



**Half Yearly Report
December 31**

2017



Security Papers
LIMITED

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



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COMPANY INFORMATION

BOARD OF DIRECTORS

Chairman

Muhammad Haroon Rasheed - Non-executive

Directors

Sheikh Mohammad Aijaz Akhtar - Non-executive
Dr. Abolghassem Jamshidi - Non-executive
Mr. Memet Ozyavuz - Non-executive
Mr. Jamal Nasim - Non-executive & Independent
Mr. Muhammad Ayub - Non-executive & Independent
Mr. Shoaib Mir - Non-executive & Independent
Mr. Rauf Ahmad - Non-executive
Mr. Naveed Ehtesham - Non-executive

Chief Executive Officer

Mr. Ali Hussain - Executive

BOARD AUDIT COMMITTEE

Mr. Muhammad Ayub - Chairman
Sheikh Mohammad Aijaz Akhtar - Member
Dr. Abolghassem Jamshidi - Member
Mr. Jamal Nasim - Member
Mr. Naveed Ehtesham - Member
Mr. Babar Aijaz - Secretary

BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Jamal Nasim - Chairman
Mr. Muhammad Haroon Rasheed - Member
Mr. Ali Hussain - Member
Mr. Shoaib Mir - Member
Mr. Rauf Ahmad - Member
Qazi Syed Imran Azam - Secretary

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr. Rizwan Ul Haq Khan

BANKERS

National Bank of Pakistan
MCB Bank Limited (Formerly NIB Bank Limited)
Habib Metropolitan Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Meezan Bank Limited

AUDITORS

EY Ford Rhodes
Chartered Accountants

TAX CONSULTANTS

A. F. Ferguson & Co.
Chartered Accountants

LEGAL ADVISORS

Mohsin Tayebaly & Co.
Advocates & Legal Consultants

REGISTERED OFFICE

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DIRECTORS' REPORT

The Directors are pleased to present the un-audited financial information for the half year ended 31 December 2017.

BUSINESS AND PERFORMANCE REVIEW

The Company produced 1,517 tons of finished paper during the half year under review as compared to 1,401 tons in the corresponding period of previous year. Net sales reported to be Rs 1,560 million during the half year under review as compared to Rs 1,420 million in the corresponding period of preceding year thereby registering increase of Rs 140 million (i.e.10 %). The Company achieved sales volume of 1,540 tons as against 1,462 tons during the corresponding period of preceding year.

Gross profit reported to be Rs 554 million as against Rs 529 million in the corresponding period of preceding year showing an increase of Rs 25 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 453 million and Rs 313 million respectively as against Rs 597 million and Rs 443 million respectively during the corresponding period of preceding year. The decrease in profit before and after taxation was primarily due to lower capital gains from investments to the tune of Rs 164 million included in other income.

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

MUHAMMAD HAROON RASHEED
Chairman

Karachi, 26 January 2018



Security Papers
LIMITED



Building a better
working world

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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 2017, 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: 30 January 2018

Karachi

A member firm of Ernst & Young Global Limited



Condensed Interim Balance Sheet

As At December 31, 2017

		December 31, 2017 (Unaudited)	June 30, 2017 (Audited)
ASSETS			
	Note	----- (Rupees in '000) -----	
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,589,568	1,591,021
Long-term investments	6	-	779,176
Long-term deposits		<u>15,832</u>	<u>15,997</u>
		<u>1,605,400</u>	<u>2,386,194</u>
CURRENT ASSETS			
Stores, spares and loose tools		144,729	138,633
Stock-in-trade		445,758	548,554
Trade debts - considered good, unsecured		527,604	631,879
Advances, deposits, prepayments and other receivables		86,984	63,757
Accrued mark-up		43,137	47,648
Investments	7	2,089,565	1,832,612
Cash and bank balances		<u>305,969</u>	<u>29,930</u>
		<u>3,643,746</u>	<u>3,293,013</u>
TOTAL ASSETS		<u>5,249,146</u>	<u>5,679,207</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		700,200	690,876
Accrued mark-up		37	82
Current portion of liabilities against assets subject to finance lease		5,058	5,538
Current maturity of long-term loan		-	1,212
Taxation - net		<u>98,013</u>	<u>152,774</u>
		<u>803,308</u>	<u>850,482</u>
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		11,496	11,908
Deferred taxation - net		<u>177,069</u>	<u>216,360</u>
		<u>188,565</u>	<u>228,268</u>
TOTAL LIABILITIES		<u>991,873</u>	<u>1,078,750</u>
CONTINGENCIES AND COMMITMENTS	8		
NET ASSETS		<u>4,257,273</u>	<u>4,600,457</u>
FINANCED BY:			
Authorised share capital			
70,000,000 (June 30, 2017: 70,000,000)			
Ordinary shares of Rs 10/- each		<u>700,000</u>	<u>700,000</u>
Issued, subscribed and paid-up capital		<u>592,559</u>	<u>592,559</u>
General reserves		<u>3,673,519</u>	<u>3,209,919</u>
Unappropriated profit		<u>319,513</u>	<u>944,451</u>
Re-measurement of investments classified as available for sale		<u>(328,318)</u>	<u>(146,472)</u>
SHAREHOLDERS' EQUITY		<u>4,257,273</u>	<u>4,600,457</u>

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

MR. ALI HUSSAIN
Chief Executive Officer

MR. MUHAMMAD AYUB
Director

MR. RIZWAN UL HAQ KHAN
Chief Financial Officer



Condensed Interim Profit and Loss Account (Un-audited)
For the Half Year Ended December 31, 2017

	Half-year ended		Quarter ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
----- (Rupees in '000) -----				
Sales - net	1,559,960	1,419,813	818,236	764,513
Cost of sales	(1,006,085)	(891,085)	(528,362)	(479,870)
Gross profit	553,875	528,728	289,874	284,643
Administration and general expenses	(122,202)	(109,661)	(64,405)	(58,467)
Other income	63,044	228,247	25,786	186,880
Other charges	(38,924)	(47,941)	(17,028)	(30,657)
Finance costs	(3,121)	(2,485)	(866)	(980)
Profit before taxation	452,672	596,888	233,361	381,419
Taxation				
- current	(146,234)	(173,659)	(73,361)	(97,058)
- prior	(4,956)	1,667	(4,956)	(182)
- deferred	11,228	18,510	3,327	5,528
	(139,962)	(153,482)	(74,990)	(91,712)
Profit after taxation	312,710	443,406	158,371	289,707
----- Rupees -----				
Earnings per share - basic and diluted	5.28	7.48	2.67	4.89

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

MR. ALI HUSSAIN
Chief Executive Officer

MR. MUHAMMAD AYUB
Director

MR. RIZWAN UL HAQ KHAN
Chief Financial Officer



**Condensed Interim Statement of
Comprehensive Income (Un-Audited)
For the Half Year Ended December 31, 2017**

	Half-year ended		Quarter ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	----- (Rupees in '000) -----			
Net profit for the period	312,710	443,406	158,371	289,707
Other comprehensive income:				
Other comprehensive income to be reclassified to profit and loss account in subsequent periods				
Unrealised (diminution)/ appreciation during the period on remeasurement of investment classified as 'available-for-sale'	(211,415)	229,202	(65,746)	176,307
Realised diminution / (appreciation) during the period on redemption of investments classified as 'available for sale'	1,506	(162,637)	-	(157,840)
Less: impact of tax	28,063	-	3,315	
	(181,846)	66,565	(62,431)	18,467
Total comprehensive income for the period	130,864	509,971	95,940	308,174

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

MR. ALI HUSSAIN
Chief Executive Officer

MR. MUHAMMAD AYUB
Director

MR. RIZWAN UL HAQ KHAN
Chief Financial Officer



Condensed Interim Cash Flow Statement (Un-audited)
For the Half Year Ended December 31, 2017

	Note	Half-year ended	
		December 31, 2017	December 31, 2016
----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows generated from operations	9	648,085	310,467
Long-term deposits		165	(80)
Taxes paid		(205,699)	(160,206)
Finance costs paid		(3,166)	(2,747)
Net cash generated from operating activities		439,385	147,434
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(96,447)	(37,051)
Sale proceeds on disposal of property, plant and equipment		981	1,260
Redemption of sukuk term finance certificates		1,714	429
Dividend received from mutual fund		3,189	-
Realized capital (loss) / gain on mutual fund		(1,506)	162,637
Mark-up received		60,810	93,295
Redemption of investments - net		237,767	113,843
Net cash from investing activities		206,508	334,413
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment against lease obligations		(3,330)	(4,286)
Repayment of long-term loan		(1,212)	(32,816)
Dividend paid		(440,312)	(404,137)
Net cash used in financing activities		(444,854)	(441,239)
Net increase in cash and cash equivalents		201,039	40,608
Cash and cash equivalents at the beginning of the period		104,930	147,365
Cash and cash equivalents at the end of the period		305,969	187,973

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

MR. ALI HUSSAIN
Chief Executive Officer

MR. MUHAMMAD AYUB
Director

MR. RIZWAN UL HAQ KHAN
Chief Financial Officer



Condensed Interim Statement of Changes in Equity (Un-audited)
For the Half Year Ended December 31, 2017

	Revenue Reserves			Total	Total equity	
	General reserves	Unappropriated profit	Re-measurement of investments classified as available for sale			
----- Rupees in '000 -----						
Balance as at June 30, 2016	592,559	3,023,489	631,815	1,626	3,656,930	4,249,489
Final dividend @ Rs 7.5 per share for the year ended June 30, 2016	-	-	(444,421)	-	(444,421)	(444,421)
Transfer to general reserve	-	186,430	(186,430)	-	-	-
Net profit for the period	-	-	443,406	-	443,406	443,406
Other comprehensive income	-	-	-	66,565	66,565	66,565
Total comprehensive income for the period	-	-	443,406	66,565	509,971	509,971
Balance as at December 31, 2016	<u>592,559</u>	<u>3,209,919</u>	<u>444,370</u>	<u>68,191</u>	<u>3,722,480</u>	<u>4,315,039</u>
Balance as at June 30, 2017	592,559	3,209,919	944,451	(146,472)	4,007,898	4,600,457
Final dividend @ Rs 8 per share for the year ended June 30, 2017	-	-	(474,048)	-	(474,048)	(474,048)
Transfer to general reserve	-	463,600	(463,600)	-	-	-
Net profit for the period	-	-	312,710	-	312,710	312,710
Other comprehensive loss	-	-	-	(181,846)	(181,846)	(181,846)
Total comprehensive income for the period	-	-	312,710	(181,846)	130,864	130,864
Balance as at December 31, 2017	<u>592,559</u>	<u>3,673,519</u>	<u>319,513</u>	<u>(328,318)</u>	<u>3,664,714</u>	<u>4,257,273</u>

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

MR. ALI HUSSAIN
Chief Executive Officer

MR. MUHAMMAD AYUB
Director

MR. RIZWAN UL HAQ KHAN
Chief Financial Officer



Notes To Condensed Interim Financial Statements (Un-audited) **For the Half Year Ended December 31, 2017**

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 Pakistan Stock Exchange Limited. 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. BASIS OF PREPARATION

2.1. Statement of Compliance

During the period, the Companies Act, 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan (SECP) vide its Circular No. 23 of 2017 dated October 04, 2017 communicated its decision that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Furthermore, Institute of Chartered Accountants of Pakistan has obtained clarification from SECP regarding the said circular, and explains that this circular also covers interim financial statements of companies for the periods ending on or before December 31, 2017. Accordingly, 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 repealed Companies Ordinance, 1984. In case where requirement differ, the provision of or directives issued under the repealed Companies Ordinance, 1984 have been followed.

The Company is currently assessing the full impact of the promulgation of the Companies Act, 2017 on the financial statements, it is expected that it will result in change in accounting treatments and enhanced disclosures in the financial statements which will be incorporated in the subsequent financial statements of the Company.

These 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, 2017.

The figures of the condensed interim profit and loss account for the quarter ended September 30, 2017 and September 30, 2016 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the six months period ended December 31, 2017 and December 31, 2016

2.2. Functional and presentation currency

These condensed interim financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2017 except for the adoption of new and amended standards and interpretations as follows:



New amended and revised standards and interpretations of IFRSs

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

IAS 7 - Statement of Cashflows : Disclosures - Disclosure Initiative (Amendment)
IAS 12 - Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

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

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, 2017. 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, 2017.

		December 31, 2017 (Unaudited)	June 30, 2017 (Audited)
	Note	----- (Rupees in '000) -----	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	5.1	1,466,266	1,541,913
Capital work-in-progress	5.2	123,302	49,108
		<u>1,589,568</u>	<u>1,591,021</u>
5.1. Operating assets			
Opening book value		1,541,913	1,704,667
Additions during the period / year	5.1.1	27,190	43,027
Disposals during the period / year at book value		(276)	-
Depreciation charged during the period / year		<u>(102,561)</u>	<u>(205,781)</u>
		<u>1,466,266</u>	<u>1,541,913</u>



	Note	December 31, 2017 (Unaudited)	June 30, 2017 (Audited)
----- (Rupees in '000) -----			
5.1.1. Additions during the period / year			
Land and building - construction		238	3,440
Plant and machinery		6,931	7,636
Spare parts and standby equipment		1,352	1,232
Electric, water and gas installations		12,128	23,830
Laboratory equipment		411	964
Furniture and fixtures		813	959
Office and security equipment		150	1,704
Computers and accessories		98	204
Motor vehicles - owned		131	66
Motor vehicles - leased		4,938	2,992
		<u>27,190</u>	<u>43,027</u>
5.2. Capital work-in-progress			
Opening balance		49,108	5,453
Additions during the period / year		76,932	57,808
Transferred to operating fixed assets		(2,738)	(14,153)
		<u>123,302</u>	<u>49,108</u>
6. LONG-TERM INVESTMENT			
Held to maturity			
Pakistan Investment Bond - conventional Banking	6.1	782,420	779,176
Less: Current Maturity	7	(782,420)	-
Long term portion		<u>-</u>	<u>779,176</u>
6.1. 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 12.05%) per annum with maturity in July 2018. The profit payments are made semi-annually.			
7. INVESTMENTS			
Held to maturity			
Current Portion of Pakistan Investment Bond - conventional banking	6	782,420	-
Term deposit receipts - shariah compliant		-	325,000
Available for sale			
<i>Term finance certificates</i>			
B.R.R Guardian Modaraba			
906 (June 30, 2017: 1,249) units of Rs 5,000 each	7.1	3,398	4,683
Units of mutual funds		1,303,747	1,502,929
		<u>2,089,565</u>	<u>1,832,612</u>



- 7.1. 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 commencing 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.

8. 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, 2017.

	December 31, 2017 (Unaudited)	June 30, 2017 (Audited)
8.1. Commitments	----- (Rupees in '000) -----	
Capital expenditure contracted for but not incurred	14,759	23,556
Commitments against letters of credit	83,090	54,057
	<u>97,849</u>	<u>77,613</u>
	Half-year ended	
	December 31, 2017	December 31, 2016
	----- (Rupees in '000) -----	
9. CASH GENERATED FROM OPERATIONS	----- (Unaudited) -----	
Profit before taxation	452,672	596,888
Adjustments for:		
Depreciation	102,561	103,827
Gain on disposal of fixed asset	(705)	(113)
Reversal of provision for slow moving stock	(7,215)	-
Capital loss / (gain) on redemption of mutual fund	1,506	(162,637)
Provision for WWF-prior year	251	1,848
Reversal of Impairment on BRR Guardian Modarba	(429)	(108)
Dividend income on mutual funds	(3,189)	-
Amortisation of discount on PIB	(2,682)	(2,904)
Mark up on Investments	(49,326)	(52,310)
Mark up on bank deposits and saving account	(6,682)	(7,572)
Mark up on security deposits	(281)	(422)
Mark up on employee loan	(10)	(4)
Finance costs	3,121	2,485
Profit before working capital changes	<u>489,592</u>	<u>478,978</u>
Working capital changes		
(Increase) / decrease in current assets	182,905	(215,226)
Increase / (decrease) in current liabilities	(24,412)	46,715
Cash flows generated from operations	<u>648,085</u>	<u>310,467</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 31 December 2017 and the balances outstanding as at 31 December 2017 were as follows:

	Half-year ended	
	December 31, 2017	December 31, 2016
	----- (Rupees in '000) -----	
	----- (Unaudited) -----	
Associates		
- Sale of goods to Pakistan Security Printing Corporation (Private) Limited	<u>1,410,095</u>	<u>1,410,821</u>
- Receivable from Pakistan Security Printing Corporation (Private) Limited - net	<u>439,454</u>	<u>499,219</u>
Others		
- State life Insurance Corporation Limited (Life Insurance facility)	<u>1,771</u>	<u>917</u>
Key management personnel		
- Remuneration and other employment benefits	<u>76,653</u>	<u>69,616</u>

11. DATE OF AUTHORISATION OF ISSUE

These condensed interim financial statements were authorised for issue on 26 January, 2018 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.

MR. ALI HUSSAIN
Chief Executive Officer

MR. MUHAMMAD AYUB
Director

MR. RIZWAN UL HAQ KHAN
Chief Financial Officer



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, SECP has directed vide its Notification S.R.O. 831(1)/2012 dated July 5, 2012 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).

In order to comply with the SECP's directives and in terms of Section 243(2)(a) of the Companies Act, 2017, the Company shall be constrained to withhold the Dividend Warrant(s), in case of non availability copy of valid CNIC (for individuals) and National Tax Number (for corporate entity).

Accordingly, shareholders who have not yet submitted copy of their valid CNIC or NTN are once again requested to immediately submit the same to the Company or Share Registrar, M/s. FAMCO Associates (Pvt.) Limited.

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

(i) Pursuant to the provisions of the Finance Act 2017 effective July 1, 2017, 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 15%
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 @ 15% 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 15%

(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:

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



The required information must reach our Share Registrar before closure of share transfer books to determine the entitlement(s), if any; 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/clarification/information, the investors may contact the Company Secretary of the Company and/or Manager of Share Registrar.
- (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. Payment of Cash Dividend Electronically (Mandatory)

In accordance with the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed company to pay cash dividend to its shareholder only through electronic mode directly into their bank account designated by the entitled shareholders instead of issuing physical dividend warrants.

SECP has advised in their Circular No. 18 of 2017 dated August 01, 2017 to all listed companies to ensure that with effect from November 01, 2017 cash dividends shall be paid through electronic mode only. Therefore, shareholders are requested to provide the details of their bank mandate specifying: (a) title of account, (b) account number (c) IBAN number (d) bank name and (e) branch name, code and address to the Company or Share Registrar. Those shareholders who hold shares with participants / Central Depository Company of Pakistan (CDC) are advised to provide the same to their concerned participant / CDC.

Please note that as per Section 243(3) of the Companies Act, 2017, listed companies are entitled to withhold payment of dividend, if necessary information is not provided by shareholders.

For the convenience of shareholders e-Dividend Mandate Form is available on Company's website <http://www.security-papers.com>.



4. Unclaimed / Unpaid Shares and Dividends

In accordance with the provisions of Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company, which remain unclaimed or unpaid for a period of three years from the date it is due and payable, the Company shall give ninety days notices to the shareholders to file claim, if no claim is made before the Company by the shareholders, the Company shall proceed to deposit the unclaimed/unpaid amount of dividend and deliver the unclaimed shares certificates with the Commission for credit to the Federal Government in compliance with Section 244 of the Companies Act, 2017.

In this regard, a notice dated December 28, 2017 was sent by Registered Post acknowledgement due on the last known addresses of the shareholders to submit their claims within 90 days to the Company.

Accordingly, shareholders who have not yet submitted their claims are once again requested to lodge their claims within 90 days to the Company or Share Registrar, M/s. FAMCO Associates (Pvt.) Limited. In case no claim is received within the given period from the aforesaid notice, the Company shall proceed to deposit the unclaimed or unpaid Shares / Dividends with the Federal Government in compliance with the Section 244 of the Companies Act, 2017.

5. 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>

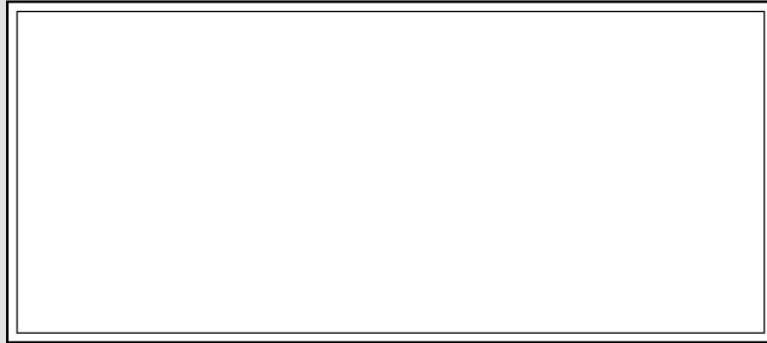
OR Share Registrar

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
info.shares@famco.com.pk
Website: www.famco.com.pk

Karachi
26th January 2018

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:
Jinnah Avenue, Malir Halt, Karachi-75100.
Ph: (+9221) 99248285 Fax: (+9221) 99248286
Factory: Jinnah Avenue, Malir Halt, Karachi-75100
Ph: (+9221) 99248536-37 Fax: (+9221) 99248616

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