

**FRONTIER OIL COMPANY 1
(PRIVATE) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

INDEPENDENT AUDITORS' REPORT**To the members of Frontier Oil Company 1 (Private) Limited****Report on the Audit of the Financial Statements****Opinion**

We have audited the annexed financial statements of Frontier Oil Company 1 (Private) Limited (the Company), which comprise the statement of financial position as at June 30, 2023 and the statement of profit or loss, statement of comprehensive income, statement of changes in equity, 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 our audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of comprehensive income, the statement of changes in equity and 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 the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2023 and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

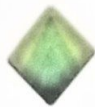
We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the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

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our 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 the audit of 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 in the work we have performed, we





conclude that there is a material misstatement of this 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 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.

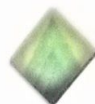
Board of directors are responsible for overseeing the Company's financial reporting process.

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 understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of 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 that 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 in our 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, statement of profit or loss, statement of comprehensive income, statement of changes in equity and 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) investments 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 Mr. Syed Asmatullah.

Chartered Accountants

Place: Islamabad

Date: October 28, 2023

UDIN: AR2023104146SdZIWouK

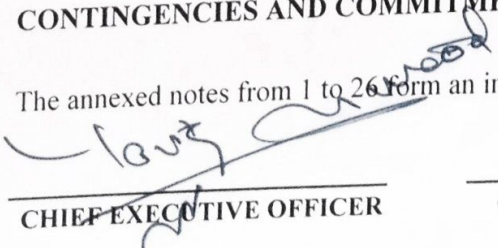
FRONTIER OIL COMPANY 1 (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

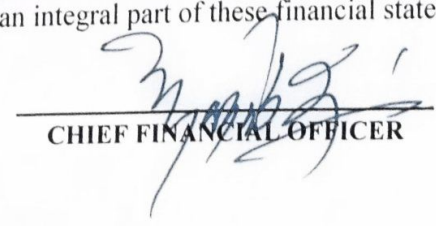
	Note	2023 Rupees	2022 Rupees
ASSETS			
Non Current Assets			
Property & equipment	4	497,200,518	532,333,845
Right of use asset	5	36,339,595	47,521,011
Net investment in finance lease	6	18,991,208	-
Security and deposits		1,904,120	1,904,120
		<u>554,435,441</u>	<u>581,758,976</u>
Current Assets			
Advances and deposits	7	7,822,282	4,989,158
Lease rental receivable	6	700,000	
Cash and bank	8	136,086,365	116,558,395
		<u>144,608,647</u>	<u>121,547,553</u>
		<u>699,044,088</u>	<u>703,306,529</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital (10,000,000 ordinary shares of Rs. 100 each)		<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued, subscribed and paid up capital	9	243,313,390	236,438,390
Accumulated losses		(402,268,326)	(340,488,491)
Total Equity		<u>(158,954,936)</u>	<u>(104,050,101)</u>
Share deposit money	10	13,612,405	6,875,087
		<u>(145,342,531)</u>	<u>(97,175,014)</u>
Non Current Liabilities			
Lease liabilities	11	34,065,018	39,542,798
Current Liabilities			
Current portion of lease liabilities	11	10,903,839	9,713,700
Payables and accrued liabilities	12	799,417,762	751,225,045
		<u>810,321,601</u>	<u>760,938,745</u>
		<u>699,044,088</u>	<u>703,306,529</u>
TOTAL EQUITY AND LIABILITIES			

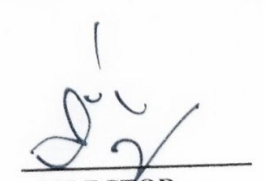
CONTINGENCIES AND COMMITMENTS

14

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


CHIEF EXECUTIVE OFFICER

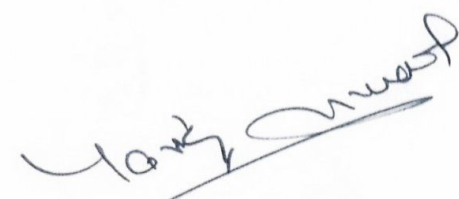

CHIEF FINANCIAL OFFICER


DIRECTOR

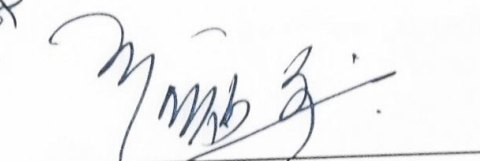
FRONTIER OIL COMPANY 1 (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
Revenue	15	1,126,178	-
Cost of revenue	16	(321,765)	-
Gross Profit		<u>804,413</u>	<u>-</u>
Administrative expenses	17	(89,904,538)	(95,508,910)
Finance cost	11	(4,686,300)	(4,243,104)
Bank charges		-	(2,088)
Finance income	18	18,495,827	8,975,210
Gain on derecognition of lease	19	13,510,763	-
Other income		-	100,000
Loss before taxation		<u>(61,779,835)</u>	<u>(90,678,892)</u>
Taxation		-	-
Loss for the year		<u><u>(61,779,835)</u></u>	<u><u>(90,678,892)</u></u>

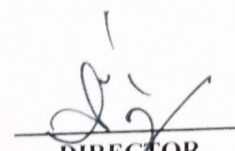
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 CHIEF EXECUTIVE OFFICER



 CHIEF FINANCIAL OFFICER

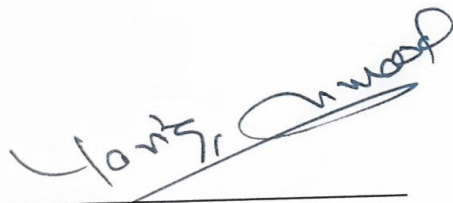


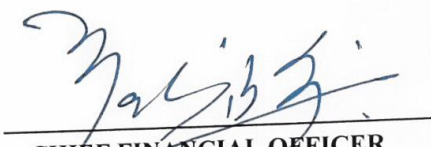
 DIRECTOR

FRONTIER OIL COMPANY 1 (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023

	2023 Rupees	2022 Rupees
Loss for the year	(61,779,835)	(90,678,892)
Other comprehensive loss	-	-
Total comprehensive loss for the year	<u>(61,779,835)</u>	<u>(90,678,892)</u>

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


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER

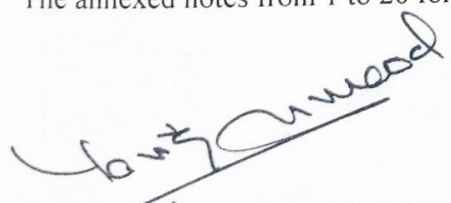

DIRECTOR

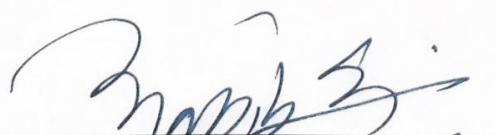
FRONTIER OIL COMPANY 1 (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023

	Share Capital	Accumulated Losses	Share Deposit Money	Total
	-----Rupees-----			
Balance as at June 30, 2021	218,101,590	(249,809,599)	18,336,887	(13,371,122)
Loss for the year	-	(90,678,892)	-	(90,678,892)
Other comprehensive loss for the year	-	-	-	-
<i>Transactions with owners</i>				
Shares issued during the year	18,336,800	-	(18,336,800)	-
Additions during the year	-	-	6,875,000	6,875,000
Balance as at June 30, 2022	236,438,390	(340,488,491)	6,875,087	(97,175,014)
Loss for the year	-	(61,779,835)	-	(61,779,835)
Other comprehensive loss for the year	-	-	-	-
<i>Transactions with owners</i>				
Shares issued during the year	6,875,000	-	(6,875,000)	-
Additions during the year	-	-	13,612,318	13,612,318
Balance as at June 30, 2023	243,313,390	(402,268,326)	13,612,405	(145,342,531)

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


 CHIEF EXECUTIVE OFFICER

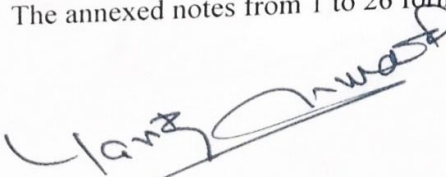

 CHIEF FINANCIAL OFFICER

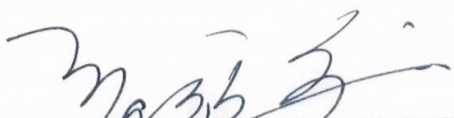

 DIRECTOR

FRONTIER OIL COMPANY 1 (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

		2023	2022
		Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES	Note		
Loss before taxation		(61,779,835)	(90,678,892)
Depreciation of right of use asset	5	11,181,416	11,393,988
Depreciation of leasehold improvements	4	37,097,604	35,282,534
Finance cost		5,008,065	4,243,104
Finance income		(1,126,178)	-
Gain on derecognition of lease	19	(13,510,763)	-
Operating cash flows before movement in working capital		(23,129,691)	(39,759,266)
Decrease / (Increase) in current assets			
Advances and deposits	7	(2,833,124)	1,165,083
Accrued and other liabilities	12	33,492,744	39,443,885
Net cash flow from operating activities		7,529,929	849,702
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to the fixed assets		(1,964,277)	(12,967,400)
Proceeds against lease receivable	6	350,000	
Net cash used in investing activities		(1,614,277)	(12,967,400)
CASH FLOW FROM FINANCING ACTIVITIES			
Share deposit money received during the year	10	13,612,318	6,875,000
Net cash generated from financing activities		13,612,318	6,875,000
Net Increase / (Decrease) in cash and cash equivalents		19,527,970	(5,242,698)
Cash and cash equivalents at the beginning of the year		116,558,395	121,801,093
Cash and cash equivalents at the end of the year	8	136,086,365	116,558,395

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


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

FRONTIER OIL COMPANY 1 (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. CORPORATE AND GENERAL INFORMATION

1.1 Legal status and nature of business

Frontier Oil Company 1 (Private) Limited (the Company) was incorporated on September 22, 2016 as a private limited company in Islamabad under the repealed Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30, 2017) and it is wholly owned subsidiary of Frontier Works Organization (FWO). The registered office of the Company is located at Headquarters Frontier Works Organization (FWO), 509, Kashmir Road, R.A Bazar, Rawalpindi.

The Company has entered into agreement with M&M Co on August 08, 2016 for provision of 100 acres of land for the 'Oil Village' project to install oil storage facility situated in Mozia Sihal tehsil and district Rawalpindi for a period of twenty years as initial term extendable up to additional three terms of twenty years each with mutual consent. The Company has taken possession of Land as per agreement and is required to pay rentals from the time of commencement of the business of the project.

Subsequent to agreement with M&M Co, the Company has entered into six agreements with other entities (i.e. oil marketing companies) for 5 acres of Land each to study, design, engineer, procure, finance, construct, operate and maintain the fuel storage and to exercise and enjoy the rights, powers, privileges, authorizations and entitlements required to successfully develop and implement the project facilities.

The Company's main operations include sub-leasing of land acquired from M&M Co for the 'Oil Village' project to oil marketing companies in separate lease and concession agreements against fixed and variable rentals and throughput charges depending upon its capacity utilization.

The Company, as per sub agreements, is responsible for the construction of central facility including provision of roads, utilities, sewerage, security etc. which has been completed.

- 1.2 The Company was awarded license no OIL-01/2018 dated June 08, 2018 for construction of oil transportation pipeline from Machikke to Taru Jabba by Oil and Gas Regulatory Authority (OGRA). The Company intends to connect the facility with the White Oil Pipeline (WOP) infrastructure covering 460 kilometers from Machikke to Taru Jabba. The license granted was valid for a period of three years which was expired on June 08, 2021. The Company requested to Oil and Gas Regulatory Authority (OGRA) via letter No.103/OI/WOP/FOCI/01 dated May 26, 2021 for extension of the license for two years. The license has been extended till 7 June 2025 in the prior year via letter OGRA (Oil)-19-3(155)/2017 dated Feb 10, 2022 . The Company is also submitting the quarterly progress report to OGRA in this respect and hopeful that financial close will be completed by early in next year. The Company enjoys unconditional support from its parent Company FWO.

The Company via Notification No. 1(30)2015 dated September 19, 2019 from Board of Investment, has been awarded Special Economic Zone (SEZ) status for its Oil Village project, Moza Sial, Rawalpindi. SEZ committee for "OIL VILLAGE SPECIAL ECONOMIC ZONE" has also been composed through Notification No. 1(97)2020-SEZ dated April . The Company also applied for the registration of status of "Oil Marketing Company (OMC)" with OGRA which is approved during the current year.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

2.2 Basis of measurement

These financial statements have been prepared on the basis of "historical cost convention", except for the measurement of financial instruments at fair value or amortized cost, where applicable.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee (Rs. / Rupees) which is the Company's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Rs. / Rupees, unless otherwise stated.

2.4 Amendments to the published approved accounting standards

- a) **Amendments to the published approved accounting standards that are effective in the current period**
- The following accounting standards, amendments and interpretations are effective for the year ended June 30, 2023. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosure.

Effective from Accounting period beginning on or after

Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)	January 01, 2022

- b) **Standards, interpretations of and amendments to accounting and reporting standards that are not yet effective**
- There are certain other new amendments that are mandatory for the Company's accounting periods beginning on or after January 01, 2024, but are considered not to be relevant or will not have significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

Effective from Accounting period beginning on or after

Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 12 'Income taxes' - International Tax Reform — Pillar Two Model Rules	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IFRS 16 'Leases' - Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 9 'Financial instruments' - Supplier Finance Arrangements	January 01, 2024
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

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

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates and judgement. 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 expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the estimate affects only that period, or in the period of the revision and future periods. The area involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements is property and equipment and right of use asset as discussed in note 3.3 and note 3.7 respectively, of the financial statements.

3.2 Provisions

Provisions are recognized when the Company has a present (legal or constructive) obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are best estimates and are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.3 Property & Equipment

The cost of property and equipment comprise of its purchase price, including import duties, non-refundable purchase taxes and other related costs of bringing the asset to its present working condition and location for its intended use. Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (if any).

The Company's olive trees qualify as bearer plants under the definition in IAS 41 Agriculture and are therefore accounted for under cost accumulation method the rules for plant and equipment as per IAS 16. Under this method, the cost incurred on harvesting of the bearer plants is accumulated and the cost so accumulated is transferred to property and equipment on maturity. The trees are classified as immature until the produce can be commercially harvested. Immature olive oil trees are measured at cost accumulated.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets at the rates specified in note 4 to the financial statements. Estimated useful lives and residual values of assets are reviewed periodically taking into account commercial and technical obsolescence as well as normal wear and tear. Depreciation is charged for the full month in which an asset is put to use and no depreciation is charged in the month of disposal. Depreciation is calculated at straight line basis taking into account useful life at lower of economic useful life or life of lease term.

An item of operating property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of assets. Gains or losses arising on disposal of property and equipment are taken to the profit and loss account in the year of disposal.

3.4 Biological Assets

A biological asset shall be measured at initial recognition and at the end of each reporting period at its fair value less costs to sell, which are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income taxes.

The olive trees are bearer plants and are presented and accounted for as property and equipment, see note 3.3. However, the olive fruits on the trees are accounted for as biological assets until the point of harvest. Harvested olive fruits are transferred to inventory at fair value less costs to sell when harvested.

Changes in fair value of olive fruits on trees are recognized in the statement of profit or loss. The fair value of growing olive fruits is determined using market price of similar products in the market after allowing for harvesting costs, contributory asset charges for the land and olive trees owned by the entity and other costs yet to be incurred in getting the olive fruits to maturity.

3.5 Capital work in progress

Capital work in progress is stated at cost less impairment loss, if any. Items are transferred to operating property and equipment as and when they are available for use.

3.6 Impairment of assets

Impairment of non - current assets

The carrying amounts of non-current assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, then the asset's recoverable amount is estimated to assess whether asset's carrying value exceeds its recoverable amount. Where carrying value exceeds the estimated recoverable amount, asset is written down to its recoverable amount. Impairment losses are recognized as expense in the profit and loss account. Where an impairment has subsequently reversed, the carrying amount of assets is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the assets in previous year.

Impairment of current assets

Current assets are initially recognized at fair value thereafter, stated at cost net of provision for doubtful current assets. Provision for doubtful current assets is based on the realizability of related economic inflow. current assets considered bad are written off.

3.7 Lease

3.7.1 Right of use asset

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

3.7.2 Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

3.7.3 Net investment in finance lease

Leases where the company transfers substantially all the risks and rewards of the assets to the lessee are classified as finance leases. Net investment in lease finance is stated at an amount equal to the aggregate of the minimum lease payments receivable, including any guaranteed residual value and excluding any unearned income, write-offs and provision for potential lease losses, if any the difference between the gross lease receivables and the present value of the lease receivables is recognized as unearned finance income. The variable lease payments (i.e. throughput charges) are not included as a part of net investment in finance lease.

In classifying a sublease, a company classifies sublease as a finance lease or an operating lease. If the head lease is a short-term lease than the entity shall classify the sublease as an operating lease. The sublease is classified as finance lease when the intermediate lessor derecognizes the right-of-use asset relating to the head lease that it transferred to the sub-lessee and recognizes the net investment in the sublease and the difference is recognized in profit or loss and retains the lease liability relating to the head lease in its statement of financial position which represents the lease payments owed to the head lessor. Amounts due from lessees under finance leases are recognized as receivables at the amount of the net investment in the leases. Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortized cost (i.e. after a deduction of the loss allowance).

3.7.4 Income on Finance lease

The Company follows the finance lease method in accounting for recognition of lease income. Under this method, the unearned lease income, i.e., the excess of aggregate lease rentals and the residual value over the cost of leased asset is deferred and then amortized to income over the term of the lease, so as to produce a constant rate of return on the net investment in lease finance.

3.8 Foreign currency translation

Transactions in foreign currencies are translated into Pak Rupees at the exchange rates prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees equivalents using balance sheet date exchange rates.

3.9 Taxation

Current

Provision for current taxation is made in the profit and loss account on income from sources not covered under the above clause at current rates of taxation after taking into account, tax credits and rebates available, if any. The charge for taxation includes adjustments for prior years, if any.

Deferred

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising on the initial recognition of goodwill.
- taxable temporary difference are adjusted by the portion of income expected to fall under presumptive tax regime in accordance with the requirement of Accounting Technical Release 27 (ATR-27) of the Institute of Chartered Accountants of Pakistan.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for the Company and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset if certain criteria are met.

3.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

Financial assets are recognized initially at fair value, normally being the transaction price. In the case of financial assets not at fair value through profit or loss, directly attributable transaction costs are also included. The subsequent measurement of financial assets depends on their classification, as set out below. The Company derecognizes financial assets when the contractual rights to the cash flows expire.

The Company classifies its financial asset as measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. The classification depends on the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

(i) Financial assets measured at amortized cost

Financial assets are classified as measured at amortized cost when they are held in a business model the objective of which is to collect contractual cash flows and the contractual cash flows represent solely payments of principal and interest. Such assets are carried at amortized cost using the effective interest method if the time value of money is significant. Gains and losses are recognized in statement of profit or loss when the assets are derecognized or impaired and when interest is recognized using the effective interest method.

(ii) Financial assets measured at fair value through other comprehensive income

Financial assets are classified as measured at fair value through other comprehensive income when they are held in a business model the objective of which is both to collect contractual cash flows and sell the financial assets, and the contractual cash flows represent solely payments of principal and interest.

(iii) Financial assets measured at fair value through profit or loss

Financial assets are classified as measured at fair value through profit or loss when the asset does not meet the criteria to be measured at amortized cost or fair value through other comprehensive income. Such assets are carried on the statement of financial position at fair value with gains or losses recognized in the statement of profit or loss.

b) Financial liabilities

The measurement of financial liabilities depends on their classification, as follows:

(i) Financial liabilities measured at fair value through profit or loss

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognized in the statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in the statement of profit or loss incorporates any interest paid on the financial liability.

(ii) Financial liabilities measured at amortized cost

All other financial liabilities are initially recognized at fair value, net of directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

c) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The Company categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the asset or liability. Level 3 inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Company's assumptions about pricing by market participants.

d) Off-setting of financial assets and liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

e) Impairment of financial assets measured at amortized cost

The Company assesses on a forward looking basis the expected credit losses associated with financial assets classified as measured at amortized cost at each statement of financial position date. Expected credit losses are measured based on the maximum contractual period over which the Company is exposed to credit risk. Since this is typically less than 12 months there is no significant difference between the measurement of 12-month and lifetime expected credit losses for the Company's in-scope financial assets. The measurement of expected credit losses is a function of the probability of default, loss given default and exposure at default. The expected credit loss is estimated as the difference between the asset's carrying amount and the present value of the future cash flows the Company expects to receive discounted at the financial asset's original effective interest rate. The carrying amount of the asset is adjusted, with the amount of the impairment gain or loss recognized in the statement of profit or loss.

A financial asset or group of financial assets classified as measured at amortized cost is considered to be credit-impaired if there is reasonable and supportable evidence that one or more events that have a detrimental impact on the estimated future cash flows of the financial asset (or group of financial assets) have occurred. Financial assets are written off where the Company has no reasonable expectation of recovering amounts due.

3.11 Trade and other payables

Liabilities for trade and other amounts payable are recognized initially at fair value and are subsequently measured at amortized cost using the effective interest method which approximate their fair value of consideration to be paid in future for goods and services.

3.12 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and bank balances.

4 PROPERTY & EQUIPMENT

	Lease hold improvements 4.1	Electrical Connection 4.2	Capital Work in Progress 4.3	Total
Cost				
As at July 01, 2022	550,000,000	39,023,979	12,967,400	589,023,979
Transfer from CWIP during the year	-	-	-	-
Additions during the year	-	-	1,964,277	1,964,277
As at June 30, 2023	550,000,000	39,023,979	14,931,677	590,988,256
Accumulated depreciation				
As at July 01, 2022	68,750,000	907,534	-	69,657,534
Depreciation charged during the year	34,375,000	2,722,604	-	37,097,604
As at June 30, 2023	103,125,000	3,630,138	-	106,755,138
Carrying value as at June 30, 2023	446,875,000	35,393,841	14,931,677	497,200,518
Carrying value as at June 30, 2022	481,250,000	38,116,445	12,967,400	532,333,845
Useful life	16 years	14 year 4 Months	5 years	

4.1 Lease hold improvements represents the expenditure incurred on land levelling and construction of central facility as per contract with Frontier Works Organization (FWO). Central Facility include provision of roads, utilities, sewerage, security etc.

4.2 It represents IESCO electrical connection expenses for the oil village.

4.3 This represents amount to entity for maintenance and growth of olive trees. Cost accumulation approach should be followed till olive trees reach maturity.

	Notes	2023 Rupees	2022 Rupees
5 RIGHT OF USE ASSET			
Opening Balance		47,521,011	3,007,927
Addition during the year		-	55,907,072
Depreciation of right of use asset		(11,181,416)	(11,393,988)
Closing Balance	5.1	<u>36,339,595</u>	<u>47,521,011</u>

- 5.1 It represents fully furnished office space acquired by the Company from FWO on lease. The lease term expired on September 22, 2021 after which it was renewed for the next 5 years.

6 NET INVESTMENT IN FINANCE LEASE

The Company has entered into lease arrangement wherein Company has rented out space of 5 acres of land to echo oil for a period of 28 years. As per agreement, Company has acquire space on lease for twenty years from M&M on August 08,2016 therefore remaining lease term of 13.5 year has been used in net investment in finance lease for the remaining period starting from March 17,2023(i.e. date of commencement of operation) . Minimum rentals receivable under lease agreement as at June 30, 2023 are as follows;

Net investment in finance lease from echo oil

	2023 Rupees	2022 Rupees
Opening	18,915,030	-
Additions	1,126,178	-
Finance income	(350,000)	-
Receipts during the year	(700,000)	-
Transferred to current & overdue portion	<u>18,991,208</u>	<u>-</u>
As at June 30, 2023		

Particulars	Within one year	After one year but not more than five years	More than five years	Total
Gross investment in lease	4,200,000	21,000,000	30,450,000	55,650,000
Unearned finance income	(3,758,760)	(18,097,554)	(14,802,478)	(36,658,792)
Net investment in lease	<u>441,240</u>	<u>2,902,446</u>	<u>15,647,522</u>	<u>18,991,208</u>

	Notes	2023 Rupees	2022 Rupees
7 ADVANCES AND DEPOSITS			
Advance tax		7,822,282	4,989,158
		<u>7,822,282</u>	<u>4,989,158</u>

8 CASH AND BANK	8.1	136,086,365	116,558,395
Cash at bank - saving account		<u>136,086,365</u>	<u>116,558,395</u>

- 8.1 The balance in saving accounts carry mark up ranging between 12.25% to 19.5% (2022: 5.50% to 12.5%) per annum. These balances are also sensitive to interest rate risk changes as 1% increase/decrease in interest rate would change the profit by Rs 1.36million.

9 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2023	2022		2023	2022
Number			Rupees	
2,433,134	2,364,384	Ordinary shares of Rs. 100 each fully paid in cash	243,313,390	236,438,390
<u>2,433,134</u>	<u>2,364,384</u>		<u>243,313,390</u>	<u>236,438,390</u>

- 9.1 These shares have been issued in favor of FWO.

- 9.2 During the year 68,750 ordinary shares (2022: 183,368) have been issued to FWO.

9.3 The movement in issued, subscribed and paid up capital of the Company is as follows:

	2023	2022	2023	2022
	-----Number-----		-----Rupees-----	
As at July 01, 2022	2,364,384	2,181,015.90	236,438,390	218,101,590
Ordinary shares issued during the year	68,750	183,368	6,875,000	18,336,800
As at June 30, 2023	<u>2,433,134</u>	<u>2,364,384</u>	<u>243,313,390</u>	<u>236,438,390</u>

9.4 Frontier Works Organization (FWO), is the Parent Company of FOC 1, holding 100% ordinary shares of RS. 100 each of the company. All ordinary shares have same rights regarding voting, board election, right of first refusal and block reporting.

10	SHARE DEPOSIT MONEY	Note	2023 Rupees	2022 Rupees
	Opening balance		6,875,087	18,336,887
	Additions during the year		13,612,318	6,875,000
	Transferred to share capital	9.2	(6,875,000)	(18,336,800)
	Closing balance		<u>13,612,405</u>	<u>6,875,087</u>

11	LEASE LIABILITIES		2023 Rupees	2022 Rupees
	Current portion of lease liabilities against office rent	11.1	10,777,771	9,713,700
	Current portion of lease liabilities against main lease	11.2	<u>126,068</u>	<u>9,713,700</u>
			<u>10,903,839</u>	
	Lease liabilities against office rent	11.1	28,765,027	39,542,798
	Lease liabilities against Main Lease	11.2	5,299,991	-
			<u>34,065,018</u>	<u>39,542,798</u>

11.1	Lease liabilities against office rent		2023	2022
	As at July 01, 2022		49,256,498	3,506,322
	Additions		-	55,907,072
	Finance Cost		4,686,300	4,243,104
	Payable transfer to accrued liabilities		(14,400,000)	(14,400,000)
	As at June 30, 2023		39,542,798	49,256,498
	Less: Current portion		10,777,771	9,713,700
	Non-current portion		<u>28,765,027</u>	<u>39,542,798</u>

	2023		2022	
	Minimum Lease Payments	Present Value	Minimum Lease Payments	Present Value
Note	-----Rupees-----			
Not later than one year	14,400,000	10,777,771	14,400,000	9,713,700
Later than one year but not later than five years	32,400,000	28,765,027	46,800,000	42,605,923
Total minimum lease payments	46,800,000	39,542,798	61,200,000	52,319,623
Less: Future finance cost	(7,257,202)	-	(11,943,516)	
Present value of minimum lease payment	<u>39,542,798</u>	<u>39,542,798</u>	<u>49,256,484</u>	<u>52,319,623</u>

11.2 Lease liabilities against main lease

As at March 17, 2023
Finance Cost
Payable transfer to accrued liabilities
As at June 30, 2023
Less: Current portion
Non-current portion

2023
Rupees

2022
Rupees

5,404,294	-
321,765	-
(300,000)	-
5,426,059	-
126,068	-
5,299,991	-

2023		2022	
Minimum	Present Value	Minimum	Present Value
Lease Payments		Lease Payments	
		Rupees	

Note	1,200,000	126,068	-	-
Not later than one year				
Later than one year	14,700,000	5,299,991	-	-
but not later than	15,900,000	5,426,059	-	-
Total minimum lease payments	(10,473,941)	-	-	-
Less: Future finance cost	5,426,059	5,426,059	-	-
Present value of minimum lease payment				

12 PAYABLE AND ACCRUED LIABILITIES

Payable to FWO
Throughput Cash Guarantee from M/s
Echo Oil (Private) limited
Accounts payable M/s M&M
Payable to M/s Olive Grow
(Private) limited
Audit fee payable
Retention Money Payable - M/s Olive
Grow (Private) limited
Lease rental payable M/s M&M
Other Payables

Note

2023
Rupees

2022
Rupees

791,520,000	741,120,000
5,000,000	5,000,000
1,040,000	1,040,000
358,558	3,229,345
359,100	301,600
296,750	-
300,000	-
543,354	534,100
799,417,762	751,225,045

12.1 This includes Rs. 495 million (2022 : Rs. 495 million) related to leasehold improvements, Rs. 55 million (2022: Rs. 55 million) related to retention money and Rs 241.52 million (2022: Rs. 191.120 million) payable against rent and management services.

13 DEFERRED TAX ASSET

In view of the uncertainty of taxable profits in the foreseeable future against which the tax losses could be utilized, the Company has not recognized deferred tax asset of Rs 92.03 million (2022: Rs 95.53 million).
The aggregate tax losses available to the Company for set off against future taxable profits at June 30, 2023 amounted to Rs 240.70 million (2022: Rs 217.81 million). Business losses expire as follows:

		2023	2022
Losses related to tax year		Rupees in '000'	
Expiry year			
2023	2029	22,892,750	-
2022	2028	966,618	966,618
2021	2027	56,841,497	56,841,497
2020	2026	37,003,424	37,003,424
2019	2025	49,579,453	49,579,453
2018	2024	50,136,709	50,136,709
2017	2023	23,288,134	23,288,134

14 CONTINGENCIES AND COMMITMENTS

14.1 There are no contingencies and commitments of the Company as at June 30, 2023 (2022:Nil).

15	REVENUE	Note	2023 Rupees	2022 Rupees
	Income from finance lease	15.1	1,126,178	-
			<u>1,126,178</u>	<u>-</u>

15.1 It includes finance income on lease receivables against 5 acre of land sublease to M/S Echo Oil.

16	COST OF REVENUE	Note	2023 Rupees	2022 Rupees
	Finance cost on lease liability	16.1	321,765	-
			<u>321,765</u>	<u>-</u>

16.1 It includes an amount of Rs 40,528 as accrued finance cost of lease liability as of year end.

17	ADIMINISTRATIVE EXPENSES	Note	2023 Rupees	2022 Rupees
	Management fee	17.1	36,000,000	36,000,000
	Vehicle rental expenses	17.2	2,273,798	2,468,931
	Legal and professional charges		553,580	233,082
	Advertising expenses		-	88,200
	Depreciation of right of use asset	5	11,181,416	11,393,988
	Depreciation charged on property and equipment	4	37,097,604	35,282,534
	Fee and subscription		-	1,100,000
	Security & fence repair expense		2,441,640	2,253,540
	Design and consultant fee		-	6,345,435
	Auditors' remuneration	17.3	356,500	299,000
			<u>89,904,538</u>	<u>95,464,710</u>

17.1 Management fee is charged by the parent Company FWO for the provision of technical and financial services, logistics support to management consultant, requisite man power and technical and legal expertise through management agreement. These charges have been agreed between the Company and its parent FWO, duly approved by the Board of Directors.

17.2 This represents expenditure incurred on short term lease of a vehicle car, used for official purposes.

17.3	Auditors' remuneration	Note	2023 Rupees	2022 Rupees
	Statutory audit fee		300,000	250,000
	Out of pocket expenses		10,000	10,000
	Sales tax		46,500	39,000
			<u>356,500</u>	<u>299,000</u>

17.4 Project wise detail of the expenses is as follows:

.....Project Name.....					
	Oil village Sihah		White Oil Pipeline		Total
	2023	2022	2023	2022	
	Rupees.....		Rupees.....		Rupees.....
Management fee	9,000,000	9,000,000	27,000,000	27,000,000	36,000,000
Vehicle rental expense	568,450	617,233	1,705,349	1,851,698	2,468,931
Legal and professional charges	138,395	-	415,185	233,082	233,082
Advertising expenses	-	88,200	-	-	88,200
Depreciation on right of use asset	2,795,354	2,848,497	8,386,062	8,545,491	11,393,988
Depreciation charged on property & equipment	27,823,203	26,461,901	9,274,401	8,820,634	35,282,534
Fee and subscription	-	-	-	1,100,000	1,100,000
Security & fence repair expenses	1,831,230	1,690,155	610,410	563,385	2,253,540
Design and consultant fee	-	-	-	6,345,435	6,345,435
Auditor's remuneration	89,125	74,750	267,375	224,250	299,000
	42,245,757	40,780,735	47,658,782	54,683,975	95,464,710

18	FINANCE INCOME	Note	2023 Rupees	2022 Rupees
	Finance income from bank profits	18.1	18,495,827	8,975,210
			<u>18,495,827</u>	<u>8,975,210</u>

- 18.1 Finance income represents mark up paid on saving account maintained with the bank. The mark up on the saving account during the year was from 12.25% to 19.5%(2022 : 5.5% to 12.5%).

19	GAIN ON DERECOGNITION OF LEASE		2023 Rupees	2022 Rupees
	Gain on derecognition of lease	19.1	13,510,763	-
			<u>13,510,763</u>	<u>-</u>

- 19.1 The company has recognised the right of use and lease liability against remaining lease term of 13.5 year using rental of Rs 100,000 discounting at incremental borrowing rates of 1.74% which gives present value of Rs 5.4million. On same date right of use of Rs 5.4million was derecognised and lease receivable of Rs 18.915million was recognised and balancing amount of Rs 13.51million has been charged as gain on derecognition.

20 RELATED PARTY TRANSACTIONS

Frontier Works Organization (FWO) holds 100% shares of the Company. Therefore FWO including its subsidiaries and associates are the related parties of the Company. Other related parties include directors, key management personnel and entities over which directors are able to exercise significant influence. All transactions are carried at agreed terms. Transactions and related balances with related parties are shown below:

	2023 Rupees	2022 Rupees
Year end balances	97,520,000	83,120,000
Payable to FWO against rent	144,000,000	108,000,000
Payable to FWO against management services	550,000,000	550,000,000
Payable to FWO against lease hold improvements	<u>791,520,000</u>	<u>741,120,000</u>
Transactions during the year	4,686,300	4,243,104
Finance cost on lease	13,612,318	6,875,000
Share deposit money received during the year	14,400,000	14,400,000
Lease Payments	36,000,000	36,000,000
Management fee		

21 DETAIL OF RELATED PARTIES AND ASSOCIATED COMPANIES

Following are the details of related parties and associated companies, with whom the Company has entered into transactions or had agreements and / or arrangements in place during the financial year:

Related Parties

Name of Related Party	Basis of relationship	Percentage of Shareholding
Frontier Works Organization	Parent Organization	100%

22 NUMBER OF EMPLOYEES

The Company has no employees at its payroll. The statutory position and other skeleton services are being managed by staff of FWO under management services contract.

23 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

No remuneration has been paid to Directors and Chief Executive Officer during the period, such cost borne by the group if any.

The Company has exposure to the following risks from its use of financial instruments:

Credit risk
Liquidity risk
Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

24.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from deposit, other receivables and bank balances. The Company's credit risk exposures are categorized under the following headings:

Banks

The Company limits its exposure to credit risk by maintaining bank accounts only with counterparties that have a credit rating of at least A1 and A. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations. The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

Bank	Rating	Rating	
		Short term	Long term
	PACRA	A1+	AA+
Askari Bank			
	PACRA	A1+	AAA
Habib Bank			

24.1.2 Exposure to Credit Risk

Credit risk represents the risk that one party to a financial instruments will cause a financial loss for the another party by failing to discharge an obligation. The carrying amount of financial assets represent the maximum credit exposure. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2023 Rupees	2022 Rupees
Bank balances	136,086,365	116,558,395
Deposits and other receivable	1,904,120	1,904,120
Net investment in finance lease	19,691,208	-
	<u>157,681,693</u>	<u>118,462,515</u>

The credit risk related to balances with banks, deposit and lease receivables, are managed in accordance with the Company's policy to deal with approved financial institutions and investment in leases. The Company's maximum exposure to credit risk for the components of statement of financial position as at June 30, 2023 is equal to the carrying amounts as illustrated in respective notes.

24.2 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulties in raising funds to meet commitments associated with financial instruments. Prudent liquidity risk management implies maintaining sufficient cash and bank balances and availability of funding through an adequate amount of committed credit facilities. Financial liabilities in accordance with their contractual maturities are presented below:

	Carrying amount	Contractual cash flows	Less than 1 year	More than 1 year
	Rupees.....			
June 30, 2023				
Payable to FWO	791,520,000	791,520,000	791,520,000	-
Audit fee payable	359,100	359,100	359,100	-
Throughput Cash Guarantee	5,000,000	5,000,000	5,000,000	-
Accounts payable to M/s M&M Co	1,040,000	1,040,000	1,040,000	-
Payable to Olive Grow	358,558	358,558	358,558	-
Retention money payable to Olive Grow	296,750	296,750	296,750	-
Lease rental payable to M/s M&M Co	300,000	300,000	300,000	-
Lease liabilities	44,968,857	44,968,857	10,903,839	34,065,018
Others	543,354	543,354	543,354	-
	844,386,619	844,386,619	810,321,601	34,065,018
	Carrying amount	Contractual cash flows	Less than 1 year	More than 1 year
	Rupees.....			
June 30, 2022				
Payable to FWO	741,120,000	741,120,000	741,120,000	-
Audit fee payable	301,600	301,600	301,600	-
Throughput Cash Guarantee	5,000,000	5,000,000	5,000,000	-
Accounts payable M & M	1,040,000	1,040,000	1,040,000	-
Payable to Olive Grow	3,229,345	3,229,345	3,229,345	-
Lease liabilities	49,256,498	49,256,498	9,713,700	39,542,798
Others	534,100	534,100	534,100	-
	800,481,543	800,481,543	760,938,745	39,542,798

24.3 Financial instruments by categories

The Company's activities are exposed to a variety of financial risks namely credit risk, interest rate risk, foreign exchange risk and liquidity risk. Overall, risks arising from the Company's financial instruments are limited. The Company manages its exposure to financial risk in the following manner:

	2023	2022
	---- Rupees ----	---- Rupees ----
	Amortized cost	
Financial assets and liabilities		
Financial assets		
Maturity up to one year		
Deposits & other receivables	1,904,120	1,904,120
Cash and bank	136,086,365	116,558,395
Net investment in finance lease	19,691,208	-
	157,681,693	118,462,515
	2023	2022
	---- Rupees ----	---- Rupees ----
	Amortized cost	
Financial liabilities		
Maturity up to one year		
Trade and other payables	799,417,762	751,225,045
Lease liability - current portion	10,903,839	9,713,700
	810,321,601	760,938,745
Maturity more than one year		
Lease liability	34,065,018	39,542,798
	34,065,018	39,542,798

24.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, markup rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. The Company has no transactions in foreign currency therefore the Company is not exposed to foreign currency risk. The Company is not exposed to market risk.

24.5 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

The various fair value levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All financial assets and financial liabilities are initially recognized at the fair value of consideration paid or received, net of transaction costs as appropriate, and subsequently carried at fair value or amortized cost. There is no need for the fair market valuation since there is no impairment in the value of financial instruments except from trade debts.

There were no transfers made among various levels of fair value hierarchy during the period.

The fair value hierarchy has not been presented in these financial statements, as the Company does not hold any such financial instruments in their portfolio.

24.6 Capital management

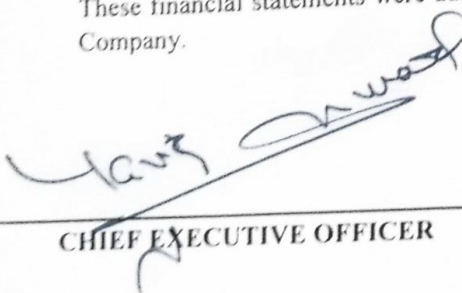
The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the period.

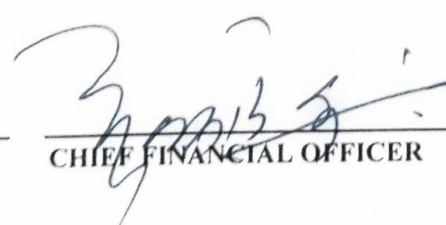
25 GENERAL

Figures have been rounded off to the nearest Pak Rupees unless otherwise stated.

26 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 05 October 2023 by the Board of Directors of the Company.


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR