

Half Yearly Report
31 December **2014**



Security Papers
LIMITED

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



CONTENTS

Company information	02
Directors' Report	03
Auditors' report to the members on review of condensed interim financial information	04
Condensed interim balance sheet	05
Condensed interim profit and loss account (un-audited)	06
Condensed interim statement of comprehensive income (un-audited)	07
Condensed interim cash flow statement (un-audited)	08
Condensed interim statement of changes in equity (un-audited)	09
Notes to the condensed interim financial statements (un-audited)	10
Attention shareholders	15



COMPANY INFORMATION

BOARD OF DIRECTORS

Chairman

Mr. Kazi Abdul Muktadir - Non-executive

Directors

Sheikh Mohammad Aijaz Akhtar - Non-executive, Minority & Independent
Mrs. Ayla Akin - Turkey - Non-executive & Minority
Mr. Jamal Nasim - Non-executive & Minority
Mr. Ajaz Ali Khan - Non-executive & Minority
Dr. Abolghassem Jamshidi - Iran - Non-executive & Minority
Mr. Muhammad Ayub - Non-executive & Minority
Ch. Mehboob Ilahi - Non-executive
Mr. Muhammad Wajid Jamil - Non-executive

Chief Executive Officer

Mr. Muhammad Misbah Tunio - Executive

BOARD AUDIT COMMITTEE

Sheikh Mohammad Aijaz Akhtar - Chairman
Mr. Kazi Abdul Muktadir - Member
Dr. Abolghassem Jamshidi - Member
Mr. Muhammad Ayub - Member
Mr. Babar Aijaz - Secretary

BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Ajaz Ali Khan - Chairman
Mr. Jamal Nasim - Member
Mr. Muhammad Misbah Tunio - Member
Mr. Shahbaz Ali - Secretary

CHIEF FINANCIAL OFFICER

- Mr. Rizwan Ul Haq Khan

COMPANY SECRETARY

- Mr. Muhammad Abdul Aleem

BANKERS

National Bank of Pakistan
Faysal Bank Limited
Habib Metropolitan Bank Limited
Bank Alfalah Limited
Bank Al Habib 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, Shakra-e-Faisal,
Karachi.
Tel: (+9221) 34380101-5
Fax: (+9221) 34380106

WEB SITE

<http://www.security-papers.com>



DIRECTORS' REPORT

The Directors are pleased to present the un-audited financial information for the half year ended December 31, 2014.

BUSINESS AND PERFORMANCE REVIEW

The Company produced 1,081 tons of finished paper during the half year under review as compared to 1,204 tons in the corresponding period of previous year. Net sales reported to be Rs 1,052 million during the half year under review as compared to Rs 1,105 million in the corresponding period of preceding year thereby registering decrease of Rs 53 million (i.e.4.80%). The Company achieved sales volume of 1,109 tons as against 1,234 tons during the corresponding period of preceding year.

Gross profit reported to be Rs 322 million as against Rs 313 million in the corresponding period of preceding year showing an increase of Rs 9 million primarily due to sale price increase during the half year under review.

The profit before and after taxation during the period under review reported to be Rs 297 million and Rs 204 million respectively including other income of Rs 108 million as against Rs 280 million and Rs 182 million respectively including other income of Rs 102 million during the corresponding period of preceding year.

FORWARD LOOKING INFORMATION

Going forward there are considerable macro economic, political and social challenges, that allow continued support and 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 desired results during the current financial year.

For and on behalf of the Board

KAZI ABDUL MUKTADIR
Chairman

Karachi, January 30, 2015



Security Papers
LIMITED



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 2014**, 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 2015

Karachi

A member firm of Ernst & Young Global Limited



Condensed Interim Balance Sheet

As at December 31, 2014

		December 31, 2014 (Un-Audited)	June 30, 2014 (Audited)
ASSETS	Note	----- (Rupees in '000) -----	
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,925,499	1,929,736
Long-term deposits		14,369	14,561
Long-term investments		<u>1,455,930</u>	<u>1,451,031</u>
		3,395,798	3,395,328
CURRENT ASSETS			
Stores, spares and loose tools		124,448	115,715
Stock-in-trade		302,842	336,654
Trade debts - unsecured		187,373	284,402
Advances, deposits, prepayments and other receivables		33,155	14,193
Accrued mark-up		75,761	75,514
Investments	5	626,709	596,276
Cash and bank balances		106,135	83,213
		<u>1,456,423</u>	<u>1,505,967</u>
TOTAL ASSETS		4,852,221	4,901,295
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		462,638	482,556
Accrued mark-up		2,970	3,686
Current maturity of long-term loan	6	151,996	161,214
Current portion of liabilities against assets subject to finance lease		3,826	4,549
Taxation - net		109,860	94,828
		<u>731,290</u>	<u>746,833</u>
NON-CURRENT LIABILITIES			
Long-term loan	6	90,847	162,237
Liabilities against assets subject to finance lease		8,695	10,626
Deferred taxation - net		297,074	311,641
		<u>396,616</u>	<u>484,504</u>
TOTAL LIABILITIES		1,127,906	1,231,337
CONTINGENCIES AND COMMITMENTS			
NET ASSETS	7	<u>3,724,315</u>	<u>3,669,958</u>
FINANCED BY:			
Authorised share capital			
70,000,000 (June 30, 2014: 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	493,799
General reserves		2,852,659	2,806,919
Unappropriated profit		233,629	346,677
Surplus on re-measurement of investments classified as available for sale		45,468	22,563
		<u>3,724,315</u>	<u>3,669,958</u>
SHAREHOLDERS' EQUITY			

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

MR. MUHAMMAD MISBAH TUNIO
Chief Executive Officer

SHEIKH MOHAMMAD ALJAZ AKHTAR
Director



Condensed Interim Profit and Loss Account (Un-audited)
For the Half Year Ended December 31, 2014

	Half-year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	----- (Rupees in '000) -----			
Sales - net	1,051,703	1,104,664	555,983	496,283
Cost of sales	(729,458)	(792,154)	(394,190)	(369,798)
Gross profit	322,245	312,510	161,793	126,485
Administration and general expenses	(93,345)	(86,096)	(47,064)	(36,577)
Other income	108,460	101,532	52,184	47,937
Other charges	(23,131)	(24,435)	(10,885)	(10,756)
Finance costs	(16,654)	(23,027)	(7,631)	(11,318)
Profit before taxation	297,575	280,484	148,398	115,771
Taxation				
- current	(103,353)	(102,607)	(41,871)	(42,316)
- prior	(4,509)	(5,632)	(4,509)	(5,632)
- deferred	14,569	10,066	243	5,327
	(93,293)	(98,173)	(46,137)	(42,621)
Profit after taxation	204,282	182,311	102,261	73,150
Earnings per share - basic and diluted	3.45	3.08	1.72	1.23
	----- Rupees -----			

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

MR. MUHAMMAD MISBAH TUNIO
Chief Executive Officer

SHEIKH MOHAMMAD AIJAZ AKHTAR
Director



Security Papers
LIMITED

**Condensed Interim Statement of
Comprehensive Income (Un-Audited)
For the Half Year Ended December 31, 2014**

	Half-year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	----- (Rupees in '000) -----			
Net profit for the period	204,282	182,311	102,261	73,150
Other comprehensive income:				
Other comprehensive income to be reclassified to profit and loss account in subsequent period				
Unrealised gain on revaluation of available-for-sale investments	22,905	7,919	14,919	4,129
Total comprehensive income for the period	<u>227,187</u>	<u>190,230</u>	<u>117,180</u>	<u>77,279</u>

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

MR. MUHAMMAD MISBAH TUNIO
Chief Executive Officer

SHEIKH MOHAMMAD AIJAZ AKHTAR
Director



Condensed Interim Cash Flow Statement (Un-audited)
For the Half Year Ended December 31, 2014

	Note	Half-year ended	
		December 31, 2014	December 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows generated from operations	8	373,210	316,294
Long-term deposits		192	-
Taxes paid		(92,831)	(60,552)
Finance costs paid		(17,372)	(23,744)
Net cash generated from operating activities		263,199	231,998
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(95,102)	(16,506)
Sale proceeds on disposal of property, plant and equipment		693	31
Redemption of Sukuk term finance certificates		756	1,925
Mark-up received		103,980	93,116
Redemption of investments - net		(12,503)	87,631
Net cash used in investing activities		(2,176)	166,197
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment against lease obligations		(3,935)	(2,005)
Repayment of long-term loan		(80,607)	(80,607)
Dividend paid		(153,559)	(148,548)
Net cash used in financing activities		(238,101)	(231,160)
Net increase in cash and cash equivalents		22,922	167,035
Cash and cash equivalents at the beginning of the period		83,213	37,245
Cash and cash equivalents at the end of the period		106,135	204,280

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

MR. MUHAMMAD MISBAH TUNIO
Chief Executive Officer

SHEIKH MOHAMMAD ALJAZ AKHTAR
Director



Condensed Interim Statement of Changes in Equity (Un-audited)
For the Half Year Ended December 31, 2014

	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 June30, 2013 - as previously reported	411,499	2,733,589	320,606	6,098	3,471,792
Effect of change in accounting policy	-	-	30,004	-	30,004
Balance as at June30, 2013 - restated	411,499	2,733,589	350,610	6,098	3,501,796
Final dividend @ Rs 4/- per share for the year ended June 30, 2013	-	-	(164,600)	-	(164,600)
Transfer to general reserve	-	73,330	(73,330)	-	-
Bonus shares issued during the period	82,300	-	(82,300)	-	-
Net profit for the period	-	-	182,311	-	182,311
Other comprehensive income	-	-	-	7,919	7,919
Total comprehensive income for the period	-	-	182,311	7,919	190,230
Balance as at December 31, 2013	493,799	2,806,919	212,691	14,017	3,527,426
Balance as at June30, 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

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

MR. MUHAMMAD MISBAH TUNIO
Chief Executive Officer

SHEIKH MOHAMMAD AIJAZ AKHTAR
Director



**Notes to the Condensed Interim Financial Statements (Un-audited)
For the Half Year Ended December 31, 2014**

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, 2014 and 2013 have not been reviewed by the auditors of the Company as they have reviewed the cumulative figures for the half years ended December 31, 2014 and 2013. 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, 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2014.

3.1. Amended standards

The Company has adopted the following amendments to IFRSs which became effective during the current period:

IAS 32 - Financial Instruments: Presentation - (Amendment) - Offsetting Financial Assets and Financial Liabilities

IAS 36 - Impairment of Assets - (Amendment)-Recoverable Amount Disclosures for Non-Financial Assets

IAS 39 - Financial Instruments: Recognition and Measurement - (Amendment) - Novation of Derivatives and Continuation of Hedge Accounting

IFRIC 21 - Levies



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

In addition to the above standards and interpretations, 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.

		December 31, 2014 (Unaudited)	June 30, 2014 (Audited)
	Note	----- (Rupees in '000) -----	
4. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	4.1	1,745,297	1,811,153
Capital work-in-progress	4.2	180,202	118,583
		<u>1,925,499</u>	<u>1,929,736</u>
4.1. Operating assets			
Opening book value		1,811,153	1,958,062
Additions during the period / year	4.1.1	34,765	50,545
Disposals during the period / year at book value		(398)	(475)
Depreciation charged during the period / year		(100,223)	(196,979)
		<u>1,745,297</u>	<u>1,811,153</u>
4.1.1. Additions during the period / year			
Land and building		1,273	1,373
Plant and machinery		18,503	12,174
Spare parts and standby equipment		3,710	4,275
Electric, water and gas installations		7,402	12,989
Laboratory equipment		-	5,990
Furniture and fixtures		406	2,437
Office and security equipment		1,227	3,041
Computers and accessories		912	924
Motor vehicles - owned		50	322
Motor vehicles - leased		1,282	7,020
		<u>34,765</u>	<u>50,545</u>
4.2. Capital work-in-progress			
Opening balance		118,583	402
Additions during the period / year		75,446	123,905
Transferred to operating fixed assets		(13,827)	(5,724)
		<u>180,202</u>	<u>118,583</u>



	December 31, 2014 (Unaudited)	June 30, 2014 (Audited)
Note	----- (Rupees in '000) -----	
5. INVESTMENTS		
Available for sale		
Term finance certificates		
B.R.R Guardian Modaraba		
2,998 (June 30, 2014: 3,149) units of Rs 5,000 each	5.1 11,241	11,808
Units of mutual funds	<u>615,468</u>	222,563
	<u>626,709</u>	<u>234,371</u>
Held to maturity		
Treasury bills	-	361,905
	<u>626,709</u>	<u>596,276</u>

- 5.1. 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 holder. 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 12.09%) 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, 2014 (Unaudited)	June 30, 2014 (Audited)
Note	----- (Rupees in '000) -----	
6. LONG-TERM LOAN- secured		
Opening balance	323,451	484,665
Repayments during the period / year	<u>(80,608)</u>	(161,214)
	242,843	323,451
Current maturity - shown under current liabilities	<u>(151,996)</u>	(161,214)
	<u>90,847</u>	<u>162,237</u>

- 6.1. The Company have borrowings facility amounting to Rs 283.373 million (30 June 2014: Rs 433.661 million) with Bank Al Habib Limited for purchase and installation of plant and machinery for balancing, modernisation and replacement of existing machinery.

The facility is secured by Pakistan Investment Bonds of the Company having face value of Rs 950 million (June 30, 2014: 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 prepay the loan without incurring any penalty.



7. CONTINGENCIES AND COMMITMENTS

7.1. There are no major changes in the status of contingencies as reported in the annual financial statements for the year ended June 30, 2014 except for the following:

7.1.1 During the period 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, 2014 (Unaudited)	June 30, 2014 (Audited)
	----- (Rupees in '000) -----	
7.2. Commitments		
Capital expenditure contracted for but not incurred	2,788	7,651
Commitments against letters of credit	9,627	96,944
	<u>12,415</u>	<u>104,595</u>
	Half-year ended	
	December 31, 2014	December 31, 2013
	----- (Rupees in '000) -----	
	----- (Unaudited) -----	

8. CASH GENERATED FROM OPERATIONS

Profit before taxation	297,575	280,484
Adjustments for:		
Depreciation	100,223	98,049
Gain on disposal of fixed assets	(295)	(31)
Mark up on employee loan	(5)	(5)
Mark up on security deposits	(281)	(281)
Provision for WWF	-	(6,317)
Mark up on bank deposits and saving accounts	(2,417)	(3,452)
Mark up on investments	(11,365)	(46,667)
Reversal of impairment on BRR Guardian Modaraba	(189)	(481)
Mark up on long-term investment	(85,747)	(34,784)
Amortisation of discount on long-term investment	(4,900)	(2,433)
Finance costs	16,654	23,027
Profit before working capital changes	<u>309,253</u>	<u>307,109</u>
Working capital changes		
Decrease in current assets	103,146	34,961
Decrease in current liabilities	(39,189)	(25,776)
Cash flows generated from operations	<u>373,210</u>	<u>316,294</u>



9. 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, 2014 and the balances outstanding as at December 31, 2014 were as follows:

	Half-year ended	
	December 31, 2014	December 31, 2013
	----- (Rupees in '000) -----	
	----- (Unaudited) -----	
Associates		
- Sale of goods to Pakistan Security Printing Corporation (Private) Limited	<u>1,020,675</u>	<u>1,097,417</u>
- Receivable from Pakistan Security Printing Corporation (Private) Limited - net	<u>175,424</u>	<u>181,930</u>
Others		
- Purchase of goods from Pakistan Cables Limited	<u>-</u>	<u>231</u>
- Advance to Pakistan Cables Limited	<u>-</u>	<u>2,094</u>
Key management personnel		
- Salaries and other short-term employee benefits	<u>34,488</u>	<u>51,786</u>

10. DATE OF AUTHORISATION OF ISSUE

These condensed interim financial statements were authorised for issue on January 30, 2015 by the Board of Directors of the Company.

11. GENERAL

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

MR. MUHAMMAD MISBAH TUNIO
Chief Executive Officer

SHEIKH MOHAMMAD ALJAZ AKHTAR
Director



ATTENTION SHAREHOLDERS

Attention of shareholders is invited to the following legal requirements:

1. 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 for 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.

2. 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(I)/2014 dated 10th January 2014 read with Notification S.R.O. 831(I)/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.

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, it is to inform you that under Section 250 of the Companies Ordinance, 1984 a shareholder may, if so desire, direct the Company to pay dividend through his/her/its bank account.

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.

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. Deduction of Withholding Tax on the Amount of Dividend (Mandatory)

Pursuant to SECP directives vide Circular No.19/2014 dated October 24, 2014 all listed companies are required to inform shareholders changes made in the section 150 of the Income Tax Ordinance. The detail is as under:

- (i) The Government of Pakistan through Finance Act, 2014 has made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

- (a) For filers of income tax returns: 10%
(b) For non-filers of income tax returns: 15%

To enable the Company to make tax deduction on the amount of cash dividend @ 10% instead of 15%, all the 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 make sure that their names are entered into ATL otherwise tax on their cash dividend will be deducted @15% instead @10%.

- (ii) For any query/problem/information, the investors may contact the Company and/or the Share Registrar at the following phone Numbers, email addressed as mentioned below:

6. Change of Address (If any)

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

Shareholders are requested to provide necessary consent (Item 1), CNIC/NTN (Item 2), dividend mandate (Item No.3) e-dividend information (Item 4), status of filer/non-filer (Item 5) and change of address (Item 6) to (i) respective CDS Participants and (ii) in case of physical securities to:

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>

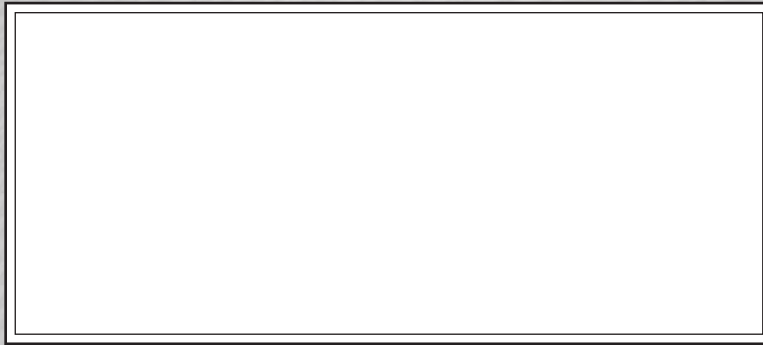
OR Share Registrar

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

Karachi
January 30, 2015

Muhammad Abdul Aleem
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

Printed by CORPORATE