 2015: Rs 950 million). The facility availed is repayable in 5 years in 20 equal quarterly installments starting from the date of disbursement. The Company has an option to repay the loan without incurring any penalty.



8. CONTINGENCIES AND COMMITMENTS

8.1. There are no major changes in the status of contingencies as reported in the annual financial statements for the year ended June 30, 2015 except for the following:

8.1.1. During the year 2015 an ex-employee filed suit against the Company for recovery of the full and final settlement of dues which worked out to be Rs 1.259 million. However, the Company had filed a counter affidavit for claiming Rs 8.893 million as net recoverable from the ex-employee. The recovery of this amount is dependent on the outcome of the case.

	December 31, 2015 (Un-audited)	June 30, 2015 (Audited)
8.2. Commitments	----- (Rupees in '000) -----	
Capital expenditure contracted for but not incurred	3,337	6,414
Commitments against letters of credit	7,402	63,885
	<u>10,739</u>	<u>70,299</u>
	Half-year ended	
	December 31, 2015	December 31, 2014
	----- (Rupees in '000) -----	
	----- (Un-audited) -----	

9. CASH GENERATED FROM OPERATIONS

Profit before taxation	495,073	297,575
Adjustments for:		
Depreciation	106,475	100,223
Gain on disposal of fixed assets	(195)	(295)
Mark up on employee loan	(3)	(5)
Mark up on security deposits	(281)	(281)
Mark up on bank deposits and saving accounts	(3,271)	(2,417)
Mark up on investments	(86,331)	(97,112)
Capital gain on redemption of mutual fund	(6,102)	-
Dividend income on mutual funds	(25,368)	-
Reversal of impairment on BRR Guardian Modaraba	(516)	(189)
Amortisation of discount on long-term investment	(5,398)	(4,900)
Finance costs	7,438	16,654
Profit before working capital changes	<u>481,521</u>	<u>309,253</u>
Working capital changes		
Decrease in current assets	22,297	103,146
Increase / (Decrease) in current liabilities	26,803	(39,189)
Cash flows generated from operations	<u>530,621</u>	<u>373,210</u>



10. 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 six months ended December 31, 2015 and the balances outstanding as at December 31, 2015 were as follows:

	Half-year ended	
	December 31, 2015	December 31, 2014
	----- (Rupees in '000) -----	
	----- (Un-audited) -----	
Associates		
- Sale of goods to Pakistan Security Printing Corporation (Private) Limited	<u>1,269,461</u>	<u>1,020,675</u>
- Receivable from Pakistan Security Printing Corporation (Private) Limited - net	<u>229,443</u>	<u>175,424</u>
Key management personnel		
- Salaries and other short-term employee benefits	<u>56,617</u>	<u>34,488</u>

11. DATE OF AUTHORISATION OF ISSUE

These condensed interim financial statements were authorised for issue on 29 January 2016 by the Board of Directors of the Company.

12. GENERAL

All figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.

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. 19(1)/2014 dated 10th January 2014 read with 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 2015 effective July 1, 2015, 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 17.5%

To enable the company to make tax deduction on the amount of cash dividend @ 12.5% instead of 17.5%, 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 (if any) will be deducted @ 17.5% 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) 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.

(iv) 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
Website: <http://www.security-papers.com>

Karachi
29 January 2016

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

Rizwan Ul Haq Khan
Chief Financial Officer &
Company Secretary