



Security Papers
LIMITED



**YEARS OF
SERVICE,
QUALITY AND
RELIABILITY**

QUARTERLY REPORT | 2026
SEPTEMBER 30,



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COMPANY INFORMATION

BOARD OF DIRECTORS

Chairman

Mr. Mohammad Aftab Manzoor - Non-executive

Directors

Mr. Jamal Nasim - Non-executive
Mr. Hamid Bazargan - Non-executive
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
Mr. Hamid Bazargan - Member
Hafiz Mohammad Yousaf - Member
Mr. Shafqaat Ahmed - Member
Ms. Aemon Khan - 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

CHIEF FINANCIAL OFFICER

Mr. Muhammad Noman Farooq

BANKERS

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

AUDITORS

A. F. Ferguson & Co.
Chartered Accountants
(member firm of PwC network)

TAX CONSULTANTS

A. F. Ferguson & Co.
Chartered Accountants
(member firm of PwC network)

KPMG Taseer Hadi & Co
Chartered Accountants

LEGAL ADVISORS

Mohsin Tayebaly & Co.
Advocates & Legal Consultants

MCA Law Associates

REGISTERED OFFICE

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Karachi - 75100
Tel : (+9221) 99248285
E-mail : comsec@security-papers.com

SHARE REGISTRAR

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DIRECTORS' REPORT

The Directors of your Company are pleased to present the un-audited financial statements for quarter ended September 30, 2026.

BUSINESS AND PERFORMANCE REVIEW

We are pleased to inform you that the Company has successfully completed its Balancing, Modernisation and Replacement (BMR) project in September 2026, in accordance with the planned timeline and within the approved budget. The project was undertaken to enhance the Company's technical capabilities and enable the production of security paper incorporating additional security features, primarily to meet the anticipated requirements of the upcoming new banknote series.

During the quarter, the Company produced 277 tons of paper, compared to 906 tons in the corresponding quarter of the previous year. As anticipated, production was impacted by the planned shutdown required for the installation and integration of modern machine components under the BMR project. Production operations remained suspended for 67 days, with normal operations resuming on September 30, 2026. The resulting reduction in production capacity during the quarter impacted sales and financial performance.

As expected, the BMR related plant shutdown and lower production resulted in net sales of PKR 732 million, compared to PKR 1,843 million in the corresponding quarter of the previous year. Consequently, the Company recorded a gross loss of PKR 54 million, compared to a gross profit of PKR 474 million in the corresponding period last year. In addition, other income declined due to lower interest rates and the utilisation of investments to finance the BMR project.

The Company recorded a loss before tax of PKR 30 million for the quarter, compared to a profit before tax of PKR 478 million in the corresponding quarter of the previous year, owing to reasons explained above. The loss after tax stood at PKR 12 million, compared to a profit after tax of PKR 288 million in the corresponding period last year. Accordingly, loss per share was PKR 0.20, compared to earnings per share of PKR 4.87 in the corresponding quarter of the previous year. The Company is confident that with production at normal levels, profitability during the year will be in line with previous trends.

With regards to the election of directors and pending litigation, the status remains the same as disclosed in the Annual Report 2026.

FUTURE PROSPECTS

With the successful completion of the BMR project and the resumption of normal plant operations, the Company is well positioned to enhance its operational performance and capitalise on future growth opportunities. The upgraded machine has strengthened the Company's technical capabilities to manufacture banknote paper incorporating advanced security features in line with the specific requirements of its key customer. Subject to the necessary approvals from the relevant authorities and receipt of orders, these enhanced capabilities will enable the Company to cater to the requirements of the upcoming new banknote series and contribute towards improved operational efficiency, financial performance and sustainable shareholder value.



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The Company remains committed to upholding high standards of product quality, optimising production efficiency and meeting evolving customer requirements. Management is confident that the successful BMR upgrade will provide a strong foundation for future growth and reinforce the Company's ability to deliver long-term value to its shareholders.

The Directors express their sincere appreciation to the employees, customers and other stakeholders for their continued support and confidence in the Company.

The Directors also express their gratitude to Almighty Allah for His continued blessings and guidance.

On behalf of the Board of Directors

Imran Qureshi

Imran Qureshi
Chief Executive Officer

Munir Ahmed

Munir Ahmed
Director

Karachi
Dated: September 30, 2026



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Condensed Interim Statement of Financial Position

As at September 30, 2026

		September 30, 2026 Un-audited	June 30, 2026 Audited
ASSETS	Note	----- (Rupees in '000) -----	
Non-current assets			
Property, plant and equipment	5	4,954,011	4,467,352
Intangible assets		11,566	12,419
Long term investments	6	2,435,471	2,480,427
Staff retirement benefits		-	2,953
Total non-current assets		7,401,048	6,963,151
Current assets			
Stores, spares and loose tools		418,147	365,318
Stock-in-trade		923,229	719,136
Trade debts		93	541,510
Loans, advances, deposits, prepayments and other receivables		698,128	545,194
Short-term investments	7	1,859,787	2,802,611
Taxation - net		83,308	-
Cash and bank balances		1,024,762	169,974
Total current assets		5,007,454	5,143,743
TOTAL ASSETS		12,408,502	12,106,894
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital		700,000	700,000
70,000,000 (June 30, 2026: 70,000,000) ordinary shares of Rs. 10 each			
Issued, subscribed and paid-up capital		592,559	592,559
59,255,985 ordinary shares of Rs.10 each			
Revenue reserves			
General reserves		8,253,121	7,875,291
(Accumulated loss) / unappropriated profits		(11,916)	911,132
		8,241,205	8,786,423
TOTAL EQUITY		8,833,764	9,378,982
Non-current liabilities			
Deferred tax liability - net		260,314	277,703
Staff retirement benefits		1,569	-
Total non-current liabilities		261,883	277,703
Current liabilities			
Trade and other payables		2,129,810	1,689,069
Unpaid dividend		1,179,202	711,050
Unclaimed dividend		3,843	3,843
Taxation - net		-	46,247
Total current liabilities		3,312,855	2,450,209
TOTAL LIABILITIES		3,574,738	2,727,912
CONTINGENCIES AND COMMITMENTS	8		
TOTAL EQUITY AND LIABILITIES		12,408,502	12,106,894

The annexed notes 1 to 16 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

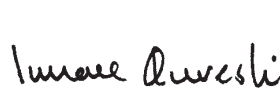


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Condensed Interim Statement of Profit or Loss (Un-audited)
For the three months period ended September 30, 2026

Note	Three Months Ended	
	September 30, 2026	September 30, 2025
	----- (Rupees in '000) -----	
Revenue from contracts with customers	731,643	1,842,823
Cost of sales	(786,139)	(1,368,625)
Gross (loss) / profit	(54,496)	474,198
Administrative expenses	(137,519)	(135,280)
Other income	165,500	178,921
Other expenses	(2,904)	(38,219)
Finance costs	(437)	(1,200)
(Loss) / profit before taxation	(29,856)	478,420
Taxation		
- Current	-	(231,563)
- Deferred	17,940	41,626
	17,940	(189,937)
(Loss) / profit for the period after taxation	(11,916)	288,483
	----- (Rupees) -----	
(Loss) / earnings per share - basic and diluted	(0.20)	4.87

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



IMRAN QURESHI
Chief Executive Officer



MUHAMMAD NOMAN FAROOQ
Chief Financial Officer



MUNIR AHMED
Director



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**Condensed Interim Statement of
Other Comprehensive Income (Un-audited)**
For the three months period ended September 30, 2026

	Three Months Ended	
	September 30, 2026	September 30, 2025
	----- (Rupees in '000) -----	
(Loss) / profit for the period after taxation	(11,916)	288,483
Other comprehensive income	-	-
Total comprehensive (loss) / income for the period	(11,916)	288,483

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



IMRAN QURESHI
Chief Executive Officer



MUHAMMAD NOMAN FAROOQ
Chief Financial Officer



MUNIR AHMED
Director



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Condensed Interim Statement of Changes in Equity

For the three months period ended September 30, 2026

Issued subscribed and paid-up share capital	Revenue Reserves		Total equity
	General reserves	Unappropriated Profit / (Accumulated loss)	
----- Rupees in '000 -----			

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 for the period	-	-	288,483	288,483
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 September 30, 2025 (Un-audited)	<u>592,559</u>	<u>7,875,291</u>	<u>288,483</u>	<u>8,756,333</u>
Balance as at June 30, 2026 (Audited)	592,559	7,875,291	911,132	9,378,982
Total comprehensive (loss) / income for the period				
Loss for the period	-	-	(11,916)	(11,916)
Transactions with owners				
Final cash dividend @ Rs. 9.00 per ordinary share for the year ended June 30, 2026	-	-	(533,302)	(533,302)
Transfer to general reserves	-	377,830	(377,830)	-
Balance as at September 30, 2026 (Un-audited)	<u>592,559</u>	<u>8,253,121</u>	<u>(11,916)</u>	<u>8,833,764</u>

The annexed notes 1 to 16 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

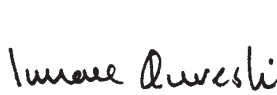


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Condensed Interim Statement of Cash Flows (Un-audited)
For the three months period ended September 30, 2026

		Three Months Ended	
	Note	September 30, 2026	September 30, 2025
		----- (Rupees in ‘000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	10	472,369	(409,648)
Taxes paid		(129,005)	(190,039)
Staff retirement benefits paid		(7,381)	-
Finance cost paid		(437)	(1,200)
Net cash generated from / (utilised in) operating activities		335,546	(600,887)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(565,789)	(479,157)
Proceeds from sale of operating fixed assets		8,652	1,052
Investments made during the period		(264,716)	(1,164,017)
Investments matured during the period		642,000	1,355,920
Gain realised on reverse repo transactions		7,280	10,469
Mark-up received		156,592	218,028
Net cash used in investing activities		(15,981)	(57,705)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(65,150)	(63,683)
Net cash used in financing activities		(65,150)	(63,683)
Net increase in / (decrease) in cash and cash equivalents during the period		254,415	(722,275)
Cash and cash equivalents at beginning of the period		770,347	1,153,212
Cash and cash equivalents at end of the period	11	1,024,762	430,937

The annexed notes 1 to 16 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 three months period ended September 30, 2026

1 THE COMPANY AND ITS OPERATION

- 1.1** Security Papers Limited (the "Company") was incorporated 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 the manufacturing and sale of specialised paper for banknote and non-bank note security documents.

- 1.2** The Company completed the Balancing, Modernisation and Replacement (BMR) of its PM-2 machine during the period. Further details are provided in note 16.1 to the condensed interim financial statements.

- 1.3** 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 the Company 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 Honourable 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 were 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 and the 8th EOGM was concluded without the election being held, accordingly. The Company has already filed its counter-affidavit in response to SECP's application in the said appeal. On August 18, 2026 the Company filed an application for urgent hearing of all pending applications. The application was allowed but the case could not be fixed before the present roster of Company judges and a hearing is still awaited.

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 grounds of the same impediments but the same was rejected by the SECP. The Company appealed the rejection with the Registrar of Companies, SECP. An online hearing was held on June 19, 2025 with the Registrar SECP and SECP had requested the Company to provide CRO Order dated November 12, 2024, related to the rejection of extension and a chronological synopsis of the Company's legal status case. This information was provided to SECP and since then there has been no update, in this respect.

A Constitutional Petition No. 4504 of 2024 was filed by a few shareholders before the Sindh High Court (SHC) on September 19, 2024, thereby seeking enforcement of the SOE Act. During the year 2026, this petition was disposed of in favour of the Company by SHC vide order dated April 1, 2026, on the basis that the Company's shareholding has changed and it was beyond the scope of a State-Owned Enterprise in terms of the SOE Act. Notwithstanding the ultimate outcome of the above matter, it would only impact the status of the Company as a Public Sector Company or not without having any impact on the financial position of the Company.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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
- 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, 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, 2026. 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.

2.4 Functional and presentation currency

The financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistani Rupees has been rounded off to the nearest thousand of rupees, unless otherwise stated.

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, 2026.



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

There were certain new interpretations and amendments that become mandatory for the Company's accounting period that began on July 1, 2026 but are considered not to be relevant or do not have any significant effect on the Company's operations and are, therefore, not disclosed in these condensed interim financial statements.

3.3 Standards, interpretations and amendments to accounting and reporting standards that are not yet effective

There is a new standard and certain interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after July 1, 2026 but are considered not to be relevant or will not have any significant effect on the Company's operations and therefore are not disclosed in these financial statements except for the following:

- The new standard - IFRS 18 'Presentation and Disclosure in Financial Statements' (IFRS 18) (published in April 2024) with applicability date of January 1, 2027 by IASB. IFRS 18 already adopted and applicable shall impact the presentation of 'statement of profit or loss' and 'statement of comprehensive income' with certain additional disclosures in the financial statements; and
- Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures' which clarify the date of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers. The amendment when applied may impact the timing of recognition and derecognition of financial assets and financial liabilities.

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

4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. 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, 2026.

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, 2026.



		September 30, 2026 (Unaudited)	June 30, 2026 (Audited)
	Note	----- (Rupees in '000) -----	
5	PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	5.1	1,896,013	1,938,365
Capital work-in-progress	5.4	3,057,998	2,528,987
		<u>4,954,011</u>	<u>4,467,352</u>
5.1	Opening book value	1,938,365	1,856,624
	Direct additions to operating fixed assets	34,047	104,650
	Transfer from capital work-in-progress	2,731	273,110
	Disposals / write off during the period / year - net book value	(7,151)	(12,906)
	Depreciation charge for the period / year	(71,979)	(283,113)
		<u>1,896,013</u>	<u>1,938,365</u>
		September 30, 2026 (Unaudited)	September 30, 2025
		----- (Rupees in '000) -----	
5.2	Additions during the period		
5.2.1	Direct addition to operating fixed assets		
	- Building on freehold land	900	-
	- Plant and machinery	3,500	2,955
	- Spare parts and stand-by equipment	13,189	7,541
	- Furniture & fittings	1,055	366
	- Electric, water and gas installations	2,964	3,839
	- Office and Security equipment	1,587	460
	- Computers & computer accessories	1,483	7,133
	- Motor vehicles	9,369	4,760
		<u>34,047</u>	<u>27,054</u>
5.2.2	Transfer from capital work-in-progress		
	- Furniture & fittings	2,731	-
		<u>2,731</u>	<u>-</u>
5.3	Disposals / write off during the period		
	- Plant and machinery	-	4
	- Furniture & fittings	-	4
	- Electric, water and gas installations	-	194
	- Motor vehicles	7,151	-
		<u>7,151</u>	<u>202</u>



		September 30, 2026 (Unaudited)	June 30, 2026 (Audited)
5.4 Capital work-in-progress	Note	----- (Rupees in '000) -----	
Opening balance		2,528,987	142,314
Additions made during the period / year		531,742	2,659,783
Transferred to operating fixed assets		(2,731)	(273,110)
Balance at the end of the period / year		<u>3,057,998</u>	<u>2,528,987</u>

6 LONG TERM INVESTMENTS

Amortised cost

Pakistan Investment Bonds	6.1	3,812,623	3,840,978
Less: current maturity		(1,377,152)	(1,360,551)
		<u>2,435,471</u>	<u>2,480,427</u>

- 6.1** These represent investments in Pakistan Investment Bonds (PIBs) carrying effective interest at the rates ranging from 10.85% to 16.45% (June 2026: 10.85% to 16.45%) per annum with maturities ranging from February 2027 to September 2034 (June 2026: February 2027 to September 2034). The profit payments are made semi annually. This includes mark-up receivable of Rs. 78.72 million (June 2026: Rs. 117.91 million).

		September 30, 2026 (Unaudited)	June 30, 2026 (Audited)
7 SHORT TERM INVESTMENTS		----- (Rupees in '000) -----	
<i>Amortised cost</i>			
Government securities - Treasury Bills	7.1	482,635	841,687
Reverse repo transactions		-	600,373
Pakistan Investment Bonds - current maturity		1,377,152	1,360,551
		<u>1,859,787</u>	<u>2,802,611</u>

- 7.1** Investment in treasury bill carry yield of 10.35% (June 2026: ranging from 10.35% to 11.90%) per annum with maturity of February 2027 (June 2026: ranging from August 2026 to February 2027).

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, 2026, except for the following:



8.1.1 An ex-employee of the Company filed a grievance application before the Labour Court challenging the termination of his employment. The applicant has sought reinstatement in service along with payment of back benefits. The Court has framed the issues, and the matter is currently pending at the applicant's evidence stage for the cross-examination of the applicant.

The Company's legal counsel is confident that, based on the merits of the case, the application would be decided in favour of the Company. Accordingly, no provision has been recognised in these financial statements.

	September 30, 2026 (Unaudited) ----- (Rupees in '000) -----	June 30, 2026 (Audited)
8.2 Commitments		
Commitments against letters of credit	<u>73,362</u>	<u>1,163,610</u>
Capital commitments	<u>40,781</u>	<u>114,950</u>

9 Taxation

The income tax expense for the quarter ended September 30, 2026 has been recognised based on management's best estimate of the weighted average annual effective income tax rate expected for the financial year ending June 30, 2027, in accordance with IAS 34 Interim Financial Reporting. Although the Company has incurred a loss before tax for the quarter ended September 30, 2026, the management expects the Company to be profitable for the financial year ending June 30, 2027. Accordingly, deferred tax has been recognised based on the applicable estimated annual effective tax rate. Further, no minimum tax expense has been recognised for the quarter ended September 30, 2026, as management expects the Company's annual tax liability for the year ending June 30, 2027, to be determined under the normal tax regime, subject to the applicable tax laws and regulations.



		Three Months Ended	
		September 30, 2026	September 30, 2025
		----- Un-audited -----	----- Un-audited -----
		----- (Rupees in '000) -----	
Note			
10	CASH GENERATED FROM / (USED IN) OPERATIONS		
	(Loss) / profit before taxation	(29,856)	478,420
	Adjustments for:		
	Depreciation on property, plant and equipment	5.1 71,979	69,853
	Provision against staff retirement benefits	11,903	12,159
	Amortisation of intangible assets	853	943
	Finance costs	437	1,200
	Mark up on investments in Pakistan Investment Bonds	(108,906)	(117,808)
	Amortisation of discount on Government securities - Treasury Bills	(18,233)	(29,193)
	Mark-up on bank deposits and saving accounts	(8,633)	(8,819)
	Income from reverse repo transactions	(7,090)	(9,219)
	Amortisation of discount on Pakistan Investment Bond	(10,886)	(10,497)
	Gain on sale of property, plant and equipment	(1,501)	(850)
	Changes in:		
	- Stores, spare parts and loose tools	(52,829)	(4,612)
	- Stock-in-trade	(204,093)	(37,098)
	- Trade debts	541,417	(602,655)
	- Loans, advances, deposits, prepayments and other receivables	(152,934)	(7,951)
	- Trade and other payables	440,741	(143,520)
		472,369	(409,648)
11	CASH AND CASH EQUIVALENTS		
	Short term investment in reverse repo transactions	-	600,373
	Cash and bank balances	1,024,762	169,974
		1,024,762	770,347
12	FINANCING STRUCTURE / MODE		
	Conventional mode:		
	Assets		
	Long-term investments	6 2,435,471	2,480,427
	Short-term investments	7 1,859,787	2,802,611
	Cash and bank balances	1,016,758	149,122
		5,312,016	5,432,160
	Shariah compliant mode:		
	Assets		
	Cash and bank balances	8,004	20,852



	September 30, 2026 (Unaudited)	June 30, 2026 (Audited)
	----- (Rupees in '000) -----	
13 SHARIAH DISCLOSURES UNDER CLAUSE VII OF PART I OF SCHEDULE IV OF THE COMPANIES ACT, 2017		
Statement of financial position - Liability Side		
i) Short-term financing as per Islamic mode	-	-
ii) Lease financing as per Islamic mode	-	-
iii) Long-term financing as per Islamic mode	-	-
iv) Mark-up accrued on conventional loan	-	-
Statement of financial position - Asset Side		
i) Long term shariah compliant investments	-	-
ii) Short term shariah compliant investments	-	-
iii) Shariah-compliant bank balances	7,779	20,831
	September 30, 2026 (Unaudited)	September 30, 2025
	----- (Rupees in '000) -----	
Statement of Profit or Loss		
i) Revenue earned from Shariah-compliant business segment	731,643	1,842,823
ii) Break-up of late payments and liquidated damages	-	-
iii) Gain or loss or dividend earned on Shariah compliant investments	-	-
iv) Profit earned from Shariah-compliant bank balances	80	-
v) Markup earned from conventional bank balances	8,553	-
vi) Exchange gain earned from actual currency	-	-
vii) Exchange gains earned using conventional derivative financial instruments	-	-
viii) Profit paid on Islamic mode of financing	-	-
ix) Total interest earned on any conventional loan or advance	-	-
Break-up of other income excluding profits on bank deposits		
Shariah compliant income		
Scrap sales	2,112	850
Gain on sale of property, plant and equipment	1,501	2,528
Others	31	7
Shariah non-compliant income		
Mark-up on:		
- Pakistan Investment Bonds	119,792	128,305
- Treasury Bills	18,233	29,193
- Loan to employees	1	1
Others	-	-
Income from reverse repo transactions	7,090	9,219
Other Disclosures		
Relationship with Shariah-compliant financial institution	Relationship	
Meezan Bank Limited	Running musharakah facility	
MCB Islamic Bank Limited	Bank Deposit	
Jubilee General Insurance	Window Takaful Operators	



14 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associated companies, directors, key management personnel and staff retirement funds. All the transactions with related parties are entered into at agreed terms as approved by the Board of Directors of the Company. The aggregate value of transactions and outstanding balances as at September 30, 2026 with related parties are as follows:

14.1 Balances as at period / year end

Name of related party	Nature of relationship	Nature of transactions / balances	September 30, 2026 (Unaudited) ----- (Rupees in '000) -----	June 30, 2026 (Audited)
Pakistan Security Printing Corporation (Private) Limited	Associated undertaking	Dividend payable	181,471	-
		Trade debts	-	541,382
		Advance from customer	37,248	-
		Other payables	75,265	46,142
Sumer Holdings, A.S.	Director on Board of Company	Dividend payable	103,253	57,922
Industrial Development & Renovation Organisation of Iran	Director on Board of Company	Dividend payable	640,470	595,140
Jamal Nasim	Non-Executive Director	Dividend Payable	115	-
Elcott Spinning Mills Limited	Common directorship	Trade payable	176	-
Employees retirement fund	Other related party	Payable to the fund - net	5,279	3,449

14.2 Transactions during the period

Name of related party	Nature of relationship	Nature of transactions / balances	September 30, 2026 ----- Un-audited ----- ----- (Rupees in '000) -----	September 30, 2025
Pakistan Security Printing Corporation (Private) Limited	Associated undertaking	Sales - net	731,643	1,842,823
		Purchases	-	821
		Shared expenses allocated to the Company	29,123	20,413
Elcott Spinning Mills Limited	Common directorship	Purchases	30,780	98,573
Employees retirement funds	Other related party	Contribution made	19,445	20,420
Key management personnel	Key management	Remuneration and benefits	58,898	61,506



- 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" as agreed under the contract. 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 engagements.
- 14.5** Contributions to the staff retirement benefit funds are made in accordance with the terms of staff retirement benefit schemes 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.

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

15.1 Fair value hierarchy

The Company classifies assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs 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.



September 30, 2026 (Unaudited)							
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	-	3,812,623	-	3,812,623	-	3,819,065	-	3,819,065
- Reverse repo transactions	-	-	-	-	-	-	-	-
- Treasury Bills	-	482,635	-	482,635	-	480,481	-	480,481
Loans, deposits and other receivables	-	139,545	-	139,545	-	-	-	-
Trade debts	-	93	-	93	-	-	-	-
Bank balances	-	1,024,762	-	1,024,762	-	-	-	-
	-	5,459,658	-	5,459,658	-	4,299,546	-	4,299,546

Financial liabilities not measured at fair value

Trade and other payables	-	-	1,881,571	1,881,571	-	-	-	-
Unpaid dividend	-	-	1,179,202	1,179,202	-	-	-	-
Unclaimed dividend	-	-	3,843	3,843	-	-	-	-
	-	-	3,064,616	3,064,616	-	-	-	-

June 30, 2026 (Audited)							
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	-	3,840,978	-	3,840,978	-	3,878,464	-	3,878,464
- Reverse repo transactions	-	600,373	-	600,373	-	-	-	-
- Treasury bills	-	841,687	-	841,687	-	838,298	-	838,298
Loans, deposit and other receivables	-	126,175	-	126,175	-	-	-	-
Trade debts	-	541,510	-	541,510	-	-	-	-
Bank balances	-	169,952	-	169,952	-	-	-	-
	-	6,120,675	-	6,120,675	-	4,716,762	-	4,716,762

Financial liabilities not measured at fair value

Trade and other payables	-	-	1,457,900	1,457,900	-	-	-	-
Unpaid dividend	-	-	711,050	711,050	-	-	-	-
Unclaimed dividend	-	-	3,843	3,843	-	-	-	-
	-	-	2,172,793	2,172,793	-	-	-	-



- 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 -Pakistan Investment Bonds (PIBs) and Treasury Bills (MTBs)	The fair value of PIBs and MTBs are derived using PKRV rates. Floating rate PIBs are revalued using PKFRV rates.

The fair values of financial assets which are not measured at fair value have been disclosed in note 15.1 of these condensed interim financial statements using level 2 basis.

16 GENERAL

16.1 Significant Event During the Quarter – BMR Project

During the quarter ended 30 September 2026, the Company undertook the Balancing, Modernisation and Replacement (BMR) of its PM-2 machine, which involved the installation and integration of modern components to enhance the Company's technical capabilities for incorporating advanced security features into banknote paper. To facilitate the BMR activities, production operations were temporarily suspended from July 25, 2026 to September 29, 2026, resulting in lower production and sales during the quarter.

The BMR project was completed during the quarter and normal plant operations resumed with effect from September 30, 2026. Following completion of the upgrade, production of paper for the existing banknote series has recommenced.

16.2 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.

16.3 DATE OF AUTHORISATION

These condensed interim financial statements were authorised and approved by the Board of Directors of the Company on October 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 Office at phone: 021-99248285 and email address comsec@security-papers.com and/or M/s. FAMCO Share Registration Services (Pvt.) Limited at phone 021-34380101-5 and email address: info.shares@famcosrs.com.

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

3. Unclaimed / Unpaid Shares and Dividends

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



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

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

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

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

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

5. Placement of Financial Accounts on Website

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

6. Updation of shareholder addresses / other particulars

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

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

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

Karachi
October 29, 2026



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