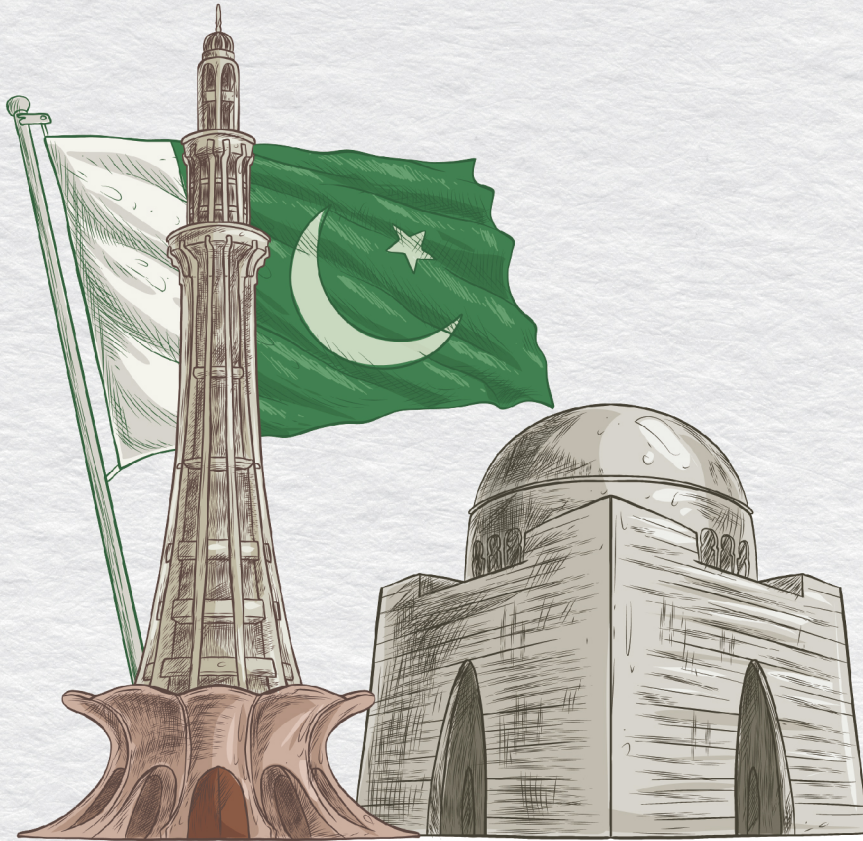




Security Papers
LIMITED



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

QUARTERLY REPORT | MARCH 31, 2026



Security Papers
LIMITED

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QUARTERLY REPORT



COMPANY INFORMATION

BOARD OF DIRECTORS

Chairman

Mr. Mohammad Aftab Manzoor - Non-executive

Directors

Mr. Jamal Nasim - Non-executive
Mr. Hamid Bazargan - Non-executive
Mrs. Pernur Alaybeyoglu - Non-executive
Hafiz Mohammad Yousaf - Non-executive
Mr. Shafqaat Ahmed - Non-executive
Mr. Munir Ahmed - Non-executive - Independent
Mr. Arshad Mehmood Bhatti - Non-executive

Chief Executive Officer

Mr. Imran Qureshi - Executive

BOARD AUDIT COMMITTEE

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

BOARD HUMAN RESOURCE, REMUNERATION AND SUSTAINABILITY COMMITTEE

Mr. Munir Ahmed - Chairman
Mr. Mohammad Aftab Manzoor - Member
Mr. Arshad Mehmood Bhatti - Member
Mrs. Pernur Alaybeyoglu - Member
Mr. Yasir Ali Quraishi - Secretary

CHIEF FINANCIAL OFFICER

- Mr. Muhammad Noman Farooq

COMPANY SECRETARY & CHIEF LEGAL OFFICER

- Mr. Yasir Ali Quraishi

BANKERS

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

AUDITORS

PwC A. F. Ferguson & Co.
Chartered Accountants

TAX CONSULTANTS

PwC A. F. Ferguson & Co.
Chartered Accountants

KPMG Taseer Hadi & Co.
Chartered Accountants



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LEGAL ADVISORS

Mohsin Tayebaly & Co.
Advocates & Legal Consultants

MCA Law Associates

REGISTERED OFFICE

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

FACTORY

Jinnah Avenue, Malir Halt,
Karachi - 75100
Tel : (+9221) 99248536-37
Fax : (+9221) 99248616

SHARE REGISTRAR

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

E-mail: info.shares@famcosrs.com

WEB SITE

<http://www.security-papers.com>



DIRECTORS' REPORT

The Directors of your Company are pleased to present you the unaudited financial statements for the nine-month period ended March 31, 2026.

BUSINESS AND PERFORMANCE REVIEW

The period under review was marked by both operational challenges and strategic realignments, as the Company navigated market-driven demand shifts, short-term environmental disruptions, and ongoing preparations for a plant upgrade.

During the nine months period ended March 31, 2026, the Company produced 2,572 tons of paper which was 287 tons less than the same period last year. This variation in output was primarily due to operational modifications implemented in response to customer requirements and preparations for the upcoming paper machine upgradation along with some disruptions in August 2025 due to unprecedented rains in Karachi. Despite these constraints, management successfully maintained production costs at an optimal level through enhanced price negotiations for key raw materials.

Net sales for the period were recorded at Rs. 5,315 million as compared to Rs. 5,825 million in the corresponding period last year. Although sales volumes decreased to 2,594 tons from 2,839 tons owing to reasons cited above, the company fulfilled all delivery commitments to its customers.

The Company reported a gross profit of Rs. 1,166 million as compared to Rs. 1,599 million in same period last year, a decrease of Rs. 433 million. This compression in gross margins is primarily attributable to reduced volumes and the associated dilution of fixed cost absorption. Other income was reported at Rs. 503 million as compared to Rs. 710 million same period last year showing a decrease of Rs 207 million, which is directly attributed to lower interest rates during the period. This reduction in other income was partly offset by the Company's proactive investment portfolio management in prior years and by short-term placements.

The Profit before Tax (PBT) during the period under review was recorded at Rs. 1,159 million against Rs. 1,790 million, which is lower by 35%. The Profit after Tax (PAT) was recorded at Rs. 631 million as against Rs. 1,101 million in the same period last year which is lower by 43%. The Earnings per Share (EPS) was recorded at Rs. 10.66/- per share, as compared to Rs. 18.58/- per share for the same period of last year.



FUTURE PROSPECTS

The geopolitical developments arising from the US-Iran conflict continue to present risks to global energy prices and international supply chains. The management team is in close and active coordination with its key suppliers to ensure the uninterrupted and timely supply of critical raw materials and to safeguard project delivery timelines. While the upcoming launch of the new banknote series and the plant upgrade are expected to result in a transitional period of constrained volumes, management anticipates a material recovery in order intake following the successful conclusion of the plant upgrade and launch of new bank notes series.

ACKNOWLEDGMENT

The management remains dedicated to fostering sustainable growth, enhancing productivity and delivering long term shareholder value through the successful implementation of the BMR initiative and ongoing operational improvements.

The Directors extend their sincere appreciation to all employees for their dedication and to our stakeholders for their continued trust, support and confidence in your Company.

We also acknowledge, with gratitude, the blessings of Almighty in the journey of continued success of your Company.

On behalf of the Board of Directors

Handwritten signature of Imran Qureshi in black ink.

Imran Qureshi
Chief Executive

Handwritten signature of Munir Ahmed in black ink.

Munir Ahmed
Officer Director

Karachi

Dated: April 29, 2026



Condensed Interim Statement of Financial Position

As at March 31, 2026

		March 31, 2026 (Unaudited)	June 30, 2025 Audited
ASSETS			
	Note	----- (Rupees in '000) -----	
Non-current assets			
Property, plant and equipment	5	2,468,486	1,998,938
Intangible assets		10,724	13,520
Long-term investments	6	3,787,653	3,807,752
Total non-current assets		6,266,863	5,820,210
Current assets			
Stores, spares and loose tools		403,327	391,641
Stock-in-trade		648,087	861,084
Trade debts - considered good		1,293,061	1,299,514
Loans, advances, deposits, prepayments and other receivables		88,410	51,862
Short-term investments	7	2,220,399	2,722,086
Cash and bank balances		187,042	203,488
Total current assets		4,840,326	5,529,675
TOTAL ASSETS		11,107,189	11,349,885
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital 70,000,000 (June 30, 2025: 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		7,875,291	7,035,181
Unappropriated profits		631,408	1,373,408
TOTAL EQUITY		9,099,258	9,001,148
Non-current liabilities			
Deferred taxation - net		285,349	314,875
Staff retirement benefits		25,307	7,620
Total non-current liabilities		310,656	322,495
Current liabilities			
Trade and other payables		962,106	1,232,887
Unpaid dividend		711,040	615,952
Unclaimed dividend		3,843	3,523
Taxation - net		20,286	173,880
Total current liabilities		1,697,275	2,026,242
TOTAL LIABILITIES		2,007,931	2,348,737
TOTAL EQUITY AND LIABILITIES		11,107,189	11,349,885
CONTINGENCIES AND COMMITMENTS	8		

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

IMRAN QURESHI
Chief Executive Officer

MUHAMMAD NOMAN FAROOQ
Chief Financial Officer

MUNIR AHMED
Director



Condensed Interim Statement of Profit or Loss (Unaudited)
For the nine months and three months ended March 31, 2026

	Note	Nine Months Ended		Three Months Ended	
		March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
----- (Rupees in '000) -----					
Revenue from contracts with customers	9	5,315,530	5,825,203	1,574,561	1,656,958
Cost of sales		(4,149,842)	(4,226,356)	(1,252,891)	(1,225,220)
Gross profit		1,165,688	1,598,847	321,670	431,738
Administrative expenses		(410,140)	(380,041)	(135,107)	(135,008)
Other income		503,065	710,264	170,679	201,801
Other expenses		(92,653)	(137,938)	(26,295)	(36,615)
Finance costs		(6,500)	(1,610)	(4,756)	(459)
Profit before taxation		1,159,460	1,789,522	326,191	461,457
Taxation					
- Current		(490,140)	(692,359)	(114,575)	(183,004)
- Prior		(67,438)	3,334	(69,191)	-
- Deferred		29,526	295	(12,783)	20,217
		(528,052)	(688,730)	(196,549)	(162,787)
Profit after taxation		631,408	1,100,792	129,642	298,670
----- Rupees -----					
Earnings per share - basic and diluted		10.66	18.58	2.19	5.04

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

Imran Qureshi

IMRAN QURESHI
Chief Executive Officer

Muhammad Noman Farooq

MUHAMMAD NOMAN FAROOQ
Chief Financial Officer

Munir Ahmed

MUNIR AHMED
Director



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**Condensed Interim Statement of
Comprehensive Income (Unaudited)**
For the nine months and three months ended March 31, 2026

	Nine Months Ended		Three Months Ended	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
	----- (Rupees in '000) -----			
Profit for the period	631,408	1,100,792	129,642	298,670
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>631,408</u>	<u>1,100,792</u>	<u>129,642</u>	<u>298,670</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

IMRAN QURESHI
Chief Executive Officer

MUHAMMAD NOMAN FAROOQ
Chief Financial Officer

MUNIR AHMED
Director



Condensed Interim Statement of Changes in Equity
For the nine months ended March 31, 2026

	Issued subscribed and paid-up share capital	Revenue Reserves		Total equity
		General reserves	Unappropriated Profit	
----- Rupees in '000 -----				
Balance as at June 30, 2024 (Audited)	592,559	6,246,411	1,381,328	8,220,298
Total comprehensive income for the period				
Profit after taxation	-	-	1,100,792	1,100,792
Transactions with owners				
Final cash dividend @ Rs.10 per ordinary share for the year ended June 30, 2024	-	-	(592,558)	(592,558)
Interim cash dividend for the period ended December 31, 2024 at the rate of Rs. 2.50 per share	-	-	(148,140)	(148,140)
Transfer to general reserves	-	788,770	(788,770)	-
Balance as at March 31, 2025 (Un-audited)	592,559	7,035,181	952,652	8,580,392
Balance as at June 30, 2025 (Audited)	592,559	7,035,181	1,373,408	9,001,148
Total comprehensive income for the period				
Profit after taxation	-	-	631,408	631,408
Transactions with owners				
Final cash dividend @ Rs. 9.00 per ordinary share for the year ended June 30, 2025	-	-	(533,298)	(533,298)
Transfer to general reserves	-	840,110	(840,110)	-
Balance as at March 31, 2026 (Un-audited)	592,559	7,875,291	631,408	9,099,258

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

Imran Qureshi

IMRAN QURESHI
Chief Executive Officer

Muhammad Noman Farooq

MUHAMMAD NOMAN FAROOQ
Chief Financial Officer

Munir Ahmed

MUNIR AHMED
Director



Condensed Interim Statement of Cash Flows (Unaudited)
For the nine months and three months ended March 31, 2026

	Note	Nine Months Ended	
		March 31, 2026	March 31, 2025
----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	10	818,039	1,286,699
Taxes paid		(711,172)	(609,527)
Staff retirement benefits paid		(18,793)	(2,096)
Finance cost paid		(6,500)	(31,673)
Net cash generated from operating activities		81,574	643,403
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(692,174)	(371,880)
Acquisition of intangible assets		-	(5,084)
Proceeds from sale of operating fixed assets		10,658	21,960
Investments made during the period		(2,840,344)	(2,052,461)
Investments matured during the period		2,599,640	1,975,490
Gain realised on reverse repo transactions		16,038	56,806
Mark-up received		446,347	457,953
Net cash (used in) / generated from investing activities		(459,835)	82,784
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(437,890)	(671,453)
Net cash used in financing activities		(437,890)	(671,453)
Net (decrease) / increase in cash and cash equivalents during the period		(816,151)	54,734
Cash and cash equivalents at beginning of the period		1,153,212	842,829
Cash and cash equivalents at end of the period	11	337,061	897,563

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

IMRAN QURESHI
Chief Executive Officer

MUHAMMAD NOMAN FAROOQ
Chief Financial Officer

MUNIR AHMED
Director



Notes to and Forming Part of the Condensed Interim Financial Statements For the nine months ended March 31, 2026

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.

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

- 1.2 The Securities and Exchange Commission of Pakistan (SECP) vide its Order dated January 26, 2024 ("SECP Order") had determined the Company as Public Sector Company (PSC). Subsequently, a communication was received from the SECP dated February 12, 2024, containing directions to bring the Company in conformity with the provisions of State-Owned Enterprises (SOE) Act, 2023. The SECP Order, read with the said directions, created uncertainty as to the applicable provisions of law to be followed for the purposes of election of directors and composition of the Board. The Company contested this adjudication and had challenged the determination in Appeal No. 14 of 2024, before the Appellate bench of SECP. The Appellate Bench passed an Order dated February 7, 2025 on the said appeal whereby, it had upheld the SECP Order and reiterated that SPL is a listed PSC, based upon the shareholding of certain entities. The Company had challenged the Order of the Appellate Bench in Miscellaneous Appeal No. 27 of 2025 before the Hon'able Sindh High Court (SHC).

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

As mentioned above, the issue of one-third independent directors on the Board of the Company had to be addressed at the 8th EOGM related to election of directors, which was due to be held on November 29, 2023. However, the said EOGM got suspended/adjourned twice owing to the matters related to Company's legal status. SECP had granted three extensions on the due date for holding elections, owing to impediments being faced by the Company and its Board related to its legal status. The Company applied for an extension for the fourth time, on the ground of the same impediments and that it was practically impossible to fulfil the statutory requirements of holding an EOGM within the prescribed timeframe but the same was rejected by SECP. SPL appealed the rejection with the Registrar of Companies, SECP. An online hearing was held on June 19, 2025 with the Registrar of Companies, SECP, which was attended by the Company Secretary and Legal Counsel of the Company. Thereafter, SECP had requested the Company to provide them with the CRO Order dated November 12, 2024, related to the rejection of extension in due date for holding elections and a chronological summary / synopsis of the Company's legal status case. The said information was provided to SECP on June 23, 2025, and since then there has been no update from Registrar of Companies, SECP, on the appeal related to extension in due date for holding the elections.



A Constitutional Petition No. 4504 of 2024 was filed by a few shareholders of the Company, holding 1.426% shares before the Sindh High Court (SHC) on September 19, 2024 seeking enforcement of the SOE Act. However, the determination of SPL's status as a PSC or not, is sub-judice in the statutory appeal against the SECP's order dated February 2, 2025. Subsequent to the period ended March 31, 2026, this petition was disposed off by SHC vide order dated April 1, 2026, on the basis that the shareholding of the Company has changed and accordingly, it is beyond the scope of a State-Owned Enterprise in terms of the SOE Act.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

Where the provisions of, directives and notifications issued under the Companies Act, 2017 differ with the requirements of IAS 34 or IFAS, the provisions of, directives and notifications 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 and disclosures required for annual audited financial statements and should be read in conjunction with the annual audited financial statements of the Company as at and for the year ended June 30, 2025. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

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

3 MATERIAL ACCOUNTING POLICY INFORMATION

3.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the audited annual financial statements of the Company for the year ended June 30, 2025.



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

There are certain 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

The following revised standard, amendment and interpretation with respect to the accounting and reporting standards would be effective from the dates mentioned below against the respective standard, amendment or interpretation:

Standard, interpretation and amendment	Effective date (annual period beginning on or after)
- IFRS 18 - 'Presentation and Disclosure in Financial Statements'	January 1, 2027

The management is in the process of assessing the impact of the new standard and amendment on the financial statements of the Company.

4 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The preparation of these condensed interim financial statements in conformity with the accounting and reporting standards as applicable in Pakistan for interim financial reporting requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied in the Company's annual audited financial statements for the year ended June 30, 2025.

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements as at and for the year ended June 30, 2025.



		March 31, 2026 (Unaudited)	June 30, 2025 (Audited)
	Note	----- (Rupees in '000) -----	
5	PROPERTY, PLANT AND EQUIPMENT		
	Operating assets	5.1 1,931,572	1,856,624
	Capital work-in-progress (CWIP)	5.4 536,914	142,314
		<u>2,468,486</u>	<u>1,998,938</u>
5.1	Operating assets		
	Opening book value	1,856,624	1,700,151
	Direct additions to operating assets	83,633	137,142
	Transfer from capital work-in-progress (CWIP)	213,941	274,340
	Disposals / write off during the period / year - net book value	(12,083)	(4,701)
	Depreciation charge for the period / year	(210,543)	(250,308)
		<u>1,931,572</u>	<u>1,856,624</u>
5.2	Additions during the period		
		March 31, 2026 (Unaudited)	March 31, 2025
		----- (Rupees in '000) -----	
5.2.1	Direct addition to operating assets		
	- Building on freehold land	282	152
	- Plant and machinery	2,955	15,838
	- Spare parts and stand-by equipment	46,457	26,834
	- Laboratory equipment	366	9,400
	- Furniture & fittings	502	42
	- Electric, water and gas installations	6,190	6,078
	- Office and security equipment	637	1,085
	- Computers & computer accessories	7,133	315
	- Motor vehicles	19,111	57,943
		<u>83,633</u>	<u>117,687</u>
5.2.2	Transfer from capital work-in-progress (CWIP)		
	- Building on freehold land	54,914	1,331
	- Plant and machinery	110,206	92,044
	- Spare parts and stand-by equipment	1,065	585
	- Furniture & fittings	-	2,953
	- Electric, water and gas installations	47,756	13,230
	- Computers & computer accessories	-	3,379
	- Motor vehicles	-	16,418
		<u>213,941</u>	<u>129,939</u>



	March 31, 2026	March 31, 2025
	(Unaudited)	
	----- (Rupees in '000) -----	
5.3 Disposals / write off during the period		
- Plant and machinery	592	-
- Spare parts and stand-by equipment	3	-
- Laboratory equipment	2	-
- Furniture & fittings	467	-
- Electric, water and gas installations	2,879	-
- Office and security equipment	4	-
- Motor vehicles	8,136	4,696
	<u>12,083</u>	<u>4,696</u>
	March 31, 2026	June 30, 2025
	(Unaudited) (Audited)	
	----- (Rupees in '000) -----	
5.4 Capital work-in-progress (CWIP)	Note	
Opening balance	142,314	128,136
Additions during the period / year	608,541	288,518
Transferred to operating assets	(213,941)	(274,340)
	<u>536,914</u>	<u>142,314</u>
6 LONG-TERM INVESTMENTS		
<i>At amortised cost</i>		
Pakistan Investment Bonds	6.1	3,787,653
Less: current maturity		5,025,498
		-
		(1,217,746)
		<u>3,787,653</u>
		<u>3,807,752</u>
6.1	These carry profit / yield within a range of 10.05% to 15.18% (June 2025: 10.05% to 15.18%) per annum with maturities ranging from February 2027 to September 2034. The profit payments are made semi annually.	
6.2	The market value of securities classified at amortised cost as at March 31, 2026 amounted to Rs. 3,732.41 million (June 30, 2025: Rs. 4,945.38 million).	
7 SHORT-TERM INVESTMENTS		
<i>At amortised cost</i>		
Government securities - Treasury Bills	7.1 & 7.2	2,070,121
Reverse repo transactions		552,883
Pakistan investment bonds - current maturity		150,278
		-
		1,217,746
		<u>2,220,399</u>
		<u>2,722,086</u>



- 7.1 These carry yield within a range of 10.05% to 10.90% (June 2025: 11.60%) per annum with maturities ranging from April 2026 to February 2027.
- 7.2 The market value of securities classified at amortised cost as at March 31, 2026 amounted to Rs. 2,062 million (June 30, 2025: Rs. 554.38 million).

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

There have been no changes in the status of contingencies as reported in the annual financial statements for the year ended June 30, 2025, except for the following:

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

AIL filed a civil suit before the Sindh High Court (SHC) against SPL for recovery of Rs. 177.88 million in respect of RO Plant. AIL moved an application to restrain SPL from utilising or operating the RO Plant. SHC decided that this matter should be referred to a mediation however, the mediation proceedings were not successful and the case was referred back. This case was transferred to District Court, Malir and the Court had allowed AIL's application for inspection of dismantled RO Plant in the premises of SPL. The inspection of RO Plant was carried out by the Nazir of the Court on September 23, 2025 and the compliance report was submitted in Court on November 24, 2025, which stated that inspection and examination of a non-functional RO plant was carried out. The parties then filed their respective lists of witnesses and documents and the said case is now proceeding towards the evidence stage.

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

- 8.1.2 The Suits No. 814 and 815 have been filed by two ex-employees of SPL for seeking declaration against their termination of employment. The Court, through an order vacated the stay orders, thereby validating their termination in accordance with the applicable simplicitor rules. Subsequently, the two ex-employees filed an appeal before the Divisional Bench of SHC, which were also dismissed in favour of SPL. These cases have been transferred to the District & Sessions Court, Malir. The proposed issues filed in the Court have been settled and both SPL and the two ex-employees have submitted their respective lists of documents and witnesses. The said cases are now proceeding towards the evidence stage.



Both the ex-employees had also filed an appeal before the Supreme Court of Pakistan (SC), in which they have challenged the SHC order dated October 9, 2023 and October 23, 2023. The said appeal was fixed for hearing on December 15, 2025, before the SC Karachi Registry but was adjourned on that date owing to possible conflict of interest. It was further directed by the Divisional Bench of SC that this appeal should be re-fixed for hearing before a different bench of SC Karachi Registry.

SPL's legal counsel is optimistic that, based on the merits of the case, both the suits and the appeal would be decided in favour of SPL. Accordingly, no provision has been recognised in these financial statements.

8.1.3 Subsequent to the June 30, 2025, ATIR has remanded back the demand raised by DCIR for the tax year 2018. ATIR vide its order dated October 27, 2025, remanded certain issues back to the DCIR, while dismissing the appeal on issues relating to initial allowance and depreciation, which represent timing differences expected to be recovered in subsequent years. Pursuant to the remand back order of the ATIR, DCIR has recommenced proceeding and issued a notice dated December 8, 2025. Based on advice from the tax consultant, the Company is confident of a favorable outcome.

8.1.4 Through Finance Act 2023, the Government increased the rate of Super tax for Tax Year 2023, retrospectively from 4% to 10%. The companies challenged this retrospective increase of Super tax from 4% to 10% based on "past and closed transactions" which was decided in favour of the petitioners by the Islamabad High Court vide its order dated March 15, 2024. Subsequently, FBR filed an intra court appeal before a larger bench of Islamabad High Court and the said matter was clubbed with other pending cases before the Supreme Court which was decided in favour of the department dated January 27, 2026. Resultantly, the demand of Rs. 69 million was paid by the Company. Subsequent to the payment, the DCIR passed another order against the Company rejecting adjustment of Capital loss against the income for Super Tax calculation purposes, hence raising further demand of Rs. 36 million. The Company filed an appeal against the order of DCIR before the CIR (Appeal). The appeal has been decided in favour of the Company dated April 16, 2026.

	March 31, 2026 (Unaudited)	June 30, 2025 (Audited)
	----- (Rupees in '000) -----	
8.2 Commitments		
Capital commitments	38,537	10,015
Commitments against letters of credit	2,717,718	2,836,619



9 REVENUE FROM CONTRACT WITH CUSTOMERS

	Nine months ended		Three Months ended	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
	----- (Unaudited) -----			
	----- (Rupees in '000) -----			
Banknote paper	5,593,316	6,493,466	1,486,428	1,955,210
Others	679,009	380,273	371,554	-
	<u>6,272,325</u>	<u>6,873,739</u>	<u>1,857,982</u>	<u>1,955,210</u>
Sales tax	(956,795)	(1,048,536)	(283,421)	(298,252)
	<u>5,315,530</u>	<u>5,825,203</u>	<u>1,574,561</u>	<u>1,656,958</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 risk and reward is transferred to the customer.

9.2 The trade agreement executed between the Company and Pakistan Security Printing Corporation (Private) Limited (PSPC) for determining the pricing of banknote paper expired on June 30, 2025 and the renewal of the agreement is currently in process. In these condensed interim financial statements, the Company has continued to recognise revenue in respect of sale of banknote paper based on purchase orders received from PSPC on last prices agreed for the year ended June 30, 2025.

	Note	Nine months ended	
		March 31, 2026	March 31, 2025
		----- (Unaudited) -----	
		----- (Rupees in '000) -----	
10 CASH GENERATED FROM OPERATIONS			
Profit before taxation		1,159,460	1,789,522
Adjustments for:			
Depreciation on property, plant and equipment	5.1	210,543	185,459
Provision against staff retirement benefits		36,480	30,294
Amortization of intangible assets		2,796	2,830
Finance costs		6,500	1,610
Mark up on investments in Pakistan Investment Bonds		(324,841)	(399,912)
Amortisation of discount on Government securities - Treasury Bills		(105,858)	(202,452)
Mark-up on bank deposits and saving accounts		(22,703)	(32,386)
Gain from reverse repo transactions		(14,549)	(43,859)
Amortisation of discount on Pakistan Investment Bond		(31,649)	(5,818)
Loss / (Gain) on sale/write-off of property, plant and equipment		1,425	(17,264)
Changes in:			
- Stores, spare parts and loose tools		(11,686)	(30,652)
- Stock-in-trade		212,997	(69,725)
- Trade debts		6,453	225,486
- Loans, advances, deposits, prepayments and other receivables		(36,548)	93,632
- Trade and other payables		(270,781)	(240,066)
		<u>818,039</u>	<u>1,286,699</u>



	<u>Nine months ended</u>	
	<u>March 31,</u> <u>2026</u>	<u>March 31,</u> <u>2025</u>
	----- (Unaudited) -----	
	----- (Rupees in '000) -----	
11 CASH AND CASH EQUIVALENTS		
Short term investment in reverse repo transactions	150,019	490,666
Cash and bank balances	187,042	406,897
	<u>337,061</u>	<u>897,563</u>

	<u>March 31,</u> <u>2026</u>	<u>June 30,</u> <u>2025</u>
	(Unaudited)	(Audited)
	----- (Rupees in '000) -----	
12 FINANCING STRUCTURE / MODE		
Conventional mode:		
Assets		
Long-term investments	3,787,653	3,807,752
Short-term investments	2,220,399	2,722,086
Cash and bank balances	185,545	202,717
	<u>6,193,597</u>	<u>6,732,555</u>
Shariah compliant mode:		
Assets		
Cash and bank balances	<u>1,497</u>	<u>771</u>

13 SHARIAH COMPLIANCE DISCLOSURE

	Note	<u>March 31, 2026</u>			<u>June 30, 2025</u>		
		Conventional	Shariah Compliant	Total	Conventional	Shariah Compliant	Total
		----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Statement of Financial Position							
Long-term investments	6	3,787,653	-	3,787,653	3,807,752	-	3,807,752
Short-term investments	7	2,220,399	-	2,220,399	2,722,086	-	2,722,086
Cash and bank balances		185,545	1,497	187,042	202,717	771	203,488
		<u>6,193,597</u>	<u>1,497</u>	<u>6,195,094</u>	<u>6,732,555</u>	<u>771</u>	<u>6,733,326</u>

	Note	<u>March 31, 2026</u>			<u>March 31, 2025</u>		
		Conventional	Shariah Compliant	Total	Conventional	Shariah Compliant	Total
		----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Statement of Profit or Loss							
Revenue from contracts							
with customers	9	-	5,315,530	5,315,530	-	5,825,203	5,825,203
Other income		499,584	3,481	503,065	685,072	25,192	710,264
Finance costs		6,500	-	6,500	1,610	-	1,610
		<u>506,084</u>	<u>5,319,011</u>	<u>5,825,095</u>	<u>686,682</u>	<u>5,850,395</u>	<u>6,537,077</u>



14 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associated companies, directors, key management personnel and staff retirement funds. The aggregate value of transactions and outstanding balances as at March 31, 2026 with related parties are as follows:

14.1 Balances as at period / year end

Name	Nature of relationship	Note	Nature of transactions	March 31,	June 30,
				2026 (Unaudited)	2025 Audited
----- (Rupees in '000) -----					
Pakistan Security Printing Corporation (Private) Limited	Associated undertaking		Trade debts Other payables	1,292,929 52,696	1,090,026 37,226
Sumer Holdings, A.S.	Director on Board of Company		Dividend payable	57,922	12,592
Industrial Development & Renovation Organisation of Iran	Director on Board of Company		Dividend payable	595,140	549,809
Elcott Spinning Mills Limited	Common directorship		Trade payable	176	-
Employees retirement fund	Other related party		Payable to the fund - net	6,378	4,618

14.2 Transactions during the period

Name	Nature of relationship	Note	Nature of transactions	March 31,	March 31,
				2026 (Unaudited)	2025
----- (Rupees in '000) -----					
Pakistan Security Printing Corporation (Private) Limited	Associated undertaking	14.3	Sales - net Purchases Shared expenses allocated to the Company Dividend paid	5,315,530 1,587 73,797 181,471	5,502,937 4,622 56,987 252,043
Sumer Holdings, A.S.	Director on Board of Company		Dividend paid	-	62,959
Elcott Spinning Mills Limited	Common directorship		Purchases	175,734	59,159
Employees retirement funds	Other related party	14.5	Contribution made	61,141	52,903
Key management personnel	Key management	14.6	Remuneration and benefits	161,225	145,976



- 14.3** All sales transactions with Pakistan Security Printing Corporation (Private) Limited are carried out by the Company using the "Cost Plus Mark-up Method". Other expenses are reimbursements of shared expenses.
- 14.4** 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 appointments.
- 14.5** Contributions to the staff retirement benefit fund are made in accordance with the terms of staff retirement benefit scheme and actuarial advice.
- 14.6** 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.

15 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.

15.1 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;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

There were no transfers between levels of the fair value hierarchy during the period.



March 31, 2026 (Unaudited)

Note	Carrying amount				Fair value				
	Fair value through profit or loss	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
(Rupees in '000)									
Financial assets not measured at fair value									
Investments									
- Pakistan Investment Bonds	-	3,787,653	-	3,787,653	-	3,732,412	-	3,732,412	
- Reverse repo transactions	15.2	-	150,278	-	150,278	-	-	-	
- Treasury bills	-	-	2,070,121	-	2,070,121	-	2,061,998	-	2,061,998
Loans, advances, prepayments									
and other receivables	15.2	-	71,784	-	71,784	-	-	-	
Trade debts	15.2	-	1,293,061	-	1,293,061	-	-	-	
Bank balances	15.2	-	187,042	-	187,042	-	-	-	
		-	7,559,939	-	7,559,939	-	5,794,410	-	5,794,410
Financial liabilities not measured at fair value									
Trade and other payables	15.2	-	-	699,361	699,361	-	-	-	
Unpaid dividend	15.2	-	-	711,040	711,040	-	-	-	
Unclaimed dividend	15.2	-	-	3,843	3,843	-	-	-	
		-	-	1,414,244	1,414,244	-	-	-	

June 30, 2025 (Audited)

Note	Carrying amount				Fair value				
	Fair value through profit or loss	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
(Rupees in '000)									
Financial assets not measured at fair value									
Investments									
- Pakistan Investment Bonds	-	5,025,498	-	5,025,498	-	4,945,383	-	4,945,383	
- Reverse repo transactions	15.2	-	951,457	-	951,457	-	-	-	
- Treasury bills	-	-	552,883	-	552,883	-	554,379	-	554,379
Loans, advances, prepayments									
and other receivables	15.2	-	21,557	-	21,557	-	-	-	
Trade debts	15.2	-	1,299,514	-	1,299,514	-	-	-	
Bank balances	15.2	-	203,351	-	203,351	-	-	-	
		-	8,054,260	-	8,054,260	-	5,499,762	-	5,499,762
Financial liabilities not measured at fair value									
Trade and other payables	15.2	-	-	805,669	805,669	-	-	-	
Unpaid dividend	15.2	-	-	615,952	615,952	-	-	-	
Unclaimed dividend	15.2	-	-	3,523	3,523	-	-	-	
		-	-	1,425,144	1,425,144	-	-	-	



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

Valuation techniques used in determination of fair values

Item	Valuation approach and input used
Government Securities - Treasury Bills	The fair value of Market Treasury Bills are derived using PKRV rates. The PKRV rates are announced by FMA (Financial Market Association) through Reuters.
Pakistan Investment Bonds	The fair value of Pakistan Investment Bonds are derived using PKRV rates. The PKRV rates are announced by FMA (Financial Market Association) through Reuters.
Pakistan Investment Bonds - Floating Rate Bond (FRB)	The fair value of Pakistan Investment Bonds - Floating Rate Bond (FRB) are derived using PKRFV rates. The PKRFV rates are announced by FMA (Financial Market Association) through Reuters.

The fair values of financial assets which are not measured at fair value have been disclosed in note and of these condensed interim financial statements using level 2 basis.

16 GENERAL

16.1 Corresponding figures

Corresponding figures have been re-classified, re-arranged or additionally incorporated in these condensed interim financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current period. No significant rearrangements or reclassifications were made in these condensed interim financial statements.

17 DATE OF AUTHORISATION

These condensed interim financial statements were authorised and approved by the Board of Directors of the Company on April 29, 2026.

IMRAN QURESHI
Chief Executive Officer

MUHAMMAD NOMAN FAROOQ
Chief Financial Officer

MUNIR AHMED
Director



ATTENTION SHAREHOLDERS

Attention of shareholders is invited to the following legal requirements:

1. Notice to Shareholders who have not provided their IBAN

In accordance with the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed company to pay cash dividend to its shareholders only through electronic mode directly into the bank account designated by the entitled shareholders. Therefore, the shareholders are requested to provide their bank details by filling up the Electronic Credit Mandate Form available at: <https://famcosrs.com/downloads> and send the duly filled form along with a copy of CNIC to Company's Share Registrar, M/s. FAMCO Share Registration Services (Pvt.) Limited.

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

In order to comply with the SECP's directives and in terms of Section 243(2)(a) of the Companies Act, 2017, the Company shall be constrained to withhold the Dividend Warrant(s), in case of a non-availability copy of valid CNIC (for individuals) and National Tax Number (for a corporate entity).

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

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

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

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

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, shareholders whose names are not entered into the Active Taxpayers' List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to immediately make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

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



Withholding Tax will be determined separately on 'person names appearing on ATL/person names not appearing on ATL' status of Principal Shareholder as well as Joint holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard, all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal Shareholder and Joint holder(s) in respect of shares held by them (only if not already provided) to our Share Registrar, in writing as follows:

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

The required information must reach our Share Registrar, M/s. FAMCO Share Registration Services (Pvt.) Limited within 10 days of this notice; otherwise, it will be assumed that the shares are equally held by the Principal Shareholder and Joint Holder(s).

As per FBR Circulars C. No. 1 (29) WHT/2006 dated 30 June 2010 and C. No. 1 (43) DG (WHT)/2008- Vol. II -66417-R dated 12 May 2015, the valid exemption certificate is mandatory to claim exemption of withholding tax U/S 150 of the Income Tax Ordinance, 2001 (tax on dividend amount) where the statutory exemption under clause 47B of part - IV of Second Schedule is available. The shareholders who fall in the category mentioned in the above clause and want to avail exemption U/S 150 of the Ordinance, must provide a valid Tax Exemption Certificate to our Share Registrar, M/s. FAMCO Share Registration Services (Pvt.) Limited before book closure otherwise tax will be deducted on dividend as per applicable rates.

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

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



3. Unclaimed / Unpaid Shares and Dividends

In accordance with the provisions of Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company, which remain unclaimed or unpaid for a period of three years from the date it is due and payable, the Company shall give ninety days notices to the shareholders to file claim if no claim is made before the Company by the shareholders, the Company shall proceed to deposit the unclaimed or unpaid Shares / Dividends with the Federal Government in compliance with the Section 244 of the Companies Act, 2017.

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

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

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

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

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

5. Placement of Financial Accounts on Website

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



6. Updation of shareholder addresses / other particulars

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

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

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

Karachi
April 29, 2026

Yasir Ali Quraishi
Company Secretary & Chief Legal Officer



Security Papers
LIMITED

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

REGISTERED OFFICE & SHARES DEPARTMENT
Jinnah Avenue, Malir Halt, Karachi - 75100, Pakistan.
Phone: (+9221) 99248285, Website: www.security-papers.com

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