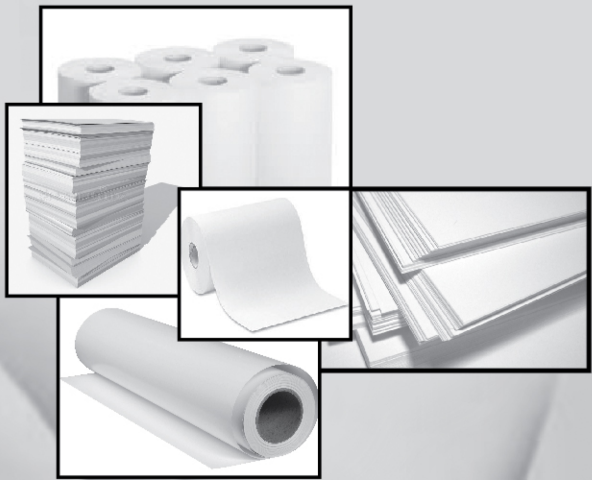
Quarterly Report
September 30
2018



Security Papers LIMITED

OHSAS 18001: 2007, ISO 9001:2015 & ISO 14001:2015 Certified

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COMPANY INFORMATION

BOARD OF DIRECTORS

Chairman

Muhammad Haroon Rasheed	-	Non-executive

Directors

Sheikh Mohammad Aijaz Akhtar	-	Non-executive
Dr. Abolghassem Jamshidi	-	Non-executive
Mr. Memet Ozyavuz	-	Non-executive
Mr. Jamal Nasim	-	Non-executive
Mr. Muhammad Ayub	-	Non-executive
Mr. Shoaib Mir	-	Non-executive
Mr. Rauf Ahmad	-	Non-executive
Mr. Naveed Ehtesham	-	Non-executive

Chief Executive Officer

Mr. Ali Hussain	-	Executive

BOARD AUDIT COMMITTEE

Mr. Muhammad Ayub	-	Chairman
Sheikh Mohammad Aijaz Akhtar	-	Member
Dr. Abolghassem Jamshidi	-	Member
Mr. Jamal Nasim	-	Member
Mr. Naveed Ehtesham	-	Member
Mr. Babar Aijaz	-	Secretary

BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Jamal Nasim	-	Chairman
Mr. Muhammad Haroon Rasheed	-	Member
Mr. Ali Hussain	-	Member
Mr. Shoaib Mir	-	Member
Mr. Rauf Ahmad	-	Member
Qazi Syed Imran Azam	-	Secretary

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY - Mr. Rizwan Ul Haq Khan

BANKERS

National Bank of Pakistan
MIB Bank Limited (Formerly NIB Bank Limited)
Habib Metropolitan Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Meezan 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

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DIRECTORS' REPORT

The Directors are pleased to present the un-audited Financial Information for the quarter ended 30 September, 2018.

BUSINESS AND PERFORMANCE REVIEW

The Company produced 936 tons of finished paper during the quarter under review as compared to 733 tons in the corresponding period of previous year. Net sales reported to be Rs 1,010 million during the quarter under review as compared to Rs 742 million in the corresponding period of preceding year. The Company achieved sales volume of 936 tons as against 740 tons during the corresponding period of preceding year.

Gross profit reported to be Rs 407 million as against Rs 264 million in the corresponding period of preceding year showing an increase of Rs 143 million primarily due to higher sales volume.

The profit before and after taxation during the period under review reported to be Rs 324 million and Rs 237 million respectively including other income of Rs 32 million as against Rs 75 million and Rs 35 million respectively including other income of Rs 37 million during the corresponding period of preceding year.

FORWARD LOOKING INFORMATION

The business environment is likely to remain challenging owing to rupee depreciation and inflationary conditions. However, the Company is focused on increasing productivity and reducing costs while managing risks to optimize the returns and to maintain profitability during the later period of the current financial year.

Your directors are hopeful that with continued and concerted efforts, the Company would achieve the desired results during the current financial year.

On behalf of the Board of Directors

ALI HUSSAIN	**JAMAL NASIM**
Chief Executive Officer	Director

Karachi
Dated: 18th October 2018

Security Papers LIMITED

Condensed Interim Statement of Financial Position
As at 30 September 2018

	Note	30 September 2018 (Un-audited)	30 June 2018 Re-stated	1 July 2017 Re-stated
ASSETS		------ (Rupees in '000) ------		
Non-current assets				
Property, plant and equipment	5	**1,560,296**	1,589,119	1,591,021
Intangible assets		**1,243**	1,329	-
Long-term investment	6	**799,999**	399,999	779,176
Long-term deposits		**16,257**	16,599	15,997
		2,377,795	2,007,046	2,386,194
Current assets				
Stores, spares and loose tools		**169,077**	173,275	138,633
Stock-in-trade		**376,737**	391,166	548,554
Trade debts - considered good		**1,168,249**	626,610	631,879
Advances, deposits, prepayments and other receivables		**69,445**	36,814	63,757
Interest Accrued		**15,698**	45,241	47,648
Investments	7	**1,300,441**	2,205,703	1,832,612
Cash and bank balances		**407,368**	405,650	29,930
		3,507,015	3,884,459	3,293,013
Total assets		**5,884,810**	5,891,505	5,679,207
LIABILITIES				
Current liabilities				
Trade and other payables		**609,061**	583,932	512,523
Accrued mark-up		**66**	12	82
Short-term running finance		**-**	54,618	-
Current maturity of long term loan		**-**	-	1,212
Unclaimed dividend		**257,224**	8,797	7,912
Unpaid dividend		**200,460**	200,460	170,441
Current portion of liabilities against subject to finance lease		**6,238**	6,789	5,538
Taxation - net		**169,379**	132,781	152,774
		1,242,428	987,389	850,482
Non-current liabilities				
Liabilities against assets subject to finance lease		**14,760**	16,441	11,908
Deferred taxation - net		**159,539**	182,124	216,360
		174,299	198,565	228,268
Total liabilities		**1,416,727**	1,185,954	1,078,750
NET ASSETS		**4,468,083**	4,705,551	4,600,457
FINANCED BY:				
Authorised share capital 70,000,000 (30 June 2018: 70,000,000) ordinary shares of Rs 10 each		**700,000**	700,000	700,000
Issued, subscribed and paid-up capital		**592,559**	592,559	592,559
Revenue Reserves				
General Reserves		**3,937,879**	3,673,519	3,209,919
Unappropriated (loss) / profit		**(62,355)**	439,473	797,979
SHAREHOLDERS' EQUITY		**4,468,083**	4,705,551	4,600,457
Contingencies & Commitments	8			

The annexed notes 1 to 11 form an integral part of this condensed financial information.

ALI HUSSAIN	JAMAL NASIM	RIZWAN UL HAQ KHAN
Chief Executive Officer	**Director**	**Chief Financial Officer**

Condensed Interim Statement of Profit or Loss (Un-audited)

For the Quarter ended 30 September 2018

	30 September 2018	30 September 2017 (Restated)
	------ (Rupees in '000) ------	
Sales - net	**1,009,638**	741,724
Cost of sales	**(602,808)**	(477,723)
Gross profit	**406,830**	264,001
Administrative expenses	**(63,675)**	(57,797)
	343,155	206,204
Other income	**32,398**	37,258
	375,553	243,462
Other charges	**(50,209)**	(166,059)
	325,344	77,403
Finance costs	**(744)**	(2,255)
Profit before taxation	**324,600**	75,148
Taxation		
- Current	**(110,605)**	(72,873)
- Deferred	**22,585**	32,649
	(88,020)	(40,224)
Profit after taxation	**236,580**	34,924
	---------- (Rupees) ----------	
Earnings per share - basic & diluted	**3.99**	0.59

The annexed notes 1 to 11 form an integral part of this condensed financial information.

ALI HUSSAIN	JAMAL NASIM	RIZWAN UL HAQ KHAN
Chief Executive Officer	Director	Chief Financial Officer

Condensed Interim Statement of Other Comprehensive Income (Un-Audited)

For the Quarter ended 30 September 2018

	30 September 2018	30 September 2017 (Restated)
	------ (Rupees in '000) ------	
Profit after tax for the period	**236,580**	10,176
Other comprehensive income for the period:		
Other Comprehensive income to be reclassified to profit and loss account in subsequent periods	-	-
Other Comprehensive income not to be reclassified to profit and loss account in subsequent periods	-	-
	-	-
Total comprehensive income for the period	**236,580**	10,176

The annexed notes 1 to 11 form an integral part of this condensed financial information.

ALI HUSSAIN	JAMAL NASIM	RIZWAN UL HAQ KHAN
Chief Executive Officer	Director	Chief Financial Officer

Condensed Interim Statement of Cash Flows (Un-audited)
For the Quarter ended 30 September 2018

	Note	30 September 2018	30 September 2017 (Restated)
		------ (Rupees in '000) ------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	9	**(159,311)**	132,700
Long-term deposits		**342**	753
Taxes paid		**(74,007)**	(76,643)
Finance costs paid		**690**	(2,142)
Net cash generated from operating activities		**(232,286)**	54,668
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		**(25,127)**	(58,521)
Proceeds from sale of property, plant and equipment		**-**	816
Redemption of Sukuk term finance certificates		**571**	857
Dividend received from mutual Fund		**-**	3,189
Capital (loss) / gain on mutual fund - net		**-**	(1,506)
Mark-up received		**61,941**	53,763
Investment redeemed during the period - net		**484,349**	247,429
Net cash generated from investing activities		**521,734**	246,027
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment against lease obligations		**(7,491)**	(7,487)
Payment against short term running finance		**(54,618)**	-
Re-payment of long-term loan		**-**	(606)
Dividend paid		**(225,621)**	(387,550)
Net cash used in financing activities		**(287,730)**	(395,643)
Net (decrease) / increase in cash and cash equivalents		**1,718**	(94,948)
Cash and cash equivalents at the beginning of the period		**405,650**	480,650
Cash and cash equivalents at the end of the period		**407,368**	385,702

The annexed notes 1 to 11 form an integral part of this condensed financial information.

ALI HUSSAIN	JAMAL NASIM	RIZWAN UL HAQ KHAN
Chief Executive Officer	Director	Chief Financial Officer

Condensed Interim Statement of Changes in Equity (Un-audited)
For the Quarter ended 30 September 2018

	Issued, subscribed and paid-up share capital	Revenue reserves				Total equity
		General reserves	Unappro-priated profit	Re-measurement of investments classified as available for sale	Total Reserves	
	Rupees in '000					
Balance as at 30 June 2017 - as previously reported	592,559	3,209,919	944,451	(146,472)	4,007,898	4,600,457
Effect of change in accounting policy	-	-	(172,607)	146,472	(26,135)	(26,135)
Balance as at 30 June 2017 - restated	592,559	3,209,919	771,844	-	3,981,763	4,574,322
Total comprehensive income for the Three months period ended 30 Sep 2017						
Profit for the period	-	-	10,176		10,176	10,176
Transactions with owners						
Final Cash dividend for the year ended June30,2017	-	-	(474,048)	-	(474,048)	(474,048)
	-	-	-	-		
Transfer to general reserves	-	463,600	(463,600)	-	-	-
Balance as at 30 September 2017 - restated	592,559	3,673,519	(155,628)	-	3,517,891	4,110,450
Balance as at 30 June 2018 - as previously reported	**592,559**	**3,673,519**	**753,998**	**(314,525)**	**4,112,992**	**4,705,551**
Effect of change in accounting policy			**(314,525)**	**314,525**	**-**	**-**
Balance as at 30 June 2018-restated	**592,559**	**3,673,519**	**439,473**	**-**	**4,112,992**	**4,705,551**
Total comprehensive income for the three months period ended 30 Sep 2017						
Profit for the period	**-**	**-**	**236,580**	**-**	**236,580**	**236,580**
Transactions with owners						
Final cash dividend for the year ended June 30, 2017	**-**	**-**	**(474,048)**	**-**	**(474,048)**	**(474,048)**
Transfer to general reserves	**-**	**264,360**	**(264,360)**	**-**	**-**	**-**
Balance as at 30 September 2018	**592,559**	**3,937,879**	**(62,355)**	**-**	**3,875,524**	**4,468,083**

The annexed notes 1 to 11 form an integral part of this condensed financial information.

ALI HUSSAIN
Chief Executive Officer

JAMAL NASIM
Director

RIZWAN UL HAQ KHAN
Chief Financial Officer

Notes to the Condensed Interim Financial Information (Un-audited)
For the Quarter ended 30 September 2018

1. THE COMPANY & ITS OPERATION

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

Geographical location and address of business unit / plant:

Karachi	**Purpose**
Jinnah Avenue, Malir Halt Karachi.	Head office and production plant

2. BASIS OF PREPARATION

2.1 **Statement of Compliance**

These condensed interim financial statements for three months ended September 30 2018 have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard 34 - Interim Financial reporting, and
- directives issued under the Companies Act, 2017

Where the provisions of and directives issued under the Companies Act, 2017 differ from the IFRS standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This is the first set of the Company's financial statements where IFRS 15 and IFRS 9 have been applied. Changes to significant accounting policies are described in Note 3.

2.2 **Functional & Presentation Currency**

These condensed financial information are presented in Pakistan Rupees, which is the Company's functional and presentation currency and all financial information presented has been rounded off to the nearest thousand.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the company's annual audited financial statements for the year ended June 30, 2018 except following;

3.1 During the current period, the Company has adopted IFRS 9 - Financial Instruments which is effective from annual periods beginning on or after January 1, 2018. As a result, the Company has changed its accounting policy for Financial Instruments as detailed below. Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively. IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities and derivative financial instruments. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

— it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

— its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

— it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

— its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

***Financial assets at amortised cost*:** These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Debt investments at FVOCI: These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Impairment of financial assets: IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ (ECL) model.

The new impairment model applies to financial assets measured at amortised cost and debt investments at FVOCI, but not to investments in equity instruments**.** Under IFRS 9, credit losses are recognised earlier than under IAS 39.

The financial assets at amortised cost consist of trade receivables, cash and cash equivalents, and corporate debt securities.

Under IFRS 9, loss allowances are measured on either of the following bases:
— 12-month ECLs*:* these are ECLs that result from possible default events within the 12 months after the reporting date; and

— Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

— debt securities that are determined to have low credit risk at the reporting date; and

— other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Company has elected to measure loss allowances for trade receivables at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is recognised in OCI, instead of reducing the carrying amount of the asset.

Impairment losses related to trade and other receivables are presented separately in the statement of profit or loss.

Impairment losses on other financial assets are presented similar to the presentation under IAS 39, and not presented separately in the statement of profit or loss.

Quantitative impact of change in accounting policy due to adoption of IFRS 9

Investments in mutual funds are effected due to the changes in accounting policy. These investments were reportedÊ as "available for sale" under IAS 39 and all un realized gain or loss were reported through statement of other comprehensive income (FVOCI).

On de-recognition of investment the capital gain or loss were reclassified to profit and loss account. Unlike IAS 39, IFRS 9 requires unrealized capital gain or loss on these investments to be classified in profit or loss account (FVTPL). It is a mandatory requirement under IFRS 9. Following are the impacts of changes in accounting policy as at:

	As previously reported	Adjustments as as per IFRS 9	As restated wih adoption of IFRS 9
	------ (Rupees in '000) ------		
01 July 2017			
Statement of Financial Position			
General Reserves	3,209,919	-	3,209,919
Unappropriated profit/(Loss)	944,451	(146,472)	797,979
Re-measurement of investments classified as 'available for sale'	(146,472)	146,472	-
30 June 2018			
Statement of Financial Position			
General Reserves	3,673,519	-	3,673,519
Unappropriated profit/(Loss)	753,998	(314,525)	439,473
Re-measurement of investments classified as 'available for sale'	(314,525)	314,525	-
For the quarter ended 30 Sep 2017			
Statement of Profit or loss account			
Other charges	21,896	144,163	166,059
Profit before taxation	219,311	(144,163)	75,148
Taxation	64,972	(24,748)	40,224
Profit after taxation	154,339	(119,415)	34,924
EPS — (Rs.)	2.6	(2.01)	0.59

3.2 During the current period, the Company has also adopted IFRS 15 - Revenue Supplement which is effective from annual periods beginning on or after January 01, 2018. However company expects that the adoption of the above amendments and interpretation of the standard will not affect the company's financial statements in the period of initial recognition.

4. ACCOUNTING ESTIMATES AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim financial statements require management to make judgments, estimates and ssumptions 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.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2018.

	Note	30 September 2018 (Un-audited)	30 June 2018 (Audited)
		------ (Rupees in '000) ------	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	5.1	**1,542,477**	1,573,237
Capital work-in-progress	5.2	**17,819**	15,882
		1,560,296	1,589,119
5.1. Operating assets			
Opening book value		**1,573,237**	1,541,913
Additions during the period / year	5.1.1	**23,190**	240,002
Disposal during the period / year at book value		**-**	(277)
Depreciation charged during the period / year		**(53,950)**	(208,401)
		1,542,477	1,573,237
5.1.1. Additions during the period / year			
Land and building		**-**	33,956
Plant and machinery		**19,835**	156,660
Spare parts and stand by equipments		**-**	1,353
Electric, water and gas installations		**2,561**	32,858
Laboratory Equipment		**247**	1,915
Furniture & Fixtures		**172**	1,324
Office & Security Equipment		**65**	202
Computers and accessories		**310**	1,950
Motor Vehicles - Owned		**-**	262
Motor Vehicles - Leased		**-**	9,522
		23,190	240,002
5.2. Capital work-in-progress			
Opening balance		**15,882**	49,108
Addition during the period / year		**1,937**	162,474
Transferred to operating fixed asset		**-**	(195,700)
		17,819	15,882
6. LONG-TERM INVESTMENT			
Financial Asset at FVTPL			
Pakistan Investment Bond - 10 years	*6.1*	**799,999**	399,999

6.1 These represent investments in Pakistan Investment Bonds (PIB's) carrying profit at a rate of 6.85% to 8.55% per annum with maturities in May 2028, June 2028 and August 2028. The profit payments are made semi annually.

	Note	30 September 2018 (Un-audited)	30 June 2018 (Audited)
		------ (Rupees in '000) ------	
7. INVESTMENTS			
Financial Asset at Amortised Cost			
Pakistan investment Bonds - conventional banking		-	784,761
Treasury bills		-	98,589
Financial Asset at FVTPL			
Term finance certificates			
B.R.R. Guardian Modaraba			
449 (June 30 2018: 563) units of Rs 5,000 each	7.1	**1,683**	2,112
Units of Mutual Funds		**1,298,758**	1,320,241
		1,300,441	**2,205,703**

7.1 Diminishing Musharaka based term finance certificates originally had a term of 6 years and carried profit at the rate of six months KIBOR plus 1.3% payable semi annually with maturity on 26 May 2014. The borrower had defaulted on certain payments and entered into a restructuring agreement with the trustee on 15 April 2011. As per the revised terms, the principal amount was redeemable in varying monthly installments commenced from 07 August 2011 and ending on 07 December 2016 with regular profit pricing at the rate 01 month KIBOR and certain deferred profit (pertaining before estructuring) payable on monthly basis.

The borrower has again defaulted on certain payments and entered into second restructuring agreement with the trustee on 30 June 2016. Revised terms include;

- The principal amount will be redeemed in varying monthly installments commencing from 07 July 2016 and ending on 07 April 2019.

- Markup at the rate of 01 month KIBOR plus 1.5% payable on monthly basis.

8. CONTINGENCIES AND COMMITMENTS

There are no major changes in the status of contingencies as reported in the annual financial statements for the year ended June 30, 2018.

	30 September 2018 (Un-audited)	30 June 2018 (Audited)
	------ (Rupees in '000) ------	
8.1 Commitments		
Capital expenditure contracted for but not incurred	**1,043**	5,976
Commitments against letters of credit	**139,711**	62,389
	140,754	68,365

9. CASH GENERATED FROM OPERATIONS

	30 September 2018 (Un-audited)	30 September 2017 Re-stated
	------ (Rupees in '000) ------	
Profit before taxation	**324,600**	**75,148**
Adjustments for:		
Depreciation	**54,035**	51,179
Gain on disposal of fixed asset	**-**	(540)
Capital loss/(gain) on redemption of mutual fund	**-**	1,506
Loss on re-valuation of Mutual fund-un-realized	**21,483**	144,163
Reversal of Impairment on BRR Guardian Modarba	**(143)**	(214)
Dividend income on mutual funds	**-**	(3,189)
Amortisation of discount on PIB	**-**	(1,578)
Mark up on Investments	**(20,191)**	(30,492)
Mark up on bank deposits and saving account	**(9,068)**	(2,607)
Mark up on security deposits	**(141)**	(141)
Mark up on employee Loan	**(1)**	(4)
Finance costs	**744**	2,255
Working capital changes	**(530,629)**	(102,786)
	(483,911)	57,552
Cash flows generated from operations	**(159,311)**	132,700

10. TRANSACTIONS WITH RELATED PARTIES

The company has related party relationship with associated undertakings, directors, key management personnel and retirement benefit funds.Transaction with related parties essentially entail sale and purchase of goods and /or services from the below mentionedd concerns.

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 and according to the actuarial advice. All other transactions are carried out on commercial terms.

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.

The significant transactions with related parties carried out during the quarter ended 30 September 2018 and the balances outstanding as at 30 September 2018 as follows:

	30 September 2018 (Un-audited)	30 September 2017 (Un-audited)
	------ (Rupees in '000) ------	
Associated undertaking:		
-Sale of goods to Pakistan Security Printing Corporation (Private) Limited - net	**926,667**	698,393
-Receivable from Pakistan Security Printing Corporation (Private) Limited - net	**1,061,546**	719,454
Others:		
- Paid to State Life Insurance Corp: (Life Insurance)	**-**	78
- Payable to State Life Insurance Corp: (Life Insurance)	**439**	309
Key management personnel:		
- Remuneration to key management personnel	**37,749**	26,571

11. DATE OF AUTHORISATION

This condensed financial information were authorised by the Board of Directors of the Company on 18 October, 2018.

ALI HUSSAIN **Chief Executive Officer**	**JAMAL NASIM** **Director**	**RIZWAN UL HAQ KHAN** **Chief Financial Officer**

ATTENTION SHAREHOLDERS

Attention of shareholders is invited to the following legal requirements:

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

As has already been notified from time to time, SECP has directed vide its Notification S.R.O. 831(1)/2012 dated July 5, 2012 that the Dividend Warrant(s) should also bear the Computerized National Identity Card (CNIC) Number of the registered shareholder or the authorized person, except in case of minor(s) and corporate shareholder(s).

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 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 Share Registrar, M/s. FAMCO Associates (Pvt.) Limited.

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

(i) Pursuant to the provisions of the Finance Act 2017 effective July 1, 2017, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:

1. Rate of tax deduction for filer of income tax return 15%
2. Rate of tax deduction for non-filers of income tax return 20%

To enable the company to make tax deduction on the amount of cash dividend @ 15% instead of 20%, shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to immediately make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 20% instead of 15%

(ii) Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' 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 to our Share Registrar, in writing as follows:

			Principal Shareholder		Joint Shareholder	
Company Name	Folio/CDS Account #	Total Shares	Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

The required information must reach our Share Registrar before closure of share transfer books to determine the entitlement(s), if any; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

(iii) As per FBR Circulars C. No. 1 (29) WHT/2006 dated 30.06.2010 and C. No. 1 (43) DG (WHT)/2008-Vol.II-66417-R dated 12th 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 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.

(iv) For any query/clarification/information, the investors may contact the Company Secretary of the Company and/or Manager of Share Registrar.

(v) 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, 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.

SECP has advised in their Circular No. 18 of 2017 dated August 01, 2017 to all listed companies to ensure that with effect from November 01, 2017 cash dividends shall be paid through electronic mode only. Therefore, shareholders are requested to provide the details of their bank mandate 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 amount with the Federal Government pursuant to the provisions of sub-section (2) of Section 244 of the Companies Act, 2017.

5. 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	**OR Share Registrar**
The Company Secretary	FAMCO Associates (Pvt.) Limited
Security Papers Limited	8-F, Next to Hotel Faran, Nursery,
Jinnah Avenue, Malir Halt,	Block-6, P.E.C.H.S., Shahrah-e-Faisal,
Karachi.	Karachi.
Tel. No: (+9221) 99248285	Tel. No: (+9221) 34380101-5
Fax No: (+9221) 99248286	Fax No: (+9221) 34380106
Email: comsec@security-papers.com	info.shares@famco.com.pk
Website: http://www.security-papers.com	Website: www.famco.com.pk

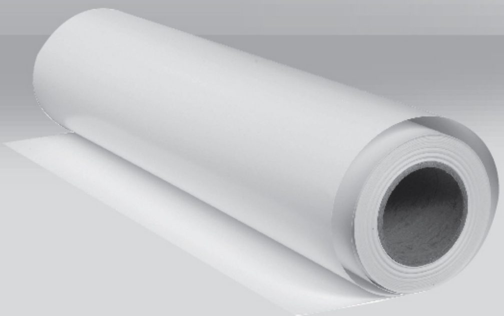
Karachi
18th October 2018

Rizwan Ul Haq Khan
Chief Financial Officer &
Company Secretary

BOOK POST

PRINTED MATTER

UNDER POSTAL CERTIFICATE



Security Papers LIMITED

OHSAS 18001: 2007, ISO 9001:2015 & ISO 14001:2015 Certified

REGISTERED OFFICE & SHARES DEPARTMENT:
Jinnah Avenue, Malir Halt, Karachi-75100.
Ph: (+9221) 99248285 Fax: (+9221) 99248286
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