

IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO



ISLAMIC FINANCE INSTITUTION

GAINING MOMENTUM

A JOURNEY OF TRUST AND TRANSFORMATION

HALF YEARLY REPORT December 2025

Upgraded Credit Rating



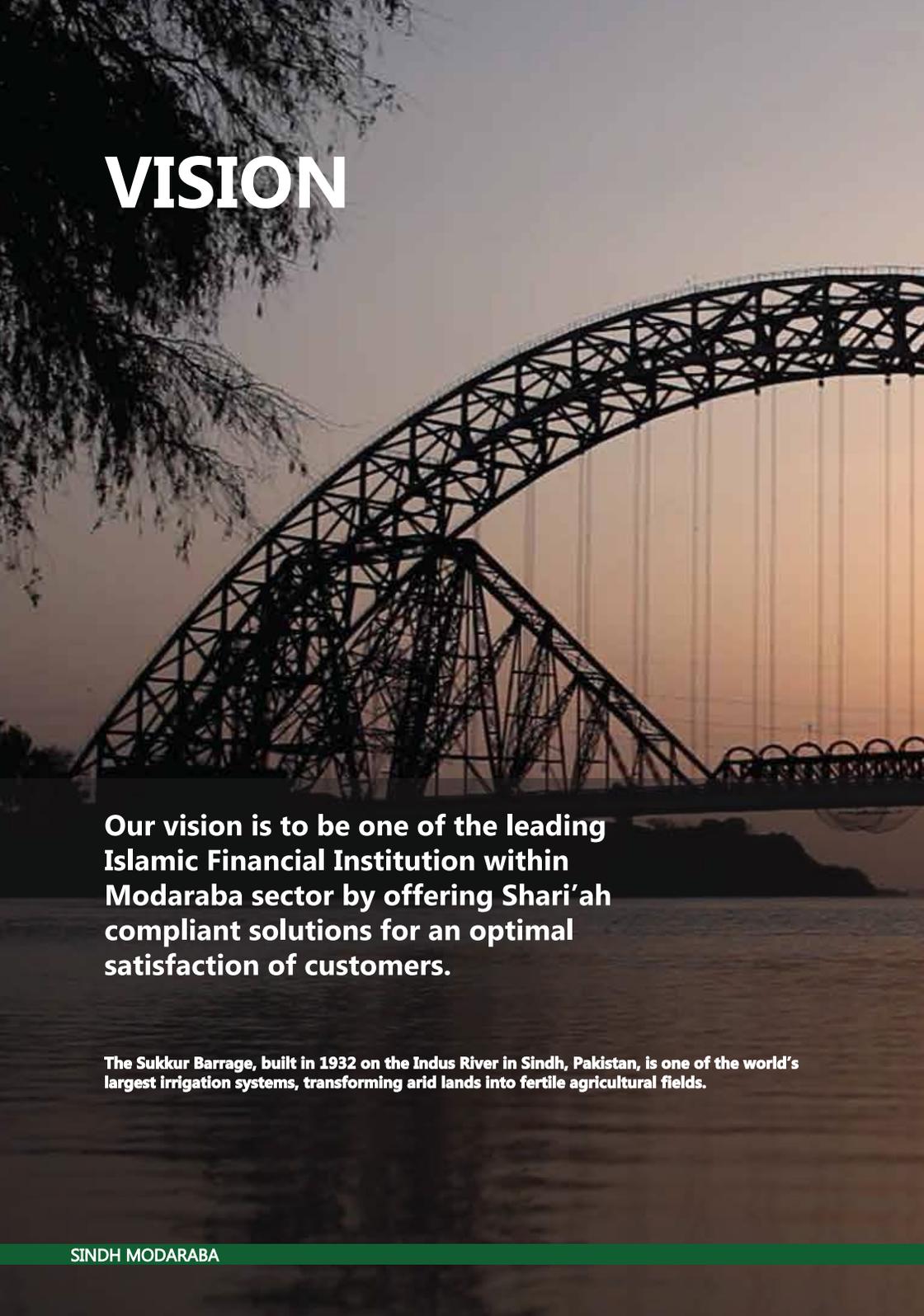
Rated by: JCR-VIS as on November, 2024



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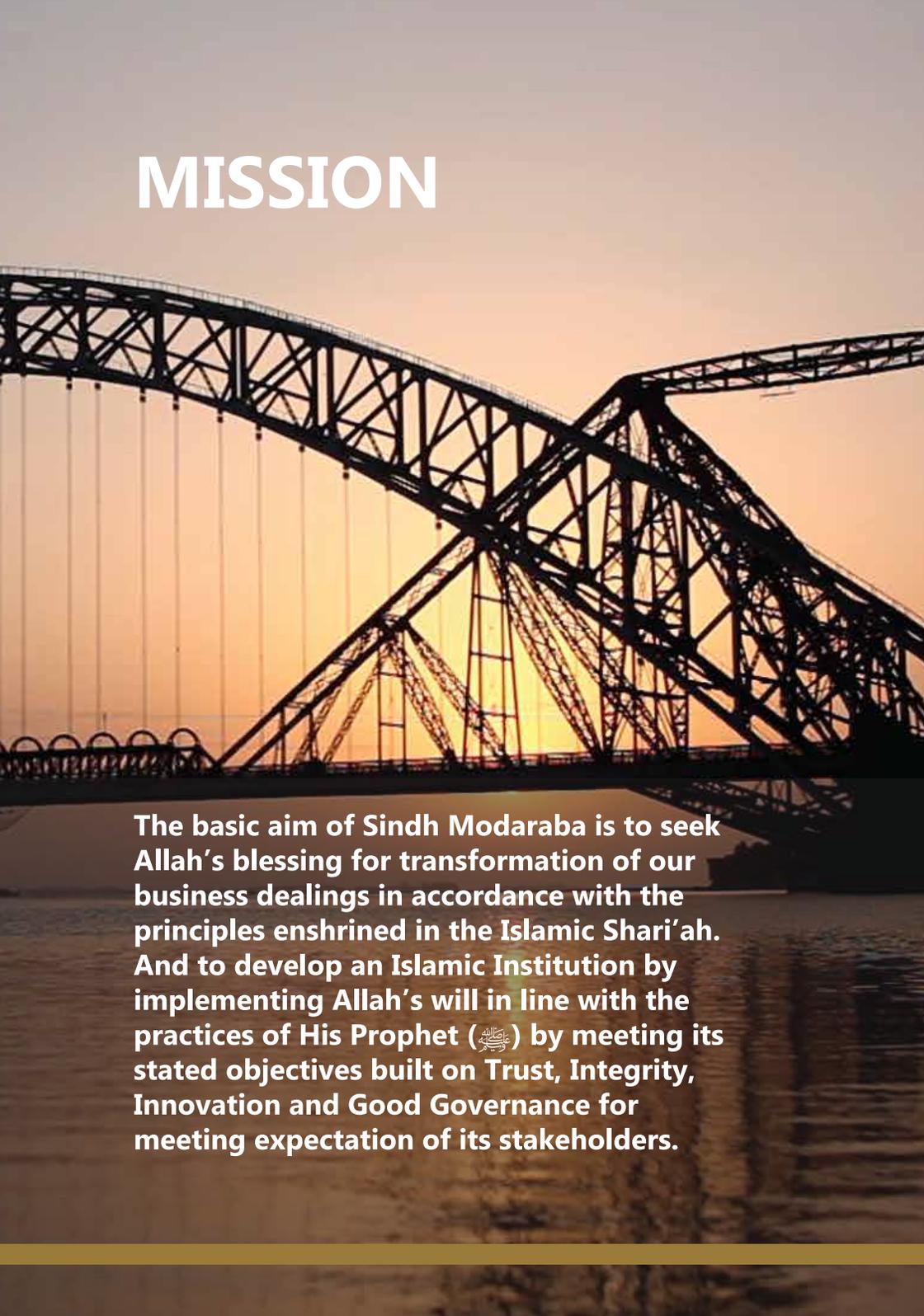
VISION



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.

The Sukkur Barrage, built in 1932 on the Indus River in Sindh, Pakistan, is one of the world's largest irrigation systems, transforming arid lands into fertile agricultural fields.

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 line with the practices of His Prophet (ﷺ) by meeting its stated objectives built on Trust, Integrity, Innovation and Good Governance for meeting expectation of its stakeholders.

COMPANY INFORMATION

Board of Directors

Mr. Waseem Mehdi Syed	Chairman	Independent Director
Mr. Fayaz Ahmed Jatoi	Secretary Finance (GoS)	Non-Executive Director
Mr. Sami ul Haq Khilji		Non-Executive Director
Mr. Ejaz Akhtar Ansari		Independent Director
Mr. Kamal Ahmed		Non-Executive Director
Ms. Naila Asad Shaikh		Non-Executive Director
Mr. Abdul Rauf Chandio	Chief Executive	Executive Director

CFO & Company Secretary

Muhammad Adnan Shakeel

Audit Committee

Mr. Ejaz Akhtar Ansari	Chairman
Mr. Sami ul Haq Khilji	Member
Mr. Kamal Ahmed	Member

Shariah Advisor

Mufti Syed Zahid Siraj

Human Resource Committee

Mr. Waseem Mehdi Syed	Chairman
Mr. Sami ul Haq Khilji	Member
Mr. Abdul Rauf Chandio	Member

Legal Advisor

Mohsin Tayebaly & Co.

Nomination Committee

Mr. Waseem Mehdi Syed	Chairman
Mr. Kamal Ahmed	Member
Mr. Fayaz Ahmed Jatoi	Member

Share Registrar

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

Procurement Committee

Mr. Fayaz Ahmed Jatoi	Chairman
Mr. Ejaz Akhtar Ansari	Member
Ms. Naila Asad Shaikh	Member

Registered/Head Office

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

Risk Management Committee

Mr. Waseem Mehdi Syed	Chairman
Mr. Abdul Rauf Chandio	Member
Ms. Naila Asad Shaikh	Member

Lahore Branch

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

Bankers

Sindh Bank Limited (Islamic Banking)
Meezan Bank Limited
NRSP Microfinance Bank Limited
Soneri Bank Limited (Islamic Banking)
AL-Baraka Bank Pakistan Limited
Habib Metropolitan Bank (Islamic Banking)
MCB Islamic Bank

Islamabad Branch

E-11-3 Market, Plot 1, St 70,
Markaz, Blue Area,
Islamabad.

Auditors

Grant Thornton Anjum Rahman
Chartered Accountants

DIRECTORS' REVIEW

The Board of Directors of Sindh Modaraba Management Limited, Modaraba Management Company, is pleased to present the unaudited Financial Statements of Sindh Modaraba for the half year ended December 31, 2025.

Operating Results

Considering current economic environment and declining monetary policy rates, the Modaraba earned a profit before tax of Rs. 100.72 million during the six-months period ended December 31, 2025. Revenue from financing operations is increased by Rs. 44.41 million as compared to corresponding period last year. During the period under review, the Modaraba successfully reduced its non-performing loans (NPLs), which resulted reversal of provision of Rs. 13.47 million. Diminishing Musharaka financing portfolio increased to Rs. 1,597.36 million as at Dec-25 as compared to Rs. 939.94 million as at Dec-24. Furthermore, Sindh Modaraba successfully disbursed fresh financing facilities of Rs. 554.93 million over the period of six months of about 100% recovery rate. The management is also cautious regarding cost-controlling measures, which will contribute positively to enhance profitability.

Future Prospects / Outlook

The VIS Credit Rating Company Limited has upgraded the long and short-term ratings of Sindh Modaraba from A+ to AA- and from A1 to A1+, respectively. This will signify high credit quality, strong factors of protection, and the strongest likelihood of timely repayment of short-term obligations with outstanding liquidity factors in the future. The Modaraba Management Company has received equity of Rs. 1 billion from the Government of Sindh for onward equity injection through a Riba-free subordinated fund in Sindh Modaraba.

Sindh Modaraba is well-positioned to benefit from the growing demand for Shariah-compliant, Riba-free financing in Pakistan, particularly within the SME, commercial and priority agriculture sector. The easing monetary environment, with the State Bank of Pakistan's policy rate at 10.50%, together with moderating inflation, is expected to support financing demand and improve repayment capacity, thereby positively influencing to quality portfolio.

In gradually stabilizing of macroeconomic environment, the management intends to pursue selective and prudent growth in its Islamic financing portfolio, with emphasis on relatively low-risk, well-secured exposures and customers with stable cash flows. Continued focus on timely recoveries, active portfolio monitoring, and disciplined credit appraisal remains central to preserving return's yields and managing credit risk.

While economic and regulatory challenges persist, Sindh Modaraba's focus on sound corporate governance and strict Shariah compliance is expected to support sustainable growth. By maintaining a balanced growth strategy and operational discipline, the management aims to strengthen the Modaraba's financial position and deliver stable performance over the medium term.

Acknowledgment

On behalf of the Board of Directors, I 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 clients and put on record the dedication and hard work of the employees of the Modaraba.



Abdul Rauf Chandio
Chief Executive Officer

Karachi:
January 28, 2026

ڈائریکٹرز کا جائزہ

سندھ مضاربہ مینجمنٹ کمپنی لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2025 کو مکمل ہونے والی ششماہی کے سندھ مضاربہ کے غیر آڈٹ شدہ اکاؤنٹس پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

عملدرآمد کے نتائج:

موجودہ معاشی حالات اور مانیٹری پالیسی میں کمی کی شرح کے تناظر میں، مضاربہ نے 31 دسمبر 2025 کو ختم ہونے والے چھ ماہ کے دوران ٹیکس سے قبل 100.72 ملین روپے کا منافع حاصل کیا۔ فنانسنگ آپریشنز سے حاصل ہونے والی آمدنی گزشتہ سال کے اسی عرصے کے مقابلے میں 44.41 ملین روپے کے اضافے کے ساتھ بہتر رہی۔

زیر جائزہ مدت کے دوران، مضاربہ نے اپنے غیر فعال قرضہ جات (NPLs) میں مؤثر کمی کی، جس کے نتیجے میں 13.47 ملین روپے کی پروویژن کی واپسی ممکن ہوئی۔ اسی طرح، ڈمٹنگ مشارکہ فنانسنگ پورٹ فولیو دسمبر 2024 میں 939.94 ملین روپے کے مقابلے میں بڑھ کر دسمبر 2025 میں 1,597.36 ملین روپے تک پہنچ گیا۔

مزید برآں، سندھ مضاربہ نے چھ ماہ کے دوران 554.93 ملین روپے کی نئی فنانسنگ سہولیات فراہم کیں، جن کی وصولی کی شرح تقریباً 100 فیصد رہی۔ انتظامیہ اخراجات پر مؤثر کنٹرول کے لیے محتاط حکمت عملی اپنائے ہوئے ہے، جس سے مستقبل میں منافع میں مزید بہتری کی توقع ہے۔

مستقبل کے امکانات

وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ نے سندھ مضاربہ کی طویل مدتی ریٹنگ A+ سے بڑھا کر AA اور قلیل مدتی ریٹنگ A1 سے بڑھا کر A1+ کر دی ہے۔ یہ بہتری مضاربہ کے اعلیٰ کریڈٹ معیار، مضبوط حفاظتی عوامل اور قلیل مدتی واجبات کی بروقت ادائیگی کی بہترین صلاحیت کی عکاسی کرتی ہے، جس کی بنیاد مضبوط لیکویڈیٹی پوزیشن پر ہے۔

مزید برآں، مضاربہ مینجمنٹ کمپنی کو حکومت سندھ کی جانب سے 1 ارب روپے کی ایکویٹی موصول ہوئی ہے، جو سندھ مضاربہ میں بلاسود ماتحت فنڈ کے ذریعے ایکویٹی انجکشن کے مقصد کے لئے استعمال کی جائے گی۔

سندھ مضاربہ پاکستان میں شریعہ کے مطابق اور بلاسود فنانسنگ کی بڑھتی ہوئی طلب سے فائدہ اٹھانے کے لیے موزوں پوزیشن میں ہے، خصوصاً ایس ایم ای، کمرشل اور ترجیحی زرعی شعبوں میں۔ نرم ہوتی ہوئی مانیٹری پالیسی، اسٹیٹ بینک آف پاکستان کی 10.50 فیصد پالیسی ریٹ اور مہنگائی میں بتدریج کمی کے باعث فنانسنگ کی طلب میں اضافے اور قرضوں کی ادائیگی کی صلاحیت میں بہتری متوقع ہے، جو مجموعی طور پر فنانسنگ پورٹ فولیو کے معیار پر مثبت اثر ڈالے گی۔

میکرو اکنامک حالات میں بتدریج استحکام کے تناظر میں، انتظامیہ اپنے اسلامی فنانسنگ پورٹ فولیو میں انتخابی اور محتاط ترقی کی حکمت عملی اپنانے کا ارادہ رکھتی ہے، جس میں کم خطرے، بہتر طور پر محفوظ فنانسنگ اور مستحکم کیش فلور رکھنے والے صارفین پر خصوصی توجہ دی جائے گی۔ بروقت وصولیوں، فعال پورٹ فولیو مانیٹرنگ اور نظم و ضبط پر مبنی کریڈٹ اسسمنٹ، منافع کی شرح کو برقرار رکھنے اور کریڈٹ رسک کے مؤثر انتظام کے لیے بنیادی حیثیت رکھتے ہیں۔

اگرچہ معاشی اور ریگولیٹری چیلنجز بدستور موجود ہیں، تاہم سندھ مضاربہ کی مضبوط کارپوریٹ گورننس اور سخت شریعہ کمپلائنس پر توجہ پائیدار ترقی میں معاون ثابت ہونے کی توقع ہے۔ متوازن ترقیاتی حکمت عملی اور عملی نظم و ضبط کے ذریعے، انتظامیہ کا ہدف مضاربہ کی مالی پوزیشن کو مزید مستحکم بنانا اور درمیانی مدت میں مسلسل اور مستحکم کارکردگی فراہم کرنا ہے۔

تشکر

بورڈ آف ڈائریکٹرز کی طرف سے، میں اسپانسرز، ریگولیٹرز اور ہمارے شرعی ایڈوائزرز کا ان کی رہنمائی اور تعاون کے لیے شکر ادا کرنا چاہتا ہوں۔ ہم اپنے گاہکوں کے مسلسل اعتماد کا بھی شکریہ ادا کرتے ہیں اور مضاربہ کے ملازمین کی لگن اور محنت کو سراہتے ہیں۔



عبدالروف چاندیو
چیف ایگزیکٹو آفیسر

کراچی:

28 جنوری 2026

**INDEPENDENT AUDITOR'S REVIEW
REPORT TO THE CERTIFICATE HOLDERS
OF SINDH MODARABA****Report on Review of Condensed Interim Financial Statements****Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Sindh Modaraba (the Modaraba) as at December 31, 2025, and the related condensed interim statement of profit and loss, condensed interim statement of other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flow, and notes to the condensed interim financial statements for the six month 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 the condensed interim financial statements in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

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

Conclusion

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

Other matters

- i. Pursuant to the requirement of Section 237 (1) (b) of the Companies Act, 2017, only cumulative figures for the six month period, presented in the second quarter accounts are subject to a limited scope review by the statutory auditors of the company. Accordingly, the figures of the condensed interim profit and loss and condensed interim statement of comprehensive income for the three months period ended December 31, 2025 have not been reviewed by us.
- ii. The engagement partner on the review resulting in this independent auditors' review report is Muhammad Shaukat Naseeb.

Grant Thornton Anjum Rahman
Chartered Accountant
Karachi

Date: 09 February, 2026
UDIN: RR2025101262cnUICTbh

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025**

		December 2025	June 2025
	Note	Un-audited	Audited
-----Rupees-----			
ASSETS			
Non-current assets			
Fixed assets - in own use	4	18,123,177	1,689,139
Diminishing musharaka	5	825,816,963	716,692,373
Long term investments	6	50,000,000	-
Long term advances	7	581,416	726,823
Long term loans	8	5,596,453	4,240,649
Total non-current assets		900,118,009	723,348,984
Current assets			
Current portion of diminishing musharaka	5	736,973,936	726,974,570
Morabaha finance	9	-	212,819,445
Current portion of long term advances	7	588,540	522,372
Current portion of long term loans	8	1,947,774	2,299,116
Advances, prepayments and other receivables	10	156,744,779	27,118,670
Cash and bank balances	11	267,547,763	371,724,227
Total current assets		1,163,802,792	1,341,458,400
TOTAL ASSETS		2,063,920,801	2,064,807,384
EQUITY AND LIABILITIES			
CERTIFICATE CAPITAL AND RESERVES			
Authorised certificate capital			
50,000,000 (June 30, 2025: 50,000,000) certificates of Rs. 10 each		500,000,000	500,000,000
Issued, subscribed, and paid-up certificate capital		450,000,000	450,000,000
Reserves		556,327,850	541,508,632
Subordinated funds	12	1,000,000,000	1,000,000,000
Total certificate holders' equity		2,006,327,850	1,991,508,632
LIABILITIES			
Current liabilities			
Creditors, accrued and other liabilities	13	50,887,431	69,036,102
Payable to gratuity fund - related party		639,642	1,036,752
Taxation - net	14	4,724,114	2,035,782
Profit distribution payable		1,341,764	1,190,116
Total current liabilities		57,592,951	73,298,752
TOTAL LIABILITIES		57,592,951	73,298,752
TOTAL EQUITY AND LIABILITIES		2,063,920,801	2,064,807,384
CONTINGENCIES AND COMMITMENTS	15		

The annexed notes 1 to 25 form an integral part of these condensed interim financial information.

For Sindh Modaraba Management Limited
(Management Company - owned by Government of Sindh)


Chairman


Chief Executive Officer


Director


Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS (UN-AUDITED)
FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED DECEMBER 31, 2025**

	Six-month period ended		Three-month period ended	
	December 2025	December 2024	December 2025	December 2024
Note	-----Rupees-----			
Income from:				
Diminishing musharaka	128,536,247	89,999,760	63,369,974	47,233,948
Morabaha	6,358,276	486,705	803,822	486,705
Sukuk	2,902,535	-	2,902,535	-
Bank deposits	15,216,938	32,539,465	5,540,217	23,480,704
Term deposits receipts	-	60,233,607	-	14,204,918
	153,013,996	183,259,537	72,616,548	85,406,275
Administrative and operating expenses	16 (53,392,370)	(42,986,607)	(27,811,073)	(21,514,076)
Reversal of provision against financing	13,475,366	2,359,962	10,851,053	542,884
	(39,917,004)	(40,626,645)	(16,960,020)	(20,971,192)
	113,096,992	142,632,892	55,656,528	64,435,083
Other income	714,442	637,365	247,055	407,200
	113,811,434	143,270,257	55,903,583	64,842,283
Management company's remuneration	(11,381,143)	(14,327,026)	(5,590,358)	(6,484,229)
Provision for services sales tax on the Management company's remuneration	(1,707,172)	(2,149,054)	(838,554)	(972,634)
Profit before taxation and levy	100,723,119	126,794,177	49,474,671	57,385,420
Taxation	14 (25,153,901)	(20,663,598)	(10,291,851)	(535,058)
Profit for the period	75,569,218	106,130,579	39,182,820	56,850,362
Earnings per certificate - basic and diluted	1.68	2.36	0.87	1.26

The annexed notes 1 to 25 form an integral part of these condensed interim financial information.

For Sindh Modaraba Management Limited
(Management Company - owned by Government of Sindh)


Chairman


Chief Executive Officer


Director


Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE MONTH AND SIX-MONTH PERIOD ENDED DECEMBER 31, 2025**

	Six-month period ended		Three-month period ended	
	December 2025	December 2024	December 2025	December 2024
	-----Rupees-----			
Profit for the period	75,569,218	106,130,579	39,182,820	56,850,362
Other comprehensive income				
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	75,569,218	106,130,579	39,182,820	56,850,362

The annexed notes 1 to 25 form an integral part of these condensed interim financial information.

For Sindh Modaraba Management Limited
(Management Company - owned by Government of Sindh)


Chairman


Chief Executive Officer


Director


Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)
FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2025**

	Note	Half Year Ended	
		December 2025	December 2024
		-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period before taxation and levy		100,723,119	126,794,177
Adjustments for non - cash and other items:			
Depreciation - Fixed assets - in own use	4.1	942,316	487,122
Amortization on intangible assets	4.2	12,497	2,778
Gain on disposal of fixed assets - in own use		-	(59,996)
Income on bank deposits		(15,216,938)	(32,539,465)
Income on term deposit receipts		-	(60,233,607)
Income on Sukuk investment		(2,902,535)	-
Reversal of provision against Diminishing Musharaka		(13,475,366)	(2,359,962)
		<u>70,083,093</u>	<u>32,091,047</u>
Working capital changes			
Advances, prepayments and other receivables		(130,750,782)	(16,023,254)
Diminishing Musharaka		(105,648,590)	(147,212,534)
Morabaha		212,819,445	(150,000,000)
Long term advances		79,239	(1,234,963)
Long term loans		(1,004,462)	(1,268,498)
Creditors, accrued and other liabilities		(18,545,781)	(8,382,998)
		<u>(43,050,931)</u>	<u>(324,122,247)</u>
Income received on term deposit receipts		-	73,311,475
Income received on bank deposits		17,895,872	28,133,907
Income received on Sukuk investment		1,348,274	-
Income tax paid		(22,465,569)	(25,580,207)
Net cash generated from/ (used in) operating activities		<u>23,810,739</u>	<u>(216,166,025)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale proceed from disposal of fixed assets - in own use		-	60,000
Long term investments-Sukuks		(50,000,000)	-
Purchase of fixed assets - in own use	4.1	(17,388,851)	(265,299)
Net cash used in investing activities		<u>(67,388,851)</u>	<u>(205,299)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(60,598,352)	(56,113,371)
Net cash used in financing activities		<u>(60,598,352)</u>	<u>(56,113,371)</u>
Net decrease in cash and cash equivalents		<u>(104,176,464)</u>	<u>(272,484,695)</u>
Cash and cash equivalents at the beginning of the period		<u>371,724,227</u>	<u>1,152,142,642</u>
Cash and cash equivalents at the end of the period	21	<u>267,547,763</u>	<u>879,657,947</u>

The annexed notes 1 to 25 form an integral part of these condensed interim financial information.

**For Sindh Modaraba Management Limited
(Management Company - owned by Government of Sindh)**


Chairman


Chief Executive Officer


Director


Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2025**

	Certificate capital	Capital Reserve	Revenue Reserve	Total Reserve	Subordinated Fund	Total equity
		Statutory reserve	Unappropriated profit			
(Rupees)						
Balance as at July 01, 2024	450,000,000	200,682,424	216,627,477	417,309,901	1,000,000,000	1,867,309,901
Profit for the period	-	-	106,130,579	106,130,579	-	106,130,579
Transaction with Certificate Holders in their capacity as owner recognized directly in equity						
Profit distribution @ Rs. 1.25 (12.50%) per certificate	-	-	(56,250,000)	(56,250,000)	-	(56,250,000)
Balance as at December 31, 2024	<u>450,000,000</u>	<u>200,682,424</u>	<u>266,508,056</u>	<u>467,190,480</u>	<u>1,000,000,000</u>	<u>1,917,190,480</u>
Balance as at July 01, 2025	450,000,000	236,705,182	304,803,450	541,508,632	1,000,000,000	1,991,508,632
Profit for the period	-	-	75,569,218	75,569,218	-	75,569,218
Transaction with Certificate Holders in their capacity as owner recognized directly in equity						
Profit distribution @ Rs. 1.35 (13.50%) per certificate	-	-	(60,750,000)	(60,750,000)	-	(60,750,000)
Balance as at December 31, 2025	<u>450,000,000</u>	<u>236,705,182</u>	<u>319,622,668</u>	<u>556,327,850</u>	<u>1,000,000,000</u>	<u>2,006,327,850</u>

The annexed notes 1 to 25 form an integral part of these condensed interim financial information.

For Sindh Modaraba Management Limited
(Management Company - owned by Government of Sindh)


Chairman


Chief Executive Officer


Director


Chief Financial Officer

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2025****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 upgraded the long and short term ratings of Sindh Modaraba from A+ to AA- and from A1 to A1+ respectively. The medium to long-term rating of 'AA-' signifies high credit quality and strong factors of protection. The short-term rating of 'A1+' denotes strongest likelihood of timely repayment of short-term obligations with outstanding liquidity factors.

2 BASIS OF PREPARATION**2.1 Statement of compliance**

This condensed interim financial information of the Modaraba for the six-month ended December 31, 2025 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, Modaraba Regulation, 2021 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, Modaraba Regulation, 2021 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, Modaraba Regulations, 2021 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, 2025.

These condensed interim statement of financial information comprise of the statement of financial position as at December 31, 2025, statement of profit and loss account, statement of other comprehensive income, statement of cash flow and statement of changes in equity for the half year ended December 31, 2025 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 MATERIAL ACCOUNTING POLICIES AND INFORMATION

3.1 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, 2025. Example for the adoption of new and amended standard are set out below;

3.1.1 Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 01, 2025, but are considered not to be relevant or did not have any significant effect on the Modaraba's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

3.1.2 There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Modaraba's accounting periods beginning on or after January 1, 2026, but are not considered to be relevant or expected to have any significant effect on the Modaraba's operations and are, therefore, not detailed in these condensed interim financial statements.

		December 2025	June 2025
	Note	Un-audited	Audited
		-----Rupees-----	
4 FIXED ASSETS - in own use			
Tangible assets	4.1	18,066,918	1,620,383
Intangible assets	4.2	56,259	68,756
		18,123,177	1,689,139

4.1 Tangible assets

Particulars	Cost			Depreciation			WDV as at December 2025	Depreciation rate
	As at July 01, 2025	Addition/ Deletion	As at December 2025	As at July 2025	Charge (Adj) for the period	As at December 2025		
	Rupees							
Furniture and fixtures	1,810,317	140,400	1,950,717	1,439,368	58,307	1,497,675	453,042	10%
Office equipment	3,464,258	35,000	3,499,258	2,788,239	102,328	2,890,567	608,691	20%
Vehicles	161,500	16,600,941	16,762,441	51,368	565,165	616,533	16,145,908	20%
Computer and accessories	3,650,586	612,510	4,263,096	3,187,303	216,516	3,403,819	859,277	33.33%
As at and for the period ended December 31, 2025	9,086,661	17,388,851	26,475,512	7,466,278	942,316	8,408,594	18,066,918	
As at and for the year ended June 30, 2025	10,040,455	(953,794)	9,086,661	8,107,675	(641,397)	7,466,278	1,620,383	

Note	December 2025	June 2025
	Un-audited	Audited
	-----Rupees-----	

4.2 Intangible assets

Opening net book value	68,756	2,782
Additions during the period / year	-	75,000
Amortization for the period / year	(12,497)	(9,026)
Closing net book value	<u>56,259</u>	<u>68,756</u>
As at December 31, 2025 / June 30, 2025		
Cost	2,186,982	2,186,982
Accumulated amortization	(2,130,723)	(2,118,226)
Net book value	<u>56,259</u>	<u>68,756</u>
Annual rates of amortization	<u>33.33%</u>	<u>33.33%</u>

5 DIMINISHING MUSHARAKA

Receivables - secured	5.1	1,597,360,449	1,490,642,415
Less: current portion		(736,973,936)	(726,974,570)
Less: provision	5.2	(34,569,550)	(46,975,472)
Long term portion		<u>825,816,963</u>	<u>716,692,373</u>

5.1 This represents the finance provided to Individual and Corporate clients under Diminishing Musharaka arrangements for periods ranging 3 to 20 years (June 2025: 3 to 20 years) which is secured against mortgage of property, lien on title documents and charge on assets etc.

5.2 This includes general provision of Rs. 7.79 million (June 2025: Rs. 7.14 million) made at the rate of 0.5% (June 2025: 0.5%) on diminishing musharaka receivables.

			December 2025	June 2025
			Un-audited	Audited
		Note	-----Rupees-----	
6	LONG TERM INVESTMENTS			
	At amortized cost			
	Sukuks	6.1	<u>50,000,000</u>	<u>-</u>
6.1	This represents an investment in sukuk issued by Thatta Cement Company Limited, with a profit rate of 6-month KIBOR plus 2.5% per annum and a tenure of four years, with the principal repayable in eight equal semi-annual instalments.			
			December 2025	June 2025
			Un-audited	Audited
		Note	-----Rupees-----	
7	LONG TERM ADVANCES			
	Long term advances - considered good	7.1	<u>1,169,956</u>	1,249,195
	Less: Current portion of long term advances		<u>(588,540)</u>	(522,372)
	Non-current portion		<u>581,416</u>	<u>726,823</u>
7.1	This represents advance to employees against salary which is recoverable over a period of up to 36 months.			
			December 2025	June 2025
			Un-audited	Audited
		Note	-----Rupees-----	
8	LONG TERM LOANS			
	Long term loan - considered good	8.1	<u>7,544,227</u>	6,539,765
	Less: Current portion of long term loan		<u>(1,947,774)</u>	(2,299,116)
	Non-current portion		<u>5,596,453</u>	<u>4,240,649</u>
8.1	This includes Rs. 4.90 million (June 2025: 3.13 million) against vehicle monetization loan for 5 years (old vehicle settled off for Rs. 2.80 million under monetization policy and new vehicle of Rs. 4.98 million approved by the board), and Rs. 138,896 (June 2025: 180,560) against house furnishing loan of 3 basic salaries for 3 years (under house furnishing loan approved by the board), provided to Mr. Adnan Shakeel - CFO & Company Secretary, related party.			
			December 2025	June 2025
			Un-audited	Audited
		Note	-----Rupees-----	
9	MORABAHA FINANCE			
	Receivables	9.1	-	213,888,889
	Less: general provision	9.2	-	(1,069,444)
			<u>-</u>	<u>212,819,445</u>
9.1	This represents the finance provided to corporate clients under murabaha finance for periods of 9 months which was secured against pledge and personal guarantee of a director.			
9.2	This represent general proven made at the rate of 0.5% (2025:0.5%)			

		December 2025	June 2025
	Note	Un-audited	Audited
		-----Rupees-----	
10 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Advances	10.1	132,266,000	27,800
Accrued income from Sukuk investment		1,554,261	-
Accrued income from bank deposits	10.2	1,897,800	4,576,734
Accrued income from Diminishing Musharaka	10.3	16,690,755	10,792,011
Prepayments		4,330,963	3,024,693
Profit receivable from Morabaha		-	8,697,432
Other receivables		5,000	-
		156,744,779	27,118,670
10.1 This includes 132.24 million (June 30, 2025: Rs. Nil) against advance to vendors in respect of acquisition of assets under Morabaha and Diminishing Musharaka arrangements for onward delivery to lessee (customer).			
10.2 This includes accrued income of Rs. Nil (June 30, 2025: Rs. 13,123) in deposit account, held with Sindh Bank Limited - Islamic Banking (related party).			
10.3 Accrued income from Diminishing Musharaka			
	Note	December 2025	June 2025
		Un-audited	Audited
		-----Rupees-----	
Receivable		23,732,084	20,794,065
Less: Income suspended		(7,041,329)	(10,002,054)
		16,690,755	10,792,011
11 CASH AND BANK BALANCES			
Cash in hand		50,000	-
Stamp paper in hand		69,700	61,900
Balances with banks in:			
- Deposit accounts	11.1	264,314,514	369,372,170
- Current accounts	11.2	3,113,549	2,290,157
		267,547,763	371,724,227
11.1 These carry profits at the rates ranging from 4.00% to 10.25% per annum. (June 30, 2025: Rs. 4.00% to 10.50% per annum). This includes balance of Rs. 2.57 million (June 30, 2025: Rs. 1.73 million) held with Sindh Bank Limited - Islamic Banking Unit, a related party.			
11.2 This includes balance of Rs. 1.76 million (June 30, 2025: Rs. 1.07 million) held with Sindh Bank Limited - Islamic Banking Unit, related party.			
12 SUBORDINATED FUNDS - Unsecured			
	Note	December 2025	June 2025
		Un-audited	Audited
		-----Rupees-----	
	12.1	1,000,000,000	1,000,000,000
12.1 This represents riba free funds provided by the Modaraba Management Company (related party). The fund is unsecured, sub-ordinated to all other indebtedness, and repayable at the discretion of Modaraba. The Modaraba has the option to issue modaraba certificates in future against this fund, subject to necessary regulatory approvals.			

	Note	December 2025	June 2025
		Un-audited	Audited
-----Rupees-----			
13 CREDITORS, ACCRUED AND OTHER LIABILITIES			
Accrued expenses	13.1	14,614,967	13,996,240
Management remuneration payable - related party		11,381,143	26,709,832
Provision for Sindh sales tax on management remuneration		1,707,173	4,006,475
Creditors		6,441	6,441
Deferred morabaha income		-	6,358,277
Other liabilities		23,177,707	17,958,837
		50,887,431	69,036,102

13.1 These includes Rs. 45,518 (June 30, 2025: Rs. 45,518) per month for branch rent payable to Sindh Bank Limited, related party.

	December 2025	June 2025
	Un-audited	Audited
-----Rupees-----		
14 TAXATION - NET		
Opening balance - Provision for taxation	2,035,782	8,307,484
Tax paid/deducted during the period / year	(22,465,569)	(62,539,923)
Provision for the period / year	25,356,289	72,374,934
- Prior year adjustment	(202,388)	(16,106,713)
Total provision for the period/year	25,153,901	56,268,221
Provision for taxation	4,724,114	2,035,782

15 CONTINGENCIES AND COMMITMENTS

15.1 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.

15.2 Government of Sindh through the Sindh WWF Act, 2014, has introduced levy of SWWF. As per Sindh WWF Act, 2014, Banks / Financial Institutions are included in definition of "Industrial Establishment" Sindh WWF is imposed at the rate of 2% to the total income. Since the Banks and other Financial Institutions including Modarabas are trans-provincial entity with the operations in other Provinces as well, the Modarabas & other financial institutions along with other banks have filed a suit before Honorable Sindh High Court and challenged the vires of SWWF.

In this respect, the Court in its order dated January 21, 2025, has referred the matter to the Decision of the Council of Common Interest on agenda item 14 dated December 23, 2019 wherein it was decided that the trans-provincial Entities are under the domain of Federal Legislation. In the light of the above judgement, the levy of SWWF is no more payable to SRB unless the Honorable Supreme Court/Parliament reverses the decision or provides interim relief to SRB. Further, Sindh Modaraba being a Sindh Government owned entity through Sindh Modaraba Management limited, does not fall within the definition of "industrial establishment".

Keeping in view the above and as the matter has been taken-up with Government of Sindh to intervene in the matter being Sindh Government Entity as such no provision has been recognized in these financial statements for SWWF. The Modaraba is confident of a favorable outcome and, accordingly, considers the exposure to be contingent in nature.

	Note	December 2025	December 2024
		Un-audited	Un-audited
-----Rupees-----			
16 ADMINISTRATIVE AND OPERATING EXPENSES			
Salaries, allowances and other benefits	16.1	37,293,530	31,113,544
Travelling and conveyance		6,042,154	4,279,735
Takaful - financing assets		1,542,262	381,688
Repairs and maintenance		1,097,278	905,088
Utility services		977,707	1,127,728
Depreciation expense - tangible assets	4.1	942,316	487,122
Registration and subscription fee		857,306	672,328
Legal and professional charges		830,710	849,410
Entertainment		627,119	377,734
Generator sharing and fuel charges	16.2	619,910	591,528
Rent, rates and taxes	16.3	523,116	352,884
Printing, stationery and photocopy		396,892	454,315
Security services		300,000	300,000
Shariah advisor fee		300,000	300,000
Auditors' remuneration		262,168	150,000
Takaful - owned assets		199,113	92,106
Advertisement and publications		146,343	270,851
Postage, courier and telegraphs		88,874	98,749
Staff orientation and training		24,750	-
Amortization expense - intangible assets	4.2	12,497	2,778
Miscellaneous		308,325	179,019
		53,392,370	42,986,607

16.1 This includes contribution of Rs. 640,246 (2024: Rs. 774,548) charged/paid to provident fund and provision for gratuity of Rs. 639,642 (2024: Rs. 698,058), related party.

16.2 This includes amount of Rs. 540,000 (2024: Rs. 540,000) against sharing of expenses with Sindh Insurance Limited - related party.

16.3 This includes amount of Rs. 423,108 (2024: 252,876) branch rent to Sindh Bank Limited, related party.

17 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.

The financial statements have been prepared on the basis of a single reportable segment.

18 Specific Disclosures for Sharia Compliant Companies

The disclosures required under clause 10 of item no. VI and item no. VII of the Fourth Schedule of the Companies Act, 2017 for sharia compliant companies and the companies listed on Islamic index are as follows:

S.No.	Disclosure Required	Reference to the disclosure
i)	Loans/advances obtained as per Islamic mode	None.
ii)	Financing (long-term, short-term or leasing financing) obtained as per Islamic mode	None.
iii)	Long-term, short-term Shariah-compliance investment	Investment in Sukuk. Refer Note No. 6.
iv)	Shariah-compliant bank deposits/bank balances	Placed under Shariah permissible arrangement as disclosed in Note 11.
v)	Profit earned from Shariah-compliant bank deposits/bank balances	Placed under Shariah permissible arrangement as disclosed in statement of financial position.
vi)	Revenue earned from Shariah-compliant business segment	All revenue earned is from Shariah-compliant business segment, refer Note 17.
vii)	Break-up of late payments or liquidated damages	None.
viii)	Gain/loss or dividend earned from Shariah-compliant Investments	Refer investment of profit and loss.
ix)	Share of profit from Shariah-compliant associates	None.
x)	Exchange gain earned from actual currency	None.
xi)	Exchange gain earned using conventional derivative financial instruments	None.
xii)	Mark-up / profit paid on Islamic mode of financing	None.
xiii)	Profits earned or interest accrued on any conventional loan or advance	None.
xiv)	Source and detailed breakup of other income	All of the other income is Shariah-compliant.
xv)	Relationship with Shariah-compliant financial institutions, including banks, takaful operators and their	Banker: Al Baraka Bank Limited, Soneri Bank Limited, Sindh Bank Limited, Meezan Bank Limited, MCB Islamic Bank Limited, NRSP Microfinance Bank. Lessor: None. Takaful Operators: Sindh Insurance Limited - Window Takaful

19 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 2025	December 2024
	Un-audited	Un-audited
	-----Rupees-----	
Transactions for the period		
Sindh Bank Limited - associated company		
Income on bank deposits	<u>43,204</u>	38,186
	<u>43,204</u>	<u>38,186</u>
Sindh Modaraba Management Limited - Management company		
Dividend paid	<u>57,302,100</u>	53,057,500
Management Company's remuneration accrued	<u>11,381,143</u>	14,327,026
Management Company's remuneration paid	<u>26,709,832</u>	34,631,681
	<u>95,393,075</u>	<u>102,016,207</u>

	December 2025	December 2024
	Un-audited	Un-audited
	-----Rupees-----	
Sindh Insurance Limited - associated company		
Takaful contribution paid	3,398,416	2,624,365
Sharing of expenses paid	542,030	540,000
	3,940,446	3,164,365
Key Management Personnel		
Salaries, allowances and benefits paid	18,915,822	15,468,599
Sindh Modaraba Employees Provident Fund - employee fund		
Contribution paid (employer and employees contribution)	5,845,567	1,858,700
Sindh Modaraba Employees Gratuity Fund - employee fund		
Contribution paid	1,036,752	1,390,203

20 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.

		Half year ended	
		December 2025	December 2024
		Un-audited	Un-audited
		-----Rupees-----	
21 CASH AND CASH EQUIVALENT	Note		
Cash and bank balances	11	267,547,763	879,657,947

22 SUBSEQUENT EVENT

During the period, the Management Company received equity injections from the Government of Sindh. Subsequent to the period end, the Board of Directors approved riba-free subordinated fund to Sindh Modaraba amounting to Rs. 1 billion.

23 DATE OF AUTHORISATION

This condensed interim financial information was authorized for issue on 28-January 2026 by the Board of Directors of the Management Company.

24 CORRESPONDING FIGURES

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

25 GENERAL

Figures have been rounded off to the nearest rupee.

**For Sindh Modaraba Management Limited
(Management Company - owned by Government of Sindh)**

Wasim Nawaz

Chairman

[Signature]

Chief Executive Officer

[Signature]

Director

[Signature]

Chief Financial Officer



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