



Popular Islamic Modaraba
An Islamic Financial Institution

INTERIM FINANCIAL STATEMENTS
HALF YEAR ENDED
December 31, 2025

Managed By:

Popular Islamic Modaraba
Management Company (Pvt.) Limited



Popular Islamic Modaraba

An Islamic Financial Institution

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CORPORATE INFORMATION

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



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Directors' Report

The Board of Directors of Popular Islamic Modaraba Management Company (Pvt.) Limited, the Management Company of Popular Islamic Modaraba (the Modaraba) is pleased to present the Directors' Report of the Modaraba, together with Condensed Interim Financial Information for the Half Year ended December 31, 2025 alongwith Auditors' Report to the Certificate Holders on Review of Condensed Interim Financial Information.

The summarized financial results for the half year ended December 31, 2025 are as under:

	December 31, 2025	December 31, 2024
	-----Rupees-----	
Income	16,324,198	24,509,535
Operating expenses	(3,253,836)	(3,902,690)
Depreciation of Ijarah assets	(1,295,520)	(2,796,260)
	11,774,842	17,810,585
Other income	274,888	1,759,570
Profit before management fee	12,049,730	19,570,155
Management fee	(602,487)	(978,508)
Sales tax on management fee	(90,373)	(127,206)
Profit before taxation	11,356,871	18,464,441
Taxation	(3,623,925)	(5,354,688)
Profit after taxation	7,732,946	13,109,754
Total comprehensive income	7,732,946	13,109,754
Earnings per certificate - basic & diluted	0.39	0.77

Review of Operations & Economy:

During the period under review, the Modaraba operated in a challenging economic environment characterized by declining benchmark rates, aggressive market competition, and overall pressure on spreads within the Islamic financial services industry. Despite these challenges, the Modaraba maintained operational stability and continued to generate positive earnings.

The Modaraba recorded total income of Rs. 16.32 million for the half year ended December 31, 2025 as compared to Rs. 24.51 million in the corresponding period last year. The decline in income is primarily attributable to reduction in KIBOR and benchmark profit rates, which directly impacted returns on financing assets, intense competition from banks and non-bank financial institutions, resulting in pricing pressure and reduced profit margins. These factors collectively compressed earning spreads and contributed to lower revenue generation during the current period.



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Operating expenses decreased to Rs. 3.25 million compared to Rs. 3.90 million in the corresponding period last year, showing a reduction of approximately 16.6%. The decrease reflects management's continued focus on cost rationalization and administrative efficiency in response to changing market dynamics. Earnings per certificate (basic and diluted) decreased to Rs. 0.39 compared to Rs. 0.77 in the corresponding period last year, consistent with the overall decline in net profitability.

Despite a challenging operating environment, the Modaraba remained profitable and maintained disciplined expense management. The management continued to focus on strengthening the quality of the asset portfolio, maintaining prudent risk management practices, optimizing operating costs, and identifying new Shariah-compliant investment opportunities.

Future outlook:

Modaraba is focusing on fresh financing business specifically to SMEs to improve profitability. Our endeavor to optimize the utilization of our own resources as well as controlled leveraging of the balance sheet to book and gradually build good quality assets portfolio continues. The Management of the Modaraba is proactively studying available options which would best protect and preserve certificate holders' interest in the future. We are fully committed to maintain this upward trend and Insha Allah foresee to achieve better results, and to pay progressive return to the certificate holders of the Modaraba.

Acknowledgments:

The Board would like to take this opportunity to express gratitude and thanks to our valuable customers for their patronage and support, the Securities and Exchange Commission of Pakistan, the Pakistan Exchange Limited and Modaraba Association of Pakistan for their continuous support and guidance.

Special thanks to our certificate holders for the trust and confidence reposed in us.

for and on behalf of the Board.


Kamran Hussain Mughal
Chief Executive Officer

Dated: February 27, 2026
Karachi.

ڈائریکٹرز کی رپورٹ برائے نصف سال 31 دسمبر 2025

پاپولر اسلامک مضاربہ منجمنٹ کمپنی (پرائیوٹ) لمیٹڈ جو پاپولر اسلامک مضاربہ کی منجمنٹ کمپنی ہے، اسکے بورڈ آف ڈائریکٹرز اپنے سرٹیفکیٹ ہولڈرز کو ڈائریکٹرز کی رپورٹ بمعہ مضاربہ کے نصف سال کے جائزہ شدہ گوشوارے اور آڈیٹر کی جائزہ شدہ رپورٹ برائے نصف سال 31 دسمبر 2025 پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

نمایاں مالیاتی نتائج:

برائے دسمبر 2025	برائے دسمبر 2024	
16,324,198	24,509,535	آمدنی
(3,253,836)	(3,902,690)	آپریٹنگ اخراجات
(1,295,520)	(2,796,260)	اجارہ اثاثوں کی فرسودگی کے اخراجات (ڈیپریسی ایشن)
11,774,842	17,810,585	آپریٹنگ نفع
274,888	1,759,570	دیگر آمدنی
12,049,730	19,570,155	نفع قبل از منجمنٹ فیس
(602,487)	(978,508)	منجمنٹ فیس
(90,373)	(127,206)	منجمنٹ فیس پر سٹریٹجکس
11,356,871	18,464,441	نفع قبل از ٹیکس
(3,623,925)	(5,354,688)	ٹیکس
7,732,946	13,109,754	نفع بعد از ٹیکس
0.39	0.77	آمدنی فی سرٹیفکیٹ

کاروبار اور معیشت کا جائزہ:

زیر جائزہ مدد کے دوران مضاربہ نے ایک مشکل معاشی بحال میں اپنی سرگرمیاں جاری رکھیں جس میں بیچ مارک (KIBOR) میں کمی، مارکیٹ میں سخت مسابقت، اور اسلامی مالیاتی خدمات کی صنعت میں مجموعی طور پر منافع کے مارجنز پر دباؤ شامل تھا۔ ان چیلنجز کے باوجود، مضاربہ نے آپریشنل استحکام برقرار رکھا اور مثبت مالی نتائج حاصل کرنے میں کامیاب رہا۔ نصف سال 31 دسمبر 2025 کو اختتام پذیر ہوا، اس دوران مضاربہ کی کل آمدنی 16.32 ملین روپے رہی جبکہ گزشتہ سال کی اسی مدت میں یہ 24.51 ملین روپے تھی۔ آمدنی میں کمی کی بنیادی وجوہات میں کاٹھنر (KIBOR) میں کمی شامل ہے جس کے باعث فنانسنگ اخراجات پر حاصل ہونے والے منافع میں براہ راست کمی واقع ہوئی۔ مزید برآں، بینکوں اور ناان بینک مالیاتی اداروں کی جانب سے سخت مسابقت کے نتیجے میں قیمتوں پر دباؤ بڑھا اور منافع کے مارجنز کم ہوئے۔ ان عوامل کے مجموعی اثرات کے باعث آمدنی کے مارجنز محدود ہوئے اور موجودہ مدت کے دوران ریونیو میں کمی واقع ہوئی۔

آپریٹنگ اخراجات کم ہو کر 3.25 بلین روپے رہ گئے جبکہ گزشتہ سال کی اسی مدت میں یہ 3.90 بلین روپے تھے، جو تقریباً 16.6 فیصد کمی کو ظاہر کرتا ہے۔ یہ کمی بدلتے ہوئے مارکیٹ حالات کے پیش نظر انتظامیہ کی جانب سے اخراجات میں بہتری، الاگت کے مندرجہ ذیل اور انتظامی کارکردگی کو بہتر بنانے کی مسلسل کوششوں کا نتیجہ ہے۔ اسی طرح، فی عقیلیٹ آمدنی کم ہو کر 0.39 روپے رہ گئی جبکہ گزشتہ سال اسی مدت میں یہ 0.77 روپے تھی، جو مجموعی خالص منافع میں کمی کے مطابق ہے۔

مشکل کاروباری حالات کے باوجود مضاربہ منافع بخش رہا اور اخراجات کے نظم و ضبط کو برقرار رکھا۔ انتظامیہ نے اثاثہ جاتی پورٹ فولیو کے معیار کو بہتر بنانے جتنا طرہ رسک منجمنٹ طریقہ کار اپنانے، آپریٹنگ اخراجات کو منوثر بنانے، اور نئی شریعہ کے مطابق سرمایہ کاری کے مواقع تلاش کرنے پر اپنی توجہ برقرار رکھی۔

مستقبل کے امکانات:

بنیادی طور پر مضاربہ کی توجہ نئی فنڈنگ کے کاروبار پر ہے خاص طور پر ایس ایم ایز تاکہ منافع میں مزید اضافہ کیا جاسکے۔ ہماری کوشش ہے کہ اپنے وسائل کو استعمال کرتے ہوئے اپنی ہیٹلنس شیٹ کو بہتر بنائیں اور آہستہ آہستہ معیاری اثاثہ جات کا پورٹ فولیو بناتے رہیں۔ آپ کے مضاربہ کی انتظامیہ ان تمام دستیاب آپشن پر تحقیق کر رہی ہے جن سے مستقبل میں سرٹیفکیٹ ہولڈرز کے مفادات کا تحفظ کیا جاسکے۔ ہم مضاربہ کے نظام کو بہتر کرنے کے لئے ہر ممکن کوشش کر رہے ہیں۔ انشاء اللہ ہم اس اضافہ کے رجحان کو برقرار رکھیں گے اور مستقبل میں اپنے سرٹیفکیٹ ہولڈرز کو باقاعدگی سے منافع بھی ادا کریں گے جیسا کہ ہم کرتے آ رہے ہیں۔

اعتراف:

مضاربہ مشکور ہے اپنے تمام قیمتی صارفین، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان اسٹاک ایکسچینج، این بی ایف آئی اینڈ مضاربہ ایسوسی ایشن آف پاکستان کی مسلسل حمایت، رہنمائی اور تعاون کیلئے اور مستقبل میں بھی اس کی امید رکھتا ہے۔

خصوصی شکریہ ان تمام سرٹیفکیٹ ہولڈرز کا جنہوں نے ہم پر بھروسہ اور اعتماد کیا۔

مخائب بورڈ

کامران حسین مغل

چیف ایگزیکٹو آفیسر

27 فروری 2026



Popular Islamic Modaraba

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MUNIFF ZIAUDDIN & CO.
Chartered Accountants

Business Executive Centre
F/17/3, Block 8, Clifton
Karachi – 75600 - Pakistan
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+92-21-35872283
E-mail: info@mzco.com.pk
Web: bkrapakistan.com

Independent Auditors' Review Report

To the Certificate Holders of **Popular Islamic Modaraba**
Report on review of Interim Financial Statements.

Introduction

We have reviewed the accompanying condensed interim balance sheet of Popular Islamic Modaraba (the Modaraba) as at 31 December 2025, the related condensed interim profit or loss and other comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity, and notes to the interim financial statements for the six-month period then ended (here-in-after referred to as "interim financial statements").

Management Company is responsible for the preparation and presentation of these interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the condensed interim profit or loss and other comprehensive income for the quarters ended 31 December 2025 and 31 December 2024 have not been subject to limited scope review by the external auditors as we are only required to review the cumulative figures for the six-month period ended 31 December 2025.

Scope of Review

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

Conclusion

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

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

Chartered Accountants
Karachi

Date: February 27, 2026
UDIN: RR202510153QFKqJd3xa

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Other Offices:
Islamabad & Lahore



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CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT DECEMBER 31, 2025

	Note	Un-Audited December 31, 2025 (Rupees)	Audited June 30, 2025 (Rupees)
ASSETS			
NON CURRENT ASSETS			
Property and equipment - owned	5	13,153	15,902
Property and equipment - ijarah	6	4,287,839	6,475,296
Diminishing musharaka financing	7	97,420,291	112,433,767
Deferred tax asset-net		5,065,331	5,395,763
		106,786,614	124,320,728
CURRENT ASSETS			
Murabaha finance	8	33,461,790	31,228,831
Current portion of diminishing Musharaka	7	68,579,086	56,502,625
Advances and other receivables		17,502,713	22,097,507
Cash and bank balances	9	34,186,362	3,933,087
		153,729,951	113,762,050
		260,516,565	238,082,778
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized certificate capital 20,000,000 (June 30, 2025: 20,000,000) modaraba certificates of Rs. 10 each.		200,000,000	200,000,000
Certificate holders' equity			
Certificate capital		200,000,000	200,000,000
Statutory reserve		28,982,350	28,982,350
Accumulated loss		(21,908,979)	(9,641,925)
		207,073,371	219,340,425
NON-CURRENT LIABILITIES			
Security deposits against Ijarah	10	968,279	1,299,279
Deferred liability		2,830,002	2,830,002
		3,798,281	4,129,281
CURRENT LIABILITIES			
Accrued and other liabilities		4,624,547	1,367,724
Current portion of security deposit against Ijarah	10	1,005,220	1,095,620
Advance Rentals Received		1,037,767	2,024,116
Provision for taxation		6,209,950	5,151,656
Unclaimed profit distribution		4,074,569	3,205,011
Loan from management company	11	32,000,000	-
Management fee payable - net		602,487	1,538,213
Sales tax on management fee		90,373	230,732
TOTAL LIABILITIES		49,644,912	14,613,072
CONTINGENCIES & COMMITMENTS			
	12	260,516,565	238,082,778

The annexed notes form an integral part of these condensed interim financial statement.

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

DIRECTOR



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CONDENSED INTERIM PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2025

	Note	Six months period		Three months period	
		December 31 2025 (Rupees)	December 31 2024 (Rupees)	December 31 2025 (Rupees)	December 31 2024 (Rupees)
Income	13	16,324,198	24,509,535	8,267,695	15,345,491
Operating expenses		(3,253,836)	(3,902,690)	(1,745,915)	(1,975,185)
Depreciation of Ijarah Assets		(1,295,520)	(2,796,260)	(519,404)	(1,321,993)
Operating profit		11,774,842	17,810,585	6,002,376	12,048,313
Other Income	14	274,888	1,759,570	131,725	(494,641)
Profit before management fee		12,049,730	19,570,155	6,134,101	11,553,672
Management fee		(602,487)	(978,508)	(306,705)	(577,684)
Sales tax on management fee		(90,373)	(127,206)	(51,921)	(75,099)
Profit before taxation		(692,859)	(1,105,714)	(358,626)	(652,782)
Taxation		11,356,871	18,464,441	5,775,475	10,900,890
Profit after taxation		(3,623,925)	(5,354,688)	(2,005,320)	(3,161,258)
Other comprehensive income		7,732,946	13,109,754	3,770,155	7,739,632
Total comprehensive income		-	-	-	-
Earnings per certificate - basic & diluted	15	7,732,946	13,109,754	3,770,155	7,739,632
		0.39	0.77	0.19	0.39

The annexed notes form an integral part of these condensed interim financial statement.

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

DIRECTOR



Popular Islamic Modaraba

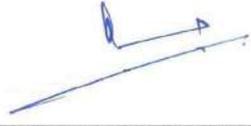
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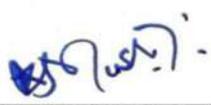
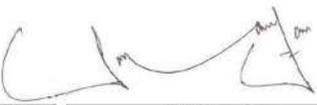
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2025

	For the six months period ended	
	December 31 2025 (Rupees)	December 31 2024 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	11,356,871	18,464,442
Adjustments for:		
Depreciation expense	2,749	13,846
Depreciation of assets leased out under ijarah	1,295,520	2,796,260
Gain on termination	(23,527)	-
	1,274,742	2,810,106
Operating profit before working capital changes	12,631,613	21,274,548
Changes in working capital		
Decrease / (Increase) in current assets		
Advances and other receivables	4,643,066	(4,310,285)
Increase/(decrease) in current liabilities		
Accrued and other liabilities	3,256,823	3,579,554
Advance Rentals Received	(986,349)	-
Management fee payable	(935,726)	978,507
Sales tax on management fee	(140,359)	127,206
	1,194,389	4,685,267
Cash generated from operations	18,469,067	21,649,529
Ijarah assets transfer-net	891,938	631,282
Security deposit from ijarah	(421,400)	(696,800)
Investment in murabaha finance- net	(2,232,959)	2,855,912
Investment in diminishing musharakah	2,960,542	(60,773,720)
Tax paid	(2,283,471)	(3,507,454)
Gratuity Paid	-	(220,617)
	(1,085,351)	(61,711,397)
Net cash used in operating activities	17,383,716	(40,061,868)
CASH FLOWS FROM INVESTING ACTIVITIES	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan from management company	32,000,000	10,500,000
Dividend paid	(19,130,442)	(19,115,656)
Net cash generated from/(used in) financing activities	12,869,558	(8,615,656)
Net increase/(decrease) in cash and cash equivalents during the period	30,253,275	(48,677,524)
Cash and cash equivalents at the beginning of the period	3,933,087	54,080,582
Cash and cash equivalents at the end of the period	34,186,362	5,403,058

The annexed notes form an integral part of these condensed interim financial statement.

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


CHIEF EXECUTIVE OFFICER

 
CHIEF FINANCIAL OFFICER DIRECTOR


DIRECTOR



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

	Certificate Capital	Statutory Reserve	Unappropriated losses	Advance against equity	Total
----- (Rupees) -----					
Balance as at July 01, 2024	140,000,000	29,225,542	(15,593,849)	60,000,000	213,631,692
Total comprehensive income for the year	-	-	13,109,754	-	13,109,754
Transaction with Certificate Holders					
Further issue of shares	60,000,000			(60,000,000)	-
Final dividend at the rate Re. 1 (10%) per certificate for the year ended June 30, 2024	-	(243,192)	(19,756,808)	-	(20,000,000)
Balance as at December 31, 2024	200,000,000	28,982,350	(22,240,903)	-	206,741,447
Balance as at July 01, 2025	200,000,000	28,982,350	(9,641,925)	-	219,340,425
Total comprehensive income for the year	-	-	7,732,946	-	7,732,946
Transaction with Certificate Holders					
Final dividend at the rate Re. 1 (1%) per certificate for the year ended June 30, 2025	-		(20,000,000)	-	(20,000,000)
Balance as at December 31, 2025	200,000,000	28,982,350	(21,908,979)	-	207,073,371

The annexed notes form an integral part of these condensed interim financial statement.

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

DIRECTOR



Popular Islamic Modaraba

An Islamic Financial Institution

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2025

1 LEGAL STATUS AND NATURE OF BUSINESS

Popular Islamic Modaraba is a multipurpose, perpetual Modaraba formed under the Modaraba and Modaraba(floatation and control) Ordinance, 1980 and the rules framed there under and is managed by the Popular Islamic Modaraba Management Company (Private) Limited, a company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and registered with Registrar of Modaraba Companies. The registered office of the Modaraba is situated at 406-410, 4th Floor, Chappal Plaza, Hasrat Mohani Road, Off I.I.Chundrigar Road, Karachi. The Modaraba is listed on the Pakistan Stock Exchange.

The Modaraba is engaged in various Islamic modes of financing and business including Ijarah, Musharaka, Murabaha and Diminishing Musharaka arrangements. Further, trading in listed securities and commodities are also under consultation of management. In addition to this, the management is also scrolling venture to enter in housing Finance.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act 2017;
- The requirements of Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas (hereinafter referred to as the relevant laws); and
- Provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP), under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Companies Act, 2017.

Wherever the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Modaraba Regulations, 2021, IFAS, the Companies Act, 2017 and provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP), under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Companies Act, 2017 differ from IAS 34, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Modaraba Regulations, 2021, IFAS, the Companies Act, 2017 and provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP), under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Companies Act, 2017 have been followed.

The condensed interim financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Modaraba as at and for the year ended June 30, 2025

2.2 New standards, amendments to approved accounting standards and new interpretations

2.2.1 Amendments to approved accounting standards which are effective during the year ending June 30, 2026

There are certain amendments to approved accounting standards which are mandatory for accounting periods beginning on or after July 1, 2025 but are considered not to be relevant or have any significant effect on the Modaraba's financial reporting.

2.2.2 New standards and amendments to approved accounting standards that are effective for the Modaraba's accounting periods beginning on or after July 1, 2026

There are certain new standards and amendments that will be applicable to the Modaraba for its annual periods beginning on or after July 1, 2026. The new standards include IFRS 18 Presentation and Disclosure in Financial Statements and IFRS 19 Subsidiaries without Public Accountability: Disclosures both with applicability date of January 1, 2027 as per IASB.

There are certain amendments to published accounting and reporting standards that includes those made to IFRS 7 and IFRS 9 which clarify the date of recognition and derecognition of a financial asset or financial liability which are applicable effective January 1, 2026.

The Modarab's management at present is in the process of assessing the full impacts of these new standards and the amendments to IFRS 7 and IFRS 9 and is expecting to complete the assessment in due course.

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of the financial statements for the year ended June 30, 2025.

3 MATERIAL ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim financial statements in conformity with the approved accounting and reporting standards as applicable in Pakistan for interim reporting requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on the historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by the management in the preparation of these condensed interim financial statements are same as those applied to financial statements as at and for the year ended June 30, 2025.

The Modaraba's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2025.



Popular Islamic Modaraba

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	(Un-audited) December 31, 2025	(Audited) June 30, 2025
Note	-----Rupees-----	
5 PROPERTY AND EQUIPMENTS - (OWNED)		
Book value at the beginning of the period / year	15,902	32,453
Addition - at cost	-	-
Deletion - net	-	-
Depreciation charged	(2,749)	(16,551)
Book value at the end of the period / year	<u>13,153</u>	<u>15,902</u>
6 PROPERTY AND EQUIPMENTS - (IJARAH)		
Book value at the beginning of the period / year	6,475,296	14,831,415
Addition - at cost	-	-
Deletion - net	(891,938)	(3,804,161)
Depreciation charged	(1,295,520)	(4,551,958)
Book value at the end of the period / year	<u>4,287,839</u>	<u>6,475,296</u>
7 LONG TERM INVESTMENTS - DIMINISHING MUSHARAKA		
Investment under diminishing musharaka	165,999,377	113,301,510
Less: Current portion of diminishing musharaka	(68,579,086)	(33,708,297)
	<u>97,420,291</u>	<u>79,593,213</u>
8 MORABAHA FINANCE		
Considered good	33,461,790	37,823,806
Considered doubtful	-	-
Provision against doubtful	33,461,790	37,823,806
	<u>33,461,790</u>	<u>37,823,806</u>
8.1		
The profit rates on these Murabaha arrangements ranges between 13.07% and 13.19% (June 30, 2025: 13.06% and 19.8%). These investments are secured against charge over fixed assets, registered and equitable mortgage of properties, personal guarantees of the directors of customer companies, demand promissory notes and postdated cheques varying from case to case.		
9 CASH AND BANK BALANCES		
In hand	138,370	116,520
At banks		
Deposit accounts	31,790,195	52,542,271
Dividend account	2,179,726	1,337,149
State Bank of Pakistan	78,071	84,642
	34,047,992	53,964,062
	<u>34,186,362</u>	<u>54,080,582</u>
9.1		
Deposit accounts are Shariah compliant and rate of profit on deposit accounts ranges from 3.55% to 3.82% (June 30, 2025: 5.72% to 7.25%) per		
10 SECURITY DEPOSITS AGAINST IJARAH		
Security deposits	1,973,499	4,220,700
Less: Current portion of security deposits	(1,005,220)	(696,800)
	<u>968,279</u>	<u>3,523,900</u>
11 LOAN FROM MANAGEMENT COMPANY		
Loan from management company	32,000,000	-
	<u>32,000,000</u>	<u>-</u>
11.1		
During the period, the Modaraba obtained an interest-free loan from its Management Company, Popular Islamic Modaraba (Private) Limited, a related party, to meet its working capital requirements. The loan is unsecured and repayable on demand. The outstanding balance as at December 31, 2025 amounts to Rs. 32M (June 30, 2025: NIL)		



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12 CONTINGENCIES AND COMMITMENTS

Contingencies

In the Banking Court Suit No. 2/2002 FIM v/s Trade & Others was decreed on 25-07-2003 in favor of Modaraba and Execution Application bearing No. 74/2003 was filed. Thereafter, In Honorable High Court of Sindh an Appeal (1st Appeal 67/2019) was filed for the same case. The case was fixed on January 20, 2022, May 10, 2022, June 02, 2022 for clear the office objection. The last case was fixed on January 26, 2026 for order, but "Discharged" by the Honorable court. The next date of the case is fixed on May 11, 2026 by the roster fixation and the Modaraba's legal counsel is confident that the

Commitments

The Modaraba has no commitments as at December 31, 2025 (June 30, 2025: NIL).

13 INCOME

Income on Murabaha
Income on Ijarah
Income on Diminishing Musharaka

(Un- audited) (Un- audited)
December 31, December 31,
2025 2024
-----Rupees-----

1,521,321	2,110,717
1,915,238	4,047,235
12,887,639	18,351,584
<u>16,324,198</u>	<u>24,509,535</u>

14 OTHER INCOME

Profit on deposit accounts
Gain on early termination of diminishing musharaka / ijarah
Other income - processing fee

241,361	1,321,674
23,527	-
10,000	437,896
<u>274,888</u>	<u>1,759,570</u>

15 EARNINGS PER CERTIFICATE - BASIC & DILUTED

There is no dilutive effect on earnings per certificate which is based on:

For the six months ended **For the three months ended**
December **December** **December 31,** **December 31,**
31, 2025 **31, 2024** **2025** **2024**
----- Rupees-----

Profit after taxation	<u>7,732,946</u>	13,109,754	<u>3,770,155</u>	7,739,632
Weighted average number of ordinary shares outstanding during the period	<u>20,000,000</u>	17,000,000	<u>20,000,000</u>	20,000,000
Earnings per share - basic & dilutive	<u>0.39</u>	0.77	<u>0.19</u>	0.39



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16 INFORMATION ABOUT BUSINESS SEGMENTS

	For The Six months period Ended December 31, 2025				
	Musharaka	Ijarah	Murabaha	Others	Total
	----- Rupees -----				
Segments Revenue	12,887,639	1,915,238	1,521,321	274,888	16,599,086
Segments results					
Segments income	12,887,639	1,915,238	1,521,321	274,888	16,599,086
Operating Expenses	(2,526,300)	(375,435)	(298,217)	(53,885)	(3,253,836)
Depreciation on property and equipment - Ijarah	-	(1,295,520)	-	-	(1,295,520)
Management fee and sales tax	-	-	-	(692,859)	(692,859)
Segment results	10,361,339	244,284	1,223,104	(471,856)	11,356,871

	For The Six months period Ended December 31, 2024				
	Musharaka	Ijarah	Murabaha	Others	Total
	----- Rupees -----				
Segments Revenue	18,351,584	4,047,235	2,110,717	1,759,570	26,269,105
Segments results					
Segments income	18,351,584	4,047,235	2,110,717	1,759,570	26,269,105
Operating Expenses	(2,726,417)	(601,281)	(313,580)	(261,412)	(3,902,690)
Depreciation on property and equipment - Ijarah	-	(2,796,260)	-	-	(2,796,260)
Management fee and sales tax	-	-	-	(1,105,714)	(1,105,714)
Segment results	15,625,167	649,694	1,797,137	392,444	18,464,441

	As At December 31, 2025				
	Musharaka	Ijarah	Murabaha	Others	Total
	----- Rupees -----				
Other information					
Capital expenditure	19,380,414	-	-	-	19,380,414
Depreciation on property and equipment - Ijarah	-	(1,295,520)	-	-	(1,295,520)
Assets and liabilities					
Segments assets					
Segments assets	165,999,377	4,287,839	33,461,790	17,502,713	221,251,719
Unallocated assets	-	-	-	39,264,845	39,264,845
Total segments assets	165,999,377	4,287,839	33,461,790	56,767,559	260,516,565
Segment liabilities					
Security deposits	-	1,973,499	-	-	1,973,499
Loan from management company	-	-	-	32,000,000	32,000,000
Unallocated liabilities	-	-	-	19,469,695	19,469,695
Total segment liabilities	-	1,973,499	-	51,469,695	53,443,194
Total net assets					207,073,371

	As At June 30, 2025				
	Musharaka	Ijarah	Murabaha	Others	Total
	----- Rupees -----				
Other information					
Capital expenditure	79,343,748	-	-	-	79,343,748
Depreciation on property and equipment - Ijarah	-	(4,551,958)	-	-	(4,551,958)
Assets and liabilities					
Segments assets					
Segments assets	168,936,392	6,475,296	31,228,831	22,097,507	228,738,026
Unallocated assets	-	-	-	9,344,752	9,344,752
Total segments assets	168,936,392	6,475,296	31,228,831	31,442,259	238,082,778
Segment liabilities					
Security deposits	-	2,394,899	-	-	2,394,899
Unallocated liabilities	-	-	-	16,347,455	16,347,455
Total segment liabilities	-	2,394,899	-	16,347,455	18,742,353
Total net assets					219,340,425



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17 Specific Disclosure for Sharia Compliant Companies

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

S.No.	Disclosure Required	Reference to the disclosure
i)	Loans/advances obtained as per Islamic mode	None
ii)	Financing (long-term, short-term or leasing financing) obtained as per Islamic mode	None
iii)	Long-term, short-term Shariah-compliance investment	None
iv)	Shariah-compliant bank deposits/bank balances	Placed under Shariah permissible arrangement as disclosed in Note 8.
v)	Profit earned from Shariah-compliant bank deposits/ bank balances	Placed under Shariah permissible arrangement as disclosed in statement of financial position.
vi)	Revenue earned from Shariah-compliant business segment	All revenue earned is from Shariah-compliant business segment, refer Note 13.
vii)	Break-up of late payments or liquidated damages	None
viii)	Gain/loss or dividend earned from Shariah-compliant Investments	None
ix)	Share of profit from Shariah-compliant associates	None.
x)	Exchange gain earned from actual currency	None.
xi)	Exchange gain earned using conventional derivative financial instruments	None.
xii)	Mark-up / profit paid on Islamic mode of financing	None.
xiii)	Profits earned or interest accrued on any conventional loan or advance	None.
xiv)	Source and detailed breakup of other income	All of the other income is Shariah-compliant.
xv)	Relationship with Shariah-compliant financial institutions, including banks, takaful operators and their	Banker: Al Baraka Bank Limited Lessors: None Takaful Operators: Pak Qatar General Participant Takaful Fund, EFU General Insurance Limited Takaful Fund, Century Window Taakaful Operations

18 RELATED PARTY TRANSACTIONS

The related parties comprise of associated undertakings, directors of the Modaraba Management Company. The Modaraba, in the normal course of business

Name of the related party	Nature of transactions	Relationship	(Un-audited)	
			December 31, 2025 Rupees	December 31, 2024 Rupees
Popular Islamic Modaraba Management Company (Pvt) Ltd.	Modaraba management fee paid	Associated Company	1,538,213	978,508
	Sales tax on modaraba management fee	Associated Company	230,732	127,206
	Dividend Paid	Associated Company	9,830,249	9,830,249
	Loan from modaraba management company	Associated Company	32,000,000	10,500,000
			(Un-audited) December 31, 2025	(Audited) June 30, 2025
Popular Islamic Modaraba Management Company (Pvt) Ltd.	Balance as at the year end			
	Loan payable to modaraba management company	Associated Company	32,000,000	-
	Modaraba management fee payable	Associated Company	602,487	1,538,213
	Sales tax on modaraba management fees payable	Associated Company	90,373	230,732
	Gratuity payable	Gratuity scheme	2,830,002	2,830,002



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19 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Underlying the definition of fair value is the presumption that the Modaraba is going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

International Financial Reporting Standard (IFRS) 7, 'Financial instruments: Disclosures' requires the Modaraba to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

Fair value hierarchy;

As at December 31, 2025, there were no financial instruments which were measured at fair values in the financial statements.

20 CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison, however, no significant re-classifications / re-statements have been made to these condensed interim financial statements.

21 DATE FOR AUTHORIZATION FOR ISSUE

The condensed interim financial statements have been approved and authorized for issue on February 27, 2026 by the Board of Directors of the Modaraba Management Company.

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

DIRECTOR