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Vision & Mission Statements

Vision

Our vision is to be one of the leading Islamic Financial Institution within Modaraba sector by offering Shari'ah compliant solutions for an optimal satisfaction of customers

Mission

The basic aim of Sindh Modaraba is to seek Allah's blessing for transformation of our business dealings in accordance with the principles enshrined in the Islamic Shari'ah. And to develop an Islamic Institution by implementing Allah's will in the line with the practices of His Prophet (P.B.U.H.) by meeting its stated objectives built on Trust, Integrity, Innovation and Good Governance for meeting expectation of its stakeholders."



Corporate Information

Board of Directors

Mr. Waseem Mehdi Syed Mr. Habibullah Khilji

Mr. Kamal Ahmed Mr. Rehan Anium

Ms. Rukhsana Narejo

- Independent Director

- Independent Director

- Non-Executive Director

Non-Executive DirectorNon-Executive Director

CFO & Company Secretary

Zulfigar Ali

Audit Committee

Mr. Waseem Mehdi Syed - Chairman Mr. Kamal Ahmed - Member Mr. Habibullah Khilji - Member

Bankers

Sindh Bank Limited-IslamicBanking (Saadat) NRSP Microfinance Bank Limited Bank Al-Habib Limited

Auditors

Baker Tilly Mehmood Idrees Qamar Chartered Accountants

Shariah Advisor

Mufti Zeeshan Abdul Aziz

Legal Advisor

Mohsin Tayebaly & Co.

Share Registrar

F.D. Registrar Services Pvt. Ltd. Office # 1705, 17th Floor, Saima Trade Tower-A, I.I. Chundrigarh Road Karachi

Registered/Head Office

1st Floor, Imperial Court, Dr. Ziauddin Ahmed Road Karachi Tel: (92-21)35640708-9

Lahore Branch

30-30A, Commercial Building, The Mall, Lahore, Pakistan



Directors' Review

The Board of Directors of Sindh Modaraba Management Limited, Management Company of Sindh Modaraba, is pleased to present the un-audited Financial Statements of Sindh Modaraba for the half year ended December 31, 2020.

Operating Results

During the period under review, the Modaraba earned a profit of Rs. 43.02 million as compared to Rs. 58.31 million of corresponding period ended December 31, 2019. Due to substantial reduction in policy rate by SBP as compared to corresponding period of last year, the average rate of return on financing and bank deposits reduced considerably resulting in 14% decline in revenue. The operating expenses increased to Rs. 23.76 million as compared to Rs. 17.81 million in the same period last year mainly on account of hiring key executives and inflationary adjustments of other administrative expenses.

Future Prospects

Pakistan economy is expected to rebound in 2021 as the impact of the pandemic fades and domestic demand recovers. The increasing demand will result in better credit off take by the private sector creating opportunities for healthy growth in Modaraba's financing portfolio. The management intends to focus on timely recovery of its dues from the existing customers and will continue its policy of prudently increasing its portfolio. We are optimistic of achieving fairly better results in the second half of the current financial year.

Acknowledgment

On behalf of the Board of Directors, we would like to thank the Sponsors, the Regulators and our Shariah Advisor for their guidance and support. We would also like to acknowledge the continued patronage of our customers and place on record the dedication and hard work of employees.

On Behalf of the Board

Karachi January 29, 2021 Waseem Mehdi Syed Director

ڈائر یکٹرز کا جائزہ

سندھ مضار مینیجنٹ کمیٹڈ کے بورڈ آف ڈائر مکٹرز،31 دسمبر 2020 کو کمل ہونے والی ششاہی کے سندھ مضاربہ کے غیر آ ڈٹ شدہ اُ کاؤنٹس پیش کرتے ہوئے مسرت محسوں کررہے ہیں۔

آيريٽنگ نتائج

مضاربہ نے 31 و تمبر2019ء کو ختم ہونے والی ششاہی میں Rs. 58.31 ملین منافع کے مقابلے میں زیرِ فور ششاہی میں Rs. 43.02 ملین کا منافع کما یا۔ گذشتہ سال کی ای ہدت کے مقابلے میں اسٹیٹ بینک نے پالیسی ریٹ میں خاطر خواہ کی کی جس کے سبب فنانسگ اور بینک ڈپازٹ پر شرح منافع نمایاں طور پر کم ہواجس کے نتیج میں آمدنی میں 14 فیصد کی واقع ہوئی۔ معمول کے اخراجات پیچھلے سال کی ای ہدت میں 18.17.81 ملین سے بڑھ کر 88.23.76 ملین روپے ہوئے ، جس کی بنیا دی وجہ اہم عہد یداروں کی تقرر رکی اور دیگر انتظامی اخراجات میں افراطِ زر کی وجہ سے ہونے والا اضافہ ہے۔

امكانات مستقبل

توقع ہے کہ 2021ء میں وبائی مرض کے گھٹاؤ کے بعد، اندرون ملک ڈیمانڈ کی بحالی کے نتیجے میں پاکستان کی معیشت میں تیزی آئے گی۔ بڑھتی ہوئی ڈیمانڈ کے نتیجے میں خی شعبے کے قرض لینے میں بہتری آئے گی ،جس سے مضار بہ کے فنانسنگ پورٹ فولیو میں بہتر نشوونما کے مواقع پیدا ہوں گے۔ انظامیہ موجودہ صارفین سے اپنے واجبات کی بروقت ادائیگی پرتو جددینے کا ارادہ رکھتی ہے اور اپنے پورٹ فولیو میں سمجھداری سے اضافہ کرنے کی اپنی پالیسی جاری رکھنا چاہتی ہے۔ ہم رواں مالی سال کے دوسرے نصف جھے میں بہتر نتائج حاصل کرنے کے لئے پرامید ہیں۔

اعتراف

ہم بورڈ آف ڈائر کیٹرز کی طرف سے اسپانسرز، ریگولیٹرز اور ہمارے شرعی مثیر کی رہنمائی اور جمایت کے لئے، ان کاشکر میاداکرنا چاہتے ہیں۔ہم اپنے گا ہوں کی مسلسل ہمایت کے معترف ہیں اور مضاربہ کے ملاز مین کے خلوص اور سخت محت کو بھی سراہتے ہیں۔

بورڈ کی حانب سے

Maseu wewa وسيم مهدى سيد دُارَيَكِمْ

کراپی 29 جنوری 2021



AUDITORS' REPORT TO THE CERTIFICATE HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of Sindh Modaraba (the Modaraba) as at December 31, 2020 and the related condensed interim profit or loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six months' period then ended (here-in-after referred to as the "condensed interim financial information"). The Modaraba Management Company [Sindh Modaraba Management Limited] is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit or loss account and condensed interim statement of comprehensive income for the quarters ended December31, 2020 and December 31, 2019 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2020.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at December 31, 2020 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Mehmood A. Razzak.

> Baker Tilly Mehmood Idress Qamar Chartered Accountants

Karachi January 29, 2021

> **Mehmood A. Razzak.** Engagement Partner

CONDENSED INTERIM BALANCE SHEET

AS AT DECEMBER 31, 2020 December 31, June 30. 2020 2020 Audited Un-audited Rupees Note **ASSETS** Current assets Cash and bank balances 331.887.156 883,707,855 5 500.000.000 Short term investments 6 32,954,207 21,915,131 Advances, prepayments and other receivables 318,979,923 Current portion of Diminishing Musharaka 270,789,982 925,000 Current portion of long term loan 925,000 Total current assets 1,184,746,286 1,177,337,968 Non - current assets Diminishing Musharaka 433,452,825 513,998,681 5.839.440 liarah assets 8 7,150,092 3,206,002 3,668,500 Long term loan Fixed assets - in own use 4,049,078 4,015,411 Total non - current assets 446,547,345 528,832,684 **TOTAL ASSETS** 1,631,293,631 1,706,170,652 LIABILITIES AND CERTIFICATE HOLDERS' EQUITY **Current liabilities** Creditors, accrued and other liabilities 10 33.477.242 90.614.181 Current portion of customers' security deposit 5.007.000 5.006.000 Profit distribution payable 802,136 575.051 39,286,378 96,195,232 Non - current liabilities Customers' security deposit 1,000 TOTAL LIABILITIES 39,286,378 96,196,232 CERTIFICATE HOLDERS' EQUITY Certificate capital Authorised certificate capital 50,000,000 (June 2020: 50,000,000) certificates of Rs. 10 each 500,000,000 500,000,000 450,000,000 450,000,000 Issued, subscribed, and paid-up certificate capital

CONTINGENCIES AND COMMITMENTS 12

TOTAL LIABILITIES AND CERTIFICATE HOLDERS' EQUITY

The annexed notes 1 to 22 form an integral part of these condensed interim financial information.

For Sindh Modaraba Management Limited (Management Company)

Chief Financial Officer

Reserves

Long term loan

TOTAL CERTIFICATE HOLDERS' EQUITY

Director

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159.974.420

1,000,000,000

1,609,974,420

1.706.170.652

142.007.253

1,000,000,000

1,592,007,253

1.631.293.631

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CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)

FOR THE SIX-MONTHS ENDED DECEMBER 31, 2020

		Half year		Quarter ended		
		December	December	December	December	
	_	2020	2019	2020	2019	
	Note -		Rupe	es		
Income from:						
Diminishing Musharaka	Ī	42,994,637	44,887,052	19,678,011	22,427,143	
Ijarah		348,827	439,248	174,077	284,155	
Bank deposits		28,018,207	36,782,962	12,391,188	24,993,485	
Term deposits receipts		1,361,644	2,079,672	1,361,644	-	
		72,723,315	84,188,934	33,604,920	47,704,783	
Administrative and operating expenses	13	(23,759,932)	(17,807,639)	(11,237,963)	(9,495,940)	
Reversal in respect of Ijarah rental receivable		-	63	-	1,562	
Reversal in respect of Diminishing Musharaka		162,601	505,605	152,472	252,513	
		(23,597,331)	(17,301,971)	(11,085,491)	(9,241,865)	
	•	49,125,984	66,886,963	22,519,429	38,462,918	
Other income		91,550	192,750	39,550	209,249	
	•	49,217,534	67,079,713	22,558,979	38,672,167	
Management Company's remuneration Provision for services sales tax on the		(4,921,753)	(6,707,971)	(2,255,897)	(3,867,201)	
management Company's remuneration		(639,828)	(872,037)	(293,266)	(502,736)	
Workers' welfare fund		(873,120)	(1,189,995)	(400,197)	(686,042)	
Workers Wellare land		(070,120)	(1,100,000)	(400,107)	(000,042)	
Profit before taxation	•	42,782,833	58,309,710	19,609,619	33,616,188	
Taxation	14	-	-	-	-	
Profit for the period		42,782,833	58,309,710	19,609,619	33,616,188	
Earnings per certificate - basic and diluted	:	0.95	1.30	0.44	0.75	

The annexed notes 1 to 22 form an integral part of these condensed interim financial information.

For Sindh Modaraba Management Limited (Management Company)

Chief Financial Officer

Director



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)

FOR THE SIX-MONTHS ENDED DECEMBER 31, 2020

	Half yea	ır ended	Quarter ended	
	December 2020	December 2019	December 2020	December 2019
-		Ru _l	pees	
Profit for the period	42,782,833	58,309,710	19,609,619	33,616,188
Other comprehensive income for the period Items that may be reclassified to profit and loss account Items that will not be reclassified to profit and loss	-	-	-	-
account subsequently	-	=	•	-
Total comprehensive income for the period	42,782,833	58,309,710	19,609,619	33,616,188

The annexed notes 1 to 22 form an integral part of these condensed interim financial information.

For Sindh Modaraba Management Limited (Management Comapany)

Chief Financial Officer

Director

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CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)

FOR THE SIX-MONTHS ENDED DECEMBER 31, 2020

ON THE ON MONTHO ENDED DECEMBER 01, 2020		Six Month Pe	riod Ended
		December 2020	December 2019
	Note	Rupe	es
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		42,782,833	58,309,710
Adjustments for non - cash and other items			
Depreciation - Ijarah assets	8	1,310,652	1,481,295
Depreciation - Fixed assets - in own use	9.1	666,851	533,878
Amortization on intangible assets	9.2	151,092	203,021
Income on bank deposits		(28,018,207)	(36,782,962)
Income on term deposit receipts		(1,361,644)	(2,079,672)
Reversal in respect of Diminishing Musharaka		(162,601)	(505,605)
Reversal for Ijarah rental receivable		•	(63)
Loss on disposal of fixed assets		<u> </u>	40,499
		15,368,976	21,200,101
Working capital changes		(11,866,529)	(CE 0EC 020)
Advances, prepayments and other receivables		(11,000,529)	(65,956,029)
ljarah rental receivables Diminishing Musharaka		32,518,516	12,573 101,120,943
Long term loan		462,498	162,000
Creditors, accrued and other liabilities		(57,136,939)	(470,704,358)
Customers' security deposit		(37,130,939)	(272,370)
oustomers security deposit		(36,022,454)	(435,637,241)
Income received on term deposit receipts		-	4,229,809
Income received on bank deposits		30,207,304	33,646,108
Net cash generated from / (used in) operations		9,553,826	(376,561,223)
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale proceed from disposal of Ijarah assets		-	272,370
Sale proceed from disposal of fixed assets		-	30,000
Redemption of short term investments		-	160,000,000
Purchase of fixed assets - in own use	9.1	(638,500)	(1,637,265)
Purchase of intangible assets	9.2	(213,110)	
Net cash (used in) / generated from investing activities		(851,610)	158,665,105
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan from Management Company		-	500,000,000
Dividend paid		(60,522,915)	(60,461,059)
Net cash (used in) / generated from financing activities		(60,522,915)	439,538,941
Net (decrease) / increase in cash and cash equivalents		(51,820,699)	221,642,823
Cash and cash equivalents at the beginning of the period		883,707,855	788,633,188
Cash and cash equivalents at the end of the period	18	831,887,156	1,010,276,011

The annexed notes 1 to 22 form an integral part of these condensed interim financial information.

For Sindh Modaraba Management Limited (Management Company)

Chief Financial Officer



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)

FOR THE SIX-MONTHS ENDED DECEMBER 31, 2020

	Issued,					
	subscribed, and paid-up certificate capital	Statutory reserve	Unappropriate d profit	Total	Long term Ioan	Total equity
			Rup	ees		
Balance as at July 01, 2019	450,000,000	51,379,782	61,666,980	113,046,762	500,000,000	1,063,046,762
Profit for the period	-	-	58,309,710	58,309,710	-	58,309,710
Loan from Management Company	=	-	-	-	500,000,000	500,000,000
Transaction with Certificate Holders Profit distribution @ Re. 1.35 (13.5%) per certificate	-	-	(60,750,000)	(60,750,000)	-	(60,750,000)
Balance as at December 31, 2019	450,000,000	51,379,782	59,226,690	110,606,472	1,000,000,000	1,560,606,472
Balance as at July 01, 2020	450,000,000	94,533,686	65,440,734	159,974,420	1,000,000,000	1,609,974,420
Profit for the period	=	-	42,782,833	42,782,833	-	42,782,833
Transaction with Certificate Holders Profit distribution @ Re. 1.35 (13.5%) per certificate	-	-	(60,750,000)	(60,750,000)	-	(60,750,000)
Balance as at December 31, 2020	450,000,000	94,533,686	47,473,567	142,007,253	1,000,000,000	1,592,007,253

The annexed notes 1 to 22 form an integral part of these condensed interim financial information.

For Sindh Modaraba Management Limited (Management Comapany)

Chief Financial Officer

Director

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1. LEGAL STATUS AND NATURE OF BUSINESS

Sindh Modaraba (the Modaraba) has been floated under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed thereunder and is managed by Sindh Modaraba Management Limited (the Management Company), which is a wholly owned subsidiary of Government of Sindh. The registered office of the Modaraba is situated at 1st Floor, Imperial Court, Dr. Ziauddin Ahmed Road. Karachi.

The Modaraba is a perpetual, multi-purpose and multi-dimensional Modaraba and is primarily engaged in providing Shariah compliant financing facilities to credit worthy customers. The Modaraba is listed on Pakistan Stock Exchange Limited.

The VIS Credit Rating Company Limited has maintained long term rating of A+ and short term rating of A-1 to the Modaraba. Outlook on the assigned rating is 'Stable'.

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information of the Modaraba for the six-month ended December 31, 2020 have been prepared by the management in accordance with the International Accounting Standard (IAS)-34 "Interim Financial Reporting" and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Prudential regulation for Modarabas and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever provisions of and directives issued under the Companies Act, 2017, the modaraba companies & modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981, Prudential Regulations for Modaraba and the Islamic Financial Accounting Standards (IFASs) differ from the IFRS standards, the provision of and directives issues under the Companies Act, 2017, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981, Prudential Regulations for Modaraba and the Islamic Financial Accounting Standards (IFASs) has been followed.

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34; 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published financial statements of the Modaraba for the year ended June 30, 2020.

These condensed interim financial information comprise of the balance sheet as at December 31, 2020 and profit and loss account. statement of comprehensive income, the cash flow statement and statement of changes in equity for the half year ended December 31, 2020 which have been subjected to a review but not audited.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention.

2.3 Functional and presentation currency

Items included in the condensed interim financial information are measured using the currency of the primary economic environment in which the Modaraba operates. The condensed interim financial information is presented in Pakistani Rupee, which is the Modaraba's functional and presentational currency. Figures have been rounded off to the nearest Rupee, unless stated otherwise.

2.4 Use of significant estimates and judgments

The preparation of condensed interim financial information in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in application of the Modaraba's accounting policies. The estimates, judgments and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on on-going basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim

financial information are the same as those applied in the preparation of audited annual financial statements of the Modaraba for the year ended June 30, 2020.

Docombor

			December	Julie
			2020	2020
			Un-audited	Audited
4.	CASH AND BANK BALANCES	Note	Rup	ees
	Cash in hand		20,000	-
	Stamp paper in hand		78,500	58,400
	Balances with banks in:			
	 Deposit accounts 	4.1	330,931,019	883,062,409
	- Current accounts	4.2	857,637	587,046
			331,887,156	883,707,855

- 4.1 These carry profit at the rates ranging from 4.05% to 6.77% per annum. (June 30, 2020: Rs. 4.97% to 8.59% per annum). This includes balance of Rs. 330.365 million (June 30, 2020: Rs. 882.52 million) held with Sindh Bank Limited Islamic Banking Unit, a related party.
- **4.2** This includes balance of Rs. 836,520 (June 30, 2020: Rs. 585,929) held with Sindh Bank Limited Islamic Banking Unit, related party.



			December 2020	June 2020
			Un-audited	Audited
5.	SHORT TERM INVESTMENTS	Note	———— Rup	
٥.	OHORT TERM INVESTMENTS	Note		
	Term deposit receipts	5.1	500,000,000	-
		:		
5.1	This represents investment (June 30, 2020: Nil) made in Sindh	n Bank Lir	mited (a related p	artv) for the
•	period of three months. This investment carries markup at the r Nil).			• /
	· ···/·		December	June
			2020	2020
			Un-audited	Audited
6.	ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES	Note	——— Rup	ees ————
	Advances	6.1	23,103,299	2,599,217
	Prepayments		1,186,437	547,949
	Accrued income from bank deposits	6.2	3,253,111	5,442,208
	Accrued income from term deposit receipts	6.2	1,361,644	=
	Accrued income from Diminishing Musharaka		4,043,716	13,321,757
	Other receivables		6,000	4,000
		-	32,954,207	21,915,131
		=		

- 6.1 This includes advance to vendors in respect of acquisition of assets under Diminishing Musharaka arrangement for onward delivery to customers amounting to Rs. 20.91 million (June 30, 2020: Rs. 1.55 million).
- 6.2 This includes accrued income of Rs. 3.25 million (June 30, 2020: Rs. 5.44 million) and Rs. 1.36 million (June 30, 2020: Nil) in deposit account and term deposit receipts respectively, held with Sindh Bank Limited Islamic Banking Unit, related party.

			2020	2020
			Un-audited	Audited
7.	DIMINISHING MUSHARAKA	Note	———— Rup	ees
	Receivables - secured	7.1	783,718,190	816,236,706
	Less: current portion		(318,979,923)	(270,789,982)
	Less: provision	7.2	(31,285,442)	(31,448,043)
	Long term portion		433,452,825	513,998,681

December

June

- 7.1 This represents the finance provided to Individual and Corporate clients under Diminishing Musharaka arrangements for periods ranging 3 to 20 years (June 30, 2020: 3 to 20 years) which is secured against mortgage of property, lien on title documents and charge on assets.
- 7.2 This includes general provision of Rs. 3.36 million (June 2020: 3.80 million) made at the rate of 0.5% (June 2020: 0.5%) on diminishing musharaka receivables respectively.

IJARAH ASSETS

		Cost			Depreciation		WDV as at	
Particulars	As at July 01, 2020	(Deletion	As at December 31, 2020		Charge for the period / (Adjustment		December	Depreciati Rate
Plant and machinery	80,000,00	0 -	80,000,000	•		74,999,988	5,000,012	33,33%
Vehic l es	13,113,50	0 -	13,113,500	10,963,420	1,310,652	12,274,072	839,428	20%
As at and for the Period ended December 31, 20	20 93,113,50	0 -	93,113,500	85,963,408	1,310,652	87,274,060	5,839,440	- =
As at and for the year ended June 30, 2020	97,184,20	0 (4,070,70	00) 93,113,500	86,654,716	2,836,813 (3,528,121	85,963,408)	7,150,092	- -
 FIXED ASSETS - in own use 				Not	Un-	cember 2020 audited Rup	June 2020 Audited	d
Tangible a sets Intangible assets 9.1 Tangible assets				9.1 9.2	2	720,385 328,693 049,078	3,748,7 266,6 4,015,4	75_
Particulars	As at July 01, 2020	Cost Additions/ (Deletion)	As at December 31, 2020	As at July	epreciation Charge for the period / Adjustment)	As at December 31, 2020	WDV as at December 31, 2020	Depreciation Rate
Furniture and fixtures Office equipment Vehicles Computer and accessories	1,416,245 3,272,641 1,354,275 2,454,259	120,000 - 518,500	1,536,245 3,272,641 1,354,275 2,972,759	646,910 1,946,377 283,806 1,871,591	71,812 300,668 131,076 163,295	718,722 2,247,045 414,882 2,034,886	817,523 1,025,596 939,393 937,873	10% 20% 20% 33.33%
As at and for the period ended December 31, 2020	8,497,420	638,500	9,135,920	4,748,684	666,851	5,415,535	3,720,385	
As at and for the year ended June 30, 2020	6,578,089	2,316,172 (396,841)	8,497,420	3,924,793	1,148,516 (324,625)	4,748,684	3,748,736	
					2	ember 020 udited	June 2020 Audite)
9.2 Intangible assets				Not		Rup		
					:	266,675	601	1,098
Opening net book value Addition during the period	-					213,110		-
	-				(213,110 151,092) 328,693		- 1,423) 5,675
Addition during the period Amortization for the period Closing net book value As at December 31, 202	d / year), 202 0			(151,092) 328,693	266	5,675
Addition during the period Amortization for the period Closing net book value	d / year 0 / June 30), 2020			2,1	151,092)	1,878	
Addition during the period Amortization for the period Closing net book value As at December 31, 202 Cost	d / year 0 / June 30), 2020			2,(151,092) 328,693 092,092	1,878 (1,612	3,982

FOR THE SIX-MONTHS ENDED DECEMBER 31, 2020

1

			December	June
			2020	2020
10.	CREDITORS, ACCRUED AND OTHER LIABILITIES		Un-audited	Audited
		Note	Rupo	ees
	Management remuneration payable - related party		4,921,753	12,411,104
	Provision for sindh sales tax on management remuneration		639,828	1,613,444
	Government of Sindh Funds	10.1	-	-
	Creditors		65,238	65,238
	Other liabilities	10.1	12,632,483	61,533,002
	Workers' Welfare Fund		6,955,256	6,082,136
	Payable to gratuity fund		489,234	902,323
	Accrued expenses	10.2	7,773,450	8,006,934
			33,477,242	90,614,181

10.1 This includes Rs. Nil (June 30, 2020: Rs. 59.04 million) payable to Sindh Modaraba Management Limited, a related party, being share of profit under musharaka arrangements on the funds placed by GoS.

This also includes charity payable amounting to Rs. 24,707 (June 30, 2020: Rs. 8,212).

10.2 These includes Rs. Nil (June 30, 2020: Rs. 300,000) for branch rent payable to Sindh Bank Limited, related party.

Note	Rup	ees
	Un-audited	Audited
	2020	2020
	December	June

1,000,000,000 1,000,000,000

11. LONG TERM LOAN - subordinated

11.1

11.1 This represents interest free loan provided by the Management Company (related party) to the Modaraba. The loan is sub-ordinated to senior debt and is repayable at the discretion of Modaraba. The Modaraba has the option to issue modaraba certificates in future against this loan, subject to necessary regulatory approvals.

12. CONTINGENCIES AND COMMITMENTS

The Modaraba received a letter from the Assistant Commissioner - Sindh Revenue Board (SRB), wherein, it is mentioned that during scrutiny of the financial statements of the Modaraba from July-2014 to March 2018 he came to know that the Modaraba is engaged in providing / rendering taxable services which falls under the Second Schedule of Sindh Sales Tax on Services Act, 2011 (the Act), and the sales tax on such services mainly Ijarah/lease rentals aggregates to Rs. 27.67 million which is outstanding. Such letters were also received by some other Modarabas and collectively, a petition against the same was filed through a common legal counsel in the Honorable High Court of Sindh challenging levy of Services Sales Tax on Ijarah/lease financing transactions. The Honorable High Court has granted a stay stating that no adverse order in respect of the proposed treatment shall be made against the Petitioners.

The management of the Modaraba based on discussions with its legal counsel is of the view that the Sindh Sales Tax is not applicable on Ijarah transactions and expect that the matter will be decided in Modarabas' favour. Accordingly, no liability in respect of the above has been recognized in these financial statements.



FOR THE SIX-MONTHS ENDED DECEMBER 31, 2020

			December 2020 Un-audited	December 2019 Un-audited
13.	ADMINISTRATIVE AND OPERATING EXPENSES	Note	Rup	ees
	Salaries, allowances and other benefits Legal and professional charges Shariah advisor fee Repair and maintenance Utility services Registration and subscription fee Generator sharing and fuel charges Entertainment Advertisement and publications Staff orientation and training Rent, rates and taxes Travelling and conveyance	13.1 13.2 13.3	16,672,400 719,071 216,000 602,753 587,864 590,634 287,321 85,707 114,122 - 400,008 1,502,446	11,260,164 792,434 216,000 586,570 570,221 518,330 231,796 103,300 87,640 10,000 399,996 924,541
	Printing, stationery and photocopy Postage, courier and telegraphs Auditors' remuneration Depreciation expense - tangible assets Amortization expense - intangible assets Takaful / insurance - owned assets Takaful / insurance - ljarah and Diminishing Musharaka Miscellaneous	9.1 9.2	300,000 253,096 73,446 170,078 666,851 151,092 89,234 161,361 116,448	254,610 308,510 61,405 135,216 533,878 203,021 75,211 405,190 129,606

- **13.1** This includes contribution of Rs. 582,198 (2019: Rs. 390,614) to provident fund and provision for gratuity of Rs. 489,234 (2019: Rs. 344,496), related party.
- **13.2** This includes amount of Rs. 218,430 (2019: Rs. 218,430) against sharing of expenses with Sindh Insurance Limited related party.
- 13.3 This includes amount of Rs. 300,000 (2019: 300,000) branch rent to Sindh Bank Limited, related party.

14. TAXATION

As per the Second Schedule to the Income Tax Ordinance, 2001, the income of modaraba, except from trading and manufacturing activities, is exempt from income tax provided that it distributes at least 90% of its profits to its certificate holders for the year after making appropriation for statutory reserves. The Modaraba intends to continue to avail this exemption by distributing 90% of its profits to its certificate holders after making appropriation to statutory reserves for the year ending June 30, 2021. Accordingly, no provision in respect of current and deferred taxation has been made in this condensed interim financial information.

FOR THE SIX-MONTHS ENDED DECEMBER 31, 2020

15. SEGMENT INFORMATION

As per IFRS 8: "Operating Segments", segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Chief Executive Officer has been identified as the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

The Chief Executive Officer is responsible for the Modaraba's entire product portfolio and considers the business to have a single operating segment. The Modaraba's asset allocation decisions are based on a single integrated investment strategy and the Modaraba's performance is evaluated on an overall basis.

The internal reporting provided to the Chief Executive Officer for the Modaraba's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

The Modaraba is domiciled in Pakistan. All of the Modaraba's income is from investments in entities incorporated in Pakistan.

16. RELATED PARTY BALANCES AND TRANSACTIONS

The Modaraba has related party relationship with the Management Company, its associated companies and key management personnel.

The details of related party transactions and balances otherwise than disclosed else where in these financial statement are as follows:

	December	June
	2020	2020
	Un-audited	Audited
Balances as at period end	Rupees	
Sindh Insurance Limited - associated company		
Sharing of expenses payable	218,430	218,430
Key Management Personnel		
Long term loan (including current portion)	4,131,002	4,593,500
	December	December
	2020	2019
	Un-audited	Un-audited
Transactions for the period	Rup	ees
Transactions for the police		
Sindh Bank Limited - associated company		
Income on bank deposits	27,999,828	35,488,558
Income on term deposit receipt	1,361,644	871,233
	29,361,472	36,359,791
Sindh Modaraba Management Limited - Management company		
,		
Dividend paid	57,302,100	57,322,350
Dividend paid Long term loan received	57,302,100 -	57,322,350 500,000,000
Dividend paid Long term loan received Management Company's remuneration accrued	57,302,100 - 4,921,753	
Dividend paid Long term loan received	-	500,000,000
Dividend paid Long term loan received Management Company's remuneration accrued	4,921,753	500,000,000 6,707,971



FOR THE SIX-MONTHS ENDED DECEMBER 31, 2020

Sindh Insurance Limited - associated company		
Insurance premium / Takaful contribution paid	843,522	697,751
Sharing of expenses paid	218,430	218,430
	1,061,952	916,181
Key Management Personnel	=======================================	
Salaries, allowances and benefits paid	10,267,816	4,571,453
Sindh Modaraba Employees Provident Fund - employee fund		
Contribution paid (both employer's and employee's contribution)	1,164,396	781,228
Sindh Modaraba Employees Gratuity Fund		
Contribution paid	902,323	746,903

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Modaraba 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.

International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' requires the Modaraba to classify fair value measurements 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:

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

As at the balance sheet date, there were no financial instruments which were measured at fair values in the financial statements.

			December	December
			2020	2019
			Un-audited	Un-audited
18.	CASH AND CASH EQUIVALENT	Note	Rupees	
	Cash and bank balances	4	331,887,156	1,010,276,011
	Short term investment	5	500,000,000	-
			831,887,156	1,010,276,011

19. SUBSEQUENT EVENT

No subsequent events have occurred till the reporting date that may require adjustment of or disclosure in the condensed interim financial information for the period ended December 31, 2020.

FOR THE SIX-MONTHS ENDED DECEMBER 31, 2020

20. DATE OF AUTHORISATION

This condensed interim financial information was authorised for issue on January,29 2021 by the Board of Directors of the Management Company.

21. CORRESPONDING FIGURES

Corresponding figures have been re-classified, wherever necessary for the purposes of comparison.

22. GENERAL

Figures have been rounded off to the nearest rupee.

For Sindh Modaraba Management Limited (Management Comapany)

Chief Financial Officer

Director

Vaseur men

Islamic Financing Products Offered by Sindh Modaraba

- Ijarah
- Diminishing Musharaka
- Morabaha
- Musharaka
- Salam
- Istisna

SINDH MODARABA

1st Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi Tel: (92-21) 35640708-9 web: www.sindhmodarabaltd.com