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Security Papers
LIMITED

HALF YEARLY REPORT
DECEMBER 31, **2024**



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COMPANY INFORMATION

BOARD OF DIRECTORS

Chairman

Mr. Mohammad Aftab Manzoor - Non-executive

Directors

Mr. Jamal Nasim - Non-executive
Mr. Hamid Bazargan - Non-executive
Ms. Figen Caliskan - Non-executive
Hafiz Mohammad Yousaf - Non-executive
Mr. Shafqaat Ahmed - Non-executive
Mr. Munir Ahmed - Non-executive - Independent
Mr. Arshad Mehmood Bhatti - Non-executive

Chief Executive Officer

Mr. Imran Qureshi - Executive

BOARD AUDIT COMMITTEE

Mr. Munir Ahmed - Chairman
Mr. Jamal Nasim - Member
Mr. Hamid Bazargan - Member
Hafiz Mohammad Yousaf - Member
Mr. Shafqaat Ahmed - Member
Mr. Yasir Ali Quraishi - Secretary

BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Mohammad Aftab Manzoor - Member
Mr. Jamal Nasim - Member
Mr. Munir Ahmed - Member
Mr. Yasir Ali Quraishi - Secretary

CHIEF FINANCIAL OFFICER

- Mr. Wasif Sajjad

COMPANY SECRETARY & LEGAL COUNSEL

- Mr. Yasir Ali Quraishi

BANKERS

Bank Al Habib Limited
National Bank of Pakistan
Meezan Bank Limited
Habib Metropolitan Bank Limited
Bank Alfalah Limited
Khushhali Microfinance Bank Limited
MIB Bank Limited

AUDITORS

A. F. Ferguson & Co.
Chartered Accountants

TAX CONSULTANTS

A. F. Ferguson & Co.
Chartered Accountants

LEGAL ADVISORS

Mohsin Tayebaly & Co.
Advocates & Legal Consultants

REGISTERED OFFICE

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E-mail : comsec@security-papers.com

SHARE REGISTRAR

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DIRECTORS' REPORT

The Directors are pleased to present the un-audited financial information for six months period ended December 31, 2024.

BUSINESS AND PERFORMANCE REVIEW

The Company delivered robust performance in the current period compared to same period last year owing to a number of initiatives taken by the Company in both commercial and operational areas that have positively impacted the business operations and profitability.

Net Sales at Rs. 4,168 million was 20% higher compared to Rs. 3,487 million same period last year owing to the efficient commercial mechanism in place with the key customer. The sale volume stood at 2,087 tons (2,090 tons same period last year) and production volume was 2,062 tons (2,078 tons same period last year).

Despite significant increase in the energy costs, the Company reported gross profit of Rs. 1,167 million as against Rs. 976 million in the corresponding period of preceding year recording an increase of 20% (Rs. 191 million) which was achieved owing to commercial reasons. Other income was reported at Rs. 508 million as compared to Rs. 524 million same period last year demonstrating consistent efforts to reap benefits of timely and effective investment decisions while the monetary policy rates in the period under review have significantly reduced from 22% p.a. in June 2024 to 13% p.a. in December 2024.

The profit before taxation during the period under review stood at Rs. 1,328 million against Rs. 1,181 million during the same period last year which is 12% higher emanating from all efforts and initiatives detailed above. Profit after taxation stood at Rs. 802 million was 8% higher than Rs. 746 million in the same period last year, enabling a consistent growth in the earnings per share to Rs. 13.54 compared to Rs. 12.59 in the same period last year.

The Securities and Exchange Commission of Pakistan (SECP) vide its Order dated January 26, 2024 ("SECP Order") had determined the Company as Public Sector Company (PSC). The Company contested this adjudication and had challenged the determination in Appeal No. 14 of 2024, before the appellate bench of SECP and the matter is currently subjudice. Please refer to Note No. 1.2 of the financial statements for the period ended 31 December 2024.



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DIRECTORS' REPORT

FUTURE PROSPECTS

In pursuance to the announcement by the State Bank of Pakistan of its plans to introduce new banknote series with enhanced security features in line with international trends, your Company is determined to support this project of national importance while optimizing the opportunity to excel in the security paper manufacturing. In this regard, the Company floated an international tender inviting established and renowned security paper plant and equipment manufacturers and technologies' specialists to come forward with their proposals and bids. Based on a thorough assessment and in the best interest of the company, the Board of Directors in their meeting dated 22 January 2025, have decided to proceed with project for plant upgrade, which is to be completed in a period up to 18 months. The Board further recommends, that an Extraordinary General Meeting (EOGM) of shareholders of the Company be called upon to share the details of the project and seek concurrence and approval of the shareholders through an appropriate resolution to this effect.

The Company remains fully committed towards managing challenges and delivering sustainable profitable growth capitalizing on our strengths.

The directors of your Company take this opportunity to express their gratitude to all the stakeholders for their encouragement and support.

On behalf of the Board of Directors

Imran Qureshi
Chief Executive Officer

Jamal Nasim
Director

Karachi
Dated: January 30, 2025



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Security Papers Limited Report on the Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Security Papers Limited** (the Company) as at December 31, 2024 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures included in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three months ended December 31, 2024 and December 31, 2023 have not been reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2024.

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 statements 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 statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is **Junaid Mesia**.

A. F. Ferguson & Co.

Chartered Accountants

Karachi

Dated: February 21, 2025

UDIN: RR202410611UG92Zy61e

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■ KARACHI ■ LAHORE ■ ISLAMABAD



Condensed Interim Statement of Financial Position

As at December 31, 2024

		December 31, 2024 (Unaudited)	June 30, 2024 Audited
ASSETS			
	Note	----- (Rupees in '000) -----	
Non-current assets			
Property, plant and equipment	5	1,952,202	1,828,287
Intangible assets		15,211	11,991
Long-term investments	6	2,187,881	3,294,550
Staff retirement benefits		-	90
		<u>4,155,294</u>	<u>5,134,918</u>
Current assets			
Stores, spares and loose tools		348,540	299,871
Stock-in-trade		886,736	880,786
Trade debts - considered good		1,051,871	1,320,036
Loans, advances, deposits, prepayments and other receivables		52,381	137,130
Interest accrued		123,912	128,523
Short-term investments	7	3,695,653	2,163,380
Cash and bank balances		257,419	476,936
		<u>6,416,512</u>	<u>5,406,662</u>
TOTAL ASSETS		<u>10,571,806</u>	<u>10,541,580</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital 70,000,000 (June 30, 2024: 70,000,000) ordinary shares of Rs. 10 each		<u>700,000</u>	<u>700,000</u>
Issued, subscribed and paid-up capital 59,255,985 ordinary shares of Rs.10 each		<u>592,559</u>	<u>592,559</u>
Revenue reserves			
General reserves		7,035,181	6,246,411
Unappropriated profits		802,122	1,381,328
		<u>7,837,303</u>	<u>7,627,739</u>
Total shareholders' equity		<u>8,429,862</u>	<u>8,220,298</u>
Non-current liabilities			
Staff retirement benefits		3,373	-
Deferred taxation - net		309,098	289,172
		<u>312,471</u>	<u>289,172</u>
Current liabilities			
Trade and other payables		1,035,839	1,320,570
Accrued mark-up		-	486
Unclaimed dividend		4,809	4,762
Unpaid dividend		589,180	546,408
Taxation - net		199,645	159,884
		<u>1,829,473</u>	<u>2,032,110</u>
Total liabilities		<u>2,141,944</u>	<u>2,321,282</u>
TOTAL EQUITY AND LIABILITIES		<u>10,571,806</u>	<u>10,541,580</u>
Contingencies and commitments	8		

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

IMRAN QURESHI
Chief Executive Officer

WASIF SAJJAD
Chief Financial Officer

JAMAL NASIM
Director



Condensed Interim Statement of Profit or Loss (Unaudited)
For the six months ended December 31, 2024

	Note	Six Months Ended		Three Months Ended	
		December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
(Rupees in '000)					
Sales - net	9	4,168,245	3,486,819	2,109,108	1,758,260
Cost of sales		(3,001,136)	(2,510,509)	(1,518,557)	(1,265,946)
Gross profit		1,167,109	976,310	590,551	492,314
Administrative expenses		(245,033)	(227,716)	(121,318)	(127,009)
Other income		508,463	523,993	262,979	263,461
Other expenses		(101,323)	(87,768)	(50,917)	(42,025)
Finance costs		(1,151)	(3,331)	(679)	(882)
Profit before taxation		1,328,065	1,181,488	680,616	585,859
Taxation					
- Current		(509,355)	(387,479)	(249,373)	(196,356)
- Prior		3,334	49,111	3,334	49,111
- Deferred		(19,922)	(97,006)	(18,642)	(57,690)
		(525,943)	(435,374)	(264,681)	(204,935)
Profit after taxation		802,122	746,114	415,935	380,924
----- Rupees -----					
Earnings per share - basic and diluted		13.54	12.59	7.02	6.43

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

Imran Qureshi
IMRAN QURESHI
Chief Executive Officer

Wasif Sajjad
WASIF SAJJAD
Chief Financial Officer

Jamal Nasim
JAMAL NASIM
Director



**Condensed Interim Statement of
Comprehensive Income (Unaudited)**
For the six months ended December 31, 2024

	Six Months Ended		Three Months Ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
	----- (Rupees in '000) -----			
Profit for the period	802,122	746,114	415,935	380,924
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>802,122</u>	<u>746,114</u>	<u>415,935</u>	<u>380,924</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

IMRAN QURESHI
Chief Executive Officer

WASIF SAJJAD
Chief Financial Officer

JAMAL NASIM
Director



Condensed Interim Statement of Changes in Equity
For the six months ended December 31, 2024

Issued subscribed and paid-up share capital	Revenue Reserves			Total equity
	General reserves	Unappropriated Profit	Total reserves	

Rupees in '000

Balance as at June 30, 2023 (Audited)	592,559	5,951,267	948,176	6,899,443	7,492,002
Total comprehensive income for the period					
Profit after taxation	-	-	746,114	746,114	746,114
Transactions with owners					
Final cash dividend @ Rs.11 per ordinary share for the year ended June 30, 2023	-	-	(651,816)	(651,816)	(651,816)
Transfer to general reserves	-	295,144	(295,144)	-	-
Balance as at December 31, 2023 (Un-audited)	592,559	6,246,411	747,330	6,993,741	7,586,300
Balance as at June 30, 2024 (Audited)	592,559	6,246,411	1,381,328	7,627,739	8,220,298
Total comprehensive income for the period					
Profit after taxation	-	-	802,122	802,122	802,122
Transactions with owners					
Final cash dividend for the year ended June 30, 2024 at the rate of Rs. 10 per share	-	-	(592,558)	(592,558)	(592,558)
Transfer to general reserves	-	788,770	(788,770)	-	-
Balance as at December 31, 2024 (Unaudited)	592,559	7,035,181	802,122	7,837,303	8,429,862

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

Imran Qureshi

IMRAN QURESHI
Chief Executive Officer

Wasif Sajjad

WASIF SAJJAD
Chief Financial Officer

Jamal Nasim

JAMAL NASIM
Director



Condensed Interim Statement of Cash Flows (Unaudited)
For the six months ended December 31, 2024

	Note	Six Months Ended	
		December 31, 2024	December 31, 2023
----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	10	987,003	770,568
Lease deposits recovered		-	7,648
Taxes paid		(466,260)	(374,394)
Finance cost paid		(1,637)	(3,339)
Staff retirement benefits paid		(16,733)	-
Net cash generated from operating activities		502,373	400,483
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(247,534)	(104,675)
Acquisition of intangible assets		(5,085)	-
Proceeds from sale of property, plant and equipment		21,963	2,157
Mark-up received		245,361	250,700
Gain realised on reverse repo transactions		40,264	219,072
Investments matured / redeemed during the period		1,473,100	288,000
Net cash generated from investing activities		1,528,069	655,254
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of lease liabilities		-	(40,053)
Dividend paid		(549,739)	(526,738)
Net cash used in financing activities		(549,739)	(566,791)
Net increase in cash and cash equivalents during the period		1,480,703	488,946
Cash and cash equivalents at beginning of the period		842,829	2,095,547
Cash and cash equivalents at end of the period	11	2,323,532	2,584,493

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

Imran Qureshi

IMRAN QURESHI
Chief Executive Officer

Wasif Sajjad

WASIF SAJJAD
Chief Financial Officer

Jamal Nasim

JAMAL NASIM
Director



**Notes to and Forming Part of the
Condensed Interim Financial Statements
For the six months ended December 31, 2024**

1 THE COMPANY AND ITS OPERATION

- 1.1** Security Papers Limited (the "Company") is incorporated and domiciled in Pakistan as a public company limited by shares. The address of its registered office and factory is Jinnah Avenue, Malir Halt, Karachi, Pakistan. The Company is listed on Pakistan Stock Exchange Limited.

The principal activity of the Company is manufacturing of specialised paper for banknote and non-banknote security documents.

- 1.2** The Securities and Exchange Commission of Pakistan (SECP) vide its Order dated January 26, 2024 ("SECP Order") had determined the Company as Public Sector Company (PSC). Subsequently, a communication was received from the SECP dated February 12, 2024, containing directions to bring the Company in conformity with the provisions of SOE Act 2023. The said order of the SECP, read with the aforesaid directions, had created uncertainty as to the applicable provisions of law to be followed for the purposes, inter alia, of election of directors and composition of the Board. The Company contested the adjudication and had challenged the determination in Appeal No. 14 of 2024, before the Appellate bench of SECP. Also, a Constitutional Petition No. D-953 of 2024 was filed by the Company before the Sindh High Court ("SHC") and the same was disposed of, with the direction that Respondent No. 3 (i.e. SECP) shall not to take any adverse action against the Company pursuant to SECP Order, until such time that the said appeal is adjudicated.

Further, the aforesaid appeal was fixed for hearing by the Appellate Bench on April 25, 2024 and the Company argued that certain institutions should be impleaded as necessary & proper parties, as the nature of their shareholding were taken into account for determining the Company's legal status, as a PSC. The Appellate Bench vide its Order dated May 2, 2024 held that Director/HOD, Adjudication-I (SECP) is the sole party, whose presence is required for the efficient implementation of the order that the Appellate Bench would pass in the said appeal.

Being aggrieved by the Order dated May 2, 2024 of the Appellate Bench, the Company filed a Misc. Appeal No. 94 of 2024 before the SHC and it was directed vide Court Order dated May 16, 2024 that the Appellate Bench shall not conclude the said appeal without calling for required information from Pakistan Security Printing Corporation (Pvt.) Limited (PSPC), State Life Insurance Corporation (SLIC), Punjab Provincial Cooperative Bank Limited (PPCBL), National Investment Trust (NIT), Pakistan Reinsurance Company Limited (PRCL), as the Company has been determined as a PSC on the basis of their shareholding. The SHC passed an Order on October 23, 2024, whereby this appeal was disposed of on the grounds that the Appellate Bench has complied with the spirit of the interim order, whereby it had asked for responses to be provided by NIT and PPCBL.



On the next hearing date i.e. May 30, 2024, the Company's legal counsel highlighted to the Appellate Bench that the aforesaid institutions need to be heard and their comments should be sought before proceeding with the said appeal. Upon the request of the Appellate Bench, the Company's legal counsel also provided the said bench with a list of requisite questions on May 6, 2024 that needed to be answered by the said institutions. However, the Appellate Bench, issued an Order dated May 30, 2024, thereby directing that only NIT and PPCBL needs to submit responses to the requisite questions. A review of the Appellate Bench's Order dated May 30, 2024, was filed by the Company and the hearing of the said review was fixed on November 15, 2024, before the Appellate bench. Further to the arguments provided by the legal counsel of SPL, the Appellate bench directed that comments would also be sought from PSPC, SLIC and PRCL, in addition to comments already submitted by NIT and PPCBL. The requisite comments were provided by PSPC and PRCL, accordingly but not SLIC and Appeal No. 14 of 2024, was then fixed for a final hearing on December 4, 2024. The legal counsel of SPL provided his final arguments and also, filed written arguments on the last hearing date however, a final order of the Appellate bench in the said appeal is currently awaited.

A Constitutional Petition No. 4503/2024 was filed by a few shareholders of the Company, holding 1.426% shares as on 18 September 2024, before the SHC on September 19, 2024, whereby it was prayed that the Court should direct Respondent No.3 (i.e. Appellate Bench, SECP) to hear the Appeal No. 14 of 2024, filed before the Appellate Bench, SECP and to decide the same, expeditiously. The said petition is currently pending adjudication and there was no interim relief granted to the Petitioners.

A Constitutional Petition No. 4504/2024 was also filed by a few shareholders of the Company, holding 1.426% shares as on September 18, 2024, before the SHC on September 19, 2024, whereby it was prayed that the Court should direct the Respondent No. 5 (i.e. SPL) to implement & enforce SOE Act, 2023 and to appoint independent directors as per Sections 11 & 12 of the said Act. The set petition is currently pending adjudication and there was no interim relief granted to the Petitioners. The Company has already filed its reply to this petition.

Owing to the pendency of the aforementioned legal proceedings, the Company had applied to the CRO Karachi, SECP from time to time for extension of the statutory due date for holding its election of directors. The CRO Karachi, SECP, on being satisfied as to the continued existence of impediments beyond the control of the directors of the Company, granted extensions vide letters dated March 8, 2024, May 20, 2024 and August 1, 2024 to the Company to hold the said elections on December 3, 2024. The Company again filed an application dated November 11, 2024, requesting for extension in time for holding its elections, which were due to be held on December 3, 2024. However, CRO Karachi, SECP vide its Order dated November 12, 2024, (received by registered post on November 13, 2024), refused to grant any further extension for elections, one day prior to the deadline for issuance of statutory notice for holding the elections on December 3, 2024. As it was not possible to comply with the legal requirements for convening an Extraordinary General Meeting (EOGM) for the purpose of holding election of directors within the prescribed timeframe (i.e. notice of EOGM to be sent to the shareholders at least 21 days before the meeting date) and being aggrieved by the said order, the Company filed an appeal before Registrar of Companies, SECP, under Section 480(A) of the Companies Act, 2017, impugning the rejection of the said application and a hearing date in relation to this appeal is currently awaited.

As advised by the Company's legal counsel, the order of the SECP dated January 26, 2024 classifying the Company as a public sector company is untenable in law.



Notwithstanding the ultimate outcome of the above matter, it would only impact the status of the Company as a public sector Company or not without having any impact on the financial position of the Company.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 These condensed interim financial statements of the Company for the six months period ended December 31, 2024 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34 , "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34 or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim financial statements of the Company do not include all of the information required for annual audited financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended June 30, 2024. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

2.3 These condensed interim financial statements are presented in Pakistani rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest thousand, except otherwise stated.

2.4 The comparative statement of financial position presented in these condensed interim financial statements as at June 30, 2024 has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2024, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the six months period ended December 31, 2023 have been extracted from the unaudited condensed interim financial statements of the Company for the period ended December 31, 2023.

2.5 These condensed interim financial statements are being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange vide section 237 of the Companies Act, 2017.

3 MATERIAL ACCOUNTING POLICY INFORMATION

3.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of the audited annual financial statements of the Company for the year ended June 30, 2024.

3.2 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are effective in the current period



There are certain new and amended standards, interpretations and amendments that became mandatory for the Company during the current accounting period but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore, have not been detailed in these condensed interim financial statements.

3.3 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are not yet effective

There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after July 1, 2024 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore have not been detailed in these condensed interim financial statements.

4 USE OF JUDGEMENTS AND ESTIMATES

4.1 In preparing these condensed interim financial statements, management has made judgements and estimates 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. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively.

4.2 The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those described in the audited annual financial statements of the Company for the year ended June 30, 2024.

		December 31, 2024 (Unaudited)	June 30, 2024 (Audited)
	Note	----- (Rupees in '000) -----	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating assets	5.1	1,762,319	1,700,151
Capital work-in-progress (CWIP)	5.4	189,883	128,136
		<u>1,952,202</u>	<u>1,828,287</u>
5.1 Operating assets			
Opening book value		1,700,151	1,624,885
Direct Addition to Operating assets	5.2.1	64,193	140,158
Transfer from Capital work-in-progress (CWIP)	5.2.2	121,594	119,655
Disposals during the period / year	5.3	(4,696)	(1,642)
Transferred from right of use assets to owned	5.5	-	35,358
Depreciation charged during the period / year		(118,923)	(218,263)
		<u>1,762,319</u>	<u>1,700,151</u>



	December 31, 2024	December 31, 2023
	----- (Unaudited) -----	
	----- (Rupees in '000) -----	
5.2 Additions during the period		
5.2.1 Direct Addition to Operating assets		
Plant and machinery	4,254	1,274
Electric, water and gas installations	5,318	24,076
Laboratory equipment	-	2,088
Computers and accessories	315	5,754
Office and security equipment	1,085	1,494
Furniture and fixtures	-	1,653
Motor vehicles	38,523	24,366
Spare parts and stand by equipment	14,698	20,256
	<u>64,193</u>	<u>80,961</u>
5.2.2 Transfer from Capital work-in-progress (CWIP)		
Building on free hold land	1,331	62,544
Plant and machinery	84,987	23,267
Electric, water and gas installations	13,230	16,658
Laboratory equipment	-	-
Computers and accessories	2,147	-
Office and security equipment	-	332
Furniture and fixtures	2,897	-
Motor vehicles	16,418	-
Spare parts and stand by equipment	584	-
	<u>121,594</u>	<u>102,801</u>
5.3 Disposals during the period		
Motor vehicles	4,696	12
	<u>4,696</u>	<u>12</u>
	December 31, 2024	June 30, 2024
	(Unaudited)	(Audited)
	----- (Rupees in '000) -----	
5.4 Capital work-in-progress (CWIP)		
Opening balance	128,136	93,487
Additions during the period / year	183,341	154,304
Transferred to operating assets	(121,594)	(119,655)
	<u>189,883</u>	<u>128,136</u>
5.5 Right-of-use assets		
Opening balance	-	33,689
Additions during the period / year	-	4,802
Disposals during the period / year	-	(534)
Depreciation for the period / year	-	(2,599)
Transferred to owned assets	-	(35,358)
	<u>-</u>	<u>-</u>



		December 31, 2024 (Unaudited)	June 30, 2024 (Audited)
	Note	----- (Rupees in '000) -----	
6	LONG-TERM INVESTMENTS		
	Pakistan Investment Bonds (PIBs)	6.1 3,336,325	3,394,023
	Less: PIBs with current maturity	<u>(1,148,444)</u>	<u>(99,473)</u>
		<u>2,187,881</u>	<u>3,294,550</u>
6.1	These represent investments in Pakistan Investment Bonds (PIBs) carried at amortised cost having face value of Rs. 3,517.8 million (June 30, 2024: Rs. 3,617.8 million) and market value of Rs. 3,386.6 million (June 30, 2024: 3,254.89 million), carrying floating and fixed profit at the rates ranging from 7.5% to 21.78% (June 30, 2024: 12.38% to 23.21%) with maturities in February 2027, April 2027, May 2028, June 2028, August 2028 and December 2030. The profit payments are made on semi-annual basis.		
		December 31, 2024 (Unaudited)	June 30, 2024 (Audited)
7	SHORT-TERM INVESTMENTS	Note	----- (Rupees in '000) -----
	At amortised cost		
	Government securities - T Bills	481,096	1,685,067
	Reverse repo transactions	2,066,113	378,840
	Pakistan Investment Bonds - current maturity	<u>1,148,444</u>	<u>99,473</u>
		<u>3,695,653</u>	<u>2,163,380</u>
8	CONTINGENCIES AND COMMITMENTS		
8.1	Contingencies		
	There have been no changes in the status of contingencies as reported in the annual financial statements for the year ended June 30, 2024, except for the following:		
8.1.1	A former employee of SPL has filed a lawsuit (Suit No. 1123 of 2024) dated July 8, 2024 in the Civil Court challenging his termination, which was on the simplicitor rules. He has asked the Court for reinstatement and has also filed a stay application. The Company has submitted its comments / response in this case before the Court.		
8.1.2	The case with Aquatech Infrastructure Limited is still ongoing and no order has been passed by court on it, however during the last hearing, the Sindh High Court decided that the matter should be referred to a mediator to try to settle it outside of court. The case was referred for mediation with the mediator in Musaliha International Centre for Arbitration and Dispute Resolution (MICADR). However, the mediation did not succeed, as Aquatech Infrastructure Limited did not agree to the settlement terms proposed by the Mediator. The said case has been once again referred back to the Sindh High Court for adjudication.		



8.1.3 The Company has filed an appeal before ITAT against the order of DCIR for Tax Year 2018 which has been explained in note 27.3(c) of the annual audited financial statements for the year ended June 30, 2024. The case is pending for hearing.

8.1.4 The Suits No 814 and 815 had been filed by two employees of the Company seeking declaration against their suspension followed by termination of employment and an injunction against the termination and inquiry being conducted. The Court as an interim measure had suspended the inquiry being conducted against them as well as their suspension and termination.

During the last year, the Court, through an order, lifted the stay orders, thereby validating their termination in accordance with the applicable simplicitor rules. Subsequently, the concerned parties opted to initiate an appeal before the Divisional Bench of the Sindh High Court, which, upon review, dismissed their appeals on October 23, 2023 and affirmed the Order issued by the Honourable High Court.

During the current period, the Company initiated the process for auction of the vehicles of the two ex-employees. In response, one of the ex-employees filed an application in Suit No. 814 of 2023 before High Court of Sindh for restraining the SPL from auction of vehicles. On September 18, 2024, the case was heard by the High Court of Sindh and the said application was dismissed by the Court.

We have been given to understand that the ex-employees previously filed three contempt applications and an application for release of their remaining service benefits from the Company. That on October 14, 2024, upon hearing, the Court ordered that one of the contempt application was already decided by the Court vide Order dated October 9, 2023 and the hearing for said application was wrongly fixed. The legal counsel for defendant filed Counter Affidavit to the application for release of remaining service benefits of plaintiffs and the plaintiffs required time to go through the same and to file the rejoinder to counter affidavit if required. The next date of hearing has not been fixed yet.

Based on the advice of the legal counsel, the Company is confident that the outcome of the case would be decided in favour of the Company. Accordingly, no provision has been recognised in these condensed interim financial statements.

	December 31, 2024 (Unaudited)	June 30, 2024 (Audited)
	Note	----- (Rupees in '000) -----
8.2 Commitments		
Capital expenditure contracted for but not incurred	<u>39,810</u>	<u>96,731</u>
Commitments against letters of credit	<u>75,933</u>	<u>143,538</u>



9 SALES - NET

	Six Months ended		Three Months ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
	----- (Unaudited) -----			
	----- (Rupees in '000) -----			
Banknote paper	4,538,256	2,981,801	2,267,585	1,648,755
Non-banknote paper				
- Commercial paper	88,403	512,946	77,664	397,144
- Others	291,870	619,699	143,498	28,848
	4,918,529	4,114,446	2,488,747	2,074,747
Sales tax	(750,284)	(627,627)	(379,639)	(316,487)
	4,168,245	3,486,819	2,109,108	1,758,260

9.1 Pakistan is the primary geographical market of the Company. Revenue is disaggregated by major product lines and timing of revenue recognition for each product line is at a point in time when risk and reward is transferred to the customer.

	Six Months ended (Unaudited)	
	December 31, 2024	December 31, 2023
Note	----- (Rupees in '000) -----	

10 CASH GENERATED FROM OPERATIONS

Profit before taxation	1,328,065	1,181,488
Adjustments for:		
Depreciation on property, plant and equipment and ROUA 5.1 & 5.5	118,923	107,149
Amortization of intangible assets	1,865	1,370
Gain on disposal of property, plant and equipment	(17,264)	(1,611)
Provision against staff retirement benefits	20,196	17,066
Amortization of discount on Pakistan Investment Bonds	(42,302)	(36,481)
Amortization of discount on treasury bills	(169,129)	-
Mark up on investments in Pakistan Investment Bonds	(215,081)	(219,570)
Mark up on bank deposits	(25,669)	(31,161)
Income from reverse repo transactions	(27,317)	(201,047)
Capital gain on redemption of Pakistan investment bonds	-	(2,155)
Finance costs	1,151	3,331
Changes in:		
- Stores, spare parts and loose tools	(48,669)	(82,313)
- Stock-in-trade	(5,950)	(183,955)
- Trade debts	268,165	752,742
- Loans, advances, deposits, prepayments and other receivables	84,749	31,326
- Trade and other payables	(284,731)	(565,611)
	987,003	770,568



Six Months ended (Unaudited)
December 31, 2024 December 31, 2023
Note ----- (Rupees in '000) -----

11 CASH AND CASH EQUIVALENTS

Reverse repo having maturity of less than 3 months	2,066,113	2,271,100
Cash and bank balances	257,419	313,393
	<u>2,323,532</u>	<u>2,584,493</u>

12 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated company, directors of the Company, companies in which directors also hold directorship, related group companies, key management personnel and staff retirement benefit funds.

The principal activity of the Company is manufacturing and sale of banknote and prize bond paper for Pakistan Security Printing Corporation (Private) Limited (PSPC), an associated company. All sales transactions with PSPC are carried out by the company using the "Cost plus mark up method". Other expenses are reimbursements of shared expenses.

All other transactions are based on commercial terms and at market prices which are approved by the Board of Directors. Remuneration of key management personnel are in accordance with their terms of engagements.

Contributions to the employee retirement benefit funds are made in accordance with the terms of employee retirement benefit schemes and actuarial advice.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including directors of the Company.

The significant transactions with related parties carried out during the half year ended December 31, 2024 and the balances outstanding as at December 31, 2024 are as follows:



Name of related party	Basis of relationship	Nature of transactions / balances	Six Months ended	
			December 31, 2024	December 31, 2023
			----- (Unaudited) -----	
			----- (Rupees in '000) -----	
Pakistan Security Printing Corporation (Private) Limited	Associated undertaking	Sales - net	<u>3,845,980</u>	<u>2,526,950</u>
		Purchases	<u>3,997</u>	<u>3,184</u>
		Shared expenses charged by associate	<u>38,271</u>	<u>31,261</u>
		Dividend paid	<u>201,635</u>	<u>221,798</u>
		Trade debts	<u>1,047,347</u>	<u>687,150</u>
		Payables	<u>17,886</u>	<u>16,238</u>
Summer Holdings, Turkey	Director on Board of Company	Dividend paid	<u>62,959</u>	<u>55,403</u>
Industrial Development & Renovation Organisation, Iran	Director on Board of Company	Dividend payable	<u>537,217</u>	<u>474,746</u>
KSB Pumps Limited	Common directorship	Purchases	<u>1,392</u>	<u>1,086</u>
Elcott Spinning Mills Limited	Common directorship	Purchases	<u>42,760</u>	<u>68,181</u>
Employees retirement funds	Employees benefit fund	Contribution made	<u>35,204</u>	<u>31,433</u>
		Payable to the fund	<u>8,256</u>	<u>78,287</u>
Key management personnel	Executives	Remuneration and benefits	<u>208,244</u>	<u>171,028</u>



13 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

13.1 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Company to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

On-balance sheet financial instruments

		December 31, 2024 (Unaudited)						
		Carrying amount			Fair value			
Note	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total	Level 1	Level 2	Level 3	Total

(Rupees in '000)

On-balance sheet financial instruments

Financial assets not measured at fair value

Investments								
- Pakistan Investment Bonds	-	-	3,336,325	3,336,325	-	3,386,558	-	3,386,558
- Reverse repo transactions	13.2	-	2,066,113	2,066,113	-	-	-	-
- Government securities - T Bill	-	-	481,096	481,096	-	489,911	-	489,911
Loans, deposits and other receivables								
	13.2	-	46,415	46,415	-	-	-	-
Interest accrued	13.2	-	123,912	123,912	-	-	-	-
Trade debts	13.2	-	1,051,871	1,051,871	-	-	-	-
Cash and bank balances	13.2	-	257,419	257,419	-	-	-	-
		-	7,363,152	7,363,152	-	3,876,469	-	3,876,469

Financial liabilities not measured at fair value

Trade and other payables	13.2	-	774,438	774,438	-	-	-	-
Mark-up accrued	13.2	-	-	-	-	-	-	-
Unclaimed dividend	13.2	-	4,809	4,809	-	-	-	-
Unpaid dividend	13.2	-	589,180	589,180	-	-	-	-
		-	1,368,427	1,368,427	-	-	-	-



On-balance sheet financial instruments

June 30, 2024 (Audited)

Note	Carrying amount				Fair value			
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total	Level 1	Level 2	Level 3	Total

(Rupees in '000)

On-balance sheet financial instruments

Financial assets not measured at fair value

Investments

- Pakistan Investment Bonds	-	-	3,394,023	3,394,023	-	3,254,890	-	3,254,890
- Reverse repo transactions	13.2	-	378,840	378,840	-	-	-	-
- Government securities - T Bills	-	-	1,685,067	1,685,067	-	1,688,553	-	1,688,553

Loans, deposits and other

receivables	13.2	-	133,323	133,323	-	-	-	-
Interest accrued	13.2	-	128,523	128,523	-	-	-	-
Trade debts	13.2	-	1,320,036	1,320,036	-	-	-	-
Cash and bank balances	13.2	-	476,936	476,936	-	-	-	-
		-	7,516,748	7,516,748	-	4,943,443	-	4,943,443

Financial liabilities not measured at fair value

Trade and other payables	13.2	-	791,208	791,208	-	-	-	-
Mark-up accrued	13.2	-	486	486	-	-	-	-
Unpaid dividend	13.2	-	546,408	546,408	-	-	-	-
Unclaimed dividend	13.2	-	4,762	4,762	-	-	-	-
		-	1,342,864	1,342,864	-	-	-	-

13.2 The Company has not disclosed fair values for these financial assets and financial liabilities because their carrying amounts are reasonable approximation of fair value.

14 GENERAL

14.1 Corresponding figures

Comparative information has been re-classified, re-arranged or additionally incorporated in these condensed interim financial statements, wherever necessary to facilitate comparison. There were no significant reclassifications or adjustments during the current period.

15 DATE OF AUTHORISATION

These condensed interim financial statements were authorised and approved by the Board of Directors of the Company on January 30, 2025.

IMRAN QURESHI
Chief Executive Officer

WASIF SAJJAD
Chief Financial Officer

JAMAL NASIM
Director



ATTENTION SHAREHOLDERS

Attention of shareholders is invited to the following legal requirements:

1. Notice to Shareholders who have not provided their IBAN

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 shareholders only through electronic mode directly into the bank account designated by the entitled shareholders. Therefore, the shareholders are requested to provide their bank details by filling up the Electronic Credit Mandate Form available at: <https://famcosrs.com/downloads> and send the duly filled form along with a copy of CNIC to Company's Share Registrar, M/s. FAMCO Share Registration Services (Pvt.) Limited.

Explanation _ For the purpose of these regulations identification number includes the Computerized National Identity Card Number (CNIC) of the registered shareholder or the authorized person, child registration certificate number or juvenile card number in case of a minor, where applicable and registration number or national tax number of the shareholder is a person other than a natural person.

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, in case of a non-availability copy of valid CNIC (for individuals) and National Tax Number (for a corporate entity).

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

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

The rates of deduction of Withholding Income Tax from dividend payments under the Income Tax Ordinance, 2001 shall be as follows:

- Persons appearing in Active Taxpayers List (ATL) ---- 15%.
- Persons not appearing in Active Taxpayers (ATL) ----- 30%.

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, shareholders whose names are not entered into the Active Taxpayers' 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 @ 30% instead of 15%.

Persons not appearing in the Active Taxpayers' List: The rate of tax required to be deducted/collected, as the case may be, is increased by 100% (as specified in the Tenth Schedule to the Income Tax Ordinance, 2001).



Withholding Tax will be determined separately on 'person names appearing on ATL/person names not appearing on ATL' 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 (only if not already provided) 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, M/s. FAMCO Share Registration Services (Pvt.) Limited within 10 days of this notice; otherwise, it will be assumed that the shares are equally held by the Principal Shareholder and Joint Holder(s).

As per FBR Circulars C. No. 1 (29) WHT/2006 dated 30 June 2010 and C. No. 1 (43) DG (WHT)/2008- Vol. II -66417-R dated 12 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 the above clause and want to avail exemption U/S 150 of the Ordinance, must provide a valid Tax Exemption Certificate to our Share Registrar, M/s. FAMCO Share Registration Services (Pvt.) Limited before book closure otherwise tax will be deducted on dividend as per applicable rates.

For any query/problem/information, the investors may contact the Company Secretary at phone: 021-99248285 and email address yasir@security-papers.com and/or M/s. FAMCO Share Registration Services (Pvt.) Limited at phone 021-34380101-5 and email address: info.shares@famcosrs.com.

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 M/s. FAMCO Share Registration Services (Pvt.) Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote the company name and their respective folio numbers.

3. 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 or unpaid Shares / Dividends with the Federal Government in compliance with the Section 244 of the Companies Act, 2017.



In this regard, a Notice dated December 28, 2017, was sent by Registered Post acknowledgment due on the last known addresses of the shareholders to submit their claims within 90 days to the Company. In compliance with Section 244(1)(b) of the Companies Act, 2017 a Final Notice had also been published on March 30, 2018, in two daily newspapers i.e. (i) Business Recorder and (ii) Daily Jang in English and Urdu respectively.

In case no claim is received within the given period from the aforesaid Notice, the Company shall proceed to deposit the unclaimed/unpaid amounts with the Federal Government (as and when the account detail is provided) pursuant to the provisions of sub-section (2) of Section 244 of the Companies Act, 2017.

4. Conversion of Shares from Physical Form to Book-Entry-Form

The Securities and Exchange Commission of Pakistan (SECP) has issued a letter No. CSD/ED/Misc./2016-639-640 dated March 26, 2021, addressed to all listed companies referring their attention towards the provision of Section 72 of the Companies Act, 2017 (Act) which requires all the then-existing companies to replace shares issued by them in physical form with shares to be issued in the Book-Entry-form within a period not exceeding four years from the date of the promulgation of the Act.

In order to ensure full compliance with the provisions of the aforesaid Section 72 and to benefit from the facility of holding shares in the Book-Entry-Form, the shareholders who still hold shares in physical form are requested to convert their shares in the Book-Entry-Form.

5. Placement of Financial Accounts on Website

Pursuant to the notification of the SECP (SRO 634(I)/2014) dated: 10th July 2014 the financial statements of the Company have been placed on Company's website: <http://www.security-papers.com>.


6. Updation of shareholder addresses / other particulars

Members holding shares in physical form are requested to promptly notify Share Registrar, M/s FAMCO Share Registration Services (Pvt.) Limited of the Company of any change in their addresses or any other particulars. Shareholders maintaining their shares in electronic form should have their address or any other particulars updated with their participant or CDC Investor Accounts Service.

Further, to comply with requirements of section 119 of the Companies Act, 2017 and Regulation 47 of the Companies Regulations, 2024, all CDC and physical shareholders are requested to have their email address and cell phone numbers incorporated / updated in their physical folio or CDC account, as the case may be.

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.

Karachi
January 30, 2025


Yasir Ali Quraishi
Company Secretary & Legal Counsel



Security Papers
LIMITED

ISO 9001:2015, ISO 14001:2015 & ISO 45001:2018, ISO/IEC 27001:2013 Certified

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