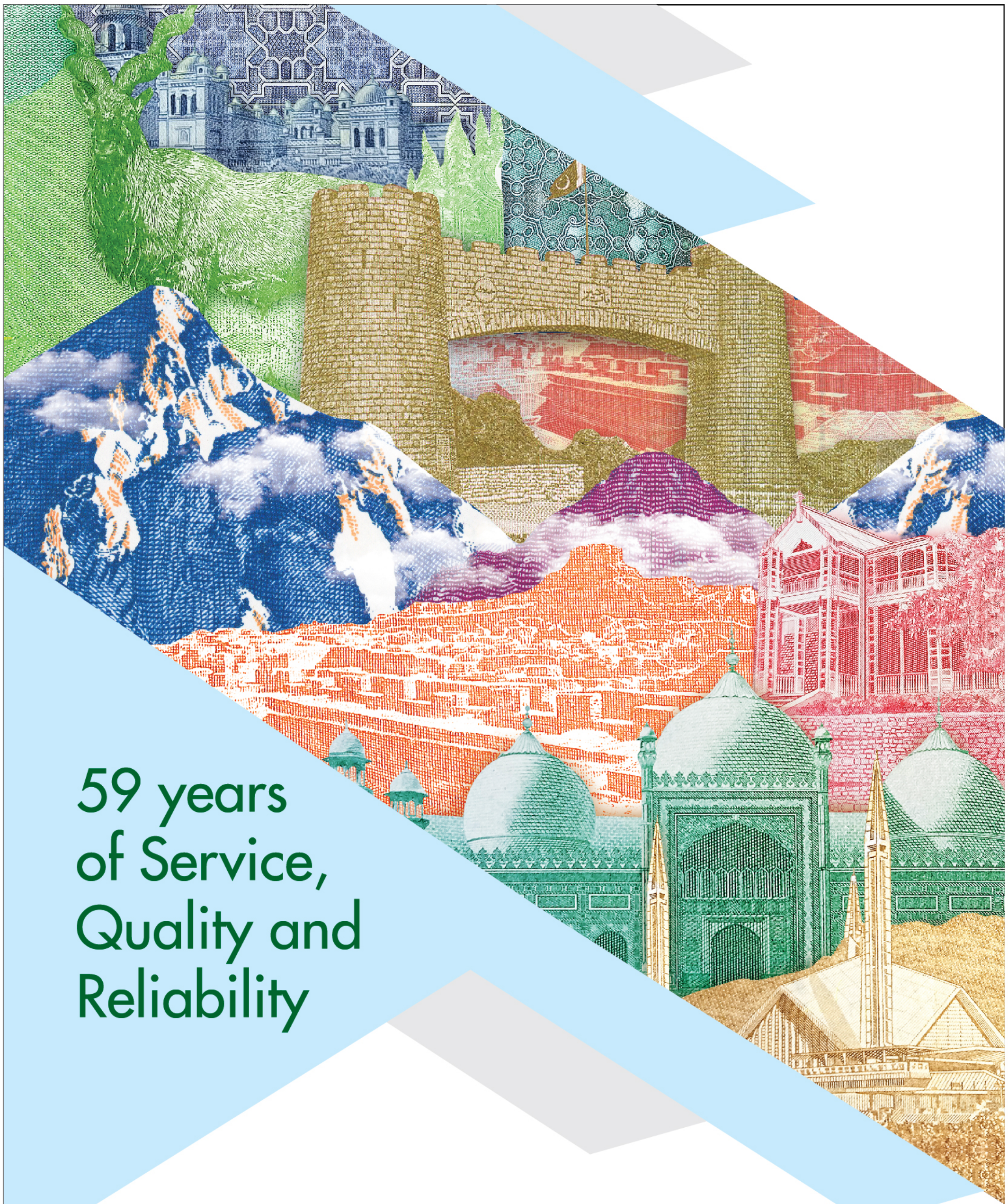

59 years of Service, Quality and Reliability

Security Papers LIMITED

QUARTERLY REPORT
SEPTEMBER 30, 2024

CONTENTS

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

ACTING CHIEF FINANCIAL OFFICER	-	Mr. Mudassir Ali Khan
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

Jinnah Avenue, Malir Halt,
Karachi - 75100
Tel : (+9221) 99248285
E-mail : comsec@security-papers.com

SHARE REGISTRAR

FAMCO Share Registration Services (Pvt.) Limited
8-F, Near Hotel Faran, Nursery,
Block-6, P.E.C.H.S, Shahra-e-Faisal, Karachi.
Tel: (+9221) 34380101-5 and Fax: (+9221) 34380106
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Jinnah Avenue, Malir Halt,
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WEB SITE

http://www.security-papers.com

DIRECTORS' REPORT

The Directors are pleased to present the un-audited financial information for three months period ended September 30, 2024.

BUSINESS AND PERFORMANCE REVIEW

Company's performance during the first quarter of the year remained robust due to various steps taken to improve operational and supply chain efficiencies along with better price realization compared to same period last year.

Net Sales at Rs 2,059 million were 19% higher compared to Rs 1,729 million same period last year. The sale volumes at 1069 tons and production at 1057 tons as against sales volume of 1128 and production at 1109 tons same period last year.

The Company reported gross profit of Rs 577 million as against Rs 484 million in the corresponding period of preceding year showing an increase of Rs 93 million which was achieved owing to reasons detailed above. Other income reported at Rs 245 million as compared to 261 million same period last year has seen some reduction due to decreasing policy rates. The reduction in other income despite falling policy rates was mitigated with timely reprofiling of investment portfolio last year by the company.

The profit before taxation during the period under review stood at Rs 647 million against Rs 596 million last year which is 9% higher. Profit after taxation stood at Rs 386 million was 6% higher than Rs 365 million in the same period last year, the earnings per share which is Rs 6.52 compared to Rs 6.16 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. Please refer to Note No. 1.2 of the financial statements for the period ended September 30, 2024.

FUTURE PROSPECTS

The State Bank of Pakistan has recently announced plans to introduce new banknote series with enhanced security features in line with international trends. The current security features in the paper being offered by the company are to be enhanced thus necessitating modernization of the plant to remain competitive vis-a-vis international security paper manufacturers. Company endeavors to achieve this with a plant modernization project for sustainable business operations along with fulfilling the requirements of upcoming new bank note series. In this regard the company has floated an international tender inviting established and well-known security paper plant and equipment manufacturers to come forward with their proposals and bids.

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	**Jamal Nasim**
Chief Executive Officer	Director

Karachi
Dated: October 21, 2024

Security Papers Limited

Condensed Interim Statement of Financial Position

As at September 30, 2024

	Note	September 30, 2024 Un-audited	June 30, 2024 Audited
ASSETS		------ (Rupees in '000) ------	
Non-current assets			
Property, plant and equipment	5	**1,820,131**	1,828,287
Intangible assets		**15,328**	11,991
Long-term investments	6	**2,175,504**	3,294,550
Staff retirement benefits		**-**	90
		4,010,963	5,134,918
Current assets			
Stores, spares and loose tools		**325,147**	299,871
Stock-in-trade		**891,446**	880,786
Trade debts - considered good		**1,720,683**	1,320,036
Loans, advances, deposits, prepayments and other receivables		**61,496**	137,130
Interest accrued		**104,925**	128,523
Short-term investments	7	**3,424,756**	2,163,380
Cash and bank balances		**203,351**	476,936
		6,731,804	5,406,662
TOTAL ASSETS		**10,742,767**	10,541,580
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		**700,000**	700,000
Issued, subscribed and paid-up capital			
59,255,985 ordinary shares of Rs.10 each		**592,559**	592,559
Revenue reserves			
General reserves		**7,035,181**	6,246,411
Unappropriated profits		**386,185**	1,381,328
		7,421,366	7,627,739
Total shareholders' equity		**8,013,925**	8,220,298
Non-current liabilities			
Staff retirement benefits		**8,275**	-
Deferred taxation - net		**290,456**	289,172
		298,731	289,172
Current liabilities			
Trade and other payables		**1,062,262**	1,320,570
Accrued mark-up		**48**	486
Unclaimed dividend		**4,762**	4,762
Unpaid dividend		**1,126,225**	546,408
Taxation - net		**236,814**	159,884
		2,430,111	2,032,110
Total liabilities		**2,728,842**	2,321,282
TOTAL EQUITY AND LIABILITIES		**10,742,767**	10,541,580
Contingencies and commitments	8		

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

IMRAN QURESHI **Chief Executive Officer**	**JAMAL NASIM** **Director**	**MUDASSIR ALI KHAN** **Acting Chief Financial Officer**

Condensed Interim Statement of Profit or Loss (Un-audited)
For the three Months ended September 30, 2024

	Three Months Ended	
	September 30, 2024	September 30, 2023
	------ (Rupees in '000) ------	
Sales - net	**2,059,137**	1,728,559
Cost of sales	**(1,482,579)**	(1,244,563)
Gross profit	**576,558**	483,996
Administrative expenses	**(123,715)**	(100,707)
Other income	**245,484**	260,532
Other expenses	**(50,406)**	(45,743)
Finance costs	**(472)**	(2,449)
Profit before taxation	**647,449**	595,629
Taxation		
- Current	**(259,982)**	(191,123)
- Deferred	**(1,280)**	(39,316)
	(261,262)	(230,439)
Profit after taxation	**386,187**	365,190
	------ (Rupees) ------	
Earnings per share - basic and diluted	**6.52**	6.16

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

IMRAN QURESHI **Chief Executive Officer**	**JAMAL NASIM** **Director**	**MUDASSIR ALI KHAN** **Acting Chief Financial Officer**

Condensed Interim Statement of Other Comprehensive Income (Un-audited)
For the three Months ended September 30, 2024

	Three Months Ended	
	September 30, 2024	September 30, 2023
	------ (Rupees in '000) ------	
Profit for the period	**386,187**	365,190
Other comprehensive income	**-**	-
Total comprehensive income for the period	**386,187**	365,190

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

IMRAN QURESHI
Chief Executive Officer

JAMAL NASIM
Director

MUDASSIR ALI KHAN
Acting Chief Financial Officer

Condensed Interim Statement of Changes in Equity
For the three Months ended September 30, 2024

	Note	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		-	-	365,190	365,190	365,190
Transactions with owners						
Final cash dividend @ Rs.11.00 per ordinary share for the year ended 30 June 2023		-	-	(651,815)	(651,815)	(651,815)
Transfer to general reserves	13.1	-	295,144	(295,144)	-	-
Balance as at September 30, 2023 (Un-audited)		592,559	6,246,411	366,407	6,612,818	7,205,377
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		-	-	386,187	386,187	386,187
Transactions with owners						
Final cash dividend for the year ended June 30, 2024 at the rate of Rs. 10 per share		-	-	(592,560)	(592,560)	(592,560)
Transfer to general reserves	13.1	**-**	**788,770**	**(788,770)**	**-**	**-**
Balance as at September 30, 2024 (Unaudited)		**592,559**	**7,035,181**	**386,185**	**7,421,366**	**8,013,925**

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

IMRAN QURESHI	JAMAL NASIM	MUDASSIR ALI KHAN
Chief Executive Officer	Director	Acting Chief Financial Officer

Condensed Interim Statement of Cash Flows (Un-audited)
For the three Months ended September 30, 2024

	Note	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023
		------ (Rupees in '000) ------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	9	**(150,900)**	448,728
Lease deposits paid		**-**	(480)
Taxes paid		**(183,052)**	(192,504)
Finance cost paid		**(910)**	(2,457)
Staff Retirement benefits paid		**(1,733)**	-
Net cash (used in) / generated from operating activities		**(336,595)**	253,287
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		**(48,149)**	(78,104)
Acquisition of intangible assets		**(4,226)**	-
Proceeds from sale of property, plant and equipment		**-**	2,157
Mark-up received		**146,455**	133,737
Investments matured during the period		**100,000**	-
Gain realised on reverse repo transactions		**33,454**	95,965
Net cash generated from investing activities		**227,534**	153,755
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of lease liabilities		**-**	(1,730)
Dividend paid		**(12,743)**	(233)
Net cash used in financing activities		**(12,743)**	(1,963)
Net (decrease) / increase in cash and cash equivalents during the period		**(121,804)**	405,079
Cash and cash equivalents at beginning of the period		**842,829**	2,095,547
Cash and cash equivalents at end of the period	10	**721,025**	2,500,626

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

IMRAN QURESHI **Chief Executive Officer**	**JAMAL NASIM** **Director**	**MUDASSIR ALI KHAN** **Acting Chief Financial Officer**

Notes to and Forming Part of the Condensed Interim Financial Statements (Un-audited)

For the three Months ended September 30, 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 25 April 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 2 May 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 2/05/2024 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 16.05.2024 that the Appellate Bench shall not conclude the said appeal without calling for required information from Pakistan Security Printing Corporation (Pvt.) Limited, State Life Insurance Company, Punjab Provincial Cooperative Bank Limited , National Investment Trust, Pakistan Reinsurance Company Limited, as the Company has been determined as a PSC on the basis of their shareholding.

On the next hearing date i.e. 30 May 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 06.05.2024 that needed to be answered by the said institutions. However, the Appellate Bench, issued an Order dated 30.05.2024, thereby directing that only NIT and PPCBL needs to submit responses to the requisite questions. A review of the Appellate Bench's Order dated 30.05.2024, has been filed by the Company and is pending adjudication before the said bench.

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 19/09/2024, 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 18 September 2024, before the SHC on 19/09/2024, 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 wherein, inter alia, it has apprised the Court that the extension in holding the elections of directors, was duly granted by SECP.

Based on the advice of the Company's legal counsel, the Company believed that there are reasonable arguments that the Company is not a PSC and expect a favourable outcome.

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

These condensed interim financial statements of the Company for the three months period ended September 30, 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:

2.1
- International Accounting Standards (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 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 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 three months period ended September 30, 2024 have been extracted from the unaudited condensed interim financial statements for the period then ended.

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 SUMMARY OF SIGNIFICANT ACCOUTING POLICIES

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 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 for the year ended June 30, 2024.

		Note	September 30, 2024 (Unaudited)	June 30, 2024 (Audited)
			------ (Rupees in '000) ------	
5	**PROPERTY, PLANT AND EQUIPMENT**			
	Operating assets	5.1	**1,691,428**	1,700,151
	Capital work-in-progress	5.3	**128,703**	128,136
			1,820,131	1,828,287
5.1	**Operating assets**			
	Opening book value		**1,700,151**	1,624,885
	Additions during the period / year	5.2	**46,999**	140,158
	Transferred from CWIP	5.3	**583**	119,655
	Disposals during the period / year		**-**	(1,642)
	Transferred from right of use assets to owned	5.4	**-**	35,358
	Depreciation charged during the period / year		**(56,305)**	(218,263)
			1,691,428	1,700,151
5.2	**Additions during the period / year**			
	Plant and machinery		**1,271**	21,572
	Electric, water and gas installations		**5,230**	30,412
	Laboratory equipment		**-**	10,245
	Computers and accessories		**1,819**	7,079
	Office and security equipment		**1,085**	4,696
	Furniture and fixtures		**2,896**	2,011
	Motor vehicles - owned		**29,022**	24,364
	Spare parts and stand by equipment		**5,676**	39,779
			46,999	140,158
5.3	**Capital work-in-progress**			
	Opening balance		**128,136**	93,487
	Additions during the period / year		**1,150**	154,304
	Transferred to operating assets		**(583)**	(119,655)
			128,703	128,136

	Note	September 30, 2024 (Unaudited)	June 30, 2024 (Audited)
		------ (Rupees in '000) ------	
5.4 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)
		-	-

6 LONG-TERM INVESTMENTS

	Note	September 30, 2024 (Unaudited)	June 30, 2024 (Audited)
Pakistan Investment Bonds (PIBs)	6.1	**3,314,121**	3,394,023
Less: PIBs with current maturity		**(1,138,617)**	(99,473)
		2,175,504	3,294,550

6.1 These represent investments in Pakistan Investment Bonds (PIBs) having carrying floating and fixed profit at the rate ranging from 12.92% to 21.36% (June 30, 2024: 12.38% to 23.21%) with maturities in August 2025, April 2027, May 2028, June 2028, August 2028 and December 2030.The profit payments are made on quarterly and semi annually basis.

6.2 These PIBs carries the fair value of Rs 3,349 million (June 2024: 3,255 million) as at September 30, 2024.

	Note	September 30, 2024 (Unaudited)	June 30, 2024 (Audited)
		------ (Rupees in '000) ------	
7 SHORT-TERM INVESTMENTS			
At amortised cost			
Reverse repo transaction		**518,429**	378,840
Government securities - T Bills		**1,767,710**	1,685,067
Pakistan Investment Bonds - current maturity	6	**1,138,617**	99,473
		3,424,756	2,163,380

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) 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, but 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 is now pending for mediation with the Mediator in Musaliha International Centre for Arbitration and Dispute Resolution (MICADR).

8.1.3 The Company has filed an appeal before ITAT against the order of DCIR for Tax Year 2018. The case is pending for hearing.

		Note	September 30, 2024 (Unaudited)	June 30, 2024 (Audited)
8.2	**Commitments**		------ (Rupees in '000) ------	
	Capital expenditure contracted for but not incurred		**137,356**	96,731
	Commitments against letters of credit		**223,467**	143,538

		Note	Three Months Ended September 30, 2024	September 30, 2023
			------ Un-audited ------ ------ (Rupees in '000) ------	
9	**CASH GENERATED FROM OPERATIONS**			
	Profit before taxation		**647,449**	595,629
	Adjustments for:			
	Depreciation on property, plant and equipment and ROUA	5.1	**56,305**	52,034
	Amortization of intangible assets		**889**	684
	Finance costs		**472**	2,449
	Provision against staff retirement benefits		**8,275**	8,745
	Amortization of discount on Pakistan investment bond		**(20,098)**	(17,751)
	Mark up on treasury bills		**(82,644)**	-
	Mark up on investments in Pakistan investment bonds		**(112,439)**	(115,195)
	Mark up on bank deposits		**(10,417)**	(17,471)
	Capital gain on investments		**(19,434)**	(107,541)
	Mark up on security deposits and employee loan		**(1)**	-
	Changes in:			
	- Stores, spare parts and loose tools		**(25,276)**	(41,967)
	- Stock-in-trade		**(10,660)**	(121,339)
	- Trade debts		**(400,647)**	750,847
	- Loans, advances, deposits, prepayments and other receivables		**75,634**	940
	- Trade and other payables		**(258,308)**	(541,336)
			(150,900)	448,728

		Three Months Ended	
		September 30, 2024	September 30, 2023
		------ Un-audited ------	
10	**CASH AND CASH EQUIVALENTS**	------ (Rupees in '000) ------	
	Short term investment having original maturity less than three months	**517,674**	2,399,686
	Cash and bank balances	**203,351**	100,940
		721,025	2,500,626

11 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 three months ended September 30, 2024 and the balances outstanding as at September 30, 2024 are as follows:

Name of related party	Nature of relationship	% of Share Holding	Nature of transactions / balances	Three Months Ended September 30, 2024	September 30, 2023
				------ Un-audited ------	
				------ (Rupees in '000) ------	
Pakistan Security Printing Corporation (Private) Limited	Associated undertaking	40.03	Sales - net	**1,924,297**	1,129,701
			Purchases	**2,128**	2,106
			Shared expenses charged by associate	**17,593**	13,748
			Dividend Payable	**237,217**	260,939
			Trade debts	**1,610,173**	671,475
			Payables	**44,826**	25,197
Summer Holdings, Turkey	Other	10	Dividend payable	**59,256**	65,180
			Dividend paid	**14,814**	-
Industrial Development & Renovation Organisation, Iran	Other	10	Dividend payable	**617,780**	558,523
Elcott Spinning Mills Limited	Other	-	Purchases	**42,760**	38,861
			Trade payable	**4,637**	-
Employees retirement funds	Employees benefit fund	-	Contribution made	**6,792**	7,267
Key management personnel	Related parties	-	Remuneration and benefits	**93,736**	79,126

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.

12.1 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

		September 30, 2024 (Unaudited)						
		Carrying amount				Fair value		
	Note	Fair value through profit or loss	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
		(Rupees in '000)						
On-balance sheet financial instruments								
Financial assets not measured at fair value								
Investments								
- Pakistan investment bonds		-	3,314,121	-	3,314,121	-	3,349,353	-
- Reverse repo transaction	12.2	-	518,429	-	518,429	-	-	-
- Government securities - T Bills		-	1,767,710	-	1,767,710	-	1,794,537	-
Loans, deposits and other receivables	12.2	-	55,530	-	55,530	-	-	-
Interest accrued	12.2	-	104,925	-	104,925	-	-	-
Trade debts	12.2	-	1,720,683	-	1,720,683	-	-	-
Cash and bank balances	12.2	-	203,351	-	203,351	-	-	-
		-	7,684,749	-	7,684,749			
Financial liabilities not measured at fair value								
Trade and other payables	12.2	-	-	767,182	767,182	-	-	-
Mark-up accrued	12.2	-	-	48	48	-	-	-
Unclaimed dividend	12.2	-	-	4,762	4,762	-	-	-
Unpaid dividend	12.2	-	-	1,126,225	1,126,225	-	-	-
		-	-	1,898,217	1,898,217			

On-balance sheet financial instruments

		June 30, 2024 (Audited)						
		Carrying amount				Fair value		
	Note	Fair value through profit or loss	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
		(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	-
Loans, deposits and other receivables	12.2	-	133,323	-	133,323	-	-	-
Interest accrued	12.2	-	128,523	-	128,523	-	-	-
Trade debts	12.2	-	1,320,036	-	1,320,036	-	-	-
Cash and bank balances	12.2	-	476,936	-	476,936	-	-	-
		-	5,452,841	-	5,452,841			
Financial liabilities not measured at fair value								
Lease against assets subject to finance lease	12.2	-	-	-	-	-	-	-
Trade and other payables	12.2	-	-	791,208	791,208	-	-	-
Mark-up accrued	12.2	-	-	486	486	-	-	-
Unpaid dividend	12.2	-	-	546,408	546,408	-	-	-
Unclaimed dividend	12.2	-	-	4,762	4,762	-	-	-
		-	-	1,342,864	1,342,864			

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

13 GENERAL

13.1 The Board of directors in its meeting held on July 30, 2024 has proposed a final cash dividend of Rs. 10 per share amounting to Rs. 592.560 million and transfer of Rs. 788.77 million from unappropriated profit to general reserve for approval of the member in annual general meeting held on September 25, 2024. These financial information include the effect of the proposed cash dividend and transfer of unappropriated profit to general reserve.

14 DATE OF AUTHORISATION

These condensed interim financial statements were authorised and approved by the Board of Directors of the Company on October 21, 2024 .

IMRAN QURESHI Chief Executive Officer	JAMAL NASIM Director	MUDASSIR ALI KHAN Acting Chief Financial Officer

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 21, 2024

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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