

SINDH MODARABA MANAGEMENT LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2026

DIRECTORS' REPORT

On behalf of the Board of Directors, we are pleased to present the Thirteenth (13th) Annual Report along with audited accounts of Sindh Modaraba Management Limited for the year ended June 30, 2026.

1. Business Overview & Outlook

The highlights of the operating results for the year ended June 30, 2026, are presented as under:

	June 30, 2026	June 30, 2025
	-----Rupees-----	
Revenues	124,828,917	123,566,166
General & Admin expenses	97,040,085	66,503,553
Profit before taxation	27,892,835	57,224,782
Profit after taxation	15,195,601	51,072,859

During the year, the Company earned profit before tax of Rs. 27.89 million, compared to Rs. 57.22 million in the year ended June 30, 2025. Revenues increased due to an increase in the dividend from Modaraba to Rs. 1.35 per certificate (2025: 1.25 per certificate); however, administrative & operating expenses increased due to expenses incurred on equity injection, increase in business growth and inflationary impact.

During the year, the Company received an equity injection of **Rs. 1 billion** from the Government of Sindh, resulting in a corresponding increase in its authorized and paid-up share capital. The proceeds have been deployed in Sindh Modaraba through a Riba-free subordinated fund, reinforcing its capital base and supporting the expansion of its Shariah-compliant financing business. Furthermore, the Company expects to receive an additional equity injection of **Rs. 1 billion** during **FY-2027**, subject to the requisite approvals and formalities. Upon receipt, the additional capital is expected to further strengthen the Company's equity base and enhance its capacity to support the long-term growth and financial sustainability.

2. Profit distribution

The Directors have declared Nil dividend (2025: Nil%), i.e., Rs. Nil (2025: Rs. Nil) per share for the year ended 30th June 2026.

3. External Annual Audit

The Company's financial statements have been audited without any qualification by the auditors, namely M/s Naveed Zafar Ashfaq Jaffery & Co., Chartered Accountants.

4. Corporate Governance

The Company is required to comply with various requirements of the Public Sector Companies (Corporate Governance) Rules, 2013 (Rules) issued by the SECP.

The statutory auditors are also required to issue their review report on the compliance statement of the best practices, which is published with the financial statements.

The Board of Directors has reviewed the Rules and confirms that:

- The Board has consistently complied with the relevant principles of corporate governance.
- Financial statements prepared by the management fairly present the statement of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of account have been maintained.
- Appropriate accounting policies have been applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- The appointment of the Chairman and other members of the Board and the terms of their appointment are in the best interests of the Company as well as in line with the best practices and policies approved by the Board.
- The board has elected an independent director in compliance with the rules.
- Applicable International Financial Reporting Standards have been followed in preparation of financial statements and any departures there from have been adequately disclosed and explained.
- There are no statutory payments on account of taxes, duties, levies and charges outstanding as on June 30, 2025, except for those disclosed in the financial statements.
 - The value of Investment in Employees Provident Fund based on financial statements of the Fund as of June 30, 2026 is Rs. 24.323 million (2025: Rs. 19.508 million).
- Key operating and financial data of the last six years are annexed.
- Five Board meetings of the Modaraba Company were held during the year. Attendance of each director is appended hereunder:

Name of Directors	No. of Meetings attended
Mr. Waseem Mehdi Syed	5
Mr. Fayaz Ahmed Jatoi	5
Mr. Ejaz Akhtar Ansari	5
Mr. Sami ul Haq Khilji	5
Mr. Kamal Ahmed	5
Mr. Abdul Rauf Chandio	5
Ms. Naila Asad Shaikh	5



- Four Audit Committee meetings of the Modaraba Company were held during the year under review. Attendance of each member is appended hereunder:

Name of Directors	No. of Meetings attended
Mr. Waseem Mehdi Syed	3
Mr. Ejaz Akhtar Ansari	4
Mr. Sami ul Haq Khilji	4
Mr. Kamal Ahmed	4

- Two Human Resource Committee meetings of the Modaraba Company were held during the year under review. Attendance of each member is appended hereunder:

Name of Directors	No. of Meetings attended
Mr. Waseem Mehdi Syed	2
Mr. Abdul Rauf Chandio	2
Mr. Sami ul Haq Khilji	2

- Two Risk Management Committee meetings of the Modaraba Company were held during the year under review. Attendance of each member is appended hereunder:

Name of Directors	No. of Meetings attended
Mr. Waseem Mehdi Syed	2
Mr. Abdul Rauf Chandio	2
Ms. Naila Asad Shaikh	2

- The Board has also established a Procurement Committee and Nomination Committee as required under the Rules. However, no meeting of these committees were held during the year as per applicable rules.

5. The Board of Directors

The term of the present Board of Directors will expire in October 2026. The election for the new Board of Directors will be held at the upcoming Annual General Meeting in accordance with applicable statutory and regulatory requirements. The Board's Committees will be reconstituted accordingly. The last election of the Board of Directors was held in October 2023.

Further, the Board has co-opted Mr. Muhammad Asghar Memon, Secretary Finance – GoS, as a Non-Executive Director in place of Mr. Fayaz Ahmed Jatoti, Secretary Finance – GoS, for the remaining tenure of the Board, subject to the approval of the Registrar Modaraba – SECP.

6. Social Responsibility

The Company ensures its role as a Responsible Corporate Citizen by conducting business in line with its mission, incorporating Shariah principles in a socially responsible and ethical manner, protecting the environment, and supporting the communities and cultures with which it works.

The Company is committed to maintaining the highest standards of integrity and corporate governance practices to maintain excellence in its daily operations and to build up confidence in its governance systems.

The Company constantly strives to build trust and demonstrate respect for human dignity and rights in all relationships, including respect for cultures, customs and values of individuals and groups.

7. Board's Statement on Strategic Objectives for ESG and Sustainability Reporting

The Management Company, through Sindh Modaraba, has reinforced its dedication to Environmental, Social, and Governance (ESG) principles and sustainability, with strategic objectives firmly anchored in creating long-term value for stakeholders. Our commitment is reflected in integrating responsible business practices aligned with globally recognized sustainability standards.

Our ESG and sustainability framework is comprehensive, underpinned by ethical governance, social responsibility, and environmental stewardship. ESG considerations are embedded across our core business strategies, ensuring these principles are not only upheld but actively drive our decision-making processes.

This strategic evolution is informed by the latest regulatory developments and best practices in ESG, sustainability, and climate-related risk management. Guided by our foundational Shariah values—which promote fairness, transparency, and accountability—we are embedding ESG across all facets of our operations to ensure alignment with our values and stakeholder expectations.

The Board remains fully committed to advancing these priorities, continuously refining our approach in response to evolving stakeholder needs and contributing positively to the broader community and environment. We believe that our ESG and sustainability initiatives not only reflect our organizational ethos but also position Sindh Modaraba as a forward-looking leader in responsible and sustainable business.

7.1 Minimizing Environmental Impact:

This priority includes responsible resource management, waste reduction, and water conservation. Recognizing the ongoing efforts needed to support the transition to a low-carbon economy, we are committed to continuous digitalization, particularly to reduce paper usage and conserve electricity across our offices.

7.2 Corporate Social Responsibility:

The Management Company, through its Modaraba, ensures its role as a Responsible Corporate Citizen by conducting business in line with its mission, incorporating Shariah principles in a socially responsible and ethical manner, protecting the environment, and supporting the communities and cultures with which it works.

The Modaraba is committed to maintaining the highest standards of integrity and corporate governance practices in order to maintain excellence in its daily operations, and to build confidence in its governance systems.

The Modaraba constantly strives to build trust and demonstrate respect for human dignity and rights in all relationships, including respect for cultures, customs and values of individuals and groups.



8. Pattern of Shareholding as at June 30, 2026

Category No.	Categories of Shareholders	No. of shares held
1	Government of Sindh (Viability Gap Fund) through its finance department	249,999,993
2	<u>Directors:</u> Mr. Waseem Mehdi Syed Mr. Ejaz Akhtar Ansari Mr. Fayaz Ahmed Jatoi Mr. Sami ul Haq Khilji Mr. Kamal Ahmed Mr. Abdul Rauf Chandio Ms. Naila Asad Shaikh	1 1 1 1 1 1 1
TOTAL		250,000,000

9. External Auditors

The board's audit committee has recommended the appointment of M/s Naveed Zafar Ashfaq Jaffery & Co., Chartered Accountants, as external auditors for the year ending June 30, 2027.

10. Acknowledgment by the Management/Board

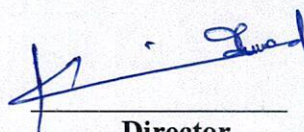
The Board would like to thank the SECP, our Shariah Advisor, and NBFI & Modaraba Association for their continued guidance and support. We would also like to thank the valued customers of the Modaraba for their trust and support. The Management also wishes to record its appreciation for the dedication and hard work of the employees of the Modaraba, without which it would not have been possible to achieve such an improved performance.



(On behalf of the Board)



Chief Executive Officer



Director

Karachi

23-September, 2026

Sindh Modaraba Management Limited
Financial Highlights

	2026	2025	2024	2023	2022	2021
Balance Sheet						
Share capital	2,500,000,000	1,500,000,000	1,500,000,000	1,500,000,000	1,500,000,000	1,500,000,000
Reserves	326,409,981	312,169,195	260,393,659	175,055,822	107,231,800	69,550,212
Total equity	3,364,378,090	1,920,583,784	1,772,880,288	1,590,765,571	1,479,222,169	1,517,943,381
Total Assets	3,405,980,120	1,951,659,005	1,803,721,714	1,621,276,110	1,508,130,155	1,544,210,680
Financing Portfolio	963,099,740	533,546,220	437,618,260	340,841,380	297,122,000	373,524,800
Current Assets	423,972,428	389,996,807	353,981,121	264,223,069	202,278,344	158,301,544
Current Liabilities	41,602,030	31,075,221	30,841,426	30,510,539	28,409,398	24,921,085
Total Liabilities	41,602,030	31,075,221	30,841,426	30,510,539	28,907,986	26,267,299

Profit & Loss

Revenue	124,828,917	123,566,166	145,955,464	103,721,822	68,403,591	76,544,465
Operating expenses	97,040,085	66,503,553	38,245,154	20,836,826	21,892,058	19,302,698
Profit/(Loss) before tax	27,892,835	57,224,782	108,436,777	85,742,951	46,413,605	57,025,012
Profit/(Loss) after tax	15,195,601	51,072,859	85,335,999	68,039,580	37,046,862	42,721,779

Financial Ratios

Earning per Certificate	0.06	0.34	0.57	0.45	0.25	0.28
Net profit ratio (%)	12.17%	41.33%	58.47%	65.60%	54.16%	55.81%
Breakup Value	13.46	12.80	11.82	10.61	9.86	10.12
Current ratio	10.19	12.55	11.48	8.66	7.12	6.35
Return on asset (%)	0.57%	2.72%	4.98%	4.35%	2.43%	2.75%
Return on equity (%)	0.58%	2.77%	5.07%	4.43%	2.47%	2.81%
Debt Equity (%)	1.24%	1.62%	1.74%	1.92%	1.95%	1.73%
Debt ratio (%)	1.22%	1.59%	1.71%	1.88%	1.92%	1.70%

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Sindh Modaraba Management Limited

Review Report on the Statement of Compliance with Public Sector Companies (Corporate Governance) Rules, 2013

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) prepared by the Board of Directors of Sindh Modaraba Management Limited (the Company) for the year ended 30 June 2026.

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

As a part of our audit of the 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 Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Rules require the 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's lengths price and recording proper justification for using such alternative pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of audit committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not. Moreover, the Public Sector Companies (Corporate Governance) Rules, 2013 also requires the Board to ensure compliance with the law as well as Company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with supplier of goods and services. Compliance with above stated requirements has been checked, on a test basis, as a part of the audit of financial statements of the company for the purpose of expressing an opinion on those financial statements.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance' does not appropriately reflect the Company's compliance, in all material respect, with the best practices contained in the Rules as applicable to the Company for the year ended 30 June 2026.


Chartered Accountants

Engagement Partner: Azeem H. Siddiqui - FCA
Karachi

Date: 30 September, 2026

UDIN: CR202610232xPv8Gdmb5

Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013

Name of Company **SINDH MODARABA MANAGEMENT LIMITED**
Name of the line ministry **Finance Department, Government of Sindh**
For the year ended **June 30, 2026**

I. This statement presents the overview of the compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called "the Rules") issued for the purpose of establishing a framework of good governance, whereby a public sector company is managed in compliance with the best practices of public sector governance.

II. The company has complied with the provisions of the Rules in the following manner:

S. No.	Provision of the Rules	Rule no.	Y	N																				
			Tick the relevant box																					
1.	The independent directors meet the criteria of independence, as defined under the Rules.	2(d)	✓																					
2.	The Board has at least one-third of its total members as independent directors. At present the Board includes: <table><tr><th>Category</th><th>Names</th><th>Date of appointment</th></tr><tr><td rowspan="2">Independent Directors</td><td>Waseem Mehdi Syed</td><td>26 November 2020</td></tr><tr><td>Ejaz Akhtar Ansari</td><td>23 October 2023</td></tr><tr><td>Chief Executive Officer/Executive Director</td><td>Abdul Rauf Chandio</td><td>09 July 2024</td></tr><tr><td rowspan="4">Non-Executive Directors</td><td>Kamal Ahmed</td><td>15 August 2017</td></tr><tr><td>Naila Asad Shaikh</td><td>18 August 2023</td></tr><tr><td>Fayaz Ahmed Jatoi</td><td>07 May 2024</td></tr><tr><td>Sami ul Haq Khilji</td><td>30 May 2022</td></tr></table>	Category	Names	Date of appointment	Independent Directors	Waseem Mehdi Syed	26 November 2020	Ejaz Akhtar Ansari	23 October 2023	Chief Executive Officer/Executive Director	Abdul Rauf Chandio	09 July 2024	Non-Executive Directors	Kamal Ahmed	15 August 2017	Naila Asad Shaikh	18 August 2023	Fayaz Ahmed Jatoi	07 May 2024	Sami ul Haq Khilji	30 May 2022	3(2)	✓	
Category	Names	Date of appointment																						
Independent Directors	Waseem Mehdi Syed	26 November 2020																						
	Ejaz Akhtar Ansari	23 October 2023																						
Chief Executive Officer/Executive Director	Abdul Rauf Chandio	09 July 2024																						
Non-Executive Directors	Kamal Ahmed	15 August 2017																						
	Naila Asad Shaikh	18 August 2023																						
	Fayaz Ahmed Jatoi	07 May 2024																						
	Sami ul Haq Khilji	30 May 2022																						
3	The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.	3(5)	✓																					
4.	The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as Board members under the provisions of the Act.	3(7)	✓																					
5.	The chairman of the Board is working separately from the chief executive of the Company.	4(1)	✓																					
6.	The chairman has been elected by the Board of directors.	4(4)	✓																					
7.	The Board has evaluated the candidates for the position of the chief executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission.	5(2)	✓																					
8.	(a) The company has prepared a “Code of Conduct” to ensure that professional standards and corporate values are in place. (b) The Board has ensured that appropriate steps have been taken to	5(4)	✓																					

	disseminate it throughout the company along with its supporting policies and procedures, including posting the same on the company's website. (www.sindhmodarabalttd.com)			
	(c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.			
9.	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)	✓	
10.	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	5(5)(b)(ii)	✓	
11.	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the company.	5(5)(b)(vi)	✓	
12.	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	5(5)(c)(ii)	✓	
13.	The Board has ensured compliance with the law as well as the company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	5(5)(c)(iii)	✓	
14.	The Board has developed a vision or mission statement and corporate strategy of the company.	5(6)	✓	
15.	The Board has developed significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended, has been maintained.	5(7)	✓	
16.	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration.	5(8)		N/A
17.	The Board has ensured compliance with policy directions requirements received from the Government.	5(11)		N/A
18.	a) The Board has met at least four times during the year.	6(1)	✓	
	b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings.	6(2)	✓	
	c) The minutes of the meetings were appropriately recorded and circulated.	6(3)	✓	
19.	The Board has monitored and assessed the performance of senior management on annual basis and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.	8(2)	✓	
20.	The Board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	9	✓	

21.	a) The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end. b) In case of listed PSCs, the Board has prepared half yearly accounts and undertaken limited scope review by the auditors. c) The Board has placed the annual financial statements on the company's website.	10	✓ N/A ✓																			
22.	All the Board members underwent an orientation course arranged by the company to apprise them of the material developments and information as specified in the Rules.	11	✓																			
23.	a) The Board has formed the requisite committees, as specified in the Rules. b) The committees were provided with written term of reference defining their duties, authority and composition. c) The minutes of the meetings of the committees were circulated to all the Board members. d) The committees were chaired by the following non-executive directors: <table><thead><tr><th>Committee</th><th>Number of Members</th><th>Name of Chair</th></tr></thead><tbody><tr><td>Audit Committee</td><td>3</td><td>Ejaz Akhtar Ansari</td></tr><tr><td>Risk Management Committee</td><td>3</td><td>Naila Asad Shaikh</td></tr><tr><td>Human Resources Committee</td><td>3</td><td>Sami ul Haq Khilji</td></tr><tr><td>Procurement Committee</td><td>3</td><td>Ejaz Akhtar Ansari</td></tr><tr><td>Nomination Committee</td><td>3</td><td>Fayaz Ahmed Jatoi</td></tr></tbody></table>	Committee	Number of Members	Name of Chair	Audit Committee	3	Ejaz Akhtar Ansari	Risk Management Committee	3	Naila Asad Shaikh	Human Resources Committee	3	Sami ul Haq Khilji	Procurement Committee	3	Ejaz Akhtar Ansari	Nomination Committee	3	Fayaz Ahmed Jatoi	12	✓ ✓ ✓ ✓	
Committee	Number of Members	Name of Chair																				
Audit Committee	3	Ejaz Akhtar Ansari																				
Risk Management Committee	3	Naila Asad Shaikh																				
Human Resources Committee	3	Sami ul Haq Khilji																				
Procurement Committee	3	Ejaz Akhtar Ansari																				
Nomination Committee	3	Fayaz Ahmed Jatoi																				
24.	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, by whatever name called, with their remuneration and terms and conditions of employment.	13	✓																			
25.	The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules.	14	✓																			
26.	The company has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of section 225 of the Act.	16	✓																			
27.	The directors' report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.	17	✓																			
28.	The directors, CEO and executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the company except those disclosed to the company.	18	✓																			
29.	a) A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration. b) The annual report of the company contains criteria and details of remuneration of each director.	19		N/A																		

30.	The financial statements of the company were duly endorsed by the chief executive and chief financial officer before consideration and approval of the audit committee and the Board.	20	✓													
31.	The Board has formed an audit committee, with defined and written terms of reference, and having the following members: <table><tr><th>Name of member</th><th>Category</th><th>Professional background</th></tr><tr><td>Ejaz Akhtar Ansari</td><td>Non-executive</td><td>Professional Banker</td></tr><tr><td>Kamal Ahmed</td><td>Non-executive</td><td>Financial Controller</td></tr><tr><td>Sami ul Haq Khilji</td><td>Non-executive</td><td>Federal Govt. representative</td></tr></table> The chief executive and chairman of the Board are not members of the audit committee.	Name of member	Category	Professional background	Ejaz Akhtar Ansari	Non-executive	Professional Banker	Kamal Ahmed	Non-executive	Financial Controller	Sami ul Haq Khilji	Non-executive	Federal Govt. representative	21 (1) and 21(2)	✓	
Name of member	Category	Professional background														
Ejaz Akhtar Ansari	Non-executive	Professional Banker														
Kamal Ahmed	Non-executive	Financial Controller														
Sami ul Haq Khilji	Non-executive	Federal Govt. representative														
32.	a) The chief financial officer, the chief internal auditor, and a representative of the external auditors attended all meetings of the audit committee at which issues relating to accounts and audit were discussed. b) The audit committee met the external auditors, at least once a year, without the presence of the chief financial officer, the chief internal auditor and other executives. c) The audit committee met the chief internal auditor and other members of the internal audit function, at least once a year, without the presence of chief financial officer and the external auditors.	21(3)	✓ ✓ ✓													
33.	a) The Board has set up an effective internal audit function, which has an audit charter, duly approved by the audit committee. b) The chief internal auditor has requisite qualification and experience prescribed in the Rules. c) The internal audit reports have been provided to the external auditors for their review.	22	✓ ✓ ✓													
34.	The external auditors of the company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.	23(4)	✓													
35.	The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit Services.	23(5)	✓													


Abdul Rauf Chandio
 CEO & Executive Director


Waseem Mehdi Syed
 Chairman & Independent Director

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SINDH MODARABA MANAGEMENT LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Sindh Modaraba Management Limited (the Company), which comprise the statement of financial position as 30 June 2026, and the statement of profit or loss, the statement of 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 or loss, the statement of 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 Companies Act 2017 (XIX of 2017), in a manner so required and respectively give a true and fair view of the state of Company'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 the 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 Company in accordance with the International Ethics Standards Board of 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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 or other document, but does not include the financial statements and our auditor's 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 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 is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) 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 is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company'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 undertaking 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 Company's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude the appropriateness of management'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 Company'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 Company 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 achieves fair presentation.

We communicate with the Board of Directors 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.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that opinion:

- a. proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b. the statement of financial position, the statement of profit or loss, the statement of 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 Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c. investment made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d. no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980),

The engagement partner on the audit resulting in this independent auditor's report is

my **Azeem Hussain Siddiqui.**

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

KARACHI

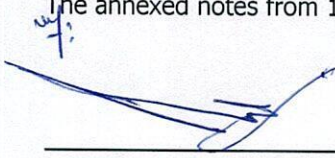
DATE: 30 September, 2026

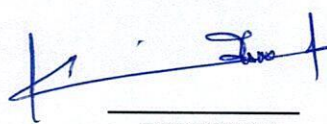
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SINDH MODARABA MANAGEMENT LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2026

	Note	2026 Rupees	2025 Rupees
NON-CURRENT ASSETS			
Fixed assets	3	18,707,952	25,400,828
Long term investment - related party	4	963,099,740	533,546,220
Long term advances and deposits		200,000	2,381,819
Long term loan - related party	5	2,000,000,000	1,000,333,331
		2,982,007,692	1,561,662,198
CURRENT ASSETS			
Management remuneration receivable from sindh modaraba - related party	6	26,222,991	26,709,832
Current portion of long term advances		2,181,818	2,181,818
Current portion of long term loan		333,331	333,333
Deposits, prepayments and other receivables	7	6,402,875	6,828,354
Advance taxation-net	12	18,089,286	9,918,929
Cash and bank balances	8	370,742,127	344,024,541
		423,972,428	389,996,807
TOTAL ASSETS		3,405,980,120	1,951,659,005
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
250,000,000 (2025: 200,000,000) Ordinary shares of Rupees 10/- each		2,500,000,000	2,000,000,000
Issued, subscribed and paid up share capital	9	2,500,000,000	1,500,000,000
Unappropriated profit		326,409,981	312,169,195
Unrealized fair value appreciation / (diminution) on remeasurement of investment classified as FVTOCI		537,968,109	108,414,589
		3,364,378,090	1,920,583,784
CURRENT LIABILITIES			
Staff retirement benefits	10	4,994,143	2,165,295
Creditors, accrued and other liabilities	11	36,607,887	28,909,926
		41,602,030	31,075,221
CONTINGENCIES AND COMMITMENTS			
	13	-	-
TOTAL EQUITY AND LIABILITIES		3,405,980,120	1,951,659,005

The annexed notes from 1 to 26 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR

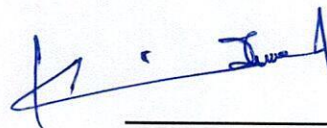
SINDH MODARABA MANAGEMENT LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2026

	Note	2026 Rupees	2025 Rupees
Income	14	124,828,917	123,566,166
General and administrative expenses	15	(97,040,085)	(66,503,553)
Other income		104,003	162,169
Profit before levy and taxation		27,892,835	57,224,782
Levy	16	(8,595,315)	(7,958,625)
Profit before taxation		19,297,520	49,266,157
Taxation	17	(4,101,919)	1,806,702
Profit after taxation		15,195,601	51,072,859

The annexed notes from 1 to 26 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



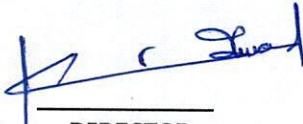
DIRECTOR

SINDH MODARABA MANAGEMENT LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2026

	2026 Rupees	2025 Rupees
Profit after taxation	15,195,601	51,072,859
Other comprehensive income :		
items that will not be reclassified to profit and loss account subsequently:		
- Remeasurement (loss) / gain of post retirement benefits obligation	(954,815)	702,677
- Unrealized gain on remeasurement of investment classified as FVTOCI	429,553,520	95,927,960
Other comprehensive income	428,598,705	96,630,637
Total comprehensive income for the year	<u>443,794,306</u>	<u>147,703,496</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER

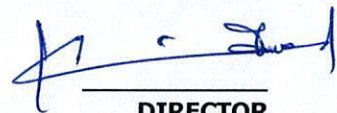

DIRECTOR

SINDH MODARABA MANAGEMENT LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2026

	Issued, subscribed and paid up capital	Unrealized fair value (diminution) / gain on remeasurement of investment classified as FVTOCI	Unappropriated profit	Net shareholders' equity
	Rupees	Rupees	Rupees	Rupees
Balance as at July 01, 2024	1,500,000,000	12,486,629	260,393,659	1,772,880,288
Comprehensive income for the period				
Profit for the year	-	-	51,072,859	51,072,859
Other comprehensive income:				
- Remeasurement gain of post retirement benefits obligation	-	-	702,677	702,677
- Unrealized gain on remeasurement of investment classified as FVTOCI	-	95,927,960	-	95,927,960
Total comprehensive income for the year	-	95,927,960	51,775,536	147,703,496
Balance as at 30 June 2025	1,500,000,000	108,414,589	312,169,195	1,920,583,784
 Issue of shares	 1,000,000,000	 -	 -	 1,000,000,000
Comprehensive income for the year ended 30 June 2026				
Profit for the year	-	-	15,195,601	15,195,601
Other comprehensive (loss)/ gain:				
- Remeasurement (loss) of post retirement benefits obligation	-	-	(954,815)	(954,815)
- Unrealized gain on remeasurement of investment classified as FVTOCI	-	429,553,520	-	429,553,520
Total comprehensive income for the year	-	429,553,520	14,240,786	443,794,306
Balance as at 30 June 2026	2,500,000,000	537,968,109	326,409,981	3,364,378,090

The annexed notes from 1 to 26 form an integral part of these financial statements.

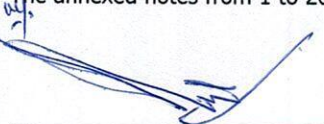

CHIEF EXECUTIVE OFFICER


DIRECTOR

SINDH MODARABA MANAGEMENT LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2026

	Note	2026 Rupees	2025 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before levy and taxation		27,892,835	57,224,782
Adjustments for non-cash items:			
Depreciation		6,692,873	6,151,297
Provision for gratuity		1,205,780	1,067,972
Provision for compensated leave absences		1,033,548	784,480
Gain on disposal of fixed assets		(4,000)	(62,997)
Dividend income		(57,302,100)	(53,057,500)
		(48,373,899)	(45,116,748)
Profit before working capital changes		(20,481,064)	12,108,034
Working capital changes			
(Decrease) in management remuneration receivable from Sindh Modaraba		486,841	7,921,849
Decrease /(Increase) in long term advances		2,181,819	(4,563,637)
Decrease / Increase in long term loan		333,333	(666,664)
Decrease /(Increase) in deposits, prepayments, and other receivable		425,479	(2,171,645)
Decrease in lease liability		-	(2,935,340)
Increase in creditors, accrued and other liabilities		7,697,961	4,228,735
		11,125,433	1,813,298
Gratuity paid		(365,295)	(235,177)
Income tax paid		(20,867,591)	(18,045,050)
Net cash (used in) operating activities		(30,588,517)	(4,358,895)
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition in fixed assets		-	(19,429,792)
Dividend received		57,302,100	53,057,500
Proceeds from sale of fixed asset		4,000	63,000
Net cash generated from investing activities		57,306,100	33,690,708
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of share capital		1,000,000,000	-
Long term loan (Sub-ordinated Funds) Sindh Modaraba Related party		(1,000,000,000)	-
Net cash used in financing activities		-	-
Net increase in cash and cash equivalents		26,717,586	29,331,813
Cash and cash equivalents at beginning of the year		344,024,541	314,692,728
Cash and cash equivalents at end of the year	8	370,742,127	344,024,541

The annexed notes from 1 to 26 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR

SINDH MODARABA MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Sindh Modaraba Management Limited (the Company) was incorporated in Pakistan as a public company limited by share capital under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) on 28 November 2013. Subsequently, it was registered as a Modaraba management company with the Registrar of Modaraba Company and Modarabas under the Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980. Its registered office is situated at 1st Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi.
- 1.2** The principal activity of the Company is to engage in floatation and management of Modaraba and to function as a Modaraba Management Company within the meaning of the Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980. Presently, the Company is managing Sindh Modaraba which is a perpetual, multi-purpose and multi-dimensional Modaraba and is listed on Pakistan Stock Exchange Limited.
- 1.3** These are the separate financial statements of the Company. Details of the Company's investment in associated undertaking are stated in note 4 to these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated:

2.1 BASIS OF PREPARATION

a) Statement of Compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

b) Accounting convention

These financial statements have been prepared under the historical cost convention except for the certain financial instruments carried at fair value. These financial statements have been prepared following the accrual basis of accounting except for the cash flow information.

c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to

exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follow:

Financial instruments – fair value

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on assumptions that are dependent on conditions existing at the reporting date.

Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values and useful lives of assets and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective asset, with a corresponding effect on the depreciation charge and impairment.

Income tax

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Recovery of deferred tax assets

Deferred tax assets are recognized for deductible temporary differences only if the Company considers it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgment. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group.

d) Amendments to published accounting and reporting standards which are effective for the year ended June 30, 2026

There were certain amendments to published accounting and reporting standards that became applicable for the Company during the year but are not considered to be relevant or did not have any significant effect on the Company's operations and have therefore not been disclosed in these financial statements

Standard, amendments to published accounting and reporting standards and interpretations that are not yet effective and have not been early adopted by the Company

There are certain new standards and amendments to published accounting and reporting standards that will be applicable to the Company for its annual periods beginning on or after July 1, 2026. The new standards include IFRS 18 Presentation and Disclosure in Financial Statements with applicability date of January 1, 2027 as per IASB. The overall amendments include those made to IFRS 7 and IFRS 9 which clarify the date of recognition and de-recognition of a financial asset

or financial liability which are applicable for period beginning on or after January 1, 2026. The Company's management at present is in the process of assessing the full impacts of the new standard and the amendments to IFRS 7 and IFRS 9 and is expecting to complete the assessment in due course.

2.2 Fixed assets

a) Owned assets

Assets (tangible/intangible) in own use are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Cost of property and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable costs of bringing the asset to working condition. Depreciation/amortization is charged to income on straight line method using the rates specified in note 3 to the financial statements. Depreciation/amortization is charged from the month an item is acquired or capitalized up to the month of disposal.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to statement of profit or loss during the period in which they are incurred.

b) Depreciation

Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged from the month in which the assets are disposed off. Depreciation is charged to statement of profit or loss applying the straight line method at the rates given in note 3. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

c) De-recognition

An item of property and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the statement of profit or loss in the year the asset is de-recognized.

2.3 Right-of-use assets

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities. The Company has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases

of low-value assets. Payment associated with short term leases are recognized as expense in profit or loss.

2.4 Lease liabilities

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of use asset, or to unconsolidated statement of profit or loss and other comprehensive income if the carrying amount of the right-of-use asset is fully written down.

2.5 Investments and other financial assets

a) *Classification*

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b) *Measurement*

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

71

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is de-recognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income / (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss

Changes in the fair value of equity investments at fair value through profit or loss are recognised in other income / (other expenses) in the statement of profit or loss as applicable.

Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Financial liabilities – classification and measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade debts and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

De-recognition of financial assets and financial liabilities

a) Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

b) Financial liabilities

The Company derecognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

34
21

2.6 Management remuneration receivable from Managed Modaraba

The Company is entitled to remuneration for services rendered to the Sindh Modaraba under the provisions of the Modaraba Ordinance up to a maximum of 10% of annual net profits of the Sindh Modaraba. The Company initially records accruals in respect of management fee annually after finalization of profit for the year of the Sindh Modaraba and subsequently measured at amortized cost using effective profit method, less any allowance for expected credit losses. Management remuneration receivable from Managed Modaraba generally does not include amounts overdue by 365 days.

2.7 Deposits and other receivables

These are initially recognized at fair value and subsequently measured at amortized cost using effective profit method, less any allowance for expected credit losses. These generally do not include amounts overdue by 365 days.

2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.9 Creditors, accrued expenses and other liabilities

These are initially recognized at fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company, and subsequently measured at amortized cost using effective profit method.

2.10 Provisions

Provisions are recognized when the Company has a 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 obligations and a reliable estimate of the amount can be made.

2.11 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the liability method in respect of all 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 the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets 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.

71

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.12 Revenue from contracts with customers

Revenue recognition

a) Rendering of services

Management remuneration is charged up to 10 percent of net profit of modaraba and is recognized on an accrual basis.

b) Profit

Profit is recognized as it accrues using the effective profit method. This is a method of calculating the amortized cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

c) Dividend

Dividend on equity investments is recognized when right to receive the dividend is established.

d) Other revenue

Other revenue is recognized when it is received or when the right to receive payment is established.

2.13 Expenses

All expenses are recognized in the Statement of profit or loss on accrual basis.

2.14 Related party transactions

All transactions with related parties are priced on an arm's length basis. Prices for these transactions are determined on the basis of admissible valuation methods.

2.15 Staff retirement benefits

(a) Provident fund

A provident fund for all eligible employees and equal contributions by the employer and employee are made at the rate of 10% of the basic salaries of the employees. The Company's contributions to the fund are charged to statement of profit or loss

71

(b) Gratuity fund

The Company operates a funded gratuity scheme for all eligible employees who have completed the minimum qualifying period of service. The fund is administered by the trustee nominated under the Trust Deed. The contributions to the Fund are made in accordance with the actuarial valuation using Projected Unit Credit Method.

(c) Compensated absences

The Company makes provision in the financial statements for its liability towards compensated absences based on the leaves accumulated up to the statement of financial position's date.

2.16 Contingent liabilities

Contingent liability is disclosed when the Company has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the financial statements.

2.17 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which assets carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment losses are restricted 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 impairment losses had not been recognized. An impairment loss or reversal of impairment loss is recognized in the statement of profit or loss

2.18 Government grants

Government grants are recognized when there is reasonable assurance that entity will comply with the conditions attached to it and grant will be received.

2.19 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

72

2.20 Levy

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

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3. FIXED ASSETS

	Note	2026 Rupees	2025 Rupees
Operating fixed assets	3.1	18,707,951	25,400,827
Intangible assets	3.2	1	1
		<u>18,707,952</u>	<u>25,400,828</u>

3.1 Following is the breakup of operating fixed assets:

	Leasehold improvement on building	Furniture and fixtures	Office equipment	Computer equipment	Motor vehicle	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
At 30 June 2026						
Cost	6,567,218	812,477	1,142,100	133,032	30,211,400	38,866,227
Accumulated depreciation	(3,905,187)	(808,191)	(497,456)	(120,492)	(14,826,950)	(20,158,276)
Net carrying value	<u>2,662,031</u>	<u>4,286</u>	<u>644,644</u>	<u>12,540</u>	<u>15,384,450</u>	<u>18,707,951</u>
Year ended 30 June 2026						
Opening net book value (NBV)	2,990,399	85,534	873,064	25,092	21,426,738	25,400,827
Cost of additions	-	-	-	-	-	-
Cost of disposal	-	(48,476)	-	-	-	(48,476)
Accumulated depreciation-disposal	-	48,476	-	-	-	48,476
Carrying amount of disposal	-	-	-	-	-	-
Depreciation charge for the period	(328,368)	(81,248)	(228,420)	(12,552)	(6,042,288)	(6,692,876)
Closing carrying value	<u>2,662,031</u>	<u>4,286</u>	<u>644,644</u>	<u>12,540</u>	<u>15,384,450</u>	<u>18,707,951</u>
At 30 June 2025						
Cost	6,567,218	860,953	1,142,100	133,032	30,211,400	38,914,703
Accumulated depreciation	(3,576,819)	(775,419)	(269,036)	(107,940)	(8,784,662)	(13,513,876)
Net carrying value	<u>2,990,399</u>	<u>85,534</u>	<u>873,064</u>	<u>25,092</u>	<u>21,426,738</u>	<u>25,400,827</u>
Rate	5%	10%	20%	33.33%	20%	

3.2 As at 30 June 2026, the gross carrying amount (cost) of fully amortized intangible that is still in use is Rupees 33,301 (2025: Rupees 33,301).

	Note	2026 Rupees	2025 Rupees
4 LONG TERM INVESTMENT - RELATED PARTY			
Fair value through other comprehensive income (FVTOCI)			
Sindh modaraba - listed			
42,446,000 (2025: 42,446,000)		533,546,220	425,131,631
certificates of Rupees 10/- each			
Appreciation on revaluation of certificates	4.1	429,553,520	108,414,589
		963,099,740	533,546,220
4.1 Net unrealized appreciation on re-measurement of investment classified as FVTOCI			
Market value of investment		963,099,740	533,546,220
Less: Cost of investment		(425,131,631)	(425,131,631)
		537,968,109	108,414,589
Less: Net unrealized appreciation in fair value of investment at the beginning of the year		108,414,589	(12,486,629)
Unrealized gain for the year		429,553,520	95,927,960
4.2	Sindh modaraba has been floated and managed by the sindh modaraba management limited (the entity) and the entity holds 94.32% (2025: 94.32%) of the total certificate capital of the sindh modaraba.		
4.3	The break-up value of the above investment, based on the audited accounts of Sindh Modaraba, is Rupees 24.25 (2025: Rupees 22.03) per certificate as at 30 June 2026 and the quoted market price on Pakistan Stock Exchange is Rupees 22.69 (2025: Rupees 12.57) per certificate. The above investment is carried at fair value through other comprehensive income (FVTOCI).		
4.4	Investment in Sindh Modaraba (associated undertaking) has been made in accordance with the requirements of the Companies Act, 2017.		
5 LONG TERM LOAN - UNSECURED - RELATED PARTY			
Sindh Modaraba - Unsecured	5.1	2,000,000,000	1,000,000,000
House furnishing loan to CEO	5.4	-	666,664
Less: Current portion		333,331	(333,333)
Long term portion		-	333,331
Long term portion		2,000,000,000	1,000,333,331
5.1	This represents interest free loan provided to sindh modaraba (related party). The loan is sub-ordinate to senior debts of Modaraba and is repayable at the discretion of sindh modaraba. The sindh modaraba has the option to issue equity certificates in future against this loan, subject to necessary regulatory approvals. Since this loan is repayable at discretion of sindh modaraba with no definite repayment schedule, it is impracticable to determine present value of this loan.		
5.2	The maximum aggregate amount due at the end of any month during the period is Rupees 2.0 billion (June 2025: Rupees 1.0 billion). During the period, the Company received an equity injection of Rupees 1.0 billion from the Government of Sindh for onward release to Sindh Modaraba as subordinated fund.		
5.3	Investment in sindh modaraba (associated undertaking) has been made in accordance with the requirements of the Companies Act, 2017.		
5.4	This represents outstanding balance against riba/profit free facility provided to chief executive officer as per the approved human resource policy. The facility is amortized on 36 equal monthly installments.		

6 MANAGEMENT REMUNERATION RECEIVABLE FROM SINDH MODARABA - RELATED PARTY

The Company is entitled to a remuneration for services rendered to the Sindh Modaraba under section 18 of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, upto a maximum of 10% of annual net profits of the Sindh Modaraba. The Company records accruals in respect of management fee annually after finalization of profit for the year of the Sindh Modaraba.

- 6.1** The maximum aggregate amount due at the end of any month during the year is Rupees 26.223 million (2025: Rupees 26.610 million).

	Note	2026 Rupees	2025 Rupees
7 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Security deposit		50,000	50,000
Prepaid office rent		2,439,554	2,316,594
Prepaid expenses		603,271	12,501
Prepaid Takaful		52,500	631,699
Accrued income from bank deposits		3,257,550	2,890,634
Receivable from employee - CEO		-	926,926
		<u>6,402,875</u>	<u>6,828,354</u>
8 BANK BALANCES			
PLS accounts	8.1	<u>370,742,127</u>	<u>344,024,541</u>

- 8.1** These carry profits at the rates ranging from 2.50% to 10.80% per annum (2025: 4% to 10.15% per annum). This includes balance of Rupees 0.173 million (2025: 0.07 million) held with sindh bank limited, a related party.

9 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2026 (No. of shares)	2025 (No. of shares)			
100,000,000	100,000,000	Ordinary shares of rupees 10 each, fully paid in cash	1,000,000,000	1,000,000,000
150,000,000	50,000,000	Right issue of ordinary shares of rupees 10 each fully paid in cash	1,500,000,000	500,000,000
<u>250,000,000</u>	<u>150,000,000</u>		<u>2,500,000,000</u>	<u>1,500,000,000</u>

10 STAFF RETIREMENT BENEFITS

Payable to gratuity fund	10.1	2,160,595	365,295
Provision for compensated absences	10.2	2,833,548	1,800,000
		<u>4,994,143</u>	<u>2,165,295</u>

10.1 Payable to gratuity fund

Present value of defined benefit obligation	10.1.1	3,280,851	1,051,510
Less: Fair value of plan assets	10.1.2	(1,120,256)	(686,215)
		<u>2,160,595</u>	<u>365,295</u>

	Note	2026 Rupees	2025 Rupees
10.1.1 Changes in present value of defined benefit obligations			
Present value of defined benefit obligation		1,051,510	624,944
Current service cost		1,182,949	1,051,510
Cost on defined benefit obligation		131,439	87,492
Remeasurements:			
- Actuarial (gains)/losses from changes in financial assumptions		(247)	-
- Experience adjustments		915,200	(712,436)
		<u>3,280,851</u>	<u>1,051,510</u>
10.1.2 Changes in fair value of plan assets			
Fair value of plan assets		686,215	389,767
Contributions		365,295	235,177
Expected income on plan assets		108,608	71,030
Return on plan assets, excluding expected income		(39,862)	(9,759)
		<u>1,120,256</u>	<u>686,215</u>
10.1.3 Expenses to be charged to statement of profit or loss			
Current service cost		1,182,949	1,051,510
Cost on defined benefit obligations		131,439	87,492
Expected income on plan assets		(108,608)	(71,030)
		<u>1,205,780</u>	<u>1,067,972</u>
10.1.4 Remeasurement loss / (gain) chargeable to other comprehensive income			
Actuarial (gains) / losses from changes in financial assumptions		(247)	-
Experience adjustments		915,200	(712,436)
		<u>914,953</u>	<u>(712,436)</u>
Less: Return on plan assets excluding expected income		39,862	9,759
		<u>954,815</u>	<u>(702,677)</u>
10.1.5 Changes in net liability			
Balance as at 01 July		365,295	235,177
Expenses to be charged to profit or loss		1,205,780	1,067,972
Remeasurement loss / (gain) charged to other comprehensive income		954,815	(702,677)
Contributions		(365,295)	(235,177)
		<u>2,160,595</u>	<u>365,295</u>

10.1.6 Significant actuarial assumption

	2026 Rupees	2025 Rupees
Discount rate used for interest cost in profit or loss charges	12.50%	14.00%
Discount rate used for year end obligation	11.75%	12.50%
Salary increase used for year end obligation		
Salary increase FY 2026	N/A	N/A
Salary increase FY 2027	11.75%	12.50%
Salary increase FY 2028	11.75%	12.50%
Salary increase FY 2029	11.75%	12.50%
Salary increase FY 2030	11.75%	12.50%
Salary increase FY 2030	11.75%	12.50%
Salary increase FY 2032 onwards	11.75%	12.50%
Next salary is increased at:	01 July 2026	01 July 2025
Mortality rates	SLIC 2001-2005 Setback 1 year	SLIC 2001-2005 Setback 1 year
Withdrawal rates	Age-based (per appendix)	Age-based (per appendix)
Retirement assumptions	Age 60	Age 60
Estimated Expenses to be Charged to P&L in FY 2027	2027 Rupees	2026 Rupees
Current service cost	1,833,176	1,182,949
Cost on defined benefit obligation	385,500	131,439
Expected income on plan assets	(153,091)	(100,475)
Amount chargeable to P&L	<u>2,065,585</u>	<u>1,213,913</u>
Plan assets comprise of:		
Cash and bank deposits	<u>100%</u>	<u>100%</u>
Year end sensitivity (+/- 100bps) on defined benefit obligation		
Discount rate +100 bps	3,223,236	1,033,063
Discount rate - 100 bps	3,340,030	1,070,456
Salary increase +100 bps	3,339,832	1,070,287
Salary increase - 100 bps	3,222,396	1,032,900
Expected benefit payments for the next 10 years and beyond	Rupees	Rupees
FY 2027	-	-
FY 2028	152,456	-
FY 2029	8,010,107	-
FY 2030	-	3,992,453
FY 2031	-	-
FY 2032	-	-
FY 2033	-	-
FY 2034	-	-
FY 2035	-	-
FY 2036	-	-
FY 2037 onwards	-	-
The average duration of the defined benefit obligation is	2 Years	2 Years

		2026 Rupees	2025 Rupees
10.2	Provision for compensated absences		
	Balance as at 01 July	1,800,000	1,015,520
	Provision for the year	1,033,548	784,480
		<u>2,833,548</u>	<u>1,800,000</u>
	Payment / adjustment during the year	-	-
	Balance as at 30 June	<u>2,833,548</u>	<u>1,800,000</u>
11	CREDITORS, ACCRUED AND OTHER LIABILITIES		
	Accrued expenses	13,826,588	6,111,568
	Directors medical facility payable	2,109,471	2,101,527
	Withholding tax payable	97,037	-
	Auditor's remuneration	223,560	345,600
	Advance received from Government of Sindh - related party	20,300,448	20,300,448
	Other liabilities	50,783	50,783
		<u>36,607,887</u>	<u>28,909,926</u>
11.1	This represents amount received from Government of Sindh against expenses to be incurred in relation to issuance of sukuk by sindh modaraba.		
12	ADVANCE TAXATION - NET		
	Balance as at 01 July	(9,918,929)	1,974,198
	Provision for the year		
	Current year	11,147,173	11,965,100
	Prior year	1,550,061	(5,813,177)
		<u>12,697,234</u>	<u>6,151,923</u>
	Advance tax:		
	Tax deducted / collected at source	(20,867,591)	(17,713,645)
	Tax paid	-	(331,405)
		<u>(20,867,591)</u>	<u>(18,045,050)</u>
	Advance taxation - net	<u>(18,089,286)</u>	<u>(9,918,929)</u>
13	CONTINGENCIES AND COMMITMENTS		
	There were no contingencies and commitments outstanding as at reporting date (2025: Nil) other than those disclosed in note 11 to these financial statements.		
14	INCOME		
	Management fee from sindh modaraba	26,222,991	26,709,832
	Dividend income from sindh modaraba	57,302,100	53,057,500
	Profit on daily product account	41,303,826	26,414,188
	Profit on term deposit receipts	-	17,384,646
		<u>124,828,917</u>	<u>123,566,166</u>

	Note	2026 Rupees	2025 Rupees
15 GENERAL AND ADMINISTRATIVE EXPENSES			
Salaries, allowances and other benefits	15.1	63,374,083	39,260,494
Directors' meeting fee		9,990,000	9,525,000
Medical facility - Directors'/CEO		869,927	776,883
Insurance expense		506,296	450,829
Training and seminar expense		900,000	-
Security guard charges		558,995	99,996
Legal and professional		4,249,948	764,770
Entertainment		256,787	502,025
Vehicle running expense		2,459,916	2,174,676
Traveling expenses		92,170	201,329
Rent expense		5,943,326	5,355,770
Printing and stationery		-	10,450
Registration and subscription fee		520,997	665,353
Auditors' remuneration	15.2	223,560	194,400
Repair and maintenance		240,950	232,755
Depreciation-owned and leased asset		6,692,873	6,151,297
Miscellaneous expenses		160,257	137,526
		<u>97,040,085</u>	<u>66,503,553</u>
15.1 Salaries, allowances and other benefits			
Salaries and benefits		59,138,387	36,110,046
Provident fund expense		1,996,368	1,297,996
Leave compensated absence expense		1,033,548	784,480
Gratuity expense		1,205,780	1,067,972
		<u>63,374,083</u>	<u>39,260,494</u>
15.2 Auditors' remuneration			
Audit fee		143,750	125,000
Special certificate		57,500	50,000
Out of pocket expenses		5,750	5,000
		<u>207,000</u>	<u>180,000</u>
Sindh sales tax on services		16,560	14,400
		<u>223,560</u>	<u>194,400</u>

	Note	2026 Rupees	2025 Rupees
16 LEVY			
Final Tax	16.1	<u>8,595,315</u>	<u>7,958,625</u>
16.1	This represents final taxes paid under section 150 of Income Tax Ordinance, 2001, representing levy in terms of requirements of IFRIC 21/IAS 37.		
17 TAXATION			
Current year	17.1	<u>2,551,858</u>	<u>4,006,475</u>
Prior year		<u>1,550,061</u>	<u>(5,813,177)</u>
		<u><u>4,101,919</u></u>	<u><u>(1,806,702)</u></u>

17.1 The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemption available if any.

17.2 Deferred tax asset amounting to Rupees 7.35 million (2025: 2.98 million) has not been accounted for in these financial statements due to uncertainties regarding the future taxable profits against which such asset would be utilized.

18 KEY MANAGEMENT PERSONNEL

Abdul Rauf Chandio - CEO

Basic salary	19,963,632	12,774,193
House rent	8,983,642	5,748,387
Medical & utility allowance	3,992,726	2,554,839
Bonus	9,872,726	2,181,818
Provident fund	1,996,368	1,277,420
Other benefits	4,820,857	7,997,086
	<u>49,629,951</u>	<u>32,533,743</u>

Ishfaq Ahmed (Ex-CEO)

Basic salary	-	205,758
House rent	-	92,591
Medical & utility allowance	-	41,152
Bonus	-	671,418
Provident fund	-	20,576
Other benefits	-	121,127
	<u>-</u>	<u>1,152,622</u>

18.1 Chief Executive Officer of the Company has been provided free use of the Company's cars including fuel and insurance.

19 PROVIDENT FUND RELATED DISCLOSURE

The Company's Staff Provident Fund's members comprise of the Company's employees and Modaraba's employees. Detail of the Staff Provident Fund based on financial statements for the year ended 30 June 2026 and 30 June 2025 are below:

	Un-audited 2026 Rupees	Audited 2025 Rupees
Size of the fund (total assets)	<u>24,487,315</u>	<u>19,643,352</u>
Cost of investment	<u>24,323,136</u>	<u>19,508,704</u>
Fair value of investment	<u>24,323,136</u>	<u>19,508,704</u>
	<u>Percentage</u>	<u>Percentage</u>
Percentage of investment made	<u>99%</u>	<u>99%</u>
Break up of investment at cost		
	2026	2025
	Rupees	Rupees
PLS account	<u>24,323,136</u>	<u>19,508,704</u>
	Percentage	Percentage
	<u>99%</u>	<u>99%</u>

19.1 Investments out of provident funds have been made in accordance with the provisions of section 218 of the Companies Act, 2017, and the rules formulated for the purpose.

20 RELATED PARTY TRANSACTIONS

20.1 Related parties comprise of group companies, key management personnel of the Company and directors and their close family members, major shareholders of the Company, staff provident and gratuity fund and other entities owned by the Government of Sindh. Detail of transactions with related parties, other than disclosed in Note 12 and 19 to these financial statements are as follows:

Name of related party and basis of relationship	Nature of transaction	2026 Rupees	2025 Rupees
Sindh Bank Limited Associated company	Profit on daily product account	<u>3,749,649</u>	<u>21,055</u>
Government of Sindh Sponsor/Shareholder	Funds Received for increase in Capital	<u>1,000,000,000</u>	<u>-</u>
Sindh Modaraba Associated undertaking	Management company's remuneration received	<u>26,709,832</u>	<u>34,631,681</u>
	Dividend received	<u>57,302,100</u>	<u>53,057,500</u>
	Long Term loan paid (Sub-ordinated Fund)	<u>1,000,000,000</u>	<u>-</u>
Sindh Insurance Company Limited Associated Company	Takaful contribution paid	<u>3,508,778</u>	<u>3,284,537</u>
Sindh Modaraba Employees Provident Fund Associated entity	Employer & Employee contribution paid	<u>3,992,736</u>	<u>2,595,992</u>
Sindh Modaraba Employees Gratuity Fund Associated entity	Employer & Employee contribution paid	<u>365,295</u>	<u>235,177</u>
Key Management Personnel			
Chief Executive Officer	House Furnishing loan	<u>333,333</u>	<u>1,000,000</u>
	Advance Against Salary	<u>2,181,821</u>	<u>6,545,454</u>
Board of Directors	Meetings fee paid	<u>7,955,000</u>	<u>9,525,000</u>
	Other benefits paid	<u>388,148</u>	<u>403,984</u>

21 RELATED PARTY BALANCES

21.1 Related parties comprise of group companies, key management personnel of the Company and directors and their close family members, major shareholders of the Company, staff provident and gratuity fund and other entities owned by the Government of Sindh. Detail of Balances with related parties are as follows:

Name of related party and basis of relationship	Nature of transaction	2026 Rupees	2025 Rupees
Sindh Bank Limited Associated company	PLS Account	<u>172,654</u>	<u>69,734</u>
Sindh Modaraba Associated undertaking	Management company's remuneration Receivable	<u>26,222,991</u>	<u>26,709,832</u>
	Long term Investment	<u>963,099,740</u>	<u>533,546,220</u>
	Long term loan	<u>2,000,000,000</u>	<u>1,000,000,000</u>
Sindh Insurance Company Limited Associated Company	Prepaid Insurance	<u>52,500</u>	<u>631,699</u>
Sindh Modaraba Employees Gratuity Fund Associated entity	Employer & Employee contribution payable	<u>4,994,143</u>	<u>2,165,295</u>
Chief Executive Officer	House Furnishing loan	<u>333,333</u>	<u>666,664</u>
	Advance Against Salary	<u>2,181,821</u>	<u>4,363,636</u>

22 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

22.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the board of directors. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, credit risk and liquidity risk.

(a) Market risk

(i) Currency risk

'Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Company is not exposed to currency risk.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company has investment in equity securities of the Company. However, The Company is not exposed to commodity price risk.

Sensitivity analysis

At 30 June 2026, the fair value of equity securities exposed to price risk is disclosed in note 5.3 to these financial statements.

The sensitivity of the comprehensive income for the year to an increase or decrease of 5% in the fair values of the Company's equity securities is disclosed below. This level of change is considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the Company's equity securities at each reporting date, with all other variables held constant.

Effect due to increase / decrease in index	2026 Rupees	2025 Rupees
Investment	<u>48,154,987</u>	<u>26,677,311</u>
Comprehensive income	<u>48,154,987</u>	<u>26,677,311</u>

(iii) Profit rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in profit rates. At the reporting date, the interest rate profile of the Company's significant interest bearing financial instruments was:

Floating rate instruments:

Financial assets

PLS accounts

370,742,127

344,024,541

Financial liabilities

-

-

Net exposure

370,742,127

344,024,541

Fair value sensitivity analysis for fixed rate instruments

As at 30 June 2026, if market interest rates had been 1% higher / lower with all other variables held constant, pre-tax profit for the year would have been higher / lower by Rupees NIL (2025: Rupees 2.821 million).

Fair value sensitivity analysis for variable rate instruments

As at 30 June 2026, if market interest rates had been 1% higher / lower with all other variables held constant, pre-tax profit for the year would have been higher / lower by Rs 3.707 million (2025: Rs 3.44 million).

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk of the Company arises from deposits with banks, trade debts, accrued mark up and advances and deposits. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2026 Rupees	2025 Rupees
Long term investment - related party	963,099,740	533,546,220
Long term loan - related party	2,000,000,000	1,000,333,331
Long term advances and deposits	2,381,818	4,563,637
Management remuneration receivable from sindh modaraba - related party	26,222,991	26,709,832
Deposits and other receivables	3,307,550	2,940,634
Bank balances	370,742,127	344,024,541
	3,365,754,226	1,912,118,195

The credit quality of financial assets (mainly balances with banks) that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate:

Banks	Rating		Agency	2026 Rupees	2025 Rupees
	Long Term	Short Term			
Sindh Bank Limited	AA	A1+	VIS	172,654	69,734
NRSP Microfinance Bank Limited	A-	A-2	VIS	17,478	16,385
Soneri Bank Limited	AA-	A1+	PACRA	324,412,271	137,766
Al-Baraka Bank Limited	AA-	A1	VIS	46,137,214	343,798,272
MCB Islamic Bank Limited	A+	A1	PACRA	835	709
Meezan Bank Limited	AAA	A1+	VIS	1,675	1,676
				370,742,127	344,024,542
Long term investment and loan					
Sindh Modaraba	AA-	A1+	VIS	2,963,099,740	1,533,879,551

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

(c) **Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient bank balances. At 30 June 2026, the Company had bank balances of Rupees 370.74 million (2025: Rupees 344.02 million) and Nil term deposit receipts (2025: Nil) . Following are the contractual maturities of financial liabilities. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities:

		2026	
		Lease liability	Creditors, accrued and other liabilities
Carrying amount		-	14,050,148
Contractual cash flows:			
6 month or less		-	14,050,148
6 months to 12 months		-	-
More than 1 year		-	-
		-	14,050,148
		2025	
		Lease liability	Creditors, accrued and other liabilities
Carrying amount		-	6,457,168
Contractual cash flows:			
6 month or less		-	6,457,168
6 months to 12 months		-	-
More than 1 year		-	-
		-	6,457,168

22.2 Recognized fair value measurements

(a) Financial Assets

Fair value hierarchy

Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table:

Recurring fair value measurements

	Level 1 Rupees	Level 2 Rupees	Level 3 Rupees	Total Rupees
As at 30 June 2026				
Investment at fair value through other comprehensive income	963,099,740	-	-	963,099,740
As at 30 June 2025				
Investment at fair value through other comprehensive income	533,546,220	-	-	533,546,220

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further there was no transfer in and out of level 3 measurements.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting year.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available for sale securities) is based on quoted market prices at the end of the reporting year. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

(b) Non-Financial Assets

The carrying value of all non-financial assets reflected in these financial statements are approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

22.3 Financial instrument by categories

	At fair value through other comprehensive income	At amortized cost	Total
	Rupees	Rupees	Rupees
As at 30 June 2026			
Assets as per statement of financial position			
Long term investment - related party	963,099,740	-	963,099,740
Long term loan - related party	-	2,000,000,000	2,000,000,000
Long term advances and deposits	-	2,381,818	2,381,818
Management remuneration receivable	-	26,222,991	26,222,991
Deposits and other receivables	-	3,307,550	3,307,550
Bank balances	-	370,742,127	370,742,127
	963,099,740	2,402,654,486	3,365,754,226
			Financial liabilities at amortized cost
As at 30 June 2026			Rupees
Liabilities as per statement of financial position			
Creditors, accrued and other liabilities			14,050,148

Financial instrument by categories

	At fair value through other comprehensive income	At amortized cost	Total
As at 30 June 2025	Rupees	Rupees	Rupees
Assets as per statement of financial position			
Long term investment - related party	533,546,220	-	533,546,220
Long term loan - related party	-	1,000,333,331	1,000,333,331
Long term advances and deposits	-	4,563,637	4,563,637
Management remuneration receivable	-	26,709,832	26,709,832
Deposits and other receivables	-	2,940,634	2,940,634
Bank balances	-	344,024,541	344,024,541
	<u>533,546,220</u>	<u>1,378,571,975</u>	<u>1,912,118,195</u>

**Financial liabilities
at amortized cost**

As at 30 June 2025	Rupees
Liabilities as per statement of financial position	
Creditors, accrued and other liabilities	6,457,168
	<u>6,457,168</u>

Reconciliation to the line items presented in the statement of financial position is as follows:

	Financial assets	Non-financial assets	Total as per statement of financial position
As at 30 June 2026	Rupees	Rupees	Rupees
Assets as per statement of financial position			
Fixed assets	-	18,707,952	18,707,952
Long term investment - related party	963,099,740	-	963,099,740
Long term loan - related party	2,000,000,000	-	2,000,000,000
Long term advances and deposits	-	2,381,818	2,381,818
Management remuneration receivable	26,222,991	-	26,222,991
Deposits, prepayments and other receivables	3,307,550	3,095,325	6,402,875
Bank balances	370,742,127	-	370,742,127
	<u>3,363,372,408</u>	<u>24,185,095</u>	<u>3,387,557,503</u>

	Financial liabilities	Non-financial liabilities	Total as per statement of financial position
As at 30 June 2026	Rupees	Rupees	Rupees
Liabilities as per statement of financial position			
Staff retirement benefits	-	4,994,143	4,994,143
Creditors, accrued and other liabilities	14,050,148	22,557,739	36,607,887
	<u>14,050,148</u>	<u>27,551,882</u>	<u>41,602,030</u>

	Financial assets	Non-financial assets	Total as per statement of financial position
As at 30 June 2025	Rupees	Rupees	Rupees
Assets as per statement of financial position			
Fixed assets	-	25,400,828	25,400,828
Right-of-use assets	-	-	-
Long term investment - related party	533,546,220	-	533,546,220
Long term loan - related party	1,000,333,331	-	1,000,333,331
Long term advances and deposits	-	4,563,637	4,563,637
Management remuneration receivable	26,709,832	-	26,709,832
Deposits, prepayments and other receivables	2,940,634	3,887,720	6,828,354
Bank balances	344,024,541	-	344,024,541
	<u>1,907,554,558</u>	<u>33,852,185</u>	<u>1,941,406,743</u>

	Financial liabilities	Non-financial liabilities	Total as per statement of financial position
As at 30 June 2025	Rupees	Rupees	Rupees
Liabilities as per statement of financial position			
Staff retirement benefits	-	2,165,295	2,165,295
Creditors, accrued and other liabilities	6,457,168	22,452,758	28,909,926
	<u>6,457,168</u>	<u>24,618,053</u>	<u>31,075,221</u>

23. NUMBER OF EMPLOYEES

The number of employees during the year are as follows:

	2026		2025	
	At year end	Average	At year end	Average
Number of employees				
- Permanent	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

24. DATE OF AUTHORIZATION FOR ISSUE

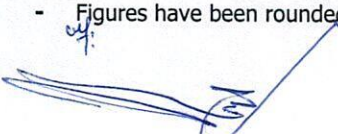
These financial statements are approved and authorized for issue on 23 Sep - 2026 by the Board of Directors of the Company.

25. CORRESPONDING FIGURES

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

26. GENERAL

- No significant reclassification and rearrangement of the corresponding figures has been made during the year in these financial statements.
- Figures have been rounded off to the nearest rupee.


CHIEF EXECUTIVE OFFICER


DIRECTOR