



Popular Islamic Modaraba

An Islamic Financial Institution

ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2026

Managed By:

Popular Islamic Modaraba
Management Company (Private) Limited



Popular Islamic Modaraba

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VISION STATEMENT

To be Modaraba of choice adhering to financing principles of Quran and Sunnah.

MISSION STATEMENT

To develop Popular Islamic Modaraba as a leading Financial Institution of the country offering all modes of Islamic Financing to the satisfaction of customers who aspire to realize the growth potential of Shariah Compliant Financing in Pakistan.

We focus on value creation for our stakeholders.

STATEMENT OF ETHICS AND BUSINESS PRACTICES

We believe a complete Code of Ethics is a prerequisite for all Directors and Employers of **Popular Islamic Modaraba**. We Endeavour to have fully groomed employees committed to the philosophy behind the Code of Ethics to carry out honestly activities assigned to them. Our aim is to have highest standard of excellence for the product and the betterment for all those involved directly or indirectly with our Modaraba.



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CORPORATE INFORMATION

BOARD OF DIRECTORS	Mr. Imamuddin Shouqeen Mr. Shahbaz Ali Malik Mr. Khurram Abdullah Mr. Abdul Jaleel Shaikh Mr. Malik Junaid Emam Mr. Kamran Hussain Mughal Ms. Aisha Mughal	- Chairman - Managing Director - Independent Director - Independent Director - Director - Chief Executive - Director & Company Secretary
AUDIT COMMITTEE	Mr. Khurram Abdullah Mr. Shahbaz Ali Malik Mr. Malik Junaid Emam	- Chairman - Member - Member
HR COMMITTEE	Mr. Khurram Abdullah Mr. Malik Junaid Emam Kamran Hussain Mughal	- Chairman - Member - Member
SHARIAH ADVISOR	Al-Hamd Shariah Advisory Services (Pvt.) Limited	
COMPANY SECRETARY	Ms. Aisha Mughal	
CHIEF FINANCIAL OFFICER	Mr. Ghulam Mustafa	
BANKERS	Albaraka Bank (Pakistan) Limited	
AUDITORS	BKR Muniff Ziauddin & Co. Chartered Accountant	
LEGAL ADVISOR	Syed Sikandar Ali Shah - Advocate	
MANAGEMENT COMPANY	Popular Islamic Modaraba Management Company (Pvt.) Ltd	
REGISTERED OFFICE	406-410, 4th Floor, Hasrat Mohani Road, Off. I.I.Chundrigar Road, Karachi.	
SHARE REGISTRAR	Central Depository Company of Pakistan CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahra-e- Faisal, Karachi	



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Chairman's Review Report

It is my privilege to present the Annual Report of Popular Islamic Modaraba (PIM) for the year ended June 30, 2026. The year under review remained challenging for the financial sector, characterized by changing interest rates, inflationary pressures, subdued economic activity and heightened competition within the Islamic financial services industry. Despite these challenges, your Modaraba remained focused on maintaining operational stability, prudent risk management and adherence to its Shariah and regulatory responsibilities.

During the year, PIM continued to pursue its business objectives with a disciplined approach, while maintaining a strong focus on the quality of its financing portfolio and efficient utilization of available resources. The changing interest-rate environment and lower financing yields, coupled with a challenging economic environment, affected the Modaraba's income during the year. Consequently, profit after taxation stood at Rs. 15.04 million, compared with Rs. 25.71 million in the preceding year. Nevertheless, management remained focused on controlling costs, strengthening recoveries and protecting the overall financial position of the Modaraba.

The Board of Directors continued to discharge its responsibilities with due diligence and in accordance with applicable laws, regulations, the Code of Corporate Governance and the Shariah Governance Regulations, 2023. The Board regularly reviewed the Modaraba's business performance, financial position, strategic direction, risk profile, regulatory matters and Shariah compliance. Matters requiring consideration were appropriately presented by Management, the auditors, legal advisors and Shariah Advisor to facilitate informed decision-making.

The Board also remained committed to maintaining effective corporate governance, transparency and accountability. Board meetings were supported by timely circulation of relevant agendas, reports and supporting documents, enabling directors to actively participate in deliberations and exercise effective oversight. The annual evaluation of the Board and its members was also undertaken in accordance with the applicable requirements.

Looking ahead, the Modaraba will continue to focus on strengthening its core business, diversifying income sources, improving asset quality and identifying viable Shariah-compliant financing and investment opportunities. Management will remain mindful of the prevailing economic and market conditions and will adopt a prudent approach towards risk, liquidity and deployment of funds.

On behalf of the Board, I extend my appreciation to our certificate holders, customers, regulators and other stakeholders for their continued confidence and support. I also acknowledge the commitment and efforts of the Management and employees of Popular Islamic Modaraba. The Board remains committed to strengthening PIM as a responsible and sustainable Islamic financial institution and to protecting the long-term interests of its valued certificate holders.

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Imamuddin Shouqeen
Chairman

September 30, 2026

بورڈ آف ڈائریکٹرز کی کارکردگی پر چیئرمین کی جائزہ رپورٹ

میرے لیے یہ باعث اعزاز ہے کہ میں پاپولر اسلامک مضاربہ کی 30 جون 2026 کو اختتام پذیر ہونے والے سال کی سالانہ رپورٹ پیش کر رہا ہوں۔ زیر جائزہ سال مالیاتی شعبے کے لیے ایک مشکل سال رہا، جس میں شریعہ سود میں تبدیلی، افراط زر کے باوجود، معاشی سرگرمیوں میں سست روی اور اسلامی مالیاتی خدمات کے شعبے میں بڑھتی ہوئی مسابقت نمایاں رہی۔ ان چیلنجز کے باوجود، آپ کے مضاربہ نے آپریشنل استحکام برقرار رکھنے، بنیادی ریسک مینجمنٹ اور اپنی شریعی و ریگولیٹری ذمہ داریوں کی تکمیل پر بھرپور توجہ مرکوز رکھی۔

سال کے دوران، پاپولر اسلامک مضاربہ نے نظم و ضبط پر مبنی حکمت عملی کے ساتھ اپنے کاروباری مقاصد کے حصول کا سلسلہ جاری رکھا، جبکہ اپنے فنانسنگ پورٹ فولیو کے معیار اور دستیاب وسائل کے خوراک استعمال پر خصوصی توجہ برقرار رکھی۔ شریعہ سود کے بدلے ہونے والے ماحول اور فنانسنگ سے حاصل ہونے والی کم شرح منافع کے ساتھ ساتھ معاشی حالات نے سال کے دوران مضاربہ کی آمدنی کو متاثر کیا۔ نتیجتاً، ٹیکس کے بعد منافع 15.04 ملین روپے رہا، جبکہ گزشتہ سال یہ 25.71 ملین روپے تھا۔ تاہم، انتظامیہ نے اخراجات پر قابو پانے، وصولیوں کو مزید مستحکم کرنے اور مضاربہ کی مجموعی مالیاتی پوزیشن کے تحفظ پر اپنی توجہ برقرار رکھی۔

بورڈ آف ڈائریکٹرز نے قابل اطلاق قوانین و ضوابط، کارپوریٹ گورننس کوڈ اور شریعی گورننس ریگلیشنز، 2023 کے مطابق پوری ذمہ داری اور مناسب احتیاط کے ساتھ اپنی ذمہ داریاں انجام دیں۔ بورڈ نے مضاربہ کی کاروباری کارکردگی، مالیاتی پوزیشن، تزویجی سمت، ریسک پروفائل، ریگولیٹری امور اور شریعی سے مطابقت کا باقاعدگی سے جائزہ لیا۔ غور طلب معاملات کو انتظامیہ، آڈیٹرز، قانونی مشیروں اور شریعی ائیڈوانسز کی جانب سے مناسب طور پر بورڈ کے سامنے پیش کیا گیا تاکہ باخبر اور موثر فیصلہ سازی کو یقینی بنایا جاسکے۔

بورڈ ممبر کارپوریٹ گورننس، شفافیت اور جوابدہی برقرار رکھنے کے لیے بھی بے عزم رہا۔ بورڈ کے اجلاسوں کے لیے متعلقہ ایجنڈا، رپورٹس اور معاون دستاویزات بروقت فراہم کی گئیں، جس سے ڈائریکٹرز کو غور و خوض میں فعال طور پر حصہ لینے اور موثر نمائندگی کا کردار ادا کرنے میں سہولت حاصل ہوئی۔ قابل اطلاق تقاضوں کے مطابق بورڈ اور اس کے اراکین کی سالانہ کارکردگی کا جائزہ بھی مکمل کیا گیا۔

مستقبل کے حوالے سے، مضاربہ اپنے بنیادی کاروبار کو مزید مستحکم کرنے، آمدنی کے ذرائع میں تنوع پیدا کرنے، اثاثہ جات کے معیار کو بہتر بنانے اور قابل عمل شریعی سے ہم آہنگ فنانسنگ اور سرمایہ کاری کے مواقع تلاش کرنے پر توجہ مرکوز رکھے گا۔ انتظامیہ موجودہ معاشی اور مارکیٹ کے حالات کو مد نظر رکھتے ہوئے ریسک، لیکویڈیٹی اور دستیاب فنڈز کے موثر استعمال کے حوالے سے محتاط اور دانشمندانہ طریقہ عمل اختیار کرے گی۔

بورڈ کی جانب سے، میں اپنے شغلیات، ہولڈرز، صارفین، ریگولیٹرز اور دیگر اسٹیک ہولڈرز کا ان کے مسلسل اعتماد اور تعاون پر تہہ دل سے شکریہ ادا کرتا ہوں۔ میں پاپولر اسلامک مضاربہ کی انتظامیہ اور ملازمین کی محنت، عزم اور کاوشوں کو بھی قدر کی نگاہ سے دیکھتا ہوں۔ بورڈ پاپولر اسلامک مضاربہ کو ایک ذمہ دار اور پائیدار اسلامی مالیاتی ادارے کے طور پر مزید مضبوط بنانے اور اپنے معزز شغلیات ہولڈرز کے طویل مدتی مفادات کے تحفظ کے لیے بدستور بے عزم ہے۔

بورڈ کی جانب سے میرے لئے یہ خوشی کا مقام ہے کہ میں آپ سے پاپولر اسلامک مضاربہ پر اعتماد اور بھروسہ کرنے پر شکریہ ادا کروں۔

-- دستخط شدہ --

امام الدین شوقین

چیئرمین

30 ستمبر 2026



Directors' Report

The Board of Directors of the Popular Islamic Modaraba Management Company (Pvt.) Limited, the Management Company of Popular Islamic Modaraba (the Modaraba), is pleased to present its report together with the audited financial statements and Auditor's Report for the year ended June 30, 2026.

1. REVIEW OF ECONOMY:

Pakistan's economy showed a moderate recovery during FY 2025-26, with GDP growth improving to 3.7% compared with 3.2% in the previous year. The improvement was supported by improved macroeconomic conditions, fiscal consolidation and recovery in economic activity.

During the year, Standard & Poor's Global Ratings upgraded Pakistan's long-term sovereign credit rating from 'B-' to 'B' with a stable outlook. The upgrade reflected improvements in institutional capacity, fiscal consolidation and progress in economic reforms.

The external sector continued to require close monitoring., however, remained under pressure. The external sector remained subject to external and trade-related pressures during the year. The trade deficit widened amid elevated imports and external-sector pressures, while the current account remained relatively contained during the year. Strong workers' remittances provided significant support to the external account.

Inflationary pressures increased during the latter part of the financial year and reached 11.10% in June 2026. The economic outlook has also been affected by geopolitical developments, particularly conflict and tensions in the Middle East, with implications for supply chain disruptions, energy prices and the cost of imported raw materials. Prolonged geopolitical tensions may further affect inflation, external balances and business conditions.

The State Bank of Pakistan kept the policy rate unchanged at 11.5% at its Monetary Policy Committee meeting held on September 14, 2026.

Going forward, Pakistan's economic outlook will remain sensitive to global energy prices, geopolitical developments, inflationary trends and external financing conditions.

2. Financial Highlights:

The summarized financial results for the year ended June 30, 2026 are as under:



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	2026	2025
	------(Rupees)-----	
Income	28,771,434	41,742,544
Provision of ECL in respect of DM Financing	(496,784)	-
Operating expenses	(7,549,743)	(8,884,417)
Depreciation of property and equipment-Ijarah	(2,347,916)	(4,551,958)
Operating profit	18,376,991	28,306,169
Other income	1,055,493	2,458,099
Profit before management fee	19,432,484	30,764,268
Management fee	(971,624)	(1,538,213)
Sales tax on management fee	(145,744)	(230,732)
Provision for worker's welfare fund	(395,368)	(579,906)
Profit before taxation	17,919,748	28,415,416
Taxation	(2,883,812)	(2,706,683)
Profit after taxation	15,035,936	25,708,733
Other comprehensive income	-	-
Total comprehensive income	15,035,936	25,708,733
Earnings per certificate - basic & diluted	0.75	1.39

3. Review of Operations

By the Grace of Almighty Allah, the performance of Popular Islamic Modaraba during the period under review continued to be satisfactory. During FY 2025-26, the Modaraba recorded income of Rs. 28.77 million compared with Rs. 41.74 million in the previous year, representing a decline of approximately 31%. The reduction was primarily attributable to lower financing income reflecting changes in benchmark rates and the level and composition of the financing portfolio during the year.

The Modaraba continued to exercise cost discipline, with operating expenses declining by 15% to Rs. 7.55 million from Rs. 8.88 million. Depreciation on Ijarah assets also decreased by 48.4% to Rs. 2.35 million. Despite these savings, the lower operating income resulted in a 35.1% reduction in operating profit, which stood at Rs. 18.38 million compared with Rs. 28.31 million in the previous year.

Other income also decreased by 57.1%, further affecting overall profitability. Consequently, profit before taxation declined by 36.9% to Rs. 17.92 million, while profit after taxation stood at Rs. 15.04 million compared with Rs. 25.71 million, reflecting a decline of 41.5%. Earnings per certificate decreased from Rs. 1.39 to Rs. 0.75.

Overall, the reduction in profitability was mainly driven by lower operating income and other income, reflecting the changing interest-rate environment and challenging economic conditions, while effective cost management provided partial mitigation.



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The management remains committed to further diversifying income streams, optimizing the funding mix, and exploring new avenues of Shariah-compliant financing and investment, while continuing to exercise stringent risk management practices.

4. Profit Distributions:

The Board has recommended a profit distribution at the rate of Rs. 0.70 per certificate of Rs. 10 each, equivalent to 7%, subject to deduction of zakat and tax at source where applicable, for the year ended June 30, 2026.

5. Shariah Advisor Report:

The Modaraba continues to seek guidance from its Shariah Advisor namely M/s. Alhamad Shariah Advisory Services (Private) Limited as and when required to ensure compliance with the Shariah Governance Regulations, 2023. The Internal Shariah Auditor performs internal Shariah audit activities and reviews compliance with approved Shariah policies and principles. The Shariah Advisor Report issued for the affairs of the Modaraba by the Shariah Advisor for the year ended June 30, 2026 is attached with the Annual Financial Statements which contains the Shariah Advisor's conclusion on the Shariah compliance of the Modaraba's operations.

6. External Shariah Auditor Report:

In compliance with Shariah Governance Regulations, 2023, the Modaraba has appointed existing external auditor Messrs BKR Muniff Ziauddin & Company, Chartered Accountants to conduct External Shariah Audit of Modaraba. The External Shariah Audit Report for the year ended June 30, 2026, is annexed to the Annual Report and sets out the External Shariah Auditor's conclusion regarding Shariah compliance.

7. Compliance with the Code of Corporate Governance:

The Modaraba has complied with the applicable requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Rule Book of the Pakistan Stock Exchange. As required by the Code of Corporate Governance, following is the statement of compliance with the Corporate and Financial Reporting Framework of the Code:

The Directors are pleased to confirm that:

- The Board has consistently complied with the relevant principles of corporate governance.
- The financial statements prepared by the management of the Modaraba present its state of affairs fairly its financial performance, cash flows and changes in equity..
- Proper books of accounts of the Modaraba have been maintained.



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- Appropriate accounting policies have been consistently applied in preparation of financial statements, and accounting estimates used are based on reasonable and prudent judgment.
- Relevant International Financial Reporting Standards (IFRS) and applicable Islamic Financial Accounting Standards (IFAS), as applicable in Pakistan, provisions of the Modaraba Companies and Modarabas (Floating and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981, Modaraba Regulations, 2021 and directives of Securities and Exchange Commission of Pakistan have been followed in preparation of financial statements, and any departures there from have been adequately disclosed.
- The system of internal control is appropriately designed and has been effectively implemented and monitored.
- There is no significant doubt about the Modaraba's ability to continue as a going concern.
- There are no outstanding statutory payments on account of taxes, duties, levies and charges as at June 30, 2026 except for those disclosed in the financial statements.
- During the year under review, Four (4) meetings of the Board of Directors were held and all Directors attended all four meetings.
- The pattern of holding certificates by the Certificate Holders is included in this annual report.
- The Directors, CEO, CFO/ Company Secretary and their spouses and minor children did not carry out any transaction in the certificates of Modaraba during the year.

8. Sustainability Committee (Regulation 10A):

In accordance with Regulation 10A of the Listed Companies (Code of Corporate Governance) Regulations, 2019, as amended by S.R.O. 920(I)/2024 dated June 12, 2024, the Modaraba acknowledges the importance of Environmental, Social and Governance (ESG) principles in its business practices.

During the year, the Board oversaw sustainability-related matters as part of its overall governance and risk oversight responsibilities. The Modaraba has undertaken initiatives relating to responsible financing, employee welfare, energy conservation, Shariah-compliant investment practices and community support.

The Board will continue to review sustainability-related risks and opportunities, including their potential impact on the Modaraba's strategy and operations, and will strengthen the relevant policies, targets, monitoring mechanisms and disclosures in accordance with applicable regulatory requirements.



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9. Future outlook:

Going forward, the Modaraba will remain focused on restoring income growth, improving asset utilization, diversifying income streams and deployment of funds into sound and Shariah-compliant financing and investment opportunities. Attention will also be given to asset quality, risk management and effective monitoring of the financing portfolio with a view to containing credit losses and improving risk-adjusted return.

10. Role of Certificate-Holders:

The Board aims to ensure that the Modaraba's Certificate Holders are kept informed about major developments affecting the Modaraba's state of affairs. To achieve this objective, information is communicated to certificate holders through quarterly, half-yearly and annual financial reports, which are also being posted on website i.e [www. popularislamicmodaraba.com](http://www.popularislamicmodaraba.com)

11. External Auditors:

The existing auditors Messrs BKR Muniff Ziauddin & Company, Chartered Accountants have offered themselves for reappointment as the External Auditor for the year ending June 30, 2027. The Board has recommended the reappointment of existing external auditor subject to the approval of the Registrar (Modarabas), Securities and Exchange Commission of Pakistan, as applicable.

12. Compliance with the Code of Corporate Governance:

The requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 set out by the Securities and Exchange Commission of Pakistan, relevant for the year ended June 30, 2026 have been duly complied with, and exceptions if any have been disclosed in the Statement of Compliance with the Best Practices of Corporate Governance.

13. Acknowledgments:

The Modaraba wishes to express its gratitude for the invaluable advice and assistance provided throughout the year by the Registrar Modarabas, the Securities & Exchange Commission of Pakistan, the Pakistan Stock Exchange, NBFI, the Modaraba Association of Pakistan, and all staff members of the Modaraba.

for and on behalf of the Board.

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Kamran Hussain Mughal
Chief Executive

Place: Karachi
Dated: September 30, 2026

ڈائریکٹرز کی رپورٹ برائے سال 30 جون 2026

پاپولر اسلامک مضاربہ منجمنٹ کمپنی (پرائیویٹ) لمیٹڈ جو پاپولر اسلامک مضاربہ کی منجمنٹ کمپنی ہے، اس کے بورڈ آف ڈائریکٹرز اپنے سرٹیفکیٹ ہولڈرز کو یہ مسرت ڈائریکٹرز کی رپورٹ منع مضاربہ کے آڈٹ شدہ گوشوارے برائے سال 30 جون 2026 پیش کرتے ہیں۔

۱۔ معیشت کا جائزہ:

مالی سال 2025-26 کے دوران پاکستان کی معیشت نے معتدل بحالی کا مظاہرہ کیا، جس کے نتیجے میں مجموعی ملکی پیداوار (GDP) کی شرح نمو گزشتہ سال کی 3.2 فیصد کے مقابلے میں بڑھ کر 3.7 فیصد ہو گئی۔ اس بہتری کو بہتر معاشی حالات، مالیاتی استحکام (Fiscal Consolidation) اور معاشی سرگرمیوں میں بحالی سے تقویت ملی۔ سال کے دوران، Standard & Poor's Global Rating نے پاکستان کی طویل مدتی خود مختار کریڈٹ ریٹنگ (Pakistan's long terms sovereign credit) کو 'B' سے بڑھا کر 'B+' کر دیا، جبکہ آؤٹ لک مستحکم (Stable) برقرار رکھا گیا۔ ریٹنگ میں بہتری اور جاری اقتصادی استحکام نے مالیاتی استحکام اور معاشی اصلاحات میں پیش رفت کی عکاسی کرتی ہے۔ تاہم، بیرونی شعبہ مسلسل قریبی نگرانی کا محتاج رہا اور دباؤ کا شکار بھی رہا۔ سال کے دوران بیرونی اور تجارتی دباؤ برقرار رہا ہے۔ درآمدات میں اضافے اور بیرونی شعبے سے متعلق دباؤ کے باعث تجارتی خسارہ بڑھا، جبکہ کرنٹ اکاؤنٹ نسبتاً قابو میں رہا۔ بیرون ملک مقیم پاکستانیوں کی ترسیلات زر (Remittances Workers) میں مضبوط اضافہ بیرونی کھاتے کے لیے اہم معاون ثابت ہوا۔ مالی سال کے آخری حصے کے دوران افراط زر (Inflation) کے دباؤ میں اضافہ ہوا اور جون 2026 میں یہ 11.10 فیصد تک پہنچ گیا۔ شرقی وسطیٰ میں جاری تنازعات اور کشیدگی سمیت جغرافیائی سیاسی (Geopolitical) صورتحال نے بھی معاشی مظہرنا سے کومتاثر کیا، جس کے نتیجے میں سپلائی چین میں رکاوٹوں، توانائی کی قیمتوں اور درآمد شدہ خام مال کی لاگت پر اثرات مرتب ہوئے۔ طویل عرصے تک جاری رہنے والی جغرافیائی سیاسی کشیدگی افراط زر، بیرونی توازن اور کاروباری حالات کو مزید متاثر کر سکتی ہے۔ اسٹیٹ بینک آف پاکستان نے 14 ستمبر 2026 کو مندرجہ ذیل والے مانیٹری پالیسی کمیٹی (MPC) کے اجلاس میں پالیسی ریٹ کو 11.5 فیصد پر برقرار رکھا۔ آئندہ پاکستان کی معاشی صورتحال مالی توانائی کی قیمتوں، جغرافیائی سیاسی پیش رفت، افراط زر کے رجحانات اور بیرونی فنانسنگ کی صورتحال کے حوالے سے حساس رہے گی۔

۲۔ نمایاں مالیاتی نتائج:

مالیاتی نتائج کا خلاصہ برائے سال 30 جون 2026 درج ذیل ہیں:-

برائے جون 2025	برائے جون 2026	
----- (روپے) -----		
41,742,544	28,771,434	آمدنی
--	(496,784)	سی سی ایل کا پروڈون
(8,884,417)	(7,549,743)	آپریٹنگ اخراجات
(4,551,958)	(2,347,916)	اجارہ اثاثوں کی فرسودگی کے اخراجات (ڈیپری سی ایشن)
28,306,169	18,376,991	آپریٹنگ منافع
2,458,099	1,055,493	دیگر آمدنی
30,764,268	19,432,484	نفع قبل از منجمنٹ فیس
(1,538,213)	(971,624)	منجمنٹ فیس
(230,732)	(145,744)	منجمنٹ فیس پر پائلز ٹیکس
(579,906)	(395,368)	ورکرز ویلفیئر فنڈ
28,415,416	17,919,748	نفع قبل از ٹیکس
(2,706,683)	(2,883,812)	ٹیکس
25,708,733	15,035,936	نفع بعد از ٹیکس
1.39	0.75	آمدنی فی سرٹیفکیٹ

۳۔ کاروبار کا جائزہ:

اللہ تعالیٰ کی مہربانی سے اس مالی سال کے اختتام پر پاپولر اسلامک مڈاربا نے کل آمدن 28.77 ملین روپے حاصل کی جو گزشتہ سال کی آمدن 41.74 ملین روپے کے مقابلے میں قدرے کمی کو ظاہر کرتی ہے۔ جو کہ 31% ہے۔ اس کمی کی بنیادی وجہ فنانسنگ سے حاصل ہونے والی آمدنی اور بیج مارک میں کمی تھی۔

آپریٹنگ اخراجات کو 7.54 ملین روپے (2025: 8.884 ملین روپے) تک محدود رکھا گیا جو انتظامیہ کی لاگت پر قابو پانے اور مالی نظم و ضبط کی پالیسی کو ظاہر کرتا ہے۔ اجارہ جات پر فرسودگی کی مد میں 2.34 ملین روپے خرچ ہوئے جو گزشتہ سال کے 4.55 ملین روپے کے مقابلے میں کم ہیں، جس سے اثاثہ جات کے موثر انتظام کی عکاسی ہوتی ہے۔ نتیجتاً آپریٹنگ منافع 18.376 ملین روپے (2025: 28.306 ملین روپے) رہا، جو مشکل معاشی حالات کے باوجود بنیادی کاروبار میں استحکام کو ظاہر کرتا ہے۔ دیگر آمدن میں کمی ہو کر یہ 1.055 ملین روپے تک پہنچ گئی جو گزشتہ سال 2.458 ملین روپے تھی۔ منجھٹ فیس، سیلز ٹیکس، درکار زوٹیلیفون فنانسنگ سیشن کو مد نظر رکھنے کے بعد، مضاربہ نے ٹیکس کے بعد خالص منافع 15.035 ملین روپے کمایا جو گزشتہ سال کے 25.708 ملین روپے کے مقابلے میں کم ہے۔ آمدنی فی سرٹیفکیٹ 0.75 رہی۔

مجموعی طور پر، منافع میں کمی کی بنیادی وجہ آپریٹنگ انکم (کاروباری آمدنی) اور دیگر آمدنی میں کمی تھی۔ جو کہ بدلتے ہوئے شرح سود اور مشکل معاشی صورتحال کو ظاہر کرتی ہے۔ جبکہ اخراجات کے موثر انتظام نے اس نقصان کو کسی حد تک کم کرنے میں مدد فراہم کی۔

انتظامیہ آمدن کے ذرائع کو مزید متنوع بنانے، فنڈنگ کس کو بہتر کرنے اور شرعی اصولوں کے مطابق نئی فنانسنگ اور سرمایہ کاری کے مواقع تلاش کرنے کے لیے پرعزم ہے، ساتھ ہی سخت رسک منجھٹ پالیسی پر بھی عمل جاری رکھا جائے گا۔

۴۔ نقد منافع کی تقسیم (مقسمہ منافع):

بورڈ نے 30 ستمبر 2026 کو منعقد ہونے والے اجلاس میں فیصلہ کیا کہ سرٹیفکیٹ ہولڈرز کے فائدے کی خاطر منجھٹ فیس صرف 5 فیصد لی جائے اور 10 روپے والے سرٹیفکیٹ پر ستر پیسہ (7%) فی سرٹیفکیٹ کے حساب سے نقد منافع مقسمہ (Cash Dividend) کی منظوری دی ہے، جو 30 جون 2026 کو ختم شدہ سال کے لئے زکوٰۃ اور محصولات کی کٹوتیوں (جہاں لاگو ہوئیں) سے مشروط ہے۔

۵۔ شریعہ ایڈوائزر رپورٹ:

مضاربہ اپنے شریعہ ایڈوائزر الحمد شریعہ ایڈوائسری سروسز (پرائیویٹ) لمیٹڈ سے حسب ضرورت رہنمائی حاصل کرتا رہتا ہے۔ تاکہ شریعہ گورننس ریگولیشن ۲۰۲۳ پر عمل درآمد کو یقینی بنایا جاسکے۔ شریعہ پالیسیوں اور ضوابط پر عمل درآمد یقینی بنانے کیلئے اندرونی شریعہ ایڈویزر مضاربہ کے روزمرہ کے امور کی دیکھ بھال کرتا ہے۔ مضاربہ کے امور پر جاری کردہ شریعہ ایڈوائزر رپورٹ برائے سال 30 جون 2026 سالانہ مالیاتی گوشواروں کے ساتھ منسلک ہے جو کہ یہ ثابت کرتا ہے کہ مضاربہ کا کاروبار شریعہ کے مطابق ہے۔

۶۔ ایکسٹرنل شریعہ آڈٹ رپورٹ:

شریعہ گورننس ریگولیشن ۲۰۲۳ پر عمل کرتے ہوئے مضاربہ نے اپنے موجودہ آڈیٹری کے آرمنیف ضیاء الدین اینڈ کمپنی کو ایکسٹرنل شریعہ آڈٹ کی ذمہ داری سونپی ہے تاکہ شریعہ گورننس ریگولیشن ۲۰۲۳ پر عمل درآمد کو یقینی بنایا جاسکے۔ مضاربہ کے امور پر جاری کردہ ایکسٹرنل شریعہ آڈٹ رپورٹ برائے سال 30 جون 2026 سالانہ مالیاتی گوشواروں کے ساتھ منسلک ہے جو کہ یہ ثابت کرتا ہے کہ مضاربہ کا کاروبار شریعہ کے مطابق ہے۔



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۷۔ نظم وضبط کے کوڈ پر عملدرآمد:

مضاربہ نظم وضبط کے کوڈ پر عملدرآمد کرنے کے سلسلے میں مستقل طور پر جدوجہد کر رہا ہے اور پاکستان اسٹاک ایکسچینج کے قواعد پر عمل کر رہا ہے جیسا کہ نظم وضبط کے کوڈ میں درکار ہے۔ مالیاتی رپورٹنگ فریم ورک کے سلسلے میں تفصیلات مندرجہ ذیل ہیں:

ڈائریکٹریہ تصدیق کرتے ہیں کہ:

☆ بورڈ متعلقہ اصولوں کی پابندی کر چکا ہے۔

☆ مالیاتی حسابات جو کہ مضاربہ کی انتظامیہ نے مرتب کیا ہے جس میں تمام تر معاملات صحیح طور پر پیش کئے گئے ہیں جس میں اس کے آپریشنز، نقد قومات کے بہاؤ اور ایکویٹی میں تبدیلی کے نتائج شامل ہیں۔

☆ مضاربہ کے حسابات کیلئے کھاتوں کو درست طور پر مرتب کیا گیا ہے۔

☆ مالیاتی اسٹیٹمنٹ کی تیاری میں ہر جگہ حسابات کی پالیسی کو درست طور پر استعمال کیا گیا ہے اور حسابات کے تخمینے کے سلسلے میں مناسب ترین اور دانشمندانہ فیصلے کئے گئے ہیں۔

☆ تمام مالی حسابات مضاربہ کی اینڈ میٹرز (فلوئیشن اینڈ کنٹرول) آرڈیننس 1980، مضاربہ کی اینڈ میٹرز مضاربہ رولز 1981، مضاربہ ریگولیشن 2021 اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایت کی روشنی میں انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز اور اسلامک اکاؤنٹنگ اسٹینڈرڈز اپناتے ہوئے تیار کی گئی ہے۔

☆ اندرونی کنٹرول کا سسٹم بے حد مضبوط ہے اور موثر طور پر عملدرآمد کیا جا رہا ہے۔

☆ مضاربہ مالی طور پر بے حد مستحکم ہے اور موثر طور پر تمام پالیسیوں کا نفاذ اور نگرانی کی جاتی ہے۔

☆ مضاربہ کی موجودہ صلاحیت میں کام جاری رکھنے میں کسی رکاوٹ کا شائبہ نہیں ہے اور اس سلسلے میں کوئی قابل تفتیش بات نہیں۔

☆ بورڈ مضاربہ کی موجودہ صلاحیت میں کام جاری رکھنے سے مطمئن ہے اور اسی وجہ سے بورڈ مزید ایکویٹی ڈالنے کے بارے میں سوچ رہا ہے۔

☆ 30 جون 2026 کی تاریخ پر سیکسرس، ڈیویڈنڈ، محصولات اور چارجز کی مد میں کوئی قانونی ادائیگی واجب الادا نہیں ہے، سوائے اس کے جس کو مالیاتی اسٹیٹمنٹ میں ظاہر کیا گیا ہے۔

☆ اس سال کے دوران بورڈ آف ڈائریکٹرز کے 4 اجلاس منعقد ہوئے اور تمام ڈائریکٹرز نے تمام اجلاسوں میں شرکت کی۔

☆ اس سال کے دوران ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری، ان کے شریک حیات اور بچوں نے مضاربہ کے شمولیت میں کسی قسم کا لین دین نہیں کیا۔

۸۔ سسٹین ایبلٹی کمیٹی:

لےگسلیٹرز (کوڈ آف کارپوریٹ گورننس ریگولیشنز 2019) کی کلاز 10(4)(xiv) اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے نوٹیفیکیشن S.R.O. (1)/2024 نمبر 12 جون 2024 کی ریگولیشن 10A کے مطابق، جو سسٹین ایبلٹی کمیٹی کے قیام سے متعلق ہے، مضاربہ کا روہاری عمل میں ماحولیاتی، سماجی اور گورننس (ESG) اصولوں کی اہمیت کو تسلیم کرتا ہے۔

سال کے دوران، بورڈ آف ڈائریکٹرز نے مجموعی گورننس اور رسک کی نگرانی سے متعلق اپنی ذمہ داریوں کے تحت (Sustainability) سے متعلق امور کی بھی نگرانی کی۔ مضاربہ نے ذمہ دارانہ ننگ، ملازمین کی فلاح و بہبود، توانائی کے تحفظ، شریعہ کے مطابق سرمایہ کاری کے طریقہ کار اور معاشرتی معاہدات سے متعلق اقدامات کیے ہیں۔

بورڈ مستقل میں بھی پائیداری سے متعلق خطرات اور مواقع کا جائزہ لیتا رہے گا، جن میں مضاربہ کی حکمت عملی اور کاروباری سرگرمیوں پر ان کے ممکنہ اثرات بھی شامل ہیں، اور قابل اطلاق ضوابط کے مطابق متعلقہ پالیسیوں، اہداف، نگرانی کے طریقہ کار اور (Disclosures) کو مزید مضبوط بنائے گا۔



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۹۔ مستقبل کا منظر نامہ:

آئندہ کے حوالے سے، مضاربہ آمدنی میں دوبارہ اضافہ کرنے، اثاثہ جات کے موثر استعمال کو بہتر بنانے، آمدنی کے ذرائع میں تنوع پیدا کرنے اور دستیاب فنڈز کو مستحکم اور شریعہ کے مطابق فنانسنگ اور سرمایہ کاری کے مواقع میں بروئے کار لانے پر توجہ مرکوز رکھے گا۔ مزید برآں، اثاثہ جات کے معیار، رسک منجمنٹ اور فنانسنگ پورٹ فولیو کی موثر نگرانی پر بھی خصوصی توجہ دی جائے گی، جس کا مقصد کریڈٹ نقصانات کو محدود کرنا اور خطرات کو مد نظر رکھتے ہوئے منافع بخش کارکردگی (Adjusted Return-Risk) کو بہتر بنانا ہے۔

۱۰۔ سرٹیفکیٹ ہولڈرز کا کردار:

بورڈ کا مقصد مضاربہ کے سرٹیفکیٹ ہولڈرز کو مضاربہ کے معاملات، اہم پیش رفت اور امور سے باخبر رکھنا ہے۔ ان مقاصد کو حاصل کرنے کیلئے مضاربہ کی تمام معلومات سرٹیفکیٹ ہولڈرز کو سہ ماہی، ششماہی اور سالانہ بنیادوں پر مضاربہ کی ویب سائٹ کے ذریعے فراہم کی جاتی ہے جو کہ www.popularislamicmodaraba.com ہے۔

۱۱۔ بیرونی آڈیٹر:

حالیہ آڈیٹر میسرز بی کے آر منیف ضیاء الدین اینڈ کمپنی نے مالی سال 30 جون 2027 کیلئے اپنی تقرری کیلئے دلچسپی ظاہر کی ہے۔ جسکی درخواست جلد ہی رجسٹرار، مضاربہ پکٹیز اور مضاربہ کو ارسال کر دی جائے گی۔

۱۲۔ کارپوریٹ گورننس پر عمل درآمد:

مضاربہ نے اس سال کے دوران پاکستان اسٹاک ایکسچینج کے لسٹنگ ریگولیشن میں دیے گئے کوڈ آف کارپوریٹ گورننس پر مکمل طور پر عمل کیا ہے سوائے ان چند نکات کے جو اسٹیٹ آف کمپلائنس میں واضح کئے گئے ہیں۔

۱۳۔ اعتراف:

اس سال کے دوران مضاربہ مشکور ہے رجسٹرار، مضاربہ، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان اسٹاک ایکسچینج، این بی ایف آئی اینڈ مضاربہ ایسوسی ایشن آف پاکستان اور اپنے تمام ملازمین کی رہنمائی اور تعاون کا اور مستقبل میں بھی اس کی امید رکھتا ہے۔

منجانب بورڈ

--- دستخط شدہ ---

کامران حسین مغل

چیف ایگزیکٹو

30 ستمبر 2026



Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of Company: POPULAR ISLAMIC MODARABA
Year ending: June 30, 2026

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 7 (seven) as per the following:

- a. Male: 6 (six)
- b. Female: 1 (one)

2. The composition of Board is as follows:

Category	Names
Other Non-Executive Directors	Mr. Imamuddin Shouqeen (Chairman) Mr. Shahbaz Ali Malik Mr. Malik Junaid Emam
Independent Director	Mr. Khurram Abdullah Mr. Abdul Jaleel Shaikh
Executive Directors	Mr. Kamran Hussain Mughal Ms. Aisha Mughal

- 3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
- 4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
- 5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with the date of approval or updating is maintained by the Company;
- 6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board of Directors of the Management Company / Certificate Holders of the Modaraba as empowered by the relevant provisions of the Act and these Regulations;
- 7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board;



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8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. The Modaraba will arrange Directors' Training Program (DTP) for Directors in due course of time to meet the requirement of Code of Corporate Governance.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and outsourcing of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:

Audit Committee	Mr. Khurram Abdullah (Chairman) Mr. Shahbaz Ali Malik (Member) Mr. Malik Junaid Emam (Member)
HR and Remuneration Committee	Mr. Khurram Abdullah (Chairman) Mr. Malik Junaid Emam (Member) Mr. Kamran Hussain Mughal (Member)

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings of the committee were as per following:
 - a) Audit Committee Quarterly
 - b) HR and Remuneration Committee Annually
15. The Board has outsourced the Internal Audit function to M/s. Suriya Nauman Rehan & Co. Chartered Accountant who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;



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17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
19. Explanation for the non-compliance with the requirement, other than Regulations 3, 6, 7, 8, 27, 32, 33 and 36 are as follows:

S.#	Reg.#	Explanation
1.	18	Directors Orientation: All the Directors are highly qualified and experienced; however, the Directors Training Program will be conducted for the Directors very soon.
2.	23 & 31	Head of Internal Auditor and Internal Audit Function: The Modaraba has outsourced its Internal Audit Function to M/s. Suriya Nauman Rehan & Co. Chartered Accountant and designated an existing employee who is commerce graduate having 13 years' experience with the Modaraba, as coordinator between firm providing internal audit services and the Board owing to the reason that he is well acquainted with the Modaraba's accounts
3.	29 & 30	Nomination and Risk Management Committee: Currently the Board has not constituted a separate Nomination and Risk Management Committees and the function are being performed by the Board.

-----SD-----

Mr. Imamuddin Shouqeen

Chairman

Dated: September 30, 2026



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MZ Muniff
Ziauddin & Co.
Chartered Accountants

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INDEPENDENT AUDITOR'S MODIFIED REVIEW REPORT

TO THE CERTIFICATE HOLDERS OF POPULAR ISLAMIC MODARABA
ON STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Popular Islamic Modaraba Management Company (Private) Limited** (the Modaraba Management Company) for and on behalf of Popular Islamic Modaraba (the Modaraba) for the year ended June 30, 2026 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Modaraba Management Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Modaraba's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Modaraba's personnel and review of various documents prepared by the Modaraba Management Company to comply with the Regulations.

As a part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Director's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Modaraba Management Company's corporate governance procedures and risks.

The Regulations requires the Modaraba Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approvals of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Following instance of non-compliance with the requirement of the Regulations was observed which is not stated in the Statement of Compliance:

- 1) The Modaraba Management Company, as per Regulation 6 of the Regulations is required to have 1/3 of the Board as independent directors, which come out to 3 (2.33 fraction). There are only 2 independent directors, and the Modaraba Management Company has not explained the reasons, in the compliance report, if any fraction contained in such one-third number which is not rounded up as one.

Based on our review, except for the above instance of non-compliance, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Modaraba Management Company's compliance for and on behalf of the Modaraba, in all material respects, with the requirements contained in the Regulations as applicable to the Modaraba for the year ended June 30, 2026.

Further, we draw attention to instances of non-compliance with the requirements of the non-mandatory Regulations as reflected in the para no. 19 to the Statement of Compliance with the Regulations.

Engagement Partner: Muhammad Moin Khan

Karachi.

Date: September 30, 2026

UDIN: CR202610153FUrLkih9I

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INTERNATIONAL MEMBER

●Karachi ●Lahore ●Islamabad



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INDEPENDENT AUDITORS' REPORT TO THE CERTIFICATE HOLDERS OF POPULAR ISLAMIC MODARABA

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URL: www.bkrpakistan.com

Opinion

We have audited the annexed financial statements of Popular Islamic Modaraba (the "Modaraba"), which comprise the statement of financial position as at **June 30, 2026**, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 (XXXI of 1980), in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2026 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Modaraba and Modaraba Company [Popular Islamic Modaraba Management Company (Private) Limited] in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

S. No	Key Audit Matter	How the matter was addressed in our audit
1	Income from Diminishing Musharaka Modaraba earns income from the Diminishing Musharaka financing which is its substantial income source (Refer note 17 to the financial statement). During the year, the Modaraba has recognized income of Rs. 22.87 million which represents a decrease of Rs.8.42 million over last year.	Our audit procedures in respect of this matter included the following: • Obtained an understanding, including the design and implementation of internal controls over recording and processing of diminishing musharaka income.



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S. No	Key Audit Matters	How the matter was addressed in our audit
	We identified income from diminishing musharaka financing as a key audit matter as it is one of the key performance indicators of the Modaraba and because of the potential risk that income from diminishing musharaka transactions may not be accurately recorded, recognized in the appropriate period, and not properly disclosed in the financial statements.	- Assessed the appropriateness of the Modaraba's accounting policy for recording of income and in line with the requirements of applicable law, accounting and reporting standards; - Matched customer contracts with the income schedule and performed recalculation on sample basis to ensure that income is appropriately recorded and also evaluated that these contracts were appropriately classified and recorded in the appropriate accounting period. - On sample basis, traced the rentals received from the underlying records issued to contract holders and applied substantive analytical procedures to determine any variations; - Recalculated the unearned portion of income and check the appropriate amount has been recorded as unearned income in liabilities. We also evaluated the adequacy of the overall disclosures in the financial statements in respect of income from diminishing musharaka financing in accordance with the requirements of applicable financial reporting frameworks.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management of the Modaraba Company is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 (XXXI of 1980) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management of the Modaraba Company is responsible for assessing the Modaraba's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Modaraba or to cease operations, or has no realistic alternative but to do so.



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Board of directors of the Modaraba Company are responsible for overseeing the Modaraba's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Modaraba's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management of the Modaraba Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Modaraba's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Modaraba to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors of the Modaraba Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors of the Modaraba Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors of the Modaraba Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are



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therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- proper books of account have been kept by the Modaraba Company in respect of the Modaraba as required by Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 (XXXI of 1980);
- the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 (XXXI of 1980) and are in agreement with the books of account;
- business conducted, investments made, expenditure incurred and guarantees extended during the year by the Modaraba were in accordance with the objects, terms and conditions of the Modaraba; and
- zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Modaraba and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Moin Khan.

Chartered Accountants
Karachi

Date: September 30, 2026
UDIN: AR2026101531IOHxBZvk



Popular Islamic Modaraba

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MZ Muniff
Ziauddin & Co.
Chartered Accountants

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E-mail: info@mzco.com.pk
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Independent Assurance Report on Compliance with the Shariah Governance Regulations, 2023

To the Board of Directors of
Popular Islamic Modaraba

1. Introduction

We have undertaken a reasonable assurance engagement that the Securities and Exchange Commission of Pakistan (SECP) has required in terms of its Shariah Governance Regulations, 2023 (the Regulations) – External Shariah Audit of the **Popular Islamic Modaraba** (“the Modaraba”) for assessing compliance of the Modaraba’s financial arrangements, contracts, and transactions having Shariah implications with Shariah principles for the year ended **June 30, 2026**. This engagement was conducted by a multidisciplinary team including assurance practitioners and independent Shariah scholar.

2. Applicable Criteria

The criteria for the assurance engagement, against which the underlying subject matter (financial arrangements, contracts, and transactions having Shariah implications for the year ended **June 30, 2026** is assessed, comprise of the Shariah principles and rules, as defined in the Regulations and reproduced as under:

- Legal and regulatory framework administered by the Commission;
- Shariah standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), as notified by the Commission;
- Islamic Financial Accounting Standards, developed by the Institute of Chartered Accountants of Pakistan, as notified by the Commission;
- Guidance and recommendations of the Shariah advisory committee, as notified by the Commission; and
- Approvals, rulings or pronouncements of the Shariah Supervisory Board or the Shariah advisor of the Islamic financial institution, in line with (i) to (iv) above.

The above criteria were evaluated for their implications on the financial statements of the Modaraba for the year ended June 30, 2026 which are annexed.

3. Management’s Responsibility for Shariah Compliance

Management of Modaraba Company [Popular Islamic Modaraba Management Company (Private) Limited] is responsible to ensure that the financial arrangements, contracts and transactions having Shariah implications, entered into by the Modaraba with its customers, other financial institutions and stakeholders and related policies and procedures are, in substance and in their legal form, in compliance with the requirements of Shariah rules and principles. The management is also responsible for design, implementation and maintenance of appropriate internal control procedures with respect to such compliance and maintenance of relevant accounting records.

4. Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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The firm applies International Standard on Quality Management 1 "Quality Management for Firms That Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

5. Our responsibility and summary of the work performed

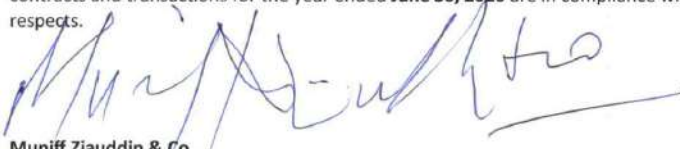
Our responsibility in connection with this engagement is to express an opinion on compliance of the Modaraba's financial arrangements, contracts, and transactions having Shariah implications with Shariah principles, in all material respects, for the year ended **June 30, 2026** based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000, 'Assurance Engagements other than audits or reviews of historical financial statements', issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the compliance of the Modaraba's financial arrangements, contracts, and transactions having Shariah implications with Shariah principles is free from material misstatement.

The procedures selected by us for the engagement depended on our judgement, including the assessment of the risks of material non-compliance with the Shariah principles. In making those risk assessments, we considered and tested the internal control relevant to the Modaraba compliance with the Shariah principles in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Modaraba internal control. We have designed and performed necessary verification procedures on various financial arrangements, contracts and transactions having Shariah implications and related policies and procedures based on judgmental and systematic samples with regard to the compliance of Shariah principles (criteria specified in para 2 above).

We believe that the evidences we have obtained through performing our procedures were sufficient and appropriate to provide a basis for our opinion.

6. Conclusion

Based on our reasonable assurance engagement, we report that in our opinion, the Modaraba financial arrangements, contracts and transactions for the year ended **June 30, 2026** are in compliance with the Shariah principles, in all material respects.


Muniff Ziauddin & Co.
Chartered Accountants
Karachi

Date: September 30, 2026

Name of Engagement Partner: Muhammad Moin Khan



Popular Islamic Modaraba

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ALHAMD SHARIAH ADVISORY SERVICES

(PVT) LIMITED

Report No: ASA/004/017

Annual Shariah Advisor's Report

For the year ended June 30, 2026

We have conducted a Shariah review of **Popular Islamic Modaraba**, managed by **Popular Islamic Modaraba Management Company (Private) Limited**, for the year ended June 30, 2026, in accordance with the requirements of Circular No. 8 of 2012, issued by the Securities and Exchange Commission of Pakistan, concerning Shariah Compliance and the Shariah Audit Mechanism for Modarabas. Based on our review and the information and explanations provided to us, we report as follows:

IN OUR OPINION

BANK ACCOUNTS: The Modaraba exclusively maintains bank accounts with Islamic Banks.

DISBURSEMENTS & Transactions: During the year under review, the Modaraba executed **Ijarah, Diminishing Musharakah, DM-SLB, and Murabaha** transactions for various clients. Our review of the relevant documentation, contracts, and transaction flows confirmed that these transactions were conducted in accordance with Shariah principles. Furthermore, the relevant transactions were duly communicated to us for Shariah approval.

INVESTMENTS IN ISLAMIC MUTUAL FUNDS AND EQUITY SHARES: As of June 30, 2026, Popular Modaraba did not hold shares of any listed or unlisted companies, or units of any mutual funds.

FINANCING FACILITIES: During the year under review, the Modaraba did not avail or obtain any financing facilities.

TAKAFUL: During the period under review, the Modaraba covered its assets through Takaful companies or Window Takaful operations of conventional insurance companies.

CHARITY AMOUNTS: The Modaraba did not receive any charity amounts arising from delayed payments by its clients during the year under review.

CONCLUSION:

Based on our review of the **Ijarah, Diminishing Musharakah, DM-SLB, Murabaha transactions**, the related documents, and the supporting records, we are of the opinion that the business operations of **Popular Islamic Modaraba for the year ended June 30, 2026**, were conducted in accordance with Shariah principles and the requirements of the Shariah Compliance and Shariah Audit Mechanism for Modarabas issued by the Registrar Modaraba, Securities and Exchange Commission of Pakistan.

Mufti Muhammad Ibrahim Essa
CEO & Director

Mufti Ubaid ur Rahman Zubairi
Director

Mufti Shaikh Noor
Shariah Research Scholar

Dated: 03th September 2026



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Popular Islamic Modaraba

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STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2026

ASSETS	Note	2026 Rupees	2025 Rupees
Non-Current Assets			
Property and equipment - owned	4	10,448	15,902
Property and equipment - Ijarah	5	2,706,302	6,475,296
Diminishing musharaka financing	6	99,018,580	112,433,767
Deferred tax asset-net	7	5,109,564	5,395,763
		106,844,894	124,320,728
Current Assets			
Murabaha finance	8	10,056,078	31,228,831
Current portion of diminishing musharaka	6	77,598,647	56,502,625
Advances and other receivables	9	20,604,823	22,097,507
Cash and bank balances	10	15,366,500	3,933,087
		123,626,047	113,762,050
		230,470,941	238,082,778
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized certificate capital 20,000,000 (2025: 20,000,000) modaraba certificates of Rs. 10 each.		200,000,000	200,000,000
Issued, subscribed and paid-up certificate capital	11	200,000,000	200,000,000
Statutory reserve	12	28,982,350	28,982,350
Accumulated losses		(14,605,989)	(9,641,925)
Advance against equity		-	-
		214,376,361	219,340,425
LIABILITIES			
Non-Current Liabilities			
Security deposits against Ijarah		718,280	1,299,279
Deferred liability		3,058,460	2,830,002
		3,776,740	4,129,281
Current Liabilities			
Accrued and other liabilities	13	1,488,847	1,367,724
Current portion of security deposit against Ijarah		725,070	1,095,620
Charity payable		-	-
Advance Rentals Received	14	787,377	2,024,116
Provision for taxation		4,124,609	5,151,656
Unclaimed profit distribution		4,074,569	3,205,011
Loan from management company	15	-	-
Management fee payable - net		971,624	1,538,213
Sales tax on management fee		145,744	230,732
		12,317,840	14,613,072
Contingencies and Commitments	16		
		230,470,941	238,082,778

The annexed notes from 1 to 34 form an integral part of these financial statements.

For Popular Islamic Modaraba Management Company (Private) Limited (Management Company)

--SD--

--SD--

--SD--

--SD--

Chief Executive Officer

Chief Financial Officer

Director

Director



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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
Income	17	28,771,434	41,742,544
Provision of ECL in respect of Diminsihing Musharaka Financi	6	496,784	-
Operating expenses	18	7,549,743	8,884,417
Depreciation of property and equipment-Ijarah	5	2,347,916	4,551,958
		10,394,443	13,436,375
Other income	19	1,055,493	2,458,099
Profit before management fee		19,432,484	30,764,268
Management fee		971,624	1,538,213
Sales tax on management fee		145,744	230,732
Provision for worker's welfare fund		395,368	579,906
		1,512,736	2,348,852
Profit before taxation		17,919,748	28,415,416
Taxation	20	2,883,812	2,706,683
Profit after taxation		15,035,936	25,708,733
Other comprehensive income		-	-
Total comprehensive income		15,035,936	25,708,733
Earnings per certificate - basic & diluted	21	0.75	1.39

The annexed notes from 1 to 34 form an integral part of these financial statements.

For Popular Islamic Modaraba Management Company (Private) Limited (Management Company)

--SD--

--SD--

--SD--

--SD--

Chief Executive Officer

Chief Financial Officer

Director

Director



Popular Islamic Modaraba

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2026

	Certificate capital	Statutory reserves	Accumulated losses	Advance against equity	Total
	----- Rupees -----				
Balance as at July 1, 2024	140,000,000	29,225,542	(15,593,849)	60,000,000	213,631,692
Profit for the year	-	-	25,708,733	-	25,708,733
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	25,708,733	-	25,708,733
Transferred to statutory reserves at 20%	-	-	-	-	-
Advance against equity	60,000,000	-	-	(60,000,000)	-
Transaction with Certificate Holders					
Profit distribution for the year ended June 30, 2024 at Re. 1 (10%) per certificate	-	(243,192)	(19,756,808)	-	(20,000,000)
Balance as at June 30, 2025	200,000,000	28,982,350	(9,641,925)	-	219,340,425
Profit for the year	-	-	15,035,936	-	15,035,936
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	15,035,936	-	15,035,936
Transaction with Certificate Holders					
Profit distribution for the year ended June 30, 2025 at Re.1 (10%) per		-	(20,000,000)		(20,000,000)
Balance as at June 30, 2026	200,000,000	28,982,350	(14,605,989)	-	214,376,361

The annexed notes from 1 to 34 form an integral part of these financial statements.

For Popular Islamic Modaraba Management Company (Private) Limited (Management Company)

--SD--

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--SD--

--SD--

Chief Executive Officer

Chief Financial Officer

Director

Director



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STATEMENT OF CASH FLOW FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		17,919,748	28,415,416
Adjustments for non cash items:			
Gain on disposal of investments		(23,527)	(313,706)
Depreciation of property and equipment-owned		5,454	16,551
Provision of ECL in respect of Diminishing Musharaka Financing		496,784	-
Provision for worker's welfare fund		395,368	579,906
Provision for gratuity		228,457	705,899
Depreciation of property and equipment-Ijarah		2,347,916	4,551,958
		21,370,200	33,956,025
Decrease / (increase) in current assets			
Advances and other receivables		1,652,804	(12,477,896)
(Decrease) / increase in current liabilities			
Accrued and other liabilities		305,661	246,910
Advance rental received		(1,236,739)	2,024,116
Charity payable		-	(677,553)
Management fee payable		(566,589)	10,760
Sales tax on management fee		(84,988)	32,163
Cash generated from operations		21,440,350	23,114,526
Taxes paid		(3,784,778)	(6,388,602)
WWF paid		(579,906)	(788,176)
Gratuity paid		-	(220,617)
Net cash generated from operating activities		17,075,665	15,717,131
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposal of property and equipment-Ijarah		1,444,605	4,117,867
Security deposit - net		(951,549)	(1,825,801)
Net Investment in diminishing musharaka		(8,177,619)	(55,634,882)
Net Investment in Murabaha finance		21,172,753	6,594,975
Net cash used in investing activities		13,488,190	(46,747,841)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(19,130,442)	(19,116,786)
Net cash used in financing activities		(19,130,442)	(19,116,786)
Net increase / (decrease) in cash and cash equivalents		11,433,413	(50,147,496)
Cash and cash equivalents at the beginning of the year		3,933,087	54,080,582
Cash and cash equivalents at the end of the year	10	15,366,500	3,933,087

The annexed notes from 1 to 34 form an integral part of these financial statements.

For Popular Islamic Modaraba Management Company (Private) Limited (Management Company)

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--SD--

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--SD--

Chief Executive Officer

Chief Financial Officer

Director

Director



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Popular Islamic Modaraba is a multipurpose, perpetual Modaraba formed under the Modaraba and Modaraba (floatation and control) Ordinance, 1980 and the rules framed there under and is managed by the Popular Islamic Modaraba Management Company (Private) Limited, a company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and registered with Registrar of Modaraba Companies. The registered office of the Modaraba is situated at 406-410, 4th Floor, Chappal Plaza, Hasrat Mohani Road, Off I.I.Chundrigar Road, Karachi. The Modaraba is listed on the Pakistan Stock Exchange.
- 1.2** The Modaraba is engaged in various Islamic modes of financing and business including Ijarah, Musharakah, Murabaha and Diminishing Musharakah arrangements. The affairs, activities and transactions, performed by the Modaraba during the period comply with the rules and principles of Islamic Shariah in light of the guidelines and directives given by the Shariah Advisor and guidelines issued by office of the Registrar Modaraba, Securities and Exchange Commission of Pakistan Limited (SECP).
- 1.3** In the year 2013-2014, Popular Islamic Modaraba Management Company (Private) Limited purchased the entire shareholding of Islamic Investment Bank Limited (Management Company) along with management and assets of the "First Islamic Modaraba" and the same has been confirmed by the Peshawar High Court vide its order dated March 11, 2013.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Such standards as applicable in Pakistan comprises of:

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards developed by the Institute of Chartered Accountants of Pakistan and notified by SECP ;
- Provisions of and directives issued by the under the Companies Act, 2017.
- Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Modaraba Regulations 2021 and directives issued by the Securities and Exchange Commission of Pakistan (SECP).

Where provisions of, directives and notificaitons issued under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Modaraba Regulations, 2021, the Companies Act, 2017 and provisions of, directives and notifications issued by the Securities and Exchange Commission of Pakistan (SECP) differ from IFRS Accounting Standards and IFAS, the requirements of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Modaraba Regulations, 2021, the Companies Act, 2017 and provisions of, directives and notifications issued by the Securities and Exchange Commission of Pakistan (SECP) have been followed.

- 2.2** Permissible Islamic financial products including Murabaha (as a liability) and Musharaka have been used by the Modaraba, in line with similar industry practices. The accounting and presentation of the same are in line with the substance of the transaction and are limited to the extent of actual amount of facility utilized and mutually agreed mark-up / profit thereon.



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2.3	Islamic Financial Accounting Standard (IFAS) 2 'Ijarah' issued by the Institute of Chartered Accountants of Pakistan was adopted by the SECP vide SRO 431(1)/ 2007 dated May 22, 2007. Under IFAS 2, the Ijarah transactions are accounted for in the following manner: - Mustajir (lessors) presents the assets subject to Ijarah in their balance sheet according to the nature of the asset. The Mustajir is required to distinguish these Ijarah assets from the assets in own use. - Costs, including depreciation on the assets given on Ijarah, incurred in earning the Ijarah income are recognised as expenses. - Ijarah income is recognised in income on an accrual basis as and when the rental becomes due, unless another systematic basis is more representative of the time pattern in which the benefit of the use derived from the leased asset is diminished.						
2.4	Basis of measurement These financial statements have been prepared on the historical cost basis, unless otherwise stated.						
2.5	Functional and presentation currency These financial statements have been presented in Pakistani Rupee, which is the functional and presentation currency of the Modaraba.						
2.6	APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO BE PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS						
2.6.1	New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2026 The following standards, amendments and interpretations are effective for the year ended June 30, 2026. These standards, amendments and interpretations are either not relevant to the Modaraba's operations or did not have significant impact on the financial statements other than certain additional disclosures. <table data-bbox="284 1218 1421 1386"> <thead> <tr> <th></th><th>Effective date (annual periods beginning on or after)</th></tr> </thead> <tbody> <tr> <td>Amendments to IAS 21 'The effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability</td><td>01-Jan-2025</td></tr> </tbody> </table>		Effective date (annual periods beginning on or after)	Amendments to IAS 21 'The effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	01-Jan-2025		
	Effective date (annual periods beginning on or after)						
Amendments to IAS 21 'The effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	01-Jan-2025						
2.6.2	New accounting standards, amendments and interpretations that are not yet effective The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Modaraba's operations or are not expected to have significant impact on the Modaraba's financial statements other than certain additional disclosures. <table data-bbox="284 1638 1421 1894"> <thead> <tr> <th></th><th>Effective date (annual reporting periods beginning on or after)</th></tr> </thead> <tbody> <tr> <td>Amendments to IFRS 7 'Financial Instruments:Disclosures' - Amendments regarding the classification and measurement of financial instruments</td><td>01-Jan-2026</td></tr> <tr> <td>Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments</td><td>01-Jan-2026</td></tr> </tbody> </table>		Effective date (annual reporting periods beginning on or after)	Amendments to IFRS 7 'Financial Instruments:Disclosures' - Amendments regarding the classification and measurement of financial instruments	01-Jan-2026	Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	01-Jan-2026
	Effective date (annual reporting periods beginning on or after)						
Amendments to IFRS 7 'Financial Instruments:Disclosures' - Amendments regarding the classification and measurement of financial instruments	01-Jan-2026						
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	01-Jan-2026						



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Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Amendments regarding translations to a hyperinflationary presentation currency	01-Jan-2027
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs)	01-Jan-2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs)	01-Jan-2026
Amendments to IFRS 9 'Financial Instruments' - Amendment regarding change when financial assets or liabilities are recognized and derecognized on settlement by Electronic payments	01-Jan-2026
Amendments to IAS 28 'Investments in Associates' - Amendments to the Fair Value Option for Investments in Associates and Joint Ventures	01-Jan-2027
IFRS 17 Insurance Contracts	01-Jan-2027
IFRS 18 Presentation and Disclosures in Financial Statements	01-Jan-2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	01-Jan-2027

Certain annual improvements have also been made to a number of IFRSs and IASs.

IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP)

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the revised timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2027.

IFRS 20 'Regulatory Assets and Regulatory Liabilities' has been issued by IASB effective from January 01, 2029. However, it has not been adopted yet locally by SECP

IFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the IASB in April 2024 supersedes IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including IAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though IFRS 18 will not have any effect on the recognition and measurement of items in the financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures (MPM).

2.7 Significant accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Modaraba's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period effected. In the process of applying the Modaraba's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:



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	Note
a) Useful life of depreciable assets/amortizable assets	3.5, 4 & 5
b) Classification of investments	3.6
c) Income tax	3.4
d) Provision for gratuity	3.12
3. MATERIAL ACCOUNTING POLICIES	
The material accounting policies applied in the preparation of these financial statements are set out below. These have been consistently applied to all the years presented, unless otherwise stated.	
3.1 Murabaha investment	
Murabaha investments are stated net of provision. Provision is recognized for Murabaha investments in accordance with the time based criteria of the Prudential Regulations for Modarabas issued by SECP and subjective evaluation of management. Outstanding balances are written off when there is no realistic prospect of recovery.	
Murabaha receivables are recorded by the Modaraba at the invoiced amount and disclosed as such in the balance sheet. Purchases and sales under Murabaha and the resultant profit are accounted for on the culmination of Murabaha transaction.	
3.2 Diminishing Musharaka financing	
Diminishing musharaka financing are stated net of provision and suspense income. Provision is recognized for Diminishing musharaka financing, in accordance with the Modaraba Regulations 2021 for Modarabas. Bad debts are written-off when identified.	
3.3 Ijarah	
The Modaraba provides assets to its clients under Ijarah agreements as approved by the Religious Board.	
As per the requirements of IFAS-2, the Modaraba has presented assets subject to Ijarah in its balance sheet according to the nature of the asset, distinguished from the assets in own use. Income from Ijarah is recognized on accrual basis, unless another systematic basis is more representative of the time pattern in which benefit of use derived from the leased asset is diminished. Costs, including depreciation, incurred in earning the Ijarah income are recognized as an expense.	
Net investment in Ijarah is stated at present value of minimum Ijarah payments. Impairment losses on non - performing Ijarah are recognized at higher of provision required in accordance with the Prudential Regulations for Modarabas issued by SECP or at a level which in the judgment of the management is adequate to provide for potential Ijarah losses. These losses can be reasonably anticipated as the difference between the carrying amount of receivables and present value of expected cash flows discounted at the rates implicit in the Ijarah agreement.	
Assets leased out under Ijarah and depreciation	
Ijarah (lease) assets are stated at cost less accumulated depreciation. Depreciation is charged to statement of profit and loss and other comprehensive income applying the straight line method whereby the cost of an asset less salvage value is written off over the Ijarah (lease) period, which is considered to be the estimated useful life of the asset. In respect of additions and disposals during the year, depreciation is charged proportionately from the date of delivery of assets to the date of its maturity / termination.	
3.4 Taxation and Levy	
a) Levy	
In accordance with the Income Tax Ordinance, 2001, computation of final taxes is not based on taxable income, therefore, as per IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes issued by the ICAP, these fall within the scope of IFRIC 21 / IAS 37 and accordingly have been classified as levy in these financial statements.	



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b) Income Tax

Current

Provision for current taxation is based on taxable income at the enacted / corporate tax rate after taking into account tax credits and rebates available, if any, as per the Income tax Ordinance, 2001.

Deferred

Deferred tax is accounted for using the statement of financial position method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reduced to the extent it is no longer probable that the related tax benefit will be realized.

3.5 Fixed Assets

Owned

Fixed assets are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged to statement of profit and loss and other comprehensive income applying the straight line method where by the cost less estimated residual value, if any, of an asset is written off over its estimated useful life at the rates as mentioned in the Note 4.

Proportionate depreciation is charged on purchases and disposals during the year.

Maintenance and repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gains and losses on disposal of assets are included in other income.

3.6 Financial Assets

All the financial assets and financial liabilities are recognized at the time when Modaraba becomes a party to the contractual provisions of the instruments.

Initial Measurement

The Modaraba classifies its financial assets into the following three categories:

- measured at amortized cost;
- fair value through profit or loss (FVTPL); and
- fair value through other comprehensive income (FVOCI).

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent Measurement

i. Debt Instruments as FVOCI

These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.



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ii. **Equity Instruments as FVOCI**

These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

iii. **Financial assets at FVTPL**

These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in profit or loss.

iv. **Financial assets measured at amortized cost**

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

v. **Impairment of Financial Assets**

The modaraba recognizes the impairment at each reporting date for outstanding Ijarah, Musharaka and Murabaha receivables on the basis of the Modaraba Regulations, 2021 and subjective evaluation as per IFRS 9.

The Modaraba has adopted the requirements of ECL model as given in IFRS 9 using a simplified and general approach. A lifetime ECL is recorded on diminishing musharakah financing in which there have been significant increase in credit risk and which are credit impaired as on the reporting date. Furthermore, the management has made an assessment of impairment under expected credit loss model of IFRS 9 for financial assets other than financing assets i.e. balances with banks and other financial assets, and concluded that impact is not material to the financial statements.

vi. **De-recognition**

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Modaraba has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Modaraba has:

(a) transferred substantially all of the risks and rewards of the asset; or

(b) neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Modaraba has transferred its right to receive cash flows from an asset (or has entered into a pass through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Modaraba's continuing involvement in the asset. In that case, the Modaraba also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Modaraba has retained. The Modaraba derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired

Any gain or loss on arising on derecognition is charged to statement of profit and loss and other comprehensive income

vii. **Write - offs**

The gross carrying amount of a financial asset is written off when the Modaraba has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. Against each customer's outstanding exposure which stands as impaired, Modaraba makes an assessment with respect to the timing and amount of write-off based on the expectation of recovery. However financial assets that are written off remain subject to legal enforcement activities for recovery of amounts due.



viii. Restructured of financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective profit rate of the existing financial asset

3.7 Financial Liabilities

Financial liabilities are classified as measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

i. Derecognition of Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of profit and loss and other comprehensive income

3.8 Impairment of non Financial Assets

The carrying amounts of non- financial assets are reviewed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the statement of profit and loss and other comprehensive income, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is determined through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cashflows (cash generating units)

An impairment loss is reversed if there has been change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.9 Other Receivables

Other receivables are stated net of impairment loss. Impairment loss is recognized for doubtful receivables on the basis of prudential regulations for Modarabas issued by SECP or based on the estimates of the management under expected credit loss method, whichever is higher. Bad debts are written off when identified. Actual credit loss experience over past years is used to base the calculation of expected credit loss.



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3.10 Advances

All advances in the form of murabaha and musharaka finances are stated net of provision for doubtful debts. Provision for doubtful debts is made on the basis of Prudential Regulations for Modarabas or based on the estimates of the management under expected credit loss method, whichever is higher.

3.11 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks in current and deposit accounts.

3.12 Staff retirement benefits

Defined benefit plan - Gratuity scheme

The Modaraba operates defined benefit gratuity scheme for its eligible employees. Period expenses relating to gratuity scheme are charged to operating expenses under salaries, wages and other benefits.

Details of entitlement of a staff under this scheme is as follows:

- employees are entitled to defined benefit scheme after completing three years of service with the Modaraba.
- the amount of gratuity payable is equal to one month's last drawn gross salary for each completed year of eligible service with the Modaraba.

Management believes that the actuarial valuation would not materially change the amount of gratuity recorded in the financial statements at the reporting date which is based on best estimate and accordingly actuarial valuation has not been carried out.

3.13 Revenue Recognition

Revenue is recognized on the following basis:-

- Ijarah rentals are recognized as income on a systematic basis over the Ijarah period without considering grace period, if any.
- Profit on finances under Musharaka / Murabaha arrangements is recognized on accrual basis and additional profit, if any, is recognized on declaration by the investee company in accordance with the terms of issue.
- Dividend income is recognized when the right to receive dividend is established.
- Return on deposits with bank is recognized on accrual basis.
- Income from fee and commission is recognized as and when performance obligation is satisfied.

3.14 Provisions

Provisions are recognized when the Modaraba has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

3.15 Related Party Transactions

All transactions with related party, if any, are recorded at an arm's length basis.



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Details of related parties of the Modaraba

Name of related party	Nature of relationship	Basis of relationship	Percentage of Certificate
Popular Islamic Modaraba Management Company (Private) Limited	Management Company	Management Company of the Modaraba	57.82%
Staff Gratuity Fund	Associate	Common Management	

3.16 Offsetting of Financial Assets and Financial Liabilities

Financial assets and financial liabilities are set off and only the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognized amount and the Modaraba intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.17 Segment Reporting

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. Segments reported are Ijarah, Murabaha and diminishing musharaka financing.

3.18 Contingencies

Contingencies are disclosed when the Modaraba has possible obligation that arises from past event and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of entity, or a present obligation that arises from past event but is not recognized because it is not probable that an outflow of resources embodying economic benefit will be required to settle the obligation or, when amount of obligation cannot be measured with sufficient reliability.

3.19 Certificate capital and earning per certificate

The Modaraba presents basic and diluted earnings per certificate data for its ordinary certificates. Basic earning per certificate is calculated by dividing the profit or loss attributable to ordinary certificate holders of the Modaraba by the weighted average number of certificates outstanding during the year. Diluted earning per certificate is determined by adjusting the profit or loss attributable to ordinary certificate holders and the weighted average number of ordinary certificates outstanding for the effects of all dilutive potential ordinary certificates.

Ordinary certificates are classified as equity and are recorded at their face value. Incremental costs directly attributable to the issue of new certificates or options are shown in equity as a deduction, net of tax, from the proceeds.

3.20 Profit distribution and other appropriations of profit

Profit distribution and other appropriations of profit are recognized in the year in which these are approved. Transfer to statutory reserve and any of the mandatory appropriations as may be required by law are recognized in the period to which these relate.



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PROPERTY AND EQUIPMENT - OWNED

Particulars	Cost at July 1, 2025	Additions during the year	Disposal/ Transfer during the year	Cost as at June 30, 2026	2026					
					Accumulated depreciation at July 1, 2025	Depreciation for the year	Adjustment s for the year	Accumulated depreciation as at June 30, 2026	Carrying value at June 30, 2026	Depreciation Rate (%)
					Rupees					
Furniture and fixtures	69,060	-	-	69,060	53,158	5,454	-	58,612	10,448	15
Office equipment	136,975	-	-	136,975	136,975	-	-	136,975	-	33
Computer equipment	123,800	-	-	123,800	123,800	-	-	123,800	-	33
TOTAL	329,835	-	-	329,835	313,933	5,454	-	319,387	10,448	

2025										
Particulars	Cost at July 1, 2024	Additions during the year	Disposal/ Transfer during the year	Cost as at June 30, 2025	Accumulated depreciation at July 1, 2024	Depreciation for the year	Adjustments for the year	Accumulated depreciation as at June 30, 2025	Carrying value at June 30, 2025	Depreciation Rate (%)
Rupees										
Furniture and fixtures	69,060	-	-	69,060	47,702	5,456	-	53,158	15,902	15
Office equipment	136,975	-	-	136,975	136,975	-	-	136,975	-	33
Computer equipment	123,800	-	-	123,800	112,705	11,095	-	123,800	-	33
TOTAL	329,835	-	-	329,835	297,382	16,551	-	313,933	15,902	



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5. PROPERTY AND EQUIPMENT - IJARAH		Note	2026 Rupees	2025 Rupees				
Ijarah assets (at cost less accumulated depreciation)		5.1	2,706,302	6,475,296				
5.1 Ijarah assets (at cost less accumulated depreciation)								
At July 1 2025								
Cost			19,952,500	19,952,500				
Accumulated depreciation			(13,477,204)	(13,477,204)				
Net book value as at July 1, 2025			6,475,296	6,475,296				
Addition during the year			-	-				
Disposal during the year			-	-				
Cost			(8,103,000)	(8,103,000)				
Accumulated depreciation			6,681,922	6,681,922				
Depreciation charge for the year			(1,421,078)	(1,421,078)				
Closing net book value as at June 30, 2026			(2,347,916)	(2,347,916)				
At June 30, 2026			2,706,302	2,706,302				
Cost			11,849,500	11,849,500				
Accumulated depreciation			(9,143,198)	(9,143,198)				
Net book value as at June 30, 2026			2,706,302	2,706,302				
Depreciation rates on Ijarah Assets ranges from 20% to 25%								
At July 1 2024								
Cost			31,066,500	31,066,500				
Accumulated depreciation			(16,235,085)	(16,235,085)				
Net book value as at July 1, 2024			14,831,415	14,831,415				
Addition during the year			-	-				
Disposal during the year			-	-				
Cost			(11,114,000)	(11,114,000)				
Accumulated depreciation			7,309,839	7,309,839				
Depreciation charge for the year			(3,804,161)	(3,804,161)				
Closing net book value as at June 30, 2025			(4,551,958)	(4,551,958)				
At June 30, 2025			6,475,296	6,475,296				
Cost			19,952,500	19,952,500				
Accumulated depreciation			(13,477,204)	(13,477,204)				
Net book value as at June 30, 2025			6,475,296	6,475,296				
5.2 Details of disposal of ijarah assets are as follows:								
Particulars	Cost of asset	Accumulated depreciation	Carrying value	Sales proceeds	Gain / (Loss) on disposal	Purchaser	Relationship	Mode of disposal
Honda Civic	4,214,000	3,323,072	890,928	914,455	23,527	M/S Value Added Services	None	Negotiation
Suzuki Bolan	1,064,000	957,600	106,400	106,400	-	M/S Value Added Services	None	Negotiation
Toyota Yaris	2,825,000	2,401,250	423,750	423,750	-	Mr. Malik Rizwan	None	Negotiation
	8,103,000	6,681,922	1,421,078	1,444,605	23,527			
5.3 Contractual rentals receivable								
	June 30, 2026				June 30, 2025			
	Not later than one year	Later than one year and less than five years	Later than five years	Total	Not later than one year	Later than one year and less than five years	Later than five years	Total
Rentals receivable	2,451,513	457,056	-	2,908,569	4,428,789	2,619,166	-	7,047,955
Residual value	725,050	718,300	-	1,443,350	1,095,620	1,299,300	-	2,394,920
Total future Ijarah payment receivable	3,176,563	1,175,356	-	4,351,919	5,524,409	3,918,466	-	9,442,875



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6.	DIMINISHING MUSHARAKA	Note	2026 Rupees	2025 Rupees
	Secured			
	Diminishing Musharaka financing	6.1	177,114,011	168,936,392
	Less: Current portion shown in current assets		(77,598,647)	(56,502,625)
			<u>99,515,364</u>	<u>112,433,767</u>
	Less: Provision for doubtful diminishing musharaka	6.2	(496,784)	-
			<u>176,617,227</u>	<u>168,936,392</u>
6.1	This represents diminishing musharaka financing for a term of 1 to 10 years. The profit rates on these diminishing musharaka arrangements range between 11.09% and 16.09% (2025: 13.61% and 22.79%). Diminishing musharaka arrangements are secured by way of Modaraba's title over underlying assets and demand promissory notes.			
6.2	Movement of provision in respect of diminishing musharaka financing			
	Balances as at July 1, 2025		-	-
	Charge for the year		496,784	-
	Write off during the year		-	-
	Balances as at June 30, 2026		<u>496,784</u>	<u>-</u>
6.3	The following table sets out information about the Expected Credit Losses (ECL) provision of diminishing musharaka financing:			
			2026	2025
			Amount outstanding	Expected Credit Loss Allowance
	Stage 1		107,100,198	-
	Stage 2		53,659,525	-
	Stage 3		16,354,288	496,784
			<u>177,114,011</u>	<u>496,784</u>
				168,936,392
				-
7	DEFERRED TAX ASSET- NET			
	Deductible temporary differences in respect of:		As at June 30, 2025	As at June 30, 2026
	- Depreciation on fixed assets		(3,988,069)	137,865
	- Post retirement employee benefits		(820,701)	(66,253)
	- Unearned Income		(586,994)	358,655
	- Diminishing Musharaka Financing		-	(144,067)
			<u>(5,395,763)</u>	<u>286,200</u>
	Taxable temporary differences		-	-
			<u>(5,395,763)</u>	<u>286,200</u>
	Deductible temporary differences in respect of:		As at June 30, 2024	As at June 30, 2025
	- Depreciation on fixed assets		(2,526,366.00)	(1,461,703)
	- Post retirement employee benefits		(679,969.00)	(140,732)
	- Unearned Income		-	(586,994)
	- Diminishing Musharaka Financing		-	-
			<u>(3,206,335.00)</u>	<u>(2,189,428)</u>
	Taxable temporary differences		-	-
			<u>(3,206,335)</u>	<u>(2,189,428)</u>
8.	MURABAHA FINANCE - SECURED			
	Considered good - Performing	8.1	10,056,078	31,228,831
	Considered doubtful - Non-performing		-	-
			<u>10,056,078</u>	<u>31,228,831</u>
	Provision against non-performing Murabaha finance		-	-
			<u>10,056,078</u>	<u>31,228,831</u>
8.1	The profit rates on these Murabaha arrangements ranges between 13.07% and 14.53% (2025: 13.06% and 19.8%). These investments are secured against charge over fixed assets, registered and equitable mortgage of properties, personal guarantees of the directors of customer companies, demand promissory notes and post-dated cheques varying from case to case.			



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9. ADVANCES AND OTHER RECEIVABLES			
Advances		14,159,200	18,356,388
Loan to employees	9.1	366,850	369,850
Profit / rental receivable		3,973,196	2,031,368
Other receivable		1,074,821	469,265
Advance income tax		1,030,756	870,636
		20,604,823	22,097,507
9.1	This includes interest free loan to employees in accordance with the policy of the Modaraba duly approved by the Board.		
10. CASH AND BANK BALANCES	Note	2026 Rupees	2025 Rupees
In hand		70,040	133,370
At banks			
Deposit accounts	10.1	13,042,251	2,411,478
Dividend account		2,179,266	1,310,168
State Bank of Pakistan		74,943	78,071
		15,296,460	3,799,717
		15,366,500	3,933,087
10.1	Deposit accounts are Shariah compliant and rate of profit on deposit accounts ranges from 4.81% to 6.75% (2025: 5.72% to 7.25%) per annum.		
10.2	All bank accounts are maintained within Pakistan.		
11. CERTIFICATE CAPITAL			
2026	2025	2026	2025
Number of Certificates			
20,000,000	20,000,000	Modaraba certificates of Rs. 10 each fully paid-up in cash	
		200,000,000	200,000,000
12. STATUTORY RESERVE			
Balance at beginning of the year		28,982,350	29,225,542
Transferred during the year from statement of profit or loss		-	(243,192)
		28,982,350	28,982,350
13. ACCRUED AND OTHER LIABILITIES			
Accrued expenses		370,000	281,000
Withholding tax payable		23,652	26,776
Worker's welfare fund	13.1	395,368	579,906
Other liabilities		699,827	480,042
		1,488,847	1,367,724
13.1 MOVEMENT OF WORKER'S WELFARE FUND			
Balance as at July 01		579,906	788,176
Addition during the year		395,368	579,906
Payment of Worker's Welfare Fund		(579,906)	(788,176)
Balance as at June 30		395,368	579,906
13.2 Reconciliation of charity payable:			
Balance as at July 01,		-	677,553
Addition during the year		-	242,019
Paid to recognized charitable organizations		-	(919,572)
Balance as at June 30, 2026		-	-
14. ADVANCE RENTALS RECEIVED			
Advance rentals received		787,377	2,024,116
15. LOAN FROM MANAGEMENT COMPANY		-	-
16. CONTINGENCIES AND COMMITMENTS			
In the Banking Court Suit No. 2/2002 FIM v/s Trade & Trade & Others was decreed on 25-07-2003 in favor of Modaraba and Execution Application bearing No. 74/2003 was filed. Thereafter, In Honorable High Court of Sindh an Appeal (1st Appeal 67/2019) was filed for the same case. The case was fixed on May 11, 2026 for serving fresh notices. The last case was fixed on August 4, 2026 for arguments. The next date of the case is fixed on October 13, 2026 by the Roster Fixation for further arguments and the Modaraba's legal counsel is confident that the same will be decided in favor of the Modaraba.			
17. INCOME			
Income on Murabaha		2,455,198	3,756,215
Income on Ijarah		3,447,930	6,702,389
Income on Diminishing Musharaka		22,868,305	31,283,940
		28,771,434	41,742,544



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18. OPERATING EXPENSES

Salaries, wages and other benefits	18.1	3,306,807	4,370,908
Auditors' remuneration	18.2	460,000	431,000
CDC charges / registrar services		452,820	491,141
Computer software charges		26,250	167,000
Postage and delivery		32,060	390
Printing and stationery		244,263	164,495
Fees and subscription		1,160,692	1,089,117
Legal and professional fee		949,721	817,832
Repair and maintenance		176,970	395,312
Travelling and conveyance		58,780	69,660
Advertisement		59,500	59,500
Telecommunication		370,768	365,240
Entertainment		242,070	279,700
Bank charges		3,588	6,571
Depreciation of property and equipment-owned	4	5,454	16,551
Professional tax		-	160,000
		7,549,743	8,884,417

18.1 Remuneration of executives and other employees

	2026			2025		
	Executives (Key management personnel)	Other employees	Total	Executives (Key management personnel)	Other employees	Total
	Rupees					
Salaries and allowances						
Basic salary	1,268,130	1,562,560	2,830,690	1,454,080	1,504,059	2,958,139
Allowances	110,710	136,950	247,660	385,044	321,826	706,870
Staff Retirement Benefits - Gratuity	146,183	82,274	228,457	308,845	397,054	705,899
	1,525,023	1,781,784	3,306,807	2,147,969	2,222,939	4,370,908
Number of employees	1	3	4	1	3	4

18.1.1 No remuneration in kind has been paid by the Modaraba to the Directors of Modaraba Management Company.

Note

2026	2025
Rupees	Rupees

18.2 Auditors' remuneration

Audit fee and other certifications	220,000	200,000
Shariah audit	150,000	150,000
Out of pocket	-	-
Half year review	90,000	81,000
	460,000	431,000

19. OTHER INCOME

Income from financial assets

Profit on deposit accounts	19.1	800,597	1,613,041
Other income - processing fee		111,151	518,896

Income from non-financial assets

Gain on early termination of diminishing musharaka / ijarah		143,745	326,162
		1,055,493	2,458,099

19.1 These are earned under a Shariah permissible arrangement.

20. TAXATION

Current year	4,124,609	5,151,656
Prior year	(1,526,997)	(255,544)
Deferred tax	286,200	(2,189,428)
	2,883,812	2,706,683

20.1 Returns of income of the Modaraba up to tax year 2025 (financial year ended 30 June 2025) have been filed and as per the provision of section 120 of the Income Tax Ordinance, 2001 (Ordinance) the said returns are deemed to be assessment orders.

20.2 Relationship between accounting profit and tax expense for the year

Accounting profit before taxation	17,919,748	28,415,416
Tax at applicable rate of 29% (2025: 29%)	5,196,727	8,240,471
Tax effect of:		
- Final tax regime and income subject to lower tax rate	-	(3,680,178)
- Permanent differences	-	-
- Others	(2,312,915)	(1,853,609)
	2,883,812	2,706,683

21. EARNINGS PER CERTIFICATE- BASIC & DILUTED

Profit after taxation	15,035,936	25,708,733
Weighted average number of certificates	20,000,000	18,500,000
	0.75	1.39

21.1 There is no dilutive effect on basic earnings per share (2025: Nil)



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22. RELATED PARTY TRANSACTIONS

The related parties comprise of associated undertakings, directors of the Modaraba Management Company. The Modaraba, in the normal course of business carries out transactions with these related parties. Significant transactions with related parties are as follows:

Name of the related party	Nature of transactions	Relationship	2026 Rupees	2025 Rupees
Popular Islamic Modaraba Management Company (Pvt) Ltd.	Modaraba management fee paid	Associated Company	1,538,213	1,527,453
	Sales tax on modaraba management fee	Associated Company	230,732	198,569
	Gratuity expense	Gratuity scheme	228,457	705,899
	Modaraba management fee payable	Associated Company	971,624	1,538,213
	Sales tax on modaraba management fee payable	Associated Company	145,744	230,732
	Loan obtained from modaraba management company	Associated Company	32,000,000	10,500,000
	Loan repaid to modaraba management company	Associated Company	(32,000,000)	(10,500,000)
Popular Islamic Modaraba Management Company (Pvt) Ltd.	Advance against equity	Certificate holders	-	-
	Advance against equity - converted to equity		-	60,000,000
	Balance as at the year end			
	Loan payable to modaraba management company	Associated Company	-	-
	Modaraba management fee payable	Associated Company	971,624	1,538,213
	Sales tax on modaraba management fees payable	Associated Company	145,744	230,732
	Gratuity payable	Gratuity scheme	3,058,460	2,830,002
	Advance Against equity	Associated Company	-	-

22.1 The Sindh sales tax levied on remuneration of Modaraba Management Company has been charged at the rate of 15% (2025: 15%).

23. FINANCIAL INSTRUMENT AND RELATED DISCLOSURES

23.1 Financial risk management

The Modaraba's objective in managing risks is the creation and protection of Certificate holder's value. Risk is inherent in the Modaraba activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Modaraba's continuing profitability. The Modaraba is exposed to market risk (which includes profit rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds.

The Modaraba primarily invests in Ijarah (lease) assets, diminishing musharaka and murabaha. Such investments are subject to varying degrees of risk, which emanate from various factors that include but are not limited to:

- Credit risk
- Liquidity risk
- Market risk

23.2 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Modaraba attempts to control credit risk by monitoring credit exposures, limiting transactions with various parties and continuous monitoring of credit worthiness of dealing parties. The management understands that the Modaraba is not exposed to any major concentration of credit risk.

Exposure to Credit Risk

The maximum exposure to credit risk before any credit enhancements at June 30, 2026 is the carrying amount of the financial assets as set out below:

Business	2026 Rupees	2025 Rupees
Murabaha finance	10,056,078	31,228,831
Diminishing musharaka	176,617,227	168,936,392
Loan and other receivable	5,414,867	2,870,483
Bank balances	15,296,460	3,799,717
	207,384,631	206,835,423

Concentration of credit risk

Concentration is the relative sensitivity of the Modaraba's performance to development affecting a particular industry or geographical location.

Concentration of risks arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic, political and other conditions.

The Modaraba's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk. Details of Modaraba's concentration of credit risk by industrial distribution are as follows:



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Impairment of financial assets

The Company assesses impairment of its financial assets using the expected credit loss (ECL) model under IFRS 9, *Financial Instruments*. The allowance for impairment recognised against Diminishing Musharaka is disclosed in note 6. Management has assessed the credit quality of all other financial assets at the reporting date. It considers that, apart from the impairment already provided for, none of the Company's other financial assets are impaired and no further allowance for expected credit losses is required.

Segment by class of business of Ijarah assets

	2026		2025	
	Rupees	%	Rupees	%
Cargo, trading and distribution	1,448,730	53.53	3,687,327	56.94
Individual	1,257,572	46.47	2,787,968	43.06
Hotels and resorts	-	-	-	-
	2,706,302	100	6,475,295	100

Segment by class of business of Diminishing Musharaka and Murabaha

	2026		2025	
	Rupees	%	Rupees	%
Diminishing Musharaka				
Investment companies, firms & bank	113,666,891	64.36	70,153,261	41.53
Individuals	62,950,336	35.64	98,783,131	58.47
	176,617,227	100	168,936,392	100
Murabaha				
Manufacturers and Exporters	3,157,990	31.40	23,330,743	74.71
Spare parts manufacturers	5,467,688	54.37	6,467,688	20.71
Individual	1,430,400	14.22	1,430,400	4.58
	10,056,078	100	31,228,831	100

23.2.1 Modaraba's operations are restricted to Pakistan only.

23.3 Credit quality

The credit quality of Modaraba's liquid funds can be assessed with reference to external credit ratings as follows:

	Rating Long Term	Rating Short Term	Rating Agency	2026 Rupees	2025 Rupees
Al-Baraka Bank Limited	AA-	A-1	JCR - VIS	15,221,517	3,721,646

23.4 Liquidity risk

The Modaraba defines liquidity risk as the risk that funds will not be available to meet liabilities as they fall due.

A range of tools is used for the management of liquidity. These comprise commitment and under writings guidelines, key balance sheet ratios and medium-term funding requirements. Moreover, day-to-day monitoring of future cash flows takes place and suitable levels of liquid reserves are maintained by the business.

	2026			
	Up to one year	One year to five years	Over five years	Total
	-----Rupees-----			
Financial assets				
Murabaha finance	10,056,078	-	-	10,056,078
Diminishing musharaka	77,598,647	99,018,580	-	176,617,227
Advances and other receivables	5,414,867	-	-	5,414,867
Cash and bank balances	15,366,500	-	-	15,366,500
	108,436,091	99,018,580	-	207,454,671
Financial liabilities				
Loan from management company	-	-	-	-
Accrued and other liabilities	1,069,827	-	-	1,069,827
Charity payable	-	-	-	-
Unclaimed profit distribution	4,074,569	-	-	4,074,569
Management fee payable - net	971,624	-	-	971,624
	6,116,020	-	-	6,116,020
On-balance sheet gap	102,320,071	99,018,580	-	201,338,651
	-----Rupees-----			
	2025			
	Up to one year	One year to five years	Over five years	Total
	-----Rupees-----			
Financial assets				
Murabaha finance	31,228,831	-	-	31,228,831
Diminishing musharaka	56,502,625	112,433,767	-	168,936,392
Advances and other receivables	2,870,483	-	-	2,870,483
Cash and bank balances	3,933,087	-	-	3,933,087
	94,535,026	112,433,767	-	206,968,793
Financial liabilities				
Loan from management company	-	-	-	-
Accrued and other liabilities	761,042	-	-	761,042
Charity payable	-	-	-	-
Unclaimed profit distribution	3,205,011	-	-	3,205,011
Management fee payable - net	1,538,213	-	-	1,538,213
	5,504,266	-	-	5,504,266
On-balance sheet gap	89,030,760	112,433,767	-	201,464,527



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23.5 Market risk

The risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Market price risk

The risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities due to a change in credit rating of the issuer or the instrument, change in market segments, speculative activities, supply and demand of securities and liquidity in the market. The Modaraba is not exposed to any price risk.

Profit rate risk

Profit rate risk arises from the effects of fluctuations in the prevailing levels of market profit rates on the fair value of financial assets and liabilities and future cash flows.

Risk Exposure

The Modaraba has diminishing musharaka financing portfolio and certificate of musharaka. The majority of diminishing musharaka financing portfolio and certificate of musharaka is linked with KIBOR rate as a bench mark. The Modaraba reviews KIBOR on diminishing musharaka financing portfolio and certificate of musharaka on six monthly basis.

As at June 30, 2026, the profile of the Modaraba's variable value financial instruments were as follows:

Variable rate instruments

Assets	2026 Rupees	2025 Rupees
Diminishing Musharaka	176,617,227	168,936,392
Murabaha	10,056,078	31,228,831
	<u>186,673,305</u>	<u>200,165,223</u>

Fair value sensitivity analysis for variable rate instruments

An increase of 100 basis points in profit rates would have increased / decreased the profit and loss by the amounts shown below. Reduction in profit rates by 100 basis points would have a vice versa impact. This analysis assumes that all variables remain constant. The analysis is performed on the same basis for the comparative period.

Asset class (Having variable interest rates)	(Increase / Decrease) (+/-)	Changes in Profits/(Loss) Rupees	Changes in Profits/(Loss) Rupees
Assets			
Diminishing Musharaka	100 basis points	1,766,172	1,689,364
Murabaha	100 basis points	100,561	312,288

Above sensitivities are calculated on the assumption that all factors remain constant except profit rates and resulting variation in fair values of the subjugated investments and impact on the profit and loss.

Risk Management / Mitigation

The Modaraba monitors the profit rate environment on a regular basis to manage its exposure to profit rate fluctuations. As the Modaraba holds only floating rate instruments, its risk management focuses on monitoring the profit rate sensitivity gap between financial assets and liabilities. The Modaraba ensures that any mismatch in repricing tenors is managed within defined risk limits. In line with its policy, the Modaraba refrains from holding profit-bearing instruments that could significantly increase sensitivity to market profit rate movements beyond the acceptable threshold.

Fair value sensitivity analysis for fixed rate instruments

The Modaraba does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

24. CAPITAL RISK MANAGEMENT

The Modaraba's objectives when managing capital are to safeguard the Modaraba's ability to continue as a going concern in order to provide returns for certificate holders and benefits for other stakeholders and to maintain an optimal capital structure.

In order to maintain or adjust the capital structure, the Modaraba may adjust the amount of dividends paid to certificate holders, return capital to Certificate holders or issue new certificates or sell assets to reduce debt.

Consistent with others in the industry, the Modaraba manages its capital risk by monitoring its liquid assets and keeping in view future investment requirements and expectation of the certificate holders

As at June 30, 2026 and 2025, the Modaraba had surplus reserves to meets its requirements.

25. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Modaraba is of the view that the fair market value of most of the remaining financial assets and financial liabilities are not significantly different from their carrying amounts.

25.1 Fair value hierarchy

Fair value is defined as 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.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1 : Fair value measurements using quoted (unadjusted) in active markets for identical asset or liability.

Level 2 : Fair value measurements using 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 3 : Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).



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25.2 Financial instruments by category		2026 Rupees	2025 Rupees
Financial assets at amortized cost			
Diminishing musharaka		176,617,227	168,936,392
Murabaha finance		10,056,078	31,228,831
Loan and other receivable		5,414,867	2,870,483
Cash and bank balances		15,366,500	3,933,087
		207,454,671	206,968,793
Financial liabilities at amortized cost			
Loan from management company		-	-
Accrued and other liabilities		1,069,827	761,042
Charity payable		-	-
Unclaimed profit distribution		4,074,569	3,205,011
Management fee payable - net		971,624	1,538,213
		6,116,020	5,504,266
		201,338,651	201,464,526

26. YIELD/PROFIT RATE RISK EXPOSURE

The information about Modaraba's exposure to yield rate risk, based on contractual refinancing or maturity dates whichever is earlier, is as follows:

2026	Effective yield / Profit risk	Yield / Profit bearing maturity			Non Yield / Profit bearing maturity				Grand Total
		within one year	After one year	sub total	within one year	After one year	sub total		
	%	----- Rupees -----							
Financial assets									
Murabaha Finance	13.07 - 14.53	10,056,078		10,056,078	-	-	-	10,056,078	
Diminishing Musharaka Finance	11.09 - 16.09	77,598,647	99,018,580	176,617,227	-	-	-	176,617,227	
Advances and other receivables		-	-	-	5,414,867	-	5,414,867	5,414,867	
Cash and bank balances	4.81-6.75	13,042,251		13,042,251	2,324,249	-		13,042,251	
	(A)	100,696,975	99,018,580	199,715,556	7,739,115	-	5,414,867	205,130,422	
Financial liabilities									
Deferred liability		-	-	-	-	3,058,460		3,058,460	
Accrued and other liabilities		-	-	-	1,069,827	-		1,069,827	
Charity payable		-	-	-	-	-		-	
Unclaimed profit distribution		-	-	-	4,074,569	-		4,074,569	
Management fee payable - net		-	-	-	971,624	-		971,624	
	(B)	-	-	-	6,116,020	3,058,460		9,174,481	
Total yield / profit risk sensitivity gap	(A)-(B)	100,696,975	99,018,580	199,715,556	1,623,095	(3,058,460)		195,955,941	

2025	Effective yield / Profit risk	Yield / Profit bearing maturity			Non Yield / Profit bearing maturity				Grand total
		within one year	After one year	sub total	within one year	After one year	sub total		
	%	----- Rupees -----							
Financial assets									
Murabaha Finance	13.06-19.08	31,228,831		31,228,831	-	-	-	31,228,831	
Diminishing musharaka finance	13.06-22.79	56,502,625	112,433,767	168,936,392	-	-	-	168,936,392	
Advances and other receivables		-	-	-	2,870,483	-	2,870,483	2,870,483	
Cash and bank balances	5.72 - 7.25	2,411,478		2,411,478	1,521,609	-	1,521,609	3,933,087	
	(A)	90,142,934	112,433,767	202,576,701	4,392,092	-	4,392,092	206,968,793	
Financial liabilities									
Deferred liability		-	-	-	-	2,830,002	2,830,002	2,830,002	
Accrued and other liabilities		-	-	-	761,042	-	761,042	761,042	
Charity payable		-	-	-	-	-	-	-	
Unclaimed profit distribution		-	-	-	3,205,011	-	3,205,011	3,205,011	
Management fee payable - net		-	-	-	1,538,213	-	1,538,213	1,538,213	
	(B)	-	-	-	5,504,266	2,830,002	8,334,270	8,334,270	
Total yield / profit risk sensitivity gap	(A)-(B)	90,142,934	112,433,767	202,576,701	(1,112,174)	(2,830,002)	(3,942,178)	198,634,523	

Yield risk is the risk of decline in earnings due to adverse movements of the yield curve.



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27. INFORMATION ABOUT BUSINESS SEGMENTS

Description	June 30, 2026				
	Diminishing Musharaka	Ijarah	Murabaha	Others	Total
	Rupees				
Segment revenues	22,868,305	3,447,930	2,455,198	1,055,493	29,826,927
Segment Results					
Segment income	22,868,305	3,447,930	2,455,198	1,055,493	29,826,927
Operating expenses	(5,788,388)	(872,734)	(621,456)	(267,165)	(7,549,743)
Depreciation - Ijarah	-	2,347,916	-	-	2,347,916
Provision against Murabaha	-	-	-	-	-
Workers' welfare fund	-	-	-	366,302	366,302
Management fees and sales tax	-	-	-	1,117,368	1,117,368
Taxation- Prior year	-	-	-	(1,526,997)	(1,526,997)
Taxation- Current year	-	-	-	4,124,609	4,124,609
Segment results	17,079,917	4,923,112	1,833,742	4,869,611	28,706,382
Other Information					
Fresh disbursements	61,254,544	-	-	-	61,254,544
Depreciation	-	2,347,916	-	-	2,347,916
Assets and Liabilities					
Segment assets	176,617,227	2,706,302	10,056,078	20,604,823	209,984,430
Unallocated assets	-	-	-	20,486,511	20,486,511
Total segment assets	176,617,227	2,706,302	10,056,078	41,091,334	230,470,941
Segment liabilities					
Security deposits	-	1,443,350	-	-	1,443,350
Unallocated liabilities	-	-	-	14,651,230	14,651,230
Total segment liabilities	-	1,443,350	-	14,651,230	16,094,580
Total net assets					214,376,361

Description	June 30, 2025				
	Diminishing Musharaka	Ijarah	Murabaha	Others	Total
	Rupees				
Segment revenues	31,283,940	6,702,389	3,756,215	2,458,099	44,200,643
Segment Results					
Segment income	31,283,940	6,702,389	3,756,215	2,458,099	44,200,643
Operating expenses	(6,288,134)	(1,347,193)	(755,007)	(494,083)	(8,884,417)
Depreciation - Ijarah	-	(4,551,958)	-	-	(4,551,958)
Workers' welfare fund	-	-	-	579,906	579,906
Segment results	24,995,806	803,238	3,001,208	2,543,922	31,344,174
Other Information					
Fresh disbursements	79,343,748	-	-	-	79,343,748
Depreciation	-	(4,551,958)	-	-	(4,551,958)
Assets and Liabilities					
Segment assets	168,936,392	6,475,296	31,228,831	22,097,507	228,738,026
Unallocated assets	-	-	-	9,344,752	9,344,752
Total segment assets	168,936,392	6,475,296	31,228,831	31,442,259	238,082,777
Segment liabilities					
Security deposits	-	2,394,899	-	-	2,394,899
Unallocated liabilities	-	-	-	16,347,454	16,347,454
Total segment liabilities	-	2,394,899	-	16,347,454	18,742,354
Total net assets					219,340,424



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28. SHARIAH COMPLIANCE DISCLOSURE

28.1 Shariah Disclosures under Clause VII of Part I of Schedule IV of the Companies Act, 2017

			Note	2026 Rupees	2025
Statement of Financial Position - Liability side					
(i)	Advance Rentals Received	Shariah Compliant	14	787,377	2,024,116
(ii)	Loans/advances obtained as per Islamic mode			-	-
(iii)	Financing (long-term, short-term or leasing financing) obtained as per Islamic mode			-	-
Statement of Financial Position - Asset side					
(iv)	Cash and Bank Balances	Shariah Compliant	10	15,366,500	3,933,087
(v)	Long-term, short-term Shariah-compliance investment			-	-
Statement of Profit and Loss and Other Comprehensive Income					
(vi)	Revenue earned from shariah compliant business segment;				
	Income from Diminishing Musharaka	Shariah Compliant	17	22,868,305	31,283,940
	Income from Ijarah	Shariah Compliant		3,447,930	6,702,389
	Income from Murabaha	Shariah Compliant		2,455,198	3,756,215
(vii)	Profit earned from shariah compliant bank balances	Shariah Compliant	19	800,597	1,613,041
(viii)	Gain on sale of Ijarah/Musharaka Asset	Shariah Compliant	19	143,745	326,162
(ix)	Break-up of late payments or liquidated damages			-	-
(x)	Gain/loss or dividend earned from Shariah-compliant Investments			-	-
(xi)	Share of profit from Shariah-compliant associates			-	-
(xii)	Exchange gain earned from actual currency			-	-
(xiii)	Exchange gain earned using conventional derivative financial instruments			-	-
(xiv)	Mark-up / profit paid on Islamic mode of financing			-	-
(xv)	Profits earned or interest accrued on any conventional loan or advance			-	-
(xvi)	Relationship with shariah compliant financial institutions, including banks			-	-
Name of the Modaraba shariah compliant financial institutions				Arrangement	
Al Baraka Bank Pakistan Limited				Bank Balance	
Pak Qatar General Participant Takaful Fund				Takaful	
EFU General Insurance Limited Takaful Fund				Takaful	
Century Window Takaful Operations				Takaful	



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29. OPERATING RISK

Operational Risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Modaraba's operations either internally within the Modaraba or externally at the Modaraba's service providers, and from external factors other than credit market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risks arise from all of the Modaraba's activities.

The Modaraba's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its objective of generating returns for certificate holders. The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors of the Management Company. This responsibility encompasses the controls in the following areas:

- Requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Ethical and business standards;
- Risk mitigation, including insurance where this is effective.

30. NUMBER OF EMPLOYEES

	2026	2025
Total number of employees end of the year	<u>4</u>	<u>4</u>
Average number of employees during the year	<u>4</u>	<u>4</u>

31. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

The Board of Directors of the Management Company has approved dividend at the rate of Rs. 0.70 per certificate (2025: Re.1 per certificate) for the year ended June 30, 2026, resulting in a total distribution of profit amounting to Rs. 14.00 million (2025: Rs. 20 million), in its meeting held on 30 Septemebr 2026. These financial statements do not reflect this proposed distribution which will be incorporated in the financial statements for the year ending June 30, 2027.

32. CORRESPONDING FIGURES

Prior year's figures have been reclassified for the purpose of better presentation and comparison where considered necessary.

33. DATE OF AUTHORIZATION FOR ISSUE

The financial statements were approved by the board of directors of the Management Company and authorized for issue on 30 September 2026.

34. GENERAL

The figures have been rounded off to the nearest rupees.

For Popular Islamic Modaraba Management Company (Private) Limited (Management Company)

--SD--

--SD--

--SD--

--SD--

Chief Executive Officer

Chief Financial Office

Director

Director



Pattern of Shareholdings

# Of Shareholders	Shareholdings'Slab			Total Shares Held
147	1	TO	100	3,981
783	101	TO	500	382,669
62	501	TO	1000	59,023
50	1001	TO	5000	137,063
20	5001	TO	10000	168,373
12	10001	TO	15000	165,025
7	15001	TO	20000	129,650
6	20001	TO	25000	142,311
2	25001	TO	30000	56,000
3	35001	TO	40000	106,340
2	45001	TO	50000	95,500
1	65001	TO	70000	65,660
2	70001	TO	75000	141,700
1	95001	TO	100000	100,000
1	110001	TO	115000	111,500
1	115001	TO	120000	118,333
1	225001	TO	230000	225,571
4	775001	TO	780000	3,113,252
2	1555001	TO	1560000	3,113,050
1	11560001	TO	11565000	11,564,999
1108				20,000,000



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Pattern of Shareholding Report

As of June 30, 2026

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors, Cheif Executive Officer, and their spouse(s) and minor children			
MALIK JUNAID EMAM	1	1,556,625	7.78
IMAMUDDIN SHOUQEEN	1	1,556,425	7.78
SHAHBAZ ALI MALIK	1	778,313	3.89
NAWABZADA KAMRAN HUSSAIN MUGHAL	1	100	0.00
Associated Companies, undertakings and related parties	4	13,899,938	69.50
NIT & ICP	1	16,700	0.08
Banks Development Financial Institutions, Non Banking Financial Financial In	3	28,000	0.14
Insurance Companies	-	-	-
Modarabas and Mutual Funds	-	-	-
General Public			
a. Local	1,074	1,961,304	9.81
b. Foreign	11	5,935	0.03
Foreign Companies	-	-	-
Others	11	196,660	0.98
Totals	1,108	20,000,000	100.00
Share holders holding 10% or more		Shares Held	Percentage
POPULAR ISLAMIC MODARABA MANAGEMENT COMPANY (PVT.) LIMITED		11,564,999	57.82



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NOTICE OF ANNUAL REVIEW MEETING

Notice is hereby given to the certificate holders that Thirteen (13th) Annual Review Meeting of **Popular Islamic Modaraba** will be held on **Friday October 23, 2026 at 10:00 a.m.** at 406-410, 4th Floor, Floor, Chapal Plaza, Hasrat Mohani Road, Off. I.I.Chundrigar Road, Karachi for review the performance of the Modaraba for the year ended June 30, 2026.

By order of the Board

--SD--

Aisha Mughal
(Company Secretary)

Karachi : October 02, 2026

Notes:

1. CLOSURE OF SHARE TRANSFER BOOKS:

The Modaraba Certificates Transfer Book will remain closed from **October 16, 2026 to October 23, 2026** (both days inclusive) to determine the names of Certificate Holders eligible to attend the Annual Review Meeting. The transfers received in order at the office of the Share Registrar, M/s. Central Depository Company of Pakistan, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi by the close of business hours on **October 15, 2026** will be considered the eligibility to attend the Annual Review Meeting.

2. WITHHOLDING TAX ON DIVIDEND:

Withholding tax on dividend will be deducted in pursuant to the relevant section of the Income Tax Ordinance, 2001, from payment of dividend to the Filer and Non-Filers, accordingly.

3. AVAILABILITY OF AUDITED FINANCIAL STATEMENTS ON MODARABA'S WEBSITE:

The Annual Audited Financial Statement alongwith Reports of the Modaraba can be accessed through the following weblink and QR enabled code.

Weblink	QR Code
https://popularislamicmodaraba.com/financial-reports/	



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4. PAYMENT OF DIVIDEND THROUGH ELECTRONIC MODE:

Under the provisions of Section 242 of the Companies Act 2017, it is mandatory for a listed Company to pay cash dividend to its Certificate Holders only through electronic mode directly into Bank account designated by the entitled Certificate Holders. Therefore, all the Certificate Holders of Popular Islamic Modaraba are hereby advised to provide dividend mandate of their respective Banks in the Dividend Mandate Form available on Modaraba's website. Certificate Holders maintaining Certificate holding under CDS are advised to submit their Bank account mandate information directly to the relevant participant / CDC Investor Account Service.

In case of non-compliance, the Modaraba will be constrained to withhold payment of dividend to such Certificate Holder.

5. CONVERSION OF PHYSICAL CERTIFICATES INTO CDS:

In compliance with the requirements of Section 72 of the Companies Act, 2017, every existing listed company shall be required to replace physical certificates with book-entry form in a manner as may be specified and from the date notified by the SECP, with a period not exceeding four years from the commencement of the Companies Act, that is May 30, 2017.

Certificate Holders having physical certificates are requested to convert their certificates from physical form into book entry form as early as possible. It would facilitate the certificate holders in many ways including safe custody of certificates, no loss of certificates, avoidance of formalities required for issuance of duplicate certificates and readily available for sale and purchase in open market at better rates.

6. UNCLAIMED DIVIDENDS:

In accordance with the provisions of Section 244 of the Companies Act, 2017, any dividend declared by the Modaraba, which remain unclaimed for a period of three years from the date it is due and payable, the Modaraba shall give ninety days notices to the Certificate Holders to file claim, if no claim is made before the Modaraba by the Certificate Holders, the Modaraba shall proceed to deposit the unclaimed Dividends with the Federal Government in compliance with the Section 244 of the Companies Act, 2017. In case no claim is received within the given period from the aforesaid Notice, the Modaraba shall proceed to deposit the unclaimed amount with the Federal Government pursuant to provision of sub-section (2) of Section 244 of the Companies Act, 2017.



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اطلاع برائے سالانہ جائزہ اجلاس

بزرگ فزوس مطلع کیا جاتا ہے کہ پاپولر اسلامک مضاربہ کے سرٹیفکیٹ ہولڈرز کا (تیرواں) سالانہ جائزہ اجلاس 30 جون 2026 کو ختم ہونے والے سال کے لیے 406-410، چوتھی منزل چیمپل پلازہ، حسرت موہانی روڈ، آئی، آئی، چندریگر روڈ، کراچی بروز جمعہ 23 اکتوبر 2026 بوقت صبح 10:00 بجے منعقد ہوگا۔

بحکم پورڈ

--- دستخط شدہ ---

عائشہ منغل

(کمپنی سیکریٹری)

02 اکتوبر 2026

کراچی۔

نوٹس:

۱۔ سرٹیفکیٹ ٹرانسفر بکس:

مضاربہ کا سرٹیفکیٹ ٹرانسفر رجسٹر مورخہ 16 اکتوبر 2026 سے 23 اکتوبر 2026 (بشمول دونوں دن) تک بند رہے گا اور درج بالا دنوں میں کوئی منتقلی قبول نہیں ہوگی۔ سالانہ اجلاس میں شرکت کے سلسلے میں ہمارے شیر رجسٹرار، سی ڈی سی پاکستان، پی، بلاک پی، مین شارع فیصل، کراچی کو مورخہ 15 اکتوبر 2026 کو دفتری اوقات ختم ہونے تک موصول ہوئے ٹرانسفر بروقت اور سالانہ جائزہ اجلاس میں شرکت کے اہل تصور کیے جائیں گے۔

۳۔ منافع منقسمہ پر دو ہولڈنگ ٹیکس کی کوٹی:

ڈیویڈنڈ پر دو ہولڈنگ ٹیکس کی کوٹی انکم ٹیکس آرڈیننس کی متعلقہ شق کے مطابق فائلرز اور نوٹن فائلرز سے علیحدہ کی جائے گی۔

۴۔ سالانہ گوشواروں کی دستیابی:

پاپولر اسلامک مضاربہ کے سالانہ گوشواروں تک مندرجہ ذیل ویب لنک اور کیو آر کوڈ کے ذریعے رسائی حاصل کی جاسکتی ہے۔

ویب لنک

کیو آر کوڈ

<https://popularislamicmodaraba.com>

/financial-reports/



۵۔ منافع منقسمہ کی برقیاتی طریقے سے ادائیگی (لازمی):

کمپنیز ایکٹ ۲۰۱۷ کی شق نمبر ۲۴۲ کے مطابق لسٹڈ کمپنی کیلئے یہ لازمی قرار دیا گیا ہے کہ سرٹیفکیٹ ہولڈر کو نقد منافع منقسمہ کی ادائیگی برقیاتی طریقے سے کرے۔ اسلئے پاپولر اسلامک مضاربہ کے تمام سرٹیفکیٹ ہولڈر کو مشورہ دیا جاتا ہے کہ مضاربہ کی ویب سائٹ پر دستیاب ڈیویڈنڈ مینڈیٹ فارم میں اپنے متعلقہ بینک کو اختیار منافع منقسمہ (یعنی ڈیویڈنڈ مینڈیٹ) فراہم کرے۔ وہ سرٹیفکیٹ ہولڈر جو سی ڈی ایس کے تحت سرٹیفکیٹ ہولڈنگ برقرار رکھے ہوئے ہیں کو مشورہ دیا جاتا ہے کہ وہ اپنی بینک مینڈیٹ انفارمیشن براہ راست متعلقہ شریک/سی ڈی سی انومٹر اکاؤنٹ کو جمع کرا دیں۔ بینک اکاؤنٹ کی عدم دستیابی یا نامکمل معلومات کی صورت میں مضاربہ ایسے سرٹیفکیٹ ہولڈرز کے منافع منقسمہ کی ادائیگی روک لی جائے گی۔

۶۔ فزیکل سرٹیفکیٹس کا سی ڈی ایس میں تبادلہ:

کمپنیز ایکٹ ۲۰۱۷ کی شق نمبر ۲۴۲ کے مطابق لسٹڈ کمپنی کیلئے یہ لازمی قرار دیا گیا ہے کہ کمپنیز ایکٹ کے آغاز (تاریخ ۳۰ مئی ۲۰۱۷) کے چار سالوں کے اندر تمام فزیکل سرٹیفکیٹس کو برقی (الیکٹرانک) میں تبدیل کر لیں۔ لہذا، ایسے سرٹیفکیٹ ہولڈرز جن کے پاس مضاربہ کے فزیکل سرٹیفکیٹس موجود ہیں جلد از جلد انہیں سی ڈی ایس میں تبدیل کروا لیں۔ اس سے سرٹیفکیٹ ہولڈرز کو بہت سے فوائد حاصل ہونگے جیسا کہ، سرٹیفکیٹس کی محفوظ تحویل، ڈیویڈنڈ سرٹیفکیٹس کے اجراء کیلئے درکار رسمی تقاضوں سے گریز اور بہتر نرخوں پر اوپن مارکیٹ میں خرید و فروخت کیلئے آسانی سے دستیابی۔

۷۔ غیر دعویدار منافع منقسمہ:

کمپنیز ایکٹ ۲۰۱۷ کی شق نمبر ۲۴۲ کے مطابق، مضاربہ کی جانب سے اعلان کردہ کوئی بھی منافع منقسمہ، جو کہ تاریخ اور ادائیگی کی تاریخ سے تین سال کی مدت تک غیر دعویدار رہتا ہے اسے مضاربہ نوے دن کا نوٹس دے گا۔ اسکے بعد بھی اگر کوئی دعویدار نہیں آیا تو مضاربہ ایسا تمام غیر دعویدار منافع منقسمہ وفاقی حکومت کو ادا کر دے گا۔



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Gender Pay Gap Statement under Circular 10 of 2024

Following is Gender Pay Gap calculated for the year ended June 30, 2025.

- | | | | |
|------|--|---|------|
| I. | Mean Gender Pay Gap | : | 100% |
| II. | Median Gender Pay Gap | : | 100% |
| III. | Any other data / detail as deemed relevant | : | Nil |

For and on behalf of Board of Directors

--SD--

(Kamran Hussain Mughal)
Chief Executive Officer

Dated: September 30, 2026



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