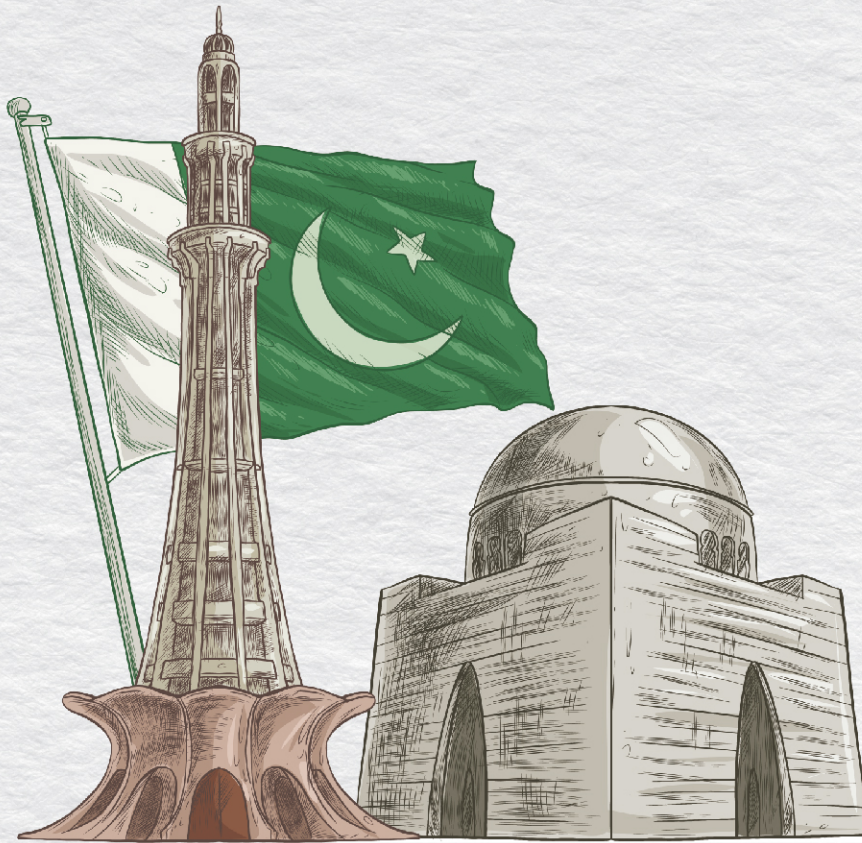




Security Papers
LIMITED



**60 YEARS OF SERVICE,
QUALITY AND RELIABILITY**

QUARTERLY REPORT | 2025
SEPTEMBER 30,



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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. Pernur Alaybeyoglu

- 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. Munir Ahmed

- Chairman

Mr. Mohammad Aftab Manzoor

- Member

Mr. Jamal Nasim

- Member

Mr. Arshad Mehmood Bhatti

- Member

Mr. Shafqaat Ahmed

- Member

Mr. Yasir Ali Quraishi

- Secretary

ACTING CHIEF FINANCIAL OFFICER

- Mr. Mudassir Ali Khan

COMPANY SECRETARY

& CHIEF LEGAL OFFICER

- 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

MCA Law Associates

REGISTERED OFFICE

Jinnah Avenue, Malir Halt,

Karachi - 75100

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SHARE REGISTRAR

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DIRECTORS' REPORT

The Directors of your Company are pleased to present the un-audited financial statements for quarter ended September 30, 2025.

BUSINESS AND PERFORMANCE REVIEW

The Company produced 906 tons of paper during the quarter which was 151 tons less than the same period last year. Production during the quarter was impacted by certain changes made in the operating conditions of the paper mill in line with customer requirements along with unprecedented rains in August that suspended water supplies to the plant for a few days. The management though was able to keep the cost of production at an optimal level by controlling production losses and at the same time improving the price negotiations for key raw materials.

Net Sales was recorded at Rs 1,843 million, as compared to Rs. 2,059 million for the same quarter last year owing to reasons explained earlier however the company successfully delivered the requirements of the customers. The sale volumes were recorded at 893 tons as against 1,069 tons same quarter last year as per the demand of the key customer.

The Company reported a gross profit of Rs. 474 million as compared to Rs. 576 million in same quarter last year, thereby showing a decrease of Rs 102 million. Other income was reported at Rs. 179 million as compared to Rs. 245 million same quarter last year, such a downward trend was attributed to steep decline in monetary policy rate from 17.5% in September 2024 to 11% in September 2025. This reduction in other income despite falling policy rates was mitigated with timely reprofiling of the Company's investment portfolio last year.

The Profit before Tax (PBT) during the quarter under review was recorded at Rs. 478 million against Rs. 647 million last year, which was lower by 26%. The Profit after Tax (PAT) was recorded at Rs. 288 million, which was lower by 25% as compared to Rs. 386 million in the same quarter last year and lastly, the Earnings per Share (EPS) was recorded at Rs. 4.87/- per share, as compared to Rs. 6.51/- per share for the same quarter of last year.

FUTURE PROSPECTS

With a strong focus on workplace improvement, the Board continues to strengthen the Company's ability to address future challenges by emphasizing innovation, strategic planning, cost optimization, operational effectiveness, product diversification, and disciplined financial control. The current year will remain challenging in terms of volumes and production as the demand of the customer will see necessary stock adjustments in line with new bank note series being launched in the near future. Further a number of technical testing and modifications will also impact operations so to prepare the paper mill for its upcoming BMR. However, going ahead post BMR, healthy demand is projected on the back of new bank notes series with new and improved security features.



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The management remains focused on innovation, operational efficiency, and sustainable growth to strengthen productivity and deliver long-term value to shareholders through the implementation of the BMR project.

In conclusion, the Directors extend their appreciation to all employees and stakeholders for their continued support and confidence in your Company.

We also express our gratitude to the Almighty for the continued success of your Company.

On behalf of the Board of Directors

Imran Qureshi

Imran Qureshi
Chief Executive Officer

Karachi

Dated: October 29, 2025

Munir Ahmed

Munir Ahmed
Director



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Condensed Interim Statement of Financial Position

As at September 30, 2025

		September 30, 2025 Un-audited	June 30, 2025 Audited
ASSETS	Note	----- (Rupees in '000) -----	
Non-current assets			
Property, plant and equipment	5	2,408,040	1,998,938
Intangible assets		12,577	13,520
Long term investments	6	3,773,904	3,807,752
		6,194,521	5,820,210
Current assets			
Stores, spares and loose tools		396,253	391,641
Stock-in-trade		898,182	861,084
Trade debts - considered good		1,902,169	1,299,514
Loans, advances, prepayments and other receivables		59,813	51,862
Short term investments	7	1,758,990	2,722,086
Cash and bank balances		233,294	203,488
		5,248,701	5,529,675
TOTAL ASSETS		11,443,222	11,349,885
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital		700,000	700,000
70,000,000 (June 30, 2025: 70,000,000) ordinary shares of Rs. 10 each			
Issued, subscribed and paid-up capital			
59,255,985 ordinary shares of Rs.10 each		592,559	592,559
Revenue reserves			
General reserves		7,875,291	7,035,181
Unappropriated profits		288,483	1,373,408
		8,163,774	8,408,589
Total equity		8,756,333	9,001,148
Non-current liabilities			
Deferred tax liability		273,249	314,875
Staff retirement benefits		19,779	7,620
		293,028	322,495
Current liabilities			
Trade and other payables		1,089,367	1,232,887
Unpaid dividend		1,085,574	615,952
Unclaimed dividend		3,516	3,523
Taxation - net		215,404	173,880
		2,393,861	2,026,242
Total liabilities		2,686,889	2,348,737
TOTAL EQUITY AND LIABILITIES		11,443,222	11,349,885

Contingencies and commitments 8

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

Imran Qureshi

IMRAN QURESHI
Chief Executive Officer

Mudassir Ali Khan

MUDASSIR ALI KHAN
Chief Financial Officer

Munir Ahmed

MUNIR AHMED
Director



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Condensed Interim Statement of Profit or Loss (Un-audited)
For the three months period ended September 30, 2025

	Three Months Ended	
	September 30, 2025	September 30, 2024
	----- (Rupees in '000) -----	
Revenue from contracts with customers	1,842,823	2,059,137
Cost of sales	(1,368,625)	(1,482,579)
Gross profit	474,198	576,558
Administrative expenses	(135,280)	(123,715)
Other income	178,921	245,484
Other expenses	(38,219)	(50,406)
Finance costs	(1,200)	(472)
Profit before taxation	478,420	647,449
Taxation		
- Current	(231,563)	(259,982)
- Deferred	41,626	(1,280)
	(189,937)	(261,262)
Profit after taxation	288,483	386,187
	----- (Rupees) -----	
Earnings per share - basic and diluted	4.87	6.52

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

Imran Qureshi

IMRAN QURESHI
Chief Executive Officer

Mudassir Ali Khan

MUDASSIR ALI KHAN
Chief Financial Officer

Munir Ahmed

MUNIR AHMED
Director



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**Condensed Interim Statement of
Other Comprehensive Income (Un-audited)**
For the three months period ended September 30, 2025

	Three Months Ended	
	September 30, 2025	September 30, 2024
	----- (Rupees in '000) -----	
Profit for the period	288,483	386,187
Other comprehensive income	-	-
Total comprehensive income for the period	288,483	386,187

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

IMRAN QURESHI
Chief Executive Officer

MUDASSIR ALI KHAN
Chief Financial Officer

MUNIR AHMED
Director



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Condensed Interim Statement of Changes in Equity

For the three months period ended September 30, 2025

Note	Issued subscribed and paid-up share capital	Revenue Reserves		Total equity
		General reserves	Unappropriated Profit	
		----- Rupees in '000 -----		
Balance as at June 30, 2024 (Audited)	592,559	6,246,411	1,381,328	8,220,298
Total comprehensive income for the period ended September 30, 2024				
Profit after taxation	-	-	386,187	386,187
Other comprehensive income	-	-	-	-
	-	-	386,187	386,187
Transactions with owners				
Final cash dividend @ Rs.10.00 per ordinary share for the year ended June 30, 2024	-	-	(592,560)	(592,560)
Transfer to general reserves	-	788,770	(788,770)	-
Balance as at September 30, 2024 (Un-audited)	592,559	7,035,181	386,185	8,013,925
Balance as at June 30, 2025 (Audited)	592,559	7,035,181	1,373,408	9,001,148
Total comprehensive income for the period				
Profit after taxation	-	-	288,483	288,483
Other comprehensive income	-	-	-	-
	-	-	288,483	288,483
Transactions with owners				
Final cash dividend @ Rs. 9.00 per ordinary share for the year ended June 30, 2025	13.1	-	(533,298)	(533,298)
Transfer to general reserves	13.1	-	840,110	(840,110)
Balance as at September 30, 2025 (Un-audited)	592,559	7,875,291	288,483	8,756,333

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

Imran Qureshi

IMRAN QURESHI
Chief Executive Officer

Mudassir Ali Khan

MUDASSIR ALI KHAN
Chief Financial Officer

Munir Ahmed

MUNIR AHMED
Director



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Condensed Interim Statement of Cash Flows (Un-audited)
For the three months period ended September 30, 2025

		Three Months Ended	
	Note	September 30, 2025	September 30, 2024
		----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	9	(409,648)	(150,900)
Taxes paid		(190,039)	(183,052)
Staff retirement benefits paid		-	(910)
Finance cost paid		(1,200)	(1,733)
Net cash used in operating activities		(600,887)	(336,595)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(479,157)	(48,149)
Acquisition of intangible assets		-	(4,226)
Proceeds from sale of operating fixed assets		1,052	-
Investments made during the period		(1,164,017)	-
Investments matured during the period		1,355,920	100,000
Gain realised on reverse repo transactions		10,469	33,454
Mark-up received		218,028	146,455
Net cash (used in) / generated from investing activities		(57,705)	227,534
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(63,683)	(12,743)
Net cash used in financing activities		(63,683)	(12,743)
Net decrease in cash and cash equivalents during the period		(722,275)	(121,804)
Cash and cash equivalents at beginning of the period		1,153,212	842,829
Cash and cash equivalents at end of the period	10	430,937	721,025

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

Imran Qureshi

IMRAN QURESHI
Chief Executive Officer

Mudassir Ali Khan

MUDASSIR ALI KHAN
Chief Financial Officer

Munir Ahmed

MUNIR AHMED
Director



Notes to and forming part of the Condensed Interim Financial Statements For the three months period ended September 30, 2025

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 State-Owned Enterprises (SOE) Act, 2023. The SECP Order, read with the said directions, created uncertainty as to the applicable provisions of law to be followed for the purposes of election of directors and composition of the Board. The Company contested this adjudication and had challenged the determination in Appeal No. 14 of 2024, before the Appellate bench of SECP. The Appellate Bench passed an Order dated February 7, 2025 on the said appeal whereby, it had upheld the SECP Order and reiterated that SPL is a listed PSC, based upon the shareholding of certain entities. The Company had challenged the Order of the Appellate Bench in Miscellaneous Appeal No. 27 of 2025 before the Hon'able Sindh High Court (SHC).

During the pendency of Misc. Appeal No. 27 of 2025, the SHC after hearing the preliminary arguments, passed an Ad-Interim order dated February 26, 2025, whereby the operation of both i.e. SECP order and Appellate Bench Order was suspended thereby, maintaining status-quo on the legal status of the Company as Public Listed Company. The Company then decided to proceed with the elections of directors for the third time at the 8th Reconvened Extraordinary General Meeting (EOGM), which was scheduled for March 27, 2025. However, on an application dated March 25, 2025 filed by SECP in Misc. Appeal No. 27, the SHC restrained the Company from holding its elections until the legal status matter is adjudicated upon. Therefore, 8th EOGM was reconvened on March 27, 2025 and as the matter was subjudice, before taking up the agenda for elections, the said EOGM was concluded without the elections being held. The Company has already filed its counter affidavit in response to SECP's application in the said appeal. This case was last fixed on May 15, 2025, when it was adjourned and the interim orders passed in the case were extended till the next date of hearing. The case is next fixed for hearing on January 26, 2026.

As mentioned above, the matter of one-third independent directors of the Company had to be addressed at the 8th EOGM of the Company related to election of directors, which was due to be held on November 29, 2023. However, the said EOGM got suspended/adjourned twice owing to the matters related to Company's legal status. SECP had granted three extensions on the due date for holding elections, owing to impediments being faced by the Company and its Board



related to its legal status. The Company applied for an extension for the fourth time, on the ground of the same impediments and that it was practically impossible to fulfil the statutory requirements of holding an EOGM within the prescribed timeframe but the same was rejected by SECP. SPL appealed the rejection with the Registrar of Companies, SECP. A hearing was held on June 19, 2025 with the Registrar of Companies, SECP which was attended by the Legal Counsel & Company Secretary. Thereafter, SECP had requested the Company to provide them with the CRO Order dated November 12, 2024 related to the rejection of extension in due date for holding elections and a chronological summary / synopsis of the Company's legal status case. The said information was provided to SECP on June 23, 2025, and since then there has been no update from Registrar of Companies, SECP, on the appeal related to extension in due date for holding the elections.

A Constitutional Petition No. 4504 of 2024 was filed by a few shareholders of the Company, holding 1,426% shares before the Sindh High Court on September 19, 2024 seeking enforcement of the SOE Act. However, the determination of SPL's status as a PSC or not is sub-judice in the statutory appeal against the SECP's order dated February 7, 2025.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 These condensed interim financial statements of the Company for the three months period ended September 30, 2025 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, 2025. 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, 2025 has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2025, 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 three months period ended September 30, 2024 have been extracted from the unaudited condensed interim financial statements of the Company for the period ended September 30, 2024.

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, 2025.

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 amendments that are 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 are therefore not 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 amendments that are mandatory for the Company's accounting periods beginning on or after July 1, 2025 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, 2025.



		September 30, 2025 (Unaudited)	June 30, 2025 (Audited)
	Note	----- (Rupees in '000) -----	
5	PROPERTY, PLANT AND EQUIPMENT		
Operating assets	5.1	1,813,623	1,856,624
Capital work-in-progress (CWIP)	5.4	594,417	142,314
		<u>2,408,040</u>	<u>1,998,938</u>
5.1	Operating assets		
Opening book value		1,856,624	1,700,151
Direct Addition to Operating assets		27,054	137,142
Transfer from CWIP		-	274,340
Disposals/ write off during the period / year		(202)	(4,701)
Depreciation charged during the period / year		(69,853)	(250,308)
		<u>1,813,623</u>	<u>1,856,624</u>
		September 30, 2025 (Unaudited)	September 30, 2024
		----- (Rupees in '000) -----	
5.2	Additions during the period		
5.2.1	Direct addition to operating assets		
- Plant and machinery		2,955	686
- Spare parts and stand-by equipments		7,541	5,676
- Furniture & fittings		366	2,896
- Electric, water and gas installations		3,839	5,230
- Office and security equipments		460	1,085
- Computers & computer accessories		7,133	1,819
- Motor vehicles		4,760	29,022
		<u>27,054</u>	<u>46,414</u>
5.2.2	Transfer from capital work-in-progress		
- Plant and machinery		-	585
		<u>-</u>	<u>585</u>
5.3	Disposals / write off during the period		
- Plant and machinery		4	5
- Furniture & fittings		4	-
- Electric, water and gas installations		194	-
		<u>202</u>	<u>5</u>



		September 30, 2025 (Unaudited)	June 30, 2025 (Audited)
	Note	----- (Rupees in '000) -----	
5.4 Capital work-in-progress			
Opening balance		142,314	128,136
Additions during the period / year		452,103	288,518
Transferred to operating assets		-	(274,340)
		<u>594,417</u>	<u>142,314</u>

6 LONG-TERM INVESTMENTS - amortised cost

Pakistan Investment Bonds (PIBs)	6.1	3,773,904	5,025,498
Less: PIBs with current maturity		-	(1,217,746)
		<u>3,773,904</u>	<u>3,807,752</u>

- 6.1** These represents investments in PIBs carrying effective interest at the rates ranging from 11.78% to 16.51% (June 2025: 11.78% to 16.51%) per annum with maturities ranging from February 2027 to September 2034. The profit payments are made semi annually.

		September 30, 2025 (Unaudited)	June 30, 2025 (Audited)
		----- (Rupees in '000) -----	
7 SHORT-TERM INVESTMENTS - amortised cost			
Government securities - Treasury Bills		1,560,872	552,883
Reverse repo transactions		198,118	951,457
Pakistan investment bonds - current maturity		-	1,217,746
		<u>1,758,990</u>	<u>2,722,086</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, 2025, except for the following:

- 8.1.1** Four ex-employees filed cases for claim of insurance amount of Rs. 1.12 million being retired on medical grounds. The affected employees filed the case before Court of Commissioner Workmen Compensation and the authority under the payment of wages Act, South Division. These cases are still pending. The management is confident that the outcome of the case would be in favour of the Company. Hence no provision has been made in these financial statements.



8.1.2 Assistant Commissioner (AC), Sindh Revenue Board (SRB) had passed an order dated August 5, 2014 raising a demand of Rs. 4.16 million for payment of Sales tax on services for the years ended June 30, 2011, 2012 and 2013 on technical services received from M/s Sptec GmbH. AC had categorized the services under tariff heading 9823.0000 (Franchise Services). The Company filed an appeal before the Commissioner (Appeals) SRB who had passed an order dated February 24, 2015 and upheld the order of the Assistant Commissioner. The Company had filed an appeal before Appellate Tribunal (AT) of SRB, who upheld the order of AC. The Company had filed SST Reference Application before SHC against the order of AT of SRB which is still pending.

Based on the legal advisor's advice, the Company is confident that the outcome of the case would be in favour of the Company. Accordingly, no provision has been recorded in these financial statements.

8.1.3 The Company had entered into an agreement with Aquatech Infrastructures Limited (AIL) for the development of an alternate source of water supply on Built, Operate and Transfer (BOT) basis on August 15, 2005 for a period of five years from the date of commissioning. The agreement remained enforce through supplemental agreements signed in subsequent years. Due to poor maintenance of Bores by AIL, the output of ground water reduced. AIL informed the Company to discontinue the contract and was of the view that SPL should purchase the RO Plant. AIL then unilaterally decided to shut down the RO plant on March 2018 and therefore, SPL took over the plant to continue its operations in accordance with provisions of the agreement. SPL received letter from AIL's financier Saudi Pak Leasing Company Limited (SPLC) in which they had informed that they were the owners of the RO Plant and asked SPL not to allow AIL to dismantle the R.O. Plant.

AIL filed a suit before SHC against SPL for recovery of Rs. 177.88 million in respect of RO Plant. AIL moved an application to restrain SPL from utilising or operating the RO Plant. As the matter was under adjudication, SHC decided that this matter should be referred to a mediation and accordingly, was referred to Musaliha International Centre for Arbitration and Dispute Resolution (MICADR) but the mediation proved to be unsuccessful and the case was once again referred back to SHC for adjudication. This case has now been transferred to the District Court Malir and has been renumbered as Case No. 485/2025. Also, AIL's application for inspection of dismantled RO Plant in the premises of SPL was allowed by the Court pursuant to which, inspection of RO Plant was carried out by the Nazir of the Court and his team along with Plaintiff's counsel on September 23, 2025. This matter is now pending for submission of Nazir's report.

Based on the facts of the case and legal advisor's advice, the Company is confident that the outcome of the case would be in favour of the Company. Accordingly, no provision has been recognised in these financial statements.



8.1.4 The Suits No 814 and 815 have been filed by two employees of SPL for seeking declaration against their termination of employment. The Court, through an order vacated 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 SHC, which also dismissed their appeals on October 23, 2023 and affirmed the original order issued by the Single Judge of SHC. The terminated employees then filed applications before SHC for the release of their alleged service benefits from the Company for the remainder of their term had they not been terminated. SPL's legal counsel filed a response to the said applications. The Court later refused to entertain such pending applications and dismissed the applications. These cases are now transferred to the District & Sessions Court and have been renumbered as Suit No. 1207/2025 and 994/2025. Both suits have been clubbed together by the Senior Civil Judge, Malir.

The current status of the said cases are that proposed issues filed by the parties have been settled by the Court. Also, the plaintiffs and defendants in both the suits have submitted their respective lists of documents and witnesses. The case is now fixed for the recording of evidence of the plaintiffs.

SPL's legal counsel is optimistic that, based on the merits of the case, it will be decided in favour of SPL in respect of the financial compensation claimed by the terminated employees. Accordingly, no provision has been recognised in these financial statements.

8.1.5 A former employee of SPL, Mr. Alamgir had filed a lawsuit (Suit No. 1123 of 2024) dated July 8, 2024 in the Civil Court challenging his termination, which was as per simplicitor rules. The plaintiff seeks reinstatement and claims Rs. 40 million in damages. Additionally, a stay application has been filed by the plaintiff. The Company has submitted its comments / response in this case and the matter is at hearing of applications stage. This matter was adjourned several times due to the non-appearance of the plaintiff. The case is now fixed for hearing of the stay application filed by Mr. Alamgir and filing of proposed issues by both the parties.

Based on the facts of the case and legal advisor's advice, the Company is confident that the outcome of the case would be in favour of the Company. Accordingly, no provision has been recognised in these financial statements.

		September 30, 2025 (Unaudited)	June 30, 2025 (Audited)
8.2 Commitments	Note	----- (Rupees in '000) -----	
Capital commitments		<u>66,893</u>	<u>10,015</u>
Commitments against letters of credit		<u>2,320,878</u>	<u>2,836,619</u>



		Three Months Ended	
		September 30, 2025	September 30, 2024
		----- Un-audited -----	----- Un-audited -----
		----- (Rupees in '000) -----	----- (Rupees in '000) -----
9	CASH GENERATED FROM OPERATIONS		
	Profit before taxation	478,420	647,449
	Adjustments for:		
	Depreciation on property, plant and equipments 5.1	69,853	56,305
	Provision against staff retirement benefits	12,159	8,275
	Amortization of intangible assets	943	889
	Finance costs	1,200	472
	Mark up on investments in Pakistan Investment Bonds	(117,808)	(112,439)
	Amortization of discount on treasury bills	(29,193)	(82,644)
	Mark-up on bank deposits and saving accounts	(8,819)	(10,417)
	Mark-up on loans to employees	(1)	(1)
	Income from reverse repo transactions	(9,219)	(19,434)
	Amortisation of discount on Pakistan Investment Bond	(10,497)	(20,098)
	Gain on sale of property, plant and equipment	(850)	-
	Changes in:		
	- Stores, spare parts and loose tools	(4,612)	(25,276)
	- Stock-in-trade	(37,098)	(10,660)
	- Trade debts	(602,655)	(400,647)
	- Loans, advances, deposits, prepayments and other receivables	(7,951)	75,634
	- Trade and other payables	(143,520)	(258,308)
		<u>(409,648)</u>	<u>(150,900)</u>
10	CASH AND CASH EQUIVALENTS		
	Short term investment in reverse repo transactions	197,643	517,674
	Cash and bank balances	233,294	203,351
		<u>430,937</u>	<u>721,025</u>



11 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated company, directors of the Company, companies in which directors also hold directorship, key management personnel and staff retirement benefit funds. Transactions and balances with related parties are as follows:

Name of related party	Nature of relationship	Note	Nature of transactions / balances	Three Months Ended	
				September 30, 2025 ----- Un-audited ----- ----- (Rupees in '000) -----	September 30, 2024 -----
Pakistan Security Printing Corporation (Pvt) Limited	Associated undertaking	11.1	Sales - net	<u>1,842,823</u>	<u>1,924,297</u>
			Purchases	<u>821</u>	<u>2,128</u>
			Shared expenses allocated to the Company	<u>20,413</u>	<u>17,593</u>
			Dividend Payable	<u>181,471</u>	<u>201,634</u>
			Trade debts	<u>1,897,961</u>	<u>1,610,173</u>
			Other payables	<u>39,601</u>	<u>44,826</u>
Sumer Holdings, A.S.	Director on board of Company		Dividend payable	<u>57,922</u>	<u>50,367</u>
Industrial Development & Renovation Organisation	Director on board of Company		Dividend payable	<u>595,140</u>	<u>525,113</u>
Ellicot Spinning Mills Limited	Common directorship		Purchases	<u>98,573</u>	<u>42,760</u>
			Trade payable	<u>12,068</u>	<u>4,637</u>
Staff retirement funds	Other related party	11.3	Contribution made	<u>17,744</u>	<u>16,710</u>
			Payable to the funds - net	<u>26,762</u>	<u>13,612</u>
Key management personnel	Key management	11.4	Remuneration and benefits	<u>65,138</u>	<u>54,528</u>



- 11.1** All sales transactions with Pakistan Security Printing Corporation (Private) Limited are carried out by the Company using the "Cost Plus Mark-up Method". Other expenses are reimbursements of shared expenses.
- 11.2** 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.
- 11.3** Contributions to the staff retirement benefit funds are made in accordance with the terms of staff retirement benefit schemes and actuarial advice.
- 11.4** 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.

12 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.

The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values.

12.1 Fair value hierarchy

The Company classifies 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;

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the period.



September 30, 2025 (Unaudited)

Note	Carrying amount				Fair value			
	Fair value through profit or loss	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)								
Financial assets not measured at fair value								
Investments								
- Pakistan Investment Bonds	-	3,773,904	-	3,773,904	-	3,774,818	-	3,774,818
- Reverse repo transactions	12.2	198,118	-	198,118	-	-	-	-
- Treasury bills	-	1,560,872	-	1,560,872	-	1,561,277	-	1,561,277
Loans, advances, prepayments and other receivables	12.2	22,622	-	22,622	-	-	-	-
Trade debts	12.2	1,902,169	-	1,902,169	-	-	-	-
Bank balances	12.2	233,294	-	233,294	-	-	-	-
	-	7,690,979	-	7,690,979	-	5,336,095	-	5,336,095

Financial liabilities not measured at fair value

Trade and other payables	12.2	-	729,861	729,861	-	-	-	-
Unpaid dividend	12.2	-	1,085,574	1,085,574	-	-	-	-
Unclaimed dividend	12.2	-	3,516	3,516	-	-	-	-
	-	-	1,818,951	1,818,951	-	-	-	-

June 30, 2025 (Audited)

Note	Carrying amount				Fair value			
	Fair value through profit or loss	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)								
Financial assets not measured at fair value								
Investments								
- Pakistan Investment Bonds	-	5,025,498	-	5,025,498	-	4,945,383	-	4,945,383
- Reverse repo transactions	12.2	951,457	-	951,457	-	-	-	-
- Treasury bills	-	552,883	-	552,883	-	554,379	-	554,379
Loans, advances, prepayments and other receivables	12.2	21,557	-	21,557	-	-	-	-
Trade debts	12.2	1,299,514	-	1,299,514	-	-	-	-
Bank balances	12.2	203,351	-	203,351	-	-	-	-
	-	8,054,260	-	8,054,260	-	5,499,762	-	5,499,762

Financial liabilities not measured at fair value

Trade and other payables	12.2	-	-	805,669	805,669	-	-	-
Unpaid dividend	12.2	-	-	615,952	615,952	-	-	-
Unclaimed dividend	12.2	-	-	3,523	3,523	-	-	-
	-	-	-	1,425,144	1,425,144	-	-	-



- 12.2** The Company has not disclosed the fair value for some financial assets and financial liabilities, as these are either short term in nature or are repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

13 GENERAL

13.1 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.

14 DATE OF AUTHORISATION

These condensed interim financial statements were authorised and approved by the Board of Directors of the Company on October 29, 2025.

IMRAN QURESHI
Chief Executive Officer

MUDASSIR ALI KHAN
Chief Financial Officer

MUNIR AHMED
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 Warrant(s), 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
October 29, 2025


Yasir Ali Quraishi
Company Secretary & Chief Legal Officer



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