

# EVERY PAPER FULLY SECURE



HALF YEARLY REPORT  
DECEMBER 31,  
2021



*Security Papers*  
LIMITED

ISO 9001:2015, ISO 14001:2015 & ISO 45001:2018 Certified



## CONTENTS

Company information	02
<hr/>	
Directors' Report	03
<hr/>	
Auditors' report to the members on review of interim financial information	04
<hr/>	
Condensed interim statement of financial position	05
<hr/>	
Condensed interim statement of profit or loss (un-audited)	06
<hr/>	
Condensed interim statement of other comprehensive income (un-audited)	07
<hr/>	
Condensed interim statement of changes in equity (un-audited)	08
<hr/>	
Condensed interim statement of cash flows (un-audited)	09
<hr/>	
Notes to the condensed interim financial information (un-audited)	10
<hr/>	
Attention shareholders	21
<hr/>	



## COMPANY INFORMATION

### BOARD OF DIRECTORS

#### Chairman

Mr. Mohammad Aftab Manzoor - Non-executive

#### Directors

Mr. Muhammad Sualed Ahmad Faruqui - Non-executive - Independent  
Mr. Jamal Nasim - Non-executive  
Dr. Abolghassem Jamshidi - Non-executive  
Ms. Figen Caliskan - Non-executive  
Mrs. Uzma Aijaz - Non-executive - Independent  
Hafiz Mohammad Yousaf - Non-executive  
Mr. Shafqaat Ahmed - Non-executive  
Mr. Munir Ahmed - Non-executive - Independent

#### Chief Executive Officer

Dr. Mohammad Ashraf Butt - Executive

### BOARD AUDIT COMMITTEE

Mrs. Uzma Aijaz - Chairperson  
Mr. Jamal Nasim - Member  
Dr. Abolghassem Jamshidi - Member  
Hafiz Mohammad Yousaf - Member  
Mr. Shafqaat Ahmed - Member  
Mr. Aqeel Ahmed - Secretary

### BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mrs. Uzma Aijaz - Chairperson  
Mr. Mohammad Aftab Manzoor - Member  
Mr. Jamal Nasim - Member  
Mr. Munir Ahmed - Member  
Dr. Mohammad Ashraf Butt - Member  
Mr. Shahbaz Ali - Secretary

### CHIEF FINANCIAL OFFICER

- Mr. Babar Aijaz

### COMPANY SECRETARY

- Mr. Rizwan Ul Haq Khan

### 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

KPMG Taseer Hadi & 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  
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## DIRECTORS' REPORT

The Directors are pleased to present the un-audited financial information for the six months period ended December 31, 2021.

### BUSINESS AND PERFORMANCE REVIEW

The Company produced 2,198 tons of finished paper during the period under review as against 1,779 tons in the corresponding period of preceding year. Net sales were reported at Rs 2,603 million during the six months period under review as against Rs 1,774 million in the corresponding period of preceding year. The Company achieved sales volume of 2,157 tons as against 1,551 tons during the corresponding period of preceding year. The operational performance during the corresponding period remained subdued owing to COVID-19 lockdowns.

Gross profit was reported at Rs 906 million as against Rs 587 million in the corresponding period of preceding year showing an increase of Rs 319 million primarily due to higher sales volume.

The profit before and after taxation during the period under review stood at Rs 774 million and Rs 564 million as against Rs 737 million and Rs 556 million respectively during the corresponding period of preceding year. It includes other income of Rs 146 million earned during the period under review as against Rs 362 million in the corresponding period of preceding year. During the period under review, the Company has unrealized capital loss of Rs 41 million as against unrealized capital gain of Rs 257 million in the corresponding period of preceding year from investments in mutual funds mainly due to subdued capital market.

### FUTURE PROSPECTS

Despite the challenging business environment, your Company has always been able to continue its operations while maintaining standard operating procedures for the safety of all the employees. The COVID-19 has again resurfaced and the new variant is spreading much faster. Global restrictions are tightening again and daily cases are rising. Due to global supply chain constraints and prevailing inflationary domestic environment, the input cost is on a rising trend. Your Company remains cognizant of the present business challenges and is continually assessing its strategy to meet the customers' demand while improving productivity through innovation, improving efficiency and effective cost containment initiatives.

### ACKNOWLEDGEMENT

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

  
**DR. MOHAMMAD ASHRAF BUTT**  
Chief Executive Officer

  
**JAMAL NASIM**  
Director

Karachi  
Dated: January 28, 2022



Security Papers  
LIMITED



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Chartered Accountants  
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Karachi 75530 Pakistan  
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#### INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Security Papers Limited

Report on review of Condensed Interim Financial Statements

##### Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Security Papers Limited** ("the Company") as at 31 December 2021 and the related condensed interim statement of profit or loss, the condensed interim statement of other comprehensive income, the condensed interim statement of changes in equity, the 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 interim financial statements based on our review.

##### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed 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 are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

##### Other Matter

The figures for the three months ended 31 December 2021 and 31 December 2020 in the condensed interim statement of profit or loss and the condensed interim statement of other comprehensive income have not been reviewed and we do not express a conclusion thereon.

The engagement partner on the review engagement resulting in this independent auditor's review report is Muhammad Taufiq.

Date: 28 January 2022

Karachi

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KPMG Taseer Hadi & Co.  
Chartered Accountants

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.



## Condensed Interim Statement of Financial Position

As at 31 December 2021

		31 December 2021 (Un-audited)	30 June 2021 Audited
<b>ASSETS</b>			
	Note	----- (Rupees in '000) -----	
<b>Non-current assets</b>			
Property, plant and equipment	5	1,811,237	1,868,242
Right-of-use assets	5.3	22,702	21,628
Intangible assets		16,986	18,133
Long-term investments	6	1,318,610	892,543
Lease deposits		4,928	4,770
		<u>3,174,463</u>	<u>2,805,316</u>
<b>Current assets</b>			
Stores, spares and loose tools		220,063	200,998
Stock-in-trade		658,993	553,921
Trade debts - considered good		559,516	812,253
Loans, advances, deposits, prepayments and other receivables		45,814	79,784
Interest accrued		36,664	58,152
Short-term investments	7	2,690,421	2,974,822
Cash and bank balances		759,791	652,103
		<u>4,971,262</u>	<u>5,332,033</u>
<b>TOTAL ASSETS</b>		<u>8,145,725</u>	<u>8,137,349</u>
<b>EQUITY AND LIABILITIES</b>			
Share capital and reserves			
Authorised share capital		700,000	700,000
70,000,000 (30 June 2021: 70,000,000) ordinary shares of Rs. 10 each			
<b>Issued, subscribed and paid-up capital</b>			
59,255,985 ordinary shares of Rs.10 each		592,559	592,559
<b>Revenue reserves</b>			
General reserves		5,594,837	4,663,799
Unappropriated profits		564,152	1,464,342
		<u>6,158,989</u>	<u>6,128,141</u>
<b>Total shareholders' equity</b>		<u>6,751,548</u>	<u>6,720,700</u>
<b>Non-current liabilities</b>			
Lease Liabilities		16,995	19,324
Staff retirement benefits		40,606	25,191
Deferred taxation - net		166,899	188,230
		<u>224,500</u>	<u>232,745</u>
<b>Current liabilities</b>			
Trade and other payables		655,248	704,317
Accrued mark-up		2	29
Unclaimed dividend		8,253	3,931
Unpaid dividend		400,988	355,658
Current portion of lease liabilities		7,767	7,362
Taxation - net		97,419	112,607
		<u>1,169,677</u>	<u>1,183,904</u>
<b>Total liabilities</b>		<u>1,394,177</u>	<u>1,416,649</u>
<b>Contingencies and commitments</b>	8		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>8,145,725</u>	<u>8,137,349</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

  
DR. MOHAMMAD ASHRAF BUTT  
Chief Executive Officer

  
JAMAL NASIM  
Director

  
BABAR AIJAZ  
Chief Financial Officer



**Condensed Interim Statement of Profit or Loss (Un-audited)**  
**For the six months and three months ended 31 December 2021**

	Note	Six months ended		Three Months Ended	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
		(Rupees in '000)			
Sales - net	9	2,602,573	1,773,514	1,418,322	738,277
Cost of sales		(1,696,616)	(1,186,898)	(930,803)	(545,231)
<b>Gross profit</b>		<b>905,957</b>	586,616	<b>487,519</b>	193,046
Administrative expenses		(163,070)	(153,355)	(81,459)	(76,028)
Other income	10	146,435	361,998	79,442	138,268
Other expenses	10	(112,316)	(55,431)	(41,195)	(16,788)
Finance costs		(3,129)	(2,951)	(2,125)	(1,928)
<b>Profit before taxation</b>		<b>773,877</b>	736,877	<b>442,182</b>	236,570
<b>Taxation</b>					
- Current		(231,472)	(145,644)	(105,601)	(44,350)
- Prior		413	(568)	413	(568)
- Deferred		21,334	(34,904)	(827)	(13,051)
		(209,725)	(181,116)	(106,015)	(57,969)
<b>Profit after taxation</b>		<b>564,152</b>	555,761	<b>336,167</b>	178,601
----- Rupees -----					
<b>Earnings per share - basic and diluted</b>		<b>9.52</b>	9.38	<b>5.67</b>	3.01

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

  
**DR. MOHAMMAD ASHRAF BUTT**  
Chief Executive Officer

  
**JAMAL NASIM**  
Director

  
**BABAR ALJAZ**  
Chief Financial Officer



**Condensed Interim Statement of  
Other Comprehensive Income (Un-audited)**  
For the six months and three months ended 31 December 2021

	Six months ended		Three Months Ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	----- (Rupees in '000) -----			
Profit for the period	564,152	555,761	336,167	178,601
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>564,152</u>	<u>555,761</u>	<u>336,167</u>	<u>178,601</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

  
DR. MOHAMMAD ASHRAF BUTT  
Chief Executive Officer

  
JAMAL NASIM  
Director

  
BABAR ALJAZ  
Chief Financial Officer



**Condensed Interim Statement of Changes in Equity (Un-audited)**  
**For the six months ended 31 December 2021**

Note	Issued subscribed and paid-up share capital	Revenue Reserves			Total equity
		General reserves	Unappropriated Profit	Total reserves	
----- Rupees in '000 -----					
Balance as at 30 June 2020 (Audited)	592,559	4,217,879	979,228	5,197,107	5,789,666
<b>Total comprehensive income for the six months period ended 31 December 2020</b>					
Profit after tax	-	-	555,761	555,761	555,761
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	555,761	555,761	555,761
<b>Transactions with owners</b>					
Final cash dividend for the year ended 30 June 2020 at the rate of Rs. 9 per share	-	-	(533,304)	(533,304)	(533,304)
Transfer to general reserves 15.1	-	445,920	(445,920)	-	-
Balance as at 31 December 2020 (Un-audited)	592,559	4,663,799	555,765	5,219,564	5,812,123
<b>Balance as at 30 June 2021 (Audited)</b>	<b>592,559</b>	<b>4,663,799</b>	<b>1,464,342</b>	<b>6,128,141</b>	<b>6,720,700</b>
<b>Total comprehensive income for the six months period ended 31 December 2021</b>					
Profit after tax	-	-	564,152	564,152	564,152
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	564,152	564,152	564,152
<b>Transactions with owners</b>					
Final cash dividend for the year ended 30 June 2021 at the rate of Rs. 9 per share	-	-	(533,304)	(533,304)	(533,304)
Transfer to general reserves 15.1	-	931,038	(931,038)	-	-
<b>Balance as at 31 December 2021 (Un-audited)</b>	<b>592,559</b>	<b>5,594,837</b>	<b>564,152</b>	<b>6,158,989</b>	<b>6,751,548</b>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

  
**DR. MOHAMMAD ASHRAF BUTT**  
Chief Executive Officer

  
**JAMAL NASIM**  
Director

  
**BABAR AIJAZ**  
Chief Financial Officer



**Condensed Interim Statement of Cash Flows (Un-audited)**  
**For the six months ended 31 December 2021**

	Note	Six months ended	
		31 December 2021	31 December 2020
----- (Rupees in '000) -----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	11	924,259	294,962
Lease deposits paid		(158)	(278)
Taxes paid		(246,247)	(227,114)
Interest paid		(3,156)	(1,568)
<b>Net cash generated from operating activities</b>		<b>674,698</b>	<b>66,002</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(56,295)	(165,363)
Acquisition of intangible assets		(157)	(255)
Proceeds from sale of property, plant and equipment		-	669
Dividend received from mutual funds		1,113	666
Mark-up received		162,036	88,662
Investments made during the period		(3,222,760)	(499,383)
Investments matured / redeemed during the period		3,626,284	771,478
<b>Net cash generated from investing activities</b>		<b>510,221</b>	<b>196,474</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payments of lease liabilities		(3,579)	(5,115)
Dividend paid		(483,652)	(433,683)
<b>Net cash used in financing activities</b>		<b>(487,231)</b>	<b>(438,798)</b>
Net increase / (decrease) in cash and cash equivalents		<b>697,688</b>	<b>(176,322)</b>
Cash and cash equivalents at beginning of the period		652,103	683,939
<b>Cash and cash equivalents at end of the period</b>	12	<b>1,349,791</b>	<b>507,617</b>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

  
DR. MOHAMMAD ASHRAF BUTT  
Chief Executive Officer

  
JAMAL NASIM  
Director

  
BABAR ALIJAZ  
Chief Financial Officer



## **Notes to the Condensed Interim Financial statements (Un-audited) For the six months ended 31 December 2021**

### **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 the Pakistan Stock Exchange Limited.

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

### **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, 2021 has 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 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 30 June 2021. 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 31 December 2021 has been extracted from the audited financial statements of the Company for the year ended 30 June 2021, whereas the comparative statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months period ended 31 December 2020 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. SIGNIFICANT ACCOUNTING 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 financial statements for the year ended 30 June 2021.

**3.2 Standards, and amendments to published approved accounting standards that are not yet effective**

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

**Annual Improvements to IFRS standards 2018-2020**

The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.



- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.
- Classification of liabilities as current or non-current (Amendments to IAS 1) amendments apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023 and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.



- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

#### 4. USE OF JUDGEMENTS AND ESTIMATES

- 4.1 The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.
- 4.2 Judgements and estimates made by management in the preparation of these condensed interim financial statements are the same as those that were applied to the annual financial statements of the Company as at and for the year ended 30 June 2021.
- 4.3 The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the annual financial statements as at and for the year ended 30 June 2021.

		31 December 2021 (Un-audited)	30 June 2021 Audited
<b>5 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating assets	5.1	1,742,571	1,712,277
Capital work-in-progress (CWIP)	5.2	68,666	155,965
		<u>1,811,237</u>	<u>1,868,242</u>
<b>5.1 Operating assets</b>			
Opening book value		1,712,277	1,420,120
Additions during the period / year	5.1.1	21,970	58,542
Transferred from CWIP	5.1.1	118,249	425,362
Disposals during the period / year at book value		-	(19)
Depreciation charged during the period / year		(109,925)	(191,728)
		<u>1,742,571</u>	<u>1,712,277</u>
<b>5.1.1 Additions during the period / year</b>			
Plant and machinery		101,518	363,929
Electric, water and gas installations		21,279	24,743
Laboratory equipment		752	4,853
Building on free hold land		5,306	44,398
Computers and accessories		3,559	2,718
Office and security equipment		2,068	33,510
Furniture and fixtures		-	584
Motor vehicles - owned		1,497	29
Spare parts and stand by equipment		4,240	9,140
		<u>140,219</u>	<u>483,904</u>



	<b>31 December 2021 (Un-audited)</b>	<b>30 June 2021 Audited</b>
<b>Note</b>	<b>----- (Rupees in '000) -----</b>	
<b>5.2 Capital work-in-progress (CWIP)</b>		
Opening balance	<b>155,965</b>	299,297
Additions during the period / year	<b>30,950</b>	282,031
Transferred to operating assets	<b>(118,249)</b>	(425,363)
	<u><b>68,666</b></u>	<u>155,965</u>
<b>5.3 Right-of-use assets (ROUA)</b>		
Opening balance	<b>21,628</b>	25,882
Additions during the period / year	<b>4,910</b>	4,437
Disposals during the period / year at book value	-	(660)
Depreciation for the period / year	<b>(3,836)</b>	(8,031)
	<u><b>22,702</b></u>	<u>21,628</u>
<b>6 LONG-TERM INVESTMENTS</b>		
Pakistan Investment Bonds (PIBs)	6.1 <b>1,318,610</b>	1,321,783
Less: PIBs with current maturity	-	(429,240)
	<u><b>1,318,610</b></u>	<u>892,543</u>
6.1	These represents investments in Pakistan Investment Bonds (PIBs) carrying floating and fixed profit at the rate ranging from 7.92% to 12.38% (June 2021: 7.67% to 13.96%) with maturities in June 2023, October 2023, September 2024, May 2028, June 2028 and August 2028. The profit payments are made quarterly and semi annually.	
<b>7 SHORT-TERM INVESTMENTS</b>		
<b>At amortised cost</b>		
Treasury bills	<b>1,197,493</b>	1,418,024
Term deposit receipts	<b>590,000</b>	-
Pakistan Investment Bonds	-	429,240
<b>At fair value through profit or loss</b>		
Units of mutual funds	7.1 <b>902,928</b>	1,127,558
	<u><b>2,690,421</b></u>	<u>2,974,822</u>



7.1 Investments in units of mutual funds are as follows:

31 December 2021 (Unaudited)	30 June 2021 (Audited)	Name of Investee Company	31 December 2021 (Unaudited)	30 June 2021 (Audited)
----- (Units) -----			----- (Rupees in '000) -----	
44,524,829	44,524,829	NAFA Islamic Stock Fund	541,564	567,024
5,191,107	5,191,107	Meezan Islamic Fund	319,288	328,992
-	8,250,665	Meezan Balance Fund	-	133,662
4,938,442	4,838,347	NIT Islamic Equity Fund	42,076	46,835
-	1,095,110	Meezan Strategic Allocation Plan-I	-	51,045
			<u>902,928</u>	<u>1,127,558</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 30 June 2021, except for the following:

Description of tax proceedings

Name of the court, agency or authority	Description of the factual basis of the proceedings and relief sought	Date instituted
<b>TAX YEAR 2016</b>		
8.1.1 Federal Board of Revenue	The Additional Commissioner Inland Revenue vide show cause notice dated December 10, 2021 issued under section 122(1) read with 122(5A) of the Income Tax Ordinance 2001 initiated tax proceedings for amendment or further amendment of the Income Tax Return for the Tax Year 2016. The Company has contended the notice as no basis for initiating action under section 122(5A) is available in respect of the matter raised in the notice as no error of law has been established. However, without prejudice to the objections raised, the Company is complying on legal and factual grounds to the said notice.	10 December 2021

	Note	31 December 2021 (Unaudited)	30 June 2021 (Audited)
		----- (Rupees in '000) -----	
8.2 Commitments			
Ijarah financing	8.2.1	<u>5,625</u>	<u>2,472</u>
Capital expenditure contracted for but not incurred		<u>43,097</u>	<u>54,793</u>
Commitments against letters of credit		<u>81,268</u>	<u>48,443</u>



**8.2.1** The Company has car ijarah facility from the Meezan Bank Limited amounting to Rs. 50 million (30 June 2021: Rs. 50 million) out of which Rs. 5.625 million (30 June 2021: Rs. 2.472 million) were utilised. The ownership of the cars are with Meezan Bank Limited.

The total of future Ijarah payment under arrangement are as follows:

	<b>31 December 2021 (Unaudited)</b>	30 June 2021 (Audited)
	----- (Rupees in '000) -----	
Not later than one year	<b>1,184</b>	494
Later than one year and not later than five years	<b>4,441</b>	1,978
	<u><b>5,625</b></u>	<u>2,472</u>

**9 SALES - net**

	<u>Six months ended</u>		<u>Three months ended</u>	
	<b>31 December 2021</b>	31 December 2020	<b>31 December 2021</b>	31 December 2020
	----- (Unaudited) -----			
	----- (Rupees in '000) -----			
Banknote paper	<b>2,918,372</b>	2,001,469	<b>1,602,697</b>	800,654
Non - banknote paper				
- Commercial paper	-	12,481	-	12,481
- Others	<b>126,638</b>	61,061	<b>56,739</b>	50,649
	<u><b>3,045,010</b></u>	<u>2,075,011</u>	<u><b>1,659,436</b></u>	<u>863,784</u>
Sales tax	<b>(442,437)</b>	(301,497)	<b>(241,114)</b>	(125,507)
	<u><b>2,602,573</b></u>	<u>1,773,514</u>	<u><b>1,418,322</b></u>	<u>738,277</u>

**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 control of the asset is transferred to the customer.

**10** This includes unrealized loss on investments in mutual funds amounting to Rs. 40.87 million (Dec 2020: Unrelaized gain of Rs. 257.28 million).



	Six months ended (Un-audited)	
	31 December 2021	31 December 2020
Note	----- (Rupees in '000) -----	
<b>11 CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	773,877	736,877
<b>Adjustments for:</b>		
Depreciation on property, plant and equipment and ROUA	5.1 & 5.3 113,761	95,991
Amortization of intangible assets	1,304	1,291
Gain on disposal of property, plant and equipment	-	(651)
Provision against staff retirement benefits	15,415	1,267
Loss / (Gain) on re-measurement of investment in mutual fund	40,869	(257,278)
Loss on Redemption of Investments in mutual funds	5,975	-
Dividend income on mutual funds	(1,113)	(666)
Amortization of discount on Pakistan investment bond	(1,911)	(10,674)
Mark up on treasury bills	(60,433)	(25,677)
Mark up on investments in Pakistan investment bonds	(53,575)	(54,778)
Mark up on bank deposits and term deposits	(26,525)	(12,148)
Mark up on security deposits and employee loan	(15)	(41)
Finance costs	3,129	2,951
Changes in:		
- Stores, spare parts and loose tools	(19,065)	(25,416)
- Stock-in-trade	(105,072)	(305,944)
- Trade debts	252,737	115,791
- Loans, advances, deposits, prepayments and other receivables	33,970	(10,119)
- Trade and other payables	(49,069)	44,186
	<u>924,259</u>	<u>294,962</u>
<b>12 CASH AND CASH EQUIVALENTS</b>		
Term deposit receipt having maturity of less than 3 months	590,000	-
Cash and bank balances	759,791	507,617
	<u>1,349,791</u>	<u>507,617</u>
<b>13 TRANSACTIONS WITH RELATED PARTIES</b>		
<p>The Company has related party relationship with associated undertakings, directors, key management personnel and retirement benefit funds. Transactions with related parties essentially entail sale of goods and / or services from the below mentioned concerns.</p> <p>All sales transactions with Pakistan Security Printing Corporation (Private) Limited are carried out by the Company using the "Cost Plus Mark-up Method". Transactions with employee benefit funds are carried out based on the terms of employment of the employees.</p>		



Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Company considers all members of their management team, including the chief executive officer and directors to be its key management personnel.

There are no transactions with key management personnel other than under their terms of employments / entitlements. Balances outstanding from related parties are interest free, unsecured and repayable on demand.

Name of related party	Nature of relationship	Basic of relationship	Nature of transactions / balances	Six months ended	
				31 December 2021 ----- (Unaudited) ----- ----- (Rupees in '000) -----	31 December 2020
Pakistan Security Printing Corporation (Private) Limited	Associated undertaking	Common directorship	Sales - net	<u>2,494,335</u>	<u>1,713,083</u>
			Purchases	<u>3,455</u>	<u>2,475</u>
			Shared expenses charged by associate	<u>26,451</u>	<u>20,265</u>
			Dividend paid	<u>213,496</u>	<u>213,496</u>
			Trade debts and other payables - net	<u>511,673</u>	<u>221,894</u>
Summer Holdings, Turkey	Other	Director on Board of Company	Dividend paid	<u>53,330</u>	<u>53,330</u>
Industrial Development & Renovation Organisation, Iran	Other	Director on Board of Company	Dividend payable	<u>434,088</u>	<u>380,758</u>
Employees retirement funds	Retirement benefit fund	Employees benefit fund	Contribution made	<u>11,340</u>	<u>38,118</u>
Key management personnel	Related parties	Executives	Remuneration and benefits	<u>100,276</u>	<u>90,480</u>

#### 14 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial risk management objectives and policies are consistent with those disclosed in annual financial statements of the Company as at and for the year ended 30 June 2021.

Fair value is defined as 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. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1 : Fair value measurements using quoted (unadjusted) in active markets for identical asset or liability.

Level 2 : Fair value measurements using 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).



Level 3 : Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

On-balance sheet financial instruments

31 December 2021 (Un-audited)								
Note	Carrying amount				Fair value			
	At fair value through profit or loss	Financial assets at amortized cost	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
(Rupees in '000)								
<b>Financial assets measured at fair value</b>								
Units of mutual fund	902,928	-	-	902,928	902,928	-	-	902,928
<b>Financial assets not measured at fair value</b>								
Pakistan investment bonds	-	1,318,610	-	1,318,610	-	1,156,672	-	1,156,672
Treasury bills	-	1,197,493	-	1,197,493	-	1,221,459	-	1,221,459
Term deposit receipts	14.1	590,000	-	590,000	-	-	-	-
Loans, deposits and other receivables	14.1	24,393	-	24,393	-	-	-	-
Interest accrued	14.1	36,664	-	36,664	-	-	-	-
Trade debts	14.1	559,516	-	559,516	-	-	-	-
Cash and bank balances	14.1	759,791	-	759,791	-	-	-	-
		<u>902,928</u>	<u>4,486,467</u>	<u>-</u>	<u>5,389,395</u>			
<b>Financial liabilities not measured at fair value</b>								
Lease liabilities	14.1	-	24,762	24,762	-	-	-	-
Trade and other payables	14.1	-	585,132	585,132	-	-	-	-
Mark-up accrued	14.1	-	2	2	-	-	-	-
Unpaid dividend	14.1	-	400,988	400,988	-	-	-	-
Unclaimed dividend	14.1	-	8,253	8,253	-	-	-	-
		<u>-</u>	<u>-</u>	<u>1,019,137</u>	<u>1,019,137</u>			

On-balance sheet financial instruments

30 June 2021 (Audited)								
Note	Carrying amount				Fair value			
	At fair value through profit or loss	Financial assets at amortized cost	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
(Rupees in '000)								
<b>Financial assets measured at fair value</b>								
Investments								
- Units of mutual fund	1,127,558	-	-	1,127,558	1,127,558	-	-	1,127,558
<b>Financial assets not measured at fair value</b>								
<b>Investments</b>								
- Pakistan investment bonds	-	1,321,783	-	1,321,783	-	1,339,739	-	1,339,739
- Treasury bills	-	1,418,024	-	1,418,024	-	1,467,402	-	1,467,402
- Loans, deposits and other receivables	14.1	14,329	-	14,329	-	-	-	-
- Interest accrued	14.1	58,152	-	58,152	-	-	-	-
- Trade debts	14.1	812,253	-	812,253	-	-	-	-
- Cash and bank balances	14.1	652,103	-	652,103	-	-	-	-
		<u>-</u>	<u>4,276,644</u>	<u>-</u>	<u>4,276,644</u>			



On-balance sheet financial instruments

30 June 2021 (Audited)

Note	At fair value through profit or loss	Carrying amount			Fair value			
		Financial assets at amortized cost	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
(Rupees in '000)								
<b>Financial liabilities not measured at fair value</b>								
Lease liabilities	14.1	-	-	26,686	26,686	-	-	-
Trade and other payables	14.1	-	-	489,627	489,627	-	-	-
Staff retirement benefits	14.1	-	-	25,191	25,191	-	-	-
Mark-up accrued	14.1	-	-	29	29	-	-	-
Unpaid dividend	14.1	-	-	3,931	3,931	-	-	-
Unclaimed dividend	14.1	-	-	355,658	355,658	-	-	-
		-	-	901,122	901,122	-	-	-

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

**15 GENERAL**

15.1 The Board of directors in their meeting held on 27 August 2021 approved the transfer of Rs 931.04 million from unappropriated profits to general reserves (2020: Rs 445.92 million).

**16 DATE OF AUTHORISATION**

These condensed interim financial statements were authorised and approved by the Board of Directors of the Company on 28 January 2022.

  
DR. MOHAMMAD ASHRAF BUTT  
Chief Executive Officer

  
JAMAL NASIM  
Director

  
BABAR ALJAZ  
Chief Financial Officer



## **ATTENTION SHAREHOLDERS**

Attention of shareholders is invited to the following legal requirements:

### **1. CNIC / NTN Number on Dividend Warrant (Mandatory)**

In terms of the Companies (Distribution of Dividends) Regulations, 2017. Regulation 4, Manner of payment of cash dividend, (iv) the Dividend Warrant or cheque should bear identification number.

**Explanation** \_ For the purpose of these regulations identification number includes 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 being 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 non-availability copy of valid CNIC (for individuals) and National Tax Number (for a corporate entity).

Accordingly, shareholders who have not yet submitted copy of their valid CNIC or NTN are once again requested to immediately submit the same to the Company or its Share Registrar, M/s. FAMCO Associates (Pvt.) Limited if not already provided. The shareholders while sending CNIC must quote their respective folio numbers.

### **2. Deduction of Income Tax from Dividend 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 Tax Payers List (ATL) ---- 15%.  
Persons not appearing in Active Tax Payers List (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 'persons names appearing on ATL/persons 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 within 10 days of this notice; otherwise it will be assumed that the shares are equally held by 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 valid Tax Exemption Certificate to our Share Registrar 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 [comsec@security-papers.com](mailto:comsec@security-papers.com) and/or FAMCO Associates (Pvt.) Ltd. at phone 021-34380101-5 and email address: [info.shares@famco.com.pk](mailto:info.shares@famco.com.pk).

The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or FAMCO Associates (Pvt.) Ltd. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

### 3. Payment of Cash Dividend Electronically (Mandatory)

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

Therefore, shareholders are requested to provide the details of their bank mandate information specifying: (a) title of account, (b) account number (c) IBAN number (d) bank name and (e) branch name, code and address to the Company or Share Registrar. Those shareholders who hold shares with participants / Central Depository Company of Pakistan (CDC) are advised to provide the same to their concerned participant / CDC.



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

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

#### **4. Unclaimed / Unpaid Shares and Dividends**

In accordance with the provisions of Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company, which remain unclaimed or unpaid for a period of three years from the date it is due and payable, the Company shall give ninety days notices to the shareholders to file claim, if no claim is made before the Company by the shareholders, the Company shall proceed to deposit the unclaimed 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 acknowledgement due on the last known addresses of the shareholders to submit their claims within 90 days to the Company. In compliance of Section 244(1)(b) of the Companies Act, 2017 a Final Notice had also been published on 30th March 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.

#### **5. 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 to 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 be benefitted of 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.

#### **6. 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>.



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**7. Change of Address (If any)**

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

Shareholders are requested to provide above mentioned information/documents to (i) respective Central Depository System (CDS) Participants and (ii) in case of physical securities to the Company / Share Registrar:

**Registered Office**

The Company Secretary  
Security Papers Limited  
Jinnah Avenue, Malir Halt,  
Karachi.  
Tel. No: (+9221) 99248285  
Fax No: (+9221) 99248286  
Email: [comsec@security-papers.com](mailto:comsec@security-papers.com)  
Website: <http://www.security-papers.com>

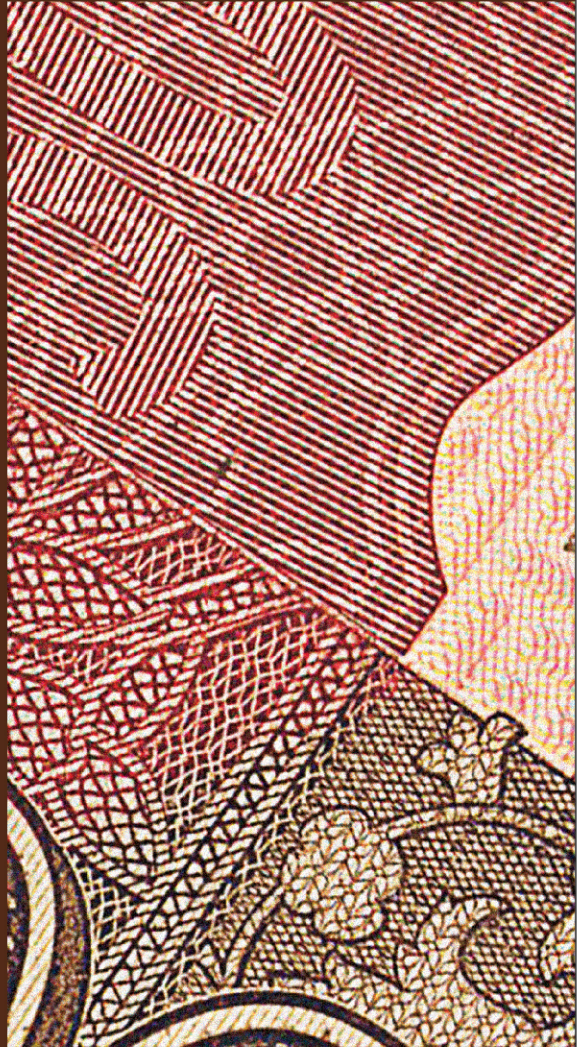
**OR**

**Share Registrar**

FAMCO Associates (Pvt.) Limited  
8-F, Near Hotel Faran, Nursery,  
Block-6, P.E.C.H.S., Shahrah-e-Faisal,  
Karachi.  
Tel. No: (+9221) 34380101-5  
Fax No: (+9221) 34380106  
Email: [info.shares@famco.com.pk](mailto:info.shares@famco.com.pk)  
Website: [www.famco.com.pk](http://www.famco.com.pk)

Karachi  
January 28, 2022

  
**Rizwan Ul Haq Khan**  
Company Secretary



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**REGISTERED OFFICE & SHARES DEPARTMENT**  
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