

**FRONTIER OIL COMPANY 1 (PRIVATE)
LIMITED**

FINANCIAL STATEMENTS FOR THE
YEAR ENDED JUNE 30, 2025

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, 2025, the statement of profit or loss and other comprehensive Income, the statement of changes in equity, the statement of cash flows for the year then ended and notes to the financial statements including material accounting policy 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 purpose of the audit

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cashflows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information as 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 Company's affairs as at June 30, 2025 and of the loss and total comprehensive loss, the changes in equity and its cashflows for the year then ended.

Basis of 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 *Auditors' 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 (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of Frontier Oil Company 1 (Private) Limited for the year ended June 30, 2024, were audited by another firm of Chartered Accountants, who expressed an unqualified opinion vide their report dated November 04, 2024.

Information Other than the Financial Statements and Auditors' Report Thereon

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of the 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. The Board of directors is responsible for overseeing the Company's financial reporting process.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

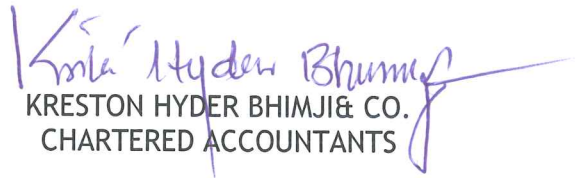
Report on Other Legal and Regulatory Requirements:

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, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows (together with the notes thereon have been drawn up in conformity with the 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 auditors' report is Muhammad Ali, FCA.

ISLAMABAD:
DATE: October 2, 2025
UDIN: AR2025101740BtUTadl4



KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

FRONTIER OIL COMPANY 1 (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	4	408,794,408	445,171,237
Capital work in progress	5	115,884,497	15,648,795
Intangible asset	6	2,916,667	-
Right of use asset	7	13,976,765	25,158,179
Net investment in finance lease	8	28,146,825	28,884,853
Security deposit		1,904,120	1,904,120
		571,623,282	516,767,184
CURRENT ASSETS			
Prepaid Asset	9	19,971,100	15,254,646
Trade and other receivable	10	2,482,550	846,667
Cash and bank balances	11	182,766,871	171,422,375
		205,220,521	187,523,688
TOTAL ASSETS		776,843,803	704,290,872
EQUITY AND LIABILITIES			
AUTHORIZED CAPITAL	12	1,000,000,000	1,000,000,000
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid up capital	12	256,925,700	256,925,700
Accumulated Loss		(652,844,731)	(509,979,645)
		(395,919,031)	(253,053,945)
SHARE DEPOSIT MONEY	13	32,065,095	2,875,095
		(363,853,936)	(250,178,850)
NON-CURRENT LIABILITIES			
Lease liabilities	14	13,462,292	27,138,312
CURRENT LIABILITIES			
Current portion of lease liability	14	13,563,635	12,192,250
Payable to Parent Company	15	1,035,135,500	905,520,000
Accrued and other liabilities	16	78,536,312	9,619,160
		1,127,235,447	927,331,410
CONTINGENCIES AND COMMITMENTS	18		
TOTAL EQUITY AND LIABILITIES		776,843,803	704,290,872

The annexed notes from 1 to 32 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

FRONTIER OIL COMPANY 1 (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
Revenue	19	9,554,472	18,922,499
Cost of revenue	20	(2,451,269)	(1,438,887)
Gross Profit		7,103,203	17,483,612
Administrative expenses	21	(170,839,168)	(157,480,048)
Other income	22	23,835,921	36,156,176
Operating loss		(139,900,044)	(103,840,260)
Finance cost	23	(2,452,848)	(3,634,528)
Loss before taxation and levies		(142,352,892)	(107,474,788)
Levy	24	(120,663)	(236,531)
Loss before taxation		(142,473,555)	(107,711,319)
Income tax	25	(391,531)	-
Loss after taxation		(142,865,086)	(107,711,319)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		(142,865,086)	(107,711,319)

The annexed notes from 1 to 32 form an integral part of these financial statements.


 CHIEF EXECUTIVE OFFICER


 DIRECTOR


 CHIEF FINANCIAL OFFICER

FRONTIER OIL COMPANY 1 (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2025

	Share Capital	Accumulated Loss	Share deposit money	Total
	Rupees	Rupees	Rupees	Rupees
Balance as at July 01, 2023	243,313,400	(402,268,326)	13,612,395	(145,342,531)
Shares issued during the year	13,612,300	-	(13,612,300)	-
Additions during the year	-	-	2,875,000	2,875,000
Total comprehensive loss for the year	-	(107,711,319)	-	(107,711,319)
Balance as at June 30, 2024	256,925,700	(509,979,645)	2,875,095	(250,178,850)
Additions during the year	-	-	29,190,000	29,190,000
Total comprehensive loss for the year	-	(142,865,086)	-	(142,865,086)
Balance as at June 30, 2025	256,925,700	(652,844,731)	32,065,095	(363,853,936)

The annexed notes from 1 to 32 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

FRONTIER OIL COMPANY 1 (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation and levies		(142,352,892)	(107,474,788)
Adjustment for non-cash and other items:			
Depreciation charged on property and equipment	4	37,115,104	37,097,604
Amortisation for the year	6	83,333	-
Depreciation of right of use asset	7	11,181,414	11,181,416
Prior year tax adjustment	9	(391,531)	-
Finance cost		4,495,365	5,043,116
Finance income	19	(5,861,972)	(4,512,499)
Gain on derecognition of lease		-	(5,218,589)
Operating loss before working capital changes		(95,731,179)	(63,883,740)
Working capital changes			
Increase in current assets			
Advances and deposits		(4,716,454)	(7,668,894)
Trade and other receivable		(1,635,883)	(210,000)
Increase in current liabilities			
Trade and other payables		181,732,652	99,821,398
Cash generated from operations		79,649,136	28,058,764
Taxes paid		(120,663)	(236,531)
Net cash generated from operating activities		79,528,473	27,822,233
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property and equipment	4	(738,275)	-
Payments for capital work in progress	5	(100,235,702)	(717,118)
Payments for intangible asset	6	(3,000,000)	-
Proceeds from lease receivables		6,600,000	5,355,805
Net cash (used in) / generated from investing activities		(97,373,977)	4,638,687
CASH FLOWS FROM FINANCING ACTIVITIES			
Share deposit money received during the year	13	29,190,000	2,875,090
Net cash generated from financing activities		29,190,000	2,875,090
NET INCREASE IN CASH AND CASH EQUIVALENTS		11,344,496	35,336,010
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		171,422,375	136,086,365
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	11	182,766,871	171,422,375

The annexed notes from 1 to 32 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

FRONTIER OIL COMPANY 1 (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

1 CORPORATE AND GENERAL INFORMATION

1.1 LEGAL STATUS AND NATURE OF OPERATIONS

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) 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, whereas presently is located at FWO Complex, Old Gracy Lines, Chaklala Cantt, Rawalpindi.

The Company has entered into an agreement with Messrs M&M Co. on August 08, 2016 for provision of 100 acres (802-19 Kenals) of land for the 'Oil Village' project to install oil storage facility situated at Moza 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 further agreements with six Oil Marketing Companies over 5 acres of land each for 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 to Oil Marketing Companies for the 'Oil Village' project and execute separate lease and concession agreements for fixed and variable lease rentals/throughput charges depending upon its capacity utilization utilization fall within 50,000 to 100,000 liters volumes, per day. Further, the Company was responsible for the construction of central facility including provision of roads, utilities, sewerage and 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 Machike to Tarujabba (Machike-Tarujabba) 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 Machike to Tarujabba. 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 was extended till June 07, 2025 in the prior year vide OGRA letter No. (Oil)-19-3(155)/2017 dated Feb 10, 2022. The Company requested to OGRA vide letters No. 103/WOP-OGRA/2025 dated February 11, 2025 and 106/WOP-OGRA/2025 dated April 30, 2025 for extension of the license for five years. In response, the license has been extended till June 07, 2028 vide OGRA letter No. (OIL)-19-3(155)/2017(Vol-III) dated June 03, 2025.

Based on volume studies, the Company has applied to change its 'Offtake' point from Machike to Faisalabad Jetty/Storage Facility. In this regard, necessary approvals and amendment has been applied in OGRA licence to Regulatory Authority.

The Company has been awarded Special Economic Zone (SEZ) status for its Oil Village project in Moza Sihala, Rawalpindi vide Board of Investment Notification No. 1(30)2015 dated September 19, 2019. SEZ Committee for "OIL VILLAGE SPECIAL ECONOMIC ZONE" has also been composed through Notification No. 1(97)2020-SEZ dated April 13, 2020. Subsequently, for availing of SEZ Benefits on account of one time Custom Duties and 10 years Tax Holidays by SEZ Developers and Zone Enterprises, the Company has applied for signing of Development Agreement which to be signed among the Company, Punjab Board of Investment and Trade, Lahore and Board of Investment (BOI). As of Today, Development Agreement has been signed by the Company and Punjab Board of Investment and Trade Lahore and forwarded to the signing of Board of Investment (BOI), which is yet in process of approval.

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In February 2024, the Company entered into a consortium agreement with Frontier Works Organization (FWO) and Pakistan State Oil (PSO) on the recommendation of the Government of Pakistan (GOP). Additionally, Pak-Arab Pipeline Company Limited (PAPCO) and Inter State Gas Systems (Private) Limited (ISGS) are expected to join the consortium, subject to formal approval by the GOP.

The consortium partners will collaborate to reach a Final Investment Decision (FID) for the execution of White Oil Pipeline Project, which is a strategic infrastructure initiative aimed at enhancing energy transportation capabilities across the region. Furthermore, on February 24, 2025, in pursuit of foreign investment, the Company signed a Memorandum of Understanding (MoU) with Messrs SOCAR, a State-Owned entity of Azerbaijan. Negotiations are currently underway to finalize the term sheets, which will define the framework for SOCAR's potential participation in the project.

- 1.3 On March 15, 2024, FWO has entered into a Sale Agreement with M&M Co. for purchase of already leasehold land of Oil Village Thallain by the Company. The agreement has been signed by both parties over transfer of 100 acres (802-19 Kenals) of land from M&M Co. to FWO. Further, certain legal requirements are currently in process for transfer of land to the FWO.

Subsequently, the Company, FWO and M&M Co have entered into a Novation Agreement on 31 January 2025 with full rights and obligations in the favor of FWO by M&M Co.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the Accounting and Reporting Standards as applicable in Pakistan. 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 of and directives issued under the Companies Act, 2017.

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention without taking into account the effects of inflow and current values. In these financial statements, except for the cash flow statement, all the transactions have been accounted for on accrual basis.

2.3 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements of the Company are presented in Pak Rupees, which is the Company's functional and presentation currency.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes that relate primarily to:

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	<u>Note</u>
Useful lives and residual values of property and equipment	3.1
Useful lives and residual values of intangible	3.4
Impairment of assets	3.7
Provision for trade and other receivables	3.8
Provisions	3.11
Contingencies and commitments	3.12
Taxation	3.17

2.5 Standards, interpretations and amendments to published approved accounting standards:

i. New accounting standards, interpretations and amendments to accounting standards that are effective and relevant:

Certain standard, amendments and interpretations to approved accounting standards are effective for the accounting periods beginning on or after July 01, 2024 . However, these don't have any significant impact on the Company's Financial Statements. These standard, amendments and interpretations are as follows:

	Effective for the period beginning on or after
IAS-1 Amendment to IAS 1 - Non-current liabilities with covenants and amendments regarding the classification of liabilities as current or non-current.	January 01, 2024
IFRS 7 and IAS 7 Amendments to IAS 7 and IFRS 7 'Supplier Finance Arrangements to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.	January 01, 2024

ii. Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company:

The following new standards and amendments to the approved accounting standards are not effective for the financial year beginning on or after July 01, 2024 and are not early adopted for the year.

	Effective for the period beginning on or after
IFRS 7 and IFRS 9 Amendments to IFRS 7 and IFRS 9 which clarify the date of recognition and derecognition of a financial asset or financial liability.	January 01, 2026
IFRS 18 Presentation and Disclosure in Financial Statements: The new standard on presentation and disclosure in financial statements, IFRS 18, focuses on updates to the statement of profit or loss. It introduces key concepts such as the structure of the statement of profit or loss, required disclosures for certain profit or loss performance measures reported outside the financial statements (management-defined performance measures), and enhanced principles on aggregation and disaggregation applicable to the primary financial statements and notes.	January 1, 2027
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information.	July 01, 2025
IFRS S2 Climate-related Disclosures.	July 01, 2025

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iii. New Standards issued by IASB but have not yet been notified/adopted by SECP

Effective for the
period beginning
on or after as per IASB

IFRS 1	First Time Adoption of IFRS 1 (restructured version)	July 01, 2009
IFRS 18 and 19	IFRS 18 Presentation and Disclosure in Financial Statements and IFRS 19 Subsidiaries without Public Accountability: Disclosures	January 01, 2027

3 MATERIAL ACCOUNTING POLICY INFORMATION

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

3.1 Property and equipment

The cost of property and equipment comprise of its purchase price, including 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

Depreciation is computed 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. As per Company policy, depreciation has not been charged on assets acquired during last quarter of a financial year in which an asset is acquired and no depreciation is charged in the month of disposal. Depreciation is calculated at straight line basis on leasehold improvements and electrical connections whereas depreciation is calculated on other assets on written down value.

Disposal

An item of operating property and equipment is derecognised 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 or loss account in the month of disposal.

3.2 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 5.1. 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.

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3.3 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.

3.4 Intangible asset

Measurement

An intangible asset is an identifiable non-monetary asset without physical substance. An intangible asset is recognized if it is probable that the future economic benefits, that are attributable to the asset, will flow to the Company and that the cost of such asset can be measured reliably. Cost of the intangible asset includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Amortization

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is charged so as to allocate the cost of assets over their estimated useful lives, using the straight-line method at the rates specified in note 6 of the financial statements.

3.5 Lease

a) 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.

b) 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.

c) 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).

d) 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.

e) Throughput income and Throughput expense

Throughput income and expenditure is recorded at pre determined rates within each unique sublease agreement. These amounts are only charged once business activity is commenced. The amount is calculated on capacity of output multiplied by the rates (included, in agreement) for each day. Throughput expense is paid to owner of land whereas the income is received from the party to whom the land is sublet.

3.6 Financial instruments

The Company initially recognizes financial assets on the date when they are originated. Financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

i. Financial assets

Classification

On initial recognition, a financial asset is classified and measured at:

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

The classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

a) Amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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c) Fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at
Subsequent measurement

Financial assets at amortized cost

Measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in statement of profit or loss.

Financial assets at FVTPL

Measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in statement of profit or loss.

Debt investments at FVOCI

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

Equity investments at FVOCI

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

De-recognition

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

ii. Financial liabilities

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

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired. Any gain / (loss) on the recognition and de-recognition of the financial assets and liabilities is included in the statement of profit or loss for the period in which it arises.

iii. Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

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3.7 Impairment of assets

Non-derivative financial assets

The Company recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost and contract assets. The Company measures loss allowances at an amount equal to lifetime ECLs. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assesses whether the financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognized in statement of profit or loss.

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

3.8 Trade and other receivables

Measurement

Trade receivables and other receivables are recognized at transaction price less an allowance for impairment. Trade and other receivables are accounted for as per accounting policy of revenue recognition described in note - 3.5

Impairment

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognized in the statement of profit or loss. Bad debts are written-off in the statement of profit or loss on identification.

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Derecognition

Trade and other receivables are written off (i.e. derecognized) when there is no reasonable expectation of recovery. Failure to make payments within 3 years from the invoice date and failure to engage with the Company on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery. Based on a review of all outstanding amounts at the year end by the management. Known bad debts are written off as and when identified.

Judgments and estimates

The allowance for doubtful debts of the Company is based on the age analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realization of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer.

3.9 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at nominal amount. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and bank balances.

3.10 Trade and other payables

Liabilities for trade and other payables are carried at their amortized cost which approximates the fair value of the consideration to be paid in future for goods and services received.

3.11 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting year, taking into account the risks and uncertainties surrounding the obligation.

3.12 Contingencies and commitments

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

Capital commitments, unless those are actual liabilities, are not incorporated in the books of accounts.

3.13 Related party transactions

All transactions arising in the normal course of business, are conducted at arm's length at normal commercial rate on the same terms and conditions as third party transactions using valuation modes as admissible, except in rarely extreme circumstances where, subject to approval of the Board of Directors, it is in the interest of the Company to do so.

3.14 Foreign currency transaction

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. Date of transaction is the date on which the transaction first qualifies for recognition in accordance with relevant IFRSs. All monetary assets and liabilities denominated in foreign currencies at the year end are translated in Pak Rupees at exchange rates prevailing at the date of statement of financial position. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rate at the date of transaction. Exchange differences are included in statement of profit or loss for the year.

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3.15 Other income

Profit on bank accounts, gain on derecognition of lease and delay charges are recognized and received on a time proportion basis on the principal amount outstanding at the applicable rate.

3.16 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 at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

The Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short position at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price.

3.17 Taxation

Income tax expense is recognized in the statement of profit or loss except to the extent that it relates to items recognized in other comprehensive income or directly in equity (if any), in which case the tax amounts are recognized directly in other comprehensive income or equity.

Current tax

Provision for current taxation is made in the statement of profit or loss and other comprehensive income 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 tax

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;

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- 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.

Levy

Minimum Taxes (i.e. the amount in excess of Company corporate income tax) which is not adjustable against the future income tax liability and final tax, are classified as Levies and presented as an other operating expense in the statement of profit or loss.

Judgement and estimates

Significant judgment is required in determining the income tax expenses and corresponding provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable surplus. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable surplus to allow the benefit of part or all of that recognized deferred tax asset to be utilized. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable surplus will be available.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities, and they relate to income taxes levied by the same tax Authority.

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4 PROPERTY AND EQUIPMENT

	Leasehold improvements	Electrical connection	Office Equipment	Vehicles	Computer Equipment	Total
4.1	4.2					
----- Rupees -----						
Cost						
Balance as on July 1, 2023	550,000,000	39,023,979	-	-	-	589,023,979
Additions during the year	-	-	-	-	-	-
Balance as on June 30, 2024	550,000,000	39,023,979	-	-	-	589,023,979
Additions during the year	-	-	309,161	176,614	252,500	738,275
Balance as on June 30, 2025	550,000,000	39,023,979	309,161	176,614	252,500	589,762,254
Accumulated Depreciation						
Balance as on July 1, 2023	103,125,000	3,630,138	-	-	-	106,755,138
Charge for the year	34,375,000	2,722,604	-	-	-	37,097,604
Balance as on June 30, 2024	137,500,000	6,352,742	-	-	-	143,852,742
Charge for the year	34,375,000	2,722,604	17,500	-	-	37,115,104
Balance as on June 30, 2025	171,875,000	9,075,346	17,500	-	-	180,967,846
Carrying amount						
Balance at June 30, 2025	378,125,000	29,948,633	291,661	176,614	252,500	408,794,408
Balance at June 30, 2024	412,500,000	32,671,237	-	-	-	445,171,237
Useful life						
Rate of depreciation	16 years	14 years 4 months	20%	20%	30%	

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

4.2 It represents IESCO electrical connection expenses for oil village.

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5 CAPITAL WORK IN PROGRESS

	Olive Plantation	White Oil Pipeline	Leasehold improvements	Total
	5.1	5.2	5.3	
	Rupees	Rupees	Rupees	Rupees
Balance as on July 1, 2023	14,931,677	-	-	14,931,677
Additions during the year	717,118	-	-	717,118
Balance as on June 30, 2024	15,648,795	-	-	15,648,795
Additions during the year	2,630,362	93,909,910	3,695,430	100,235,702
Balance as on June 30, 2025	18,279,157	93,909,910	3,695,430	115,884,497

5.1 This represents the amount relating to the agreement undertaken with Messrs Oil Grow (Private) Limited for the provision of the agriculture-engineering Services and matters connected with and ancillary thereto for the plantation of Olive Plants and maintenance for growth.

5.2 This represents capital expenditure incurred in terms of White Oil Pipeline (WOP) infrastructure covering 437 kilometers from Faisalabad Jetty to Tarujabba.

5.3 This represents the amount to contractors for construction in Oil Village.

	Note	2025 Rupees	2024 Rupees
6 INTANGIBLE ASSET - LICENSE			
Cost		3,000,000	-
Amortisation for the year		(83,333)	-
Carrying amount as on June 30,		2,916,667	-
Useful life (years)		3	-

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 license has been extended by OGRA till June 07, 2028 vide letter No. OGRA(OIL)-19-3(155)/2017(Vol-III) dated June 03, 2025.

7 RIGHT OF USE ASSET			
Balance as on July 01,		25,158,179	36,339,595
Addition during the year		-	5,218,589
Derecognition due to sublease		-	(5,218,589)
Depreciation of right of use asset		(11,181,414)	(11,181,416)
Balance as on June 30,	7.1	13,976,765	25,158,179

7.1 It represents fully furnished office space acquired by the Company from FWO (related party) on lease for a period of 5 years from September 23, 2021 to September 22, 2026.

8 NET INVESTMENT IN FINANCE LEASE - subleased			
Balance as on July 01,		28,884,853	18,991,208
Addition during the year		-	10,437,178
Finance income		5,861,972	4,512,499
Receipts during the year		(4,850,000)	(4,419,365)
Transferred to rental receivable	10	(1,750,000)	(636,667)
Balance as on June 30,		28,146,825	28,884,853

The Company has acquired 100 acres of land on lease term from Messrs M&M Co. for the term of twenty years vide agreement dated August 08, 2016.

The Company has also subleased an area of 5 acres of land to Messrs Echo oil (Private) Limited for a period of 18 years and 5 acres of land to Messrs Be Energy (Private) Limited for a period of 17 years. At the time of commencement of business on March 17, 2023 and March 08, 2024, the remaining lease term was 13.3 years and 11.3 years for Echo Oil and Be Energy respectively. Subsequently, vide novation agreement dated January 31, 2025 (refer note 1.3), FWO has been substituted as the lessor in place of M&M Co.

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Particulars

Year 2024

		2025 Rupees	2024 Rupees
PREPAID ASSET - Advance tax	Note		
Balance as on July 01,		15,254,646	7,822,282
Tax deducted at source		5,228,648	7,668,895
Levy	24	(120,663)	(236,531)
Adjustment for prior years	25	(391,531)	-
Balance as on June 30,		19,971,100	15,254,646

11	CASH AND BANK BALANCES		
	Cash at bank - saving account - local currency	182,766,871	171,422,375

		2025	2024
	Note	Rupees	Rupees
12	SHARE CAPITAL		
12.1	AUTHORIZED CAPITAL		
	10,000,000 shares of Rs.100 each	1,000,000,000	1,000,000,000

2025	2024			
Number of Shares				
2,569,257	2,569,257	Ordinary shares of Rs.100 each, fully paid in cash.	256,925,700	256,925,700

	2025	2024	2025	2024
	Number	of Shares	Rupees	Rupees
As on July 01,	2,569,257	2,433,134	256,925,700	243,313,400
Ordinary shares issued during the year	-	136,123	-	13,612,300
As on June 30,	2,569,257	2,569,257	256,925,700	256,925,700

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	<u>Note</u>	<u>2025</u> <u>Rupees</u>	<u>2024</u> <u>Rupees</u>
13 SHARE DEPOSIT MONEY			
Balance as on July 01,		2,875,095	13,612,395
Additions during the year		29,190,000	2,875,000
Transferred to share capital	12.4	-	(13,612,300)
Balance as on June 30,		<u>32,065,095</u>	<u>2,875,095</u>
14 LEASE LIABILITIES			
<u>Non-current portion</u>			
Against office	14.1	3,538,257	16,806,624
Against site	14.2	9,924,035	10,331,688
		<u>13,462,292</u>	<u>27,138,312</u>
<u>Current portion</u>			
Against office	14.1	13,268,366	11,958,403
Against site	14.2	295,269	233,847
		<u>13,563,635</u>	<u>12,192,250</u>
14.1 Lease liabilities against office			
Balance as on July 01,		28,765,027	39,542,798
Accretion of interest		2,441,596	3,622,229
Payable transferred to Parent Company		(14,400,000)	(14,400,000)
Balance as on June 30,		16,806,623	28,765,027
Less: Current portion shown under current liabilities		<u>(13,268,366)</u>	<u>(11,958,403)</u>
		<u>3,538,257</u>	<u>16,806,624</u>

The minimum lease payments have been discounted at internal borrowing rate of 10.44% (2024: 10.44%) per annum to arrive at their present value.

The following table sets out a maturity analysis of lease liabilities, showing the undiscounted lease payments to be made after the expected date.

	<u>2025</u>		<u>2024</u>	
	<u>Minimum lease payments</u>	<u>Present value</u>	<u>Minimum lease payments</u>	<u>Present value</u>
	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
Not later than one year	14,400,000	13,268,366	14,400,000	11,958,403
Later than one year but not later than five years	3,600,000	3,538,257	18,000,000	16,806,624
	18,000,000	16,806,623	32,400,000	28,765,027
Less: Finance cost allocated to future periods	(1,193,377)	-	(3,634,973)	-
	<u>16,806,623</u>	<u>16,806,623</u>	<u>28,765,027</u>	<u>28,765,027</u>

	<u>Note</u>	<u>2025</u> <u>Rupees</u>	<u>2024</u> <u>Rupees</u>
14.2 Lease liabilities against Site			
Balance as on July 01,		10,565,535	5,426,059
Additions during the year		-	5,218,589
Accretion of interest		2,053,769	1,420,887
Payable transferred to Parent Company		(2,400,000)	(1,500,000)
Balance as on June 30,		10,219,304	10,565,535
Less: Current portion shown under current liabilities		<u>(295,269)</u>	<u>(233,847)</u>
		<u>9,924,035</u>	<u>10,331,688</u>

Present value of minimum lease payments have been discounted at internal borrowing rate of 22.95% to 23.45% (2024: 22.95% to 23.45%) per annum to arrive at their present value.

The following table sets out a maturity analysis of lease liabilities, showing the undiscounted lease payments to be made after the expected date.

	<u>2025</u>		<u>2024</u>	
	<u>Minimum lease payments</u>	<u>Present value</u>	<u>Minimum lease payments</u>	<u>Present value</u>
	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
Not later than one year	2,400,000	295,269	2,400,000	233,847
Later than one year but not later than five years	9,600,000	2,042,142	9,600,000	4,246,239
Later than five years	13,400,000	7,881,893	16,300,000	6,085,449
	25,400,000	10,219,304	28,300,000	10,565,535
Less: Finance cost allocated to future periods	(15,180,696)	-	(17,734,465)	-
	<u>10,219,304</u>	<u>10,219,304</u>	<u>10,565,535</u>	<u>10,565,535</u>

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			2025 Rupees	2024 Rupees
15	PAYABLE TO PARENT COMPANY - FWO (related party)			
	Leasehold improvements		495,000,000	495,000,000
	Retention money payable		55,000,000	55,000,000
	Payable against lease		5,240,000	-
	Throughput charges payable		415,500	-
	Payable against rent and management services		479,480,000	355,520,000
			<u>1,035,135,500</u>	<u>905,520,000</u>
16	ACCRUED AND OTHER LIABILITIES			
	Throughput Cash Guarantee from Messrs Echo Oil		8,200,000	5,000,000
	Advance from parties	16.1	56,864,605	-
	Audit fee payable		1,380,000	690,000
	Account Payable to Messrs M&M Co.		-	1,040,000
	Retention Money Payable to Messrs Oil Grow (Private) Limited		-	296,750
	Lease rental payable to Messrs M&M Co.		-	1,800,000
	Sales tax payable		47,250	-
	Development charges payable to FWO HQ 492 Group		2,080,000	-
	Payable to Messrs Petrochemical Engineering Consultants (PEC)	16.2	7,975,000	-
	Payable to legal advisor		750,000	-
	Other payables		1,239,457	792,410
			<u>78,536,312</u>	<u>9,619,160</u>
16.1	Advance from parties			
	Pakistan State Oil (PSO)		51,857,005	-
	Pak-Arab Pipeline Company Limited (PAPCO)		5,007,600	-
		1.2	<u>56,864,605</u>	<u>-</u>
16.2	Payable to Messrs Petrochemical Engineering Consultants (PEC)			
	This represents amount payable to PEC against front end engineering design and tender documents vide agreement dated July 31, 2018.			
17	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. 193.9 million (2024: Rs. 144.9 million).			
	The aggregate tax losses available to the Company for set off against future taxable profits at June 30, 2025 amounted to Rs. 718.63 million (2024: Rs. 587.22 million). Business losses expire as follows:			
	<u>Losses related to tax year</u>	<u>Expiry year</u>		
	2025	2031	140,458,403	-
	2024	2030	100,785,719	100,785,719
	2023	2029	41,688,577	41,688,577
	2022	2028	63,234,476	63,234,476
	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
	Unabsorbed depreciation and amortisation		229,038,565	187,952,180
			<u>718,630,114</u>	<u>587,222,035</u>
18	CONTINGENCIES AND COMMITMENTS			
18.1	Contingencies:			
	There was no contingent liability of the Company at the terminal date (2024: Nil)			
18.2	Commitments:			
	Commitments in respect of capital expenditures of White Oil Pipeline are Rs.57,233,380 (2024:Rs. Nil)			

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	Note	2025 Rupees	2024 Rupees
19 REVENUE			
Income from finance lease	8	5,861,972	4,512,499
Throughput charges	19.2	3,692,500	210,000
Receipts from customers for oil storage facility		-	14,200,000
		<u>9,554,472</u>	<u>18,922,499</u>
19.1 Income from finance lease against 5 acres of land subleased each to Messrs Echo Oil (Pvt.) Limited and Messrs Be Energy (Pvt.) Limited (Marketing Companies).			
19.2 Throughput income is charged at the rate of Rs. 0.35 per litre on transfer of atleast 50,000 liters per day by Messrs Echo Oil (Pvt.) Limited from oil storage facility vide Lease & Concession Agreement dated July 13, 2018.			
20 COST OF REVENUE			
Finance cost on lease liability	20.1	2,053,769	1,420,887
Throughput charges	20.2	397,500	18,000
		<u>2,451,269</u>	<u>1,438,887</u>
20.1 Finance cost on lease liability is an accretion of interest on lease of land on the lease liability against site at note-14.2.			
20.2 Throughput charges are charged by the land owners at the of Rs. 0.03 per litre on transfer of oil from oil storage facility .			
21 ADMINISTRATIVE EXPENSES			
Management fee	21.1	109,560,000	99,600,000
Vehicle rental expenses	21.2	3,653,696	2,430,887
Legal and professional charges		3,974,960	3,429,500
Security expense		2,457,601	3,009,841
Consumable stores and spare parts		1,055,008	-
Entertainment		459,773	-
Travelling expenses		83,979	-
Auditor's remuneration	21.3	690,000	690,000
Other expenses		524,300	40,800
Depreciation of right of use asset	7	11,181,414	11,181,416
Depreciation on property and equipment		37,115,104	37,097,604
Amortisation		83,333	-
		<u>170,839,168</u>	<u>157,480,048</u>
21.1 Management fee is charged by the Parent Company FWO vide agreement dated July 01, 2018, for the provision of technical and financial services, logistics support to management consultant, requisite manpower and technical and legal expertise through management agreement. These charges have been agreed between the Company and its Parent Company FWO, duly approved by the Directors of both Companies vide addendum 3 dated December 24, 2024.			
21.2 This represents expenditure incurred on short term lease of a car, used for official purposes.			
21.3 AUDITOR'S REMUNERATION			
Statutory audit fee		500,000	500,000
Review report on CCG Compliance		75,000	75,000
Out of pocket		25,000	25,000
Sales tax on services		90,000	90,000
		<u>690,000</u>	<u>690,000</u>

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21.4 Project wise detail of expenses is as under:

Project Name -----						
Oil Village Sihai		White Oil Pipeline		Total		
2025	2024	2025	2024	2025	2024	
----- Rupees -----						
Management fee	10,890,000	9,900,000	98,670,000	89,700,000	109,560,000	99,600,000
Vehicle rental expenses	913,424	607,722	2,740,272	1,823,165	3,653,696	2,430,887
Legal and professional charges	993,740	857,375	2,981,220	2,572,125	3,974,960	3,429,500
Security expense	1,843,201	2,257,381	614,400	752,460	2,457,601	3,009,841
Consumable stores and spare parts	1,055,008	-	-	-	1,055,008	-
Entertainment	-	-	459,773	-	459,773	-
Travelling expenses	-	-	83,979	-	83,979	-
Auditor's remuneration	172,500	172,500	517,500	517,500	690,000	690,000
Other expenses	393,225	30,600	131,075	10,200	524,300	40,800
Depreciation of right of use asset	2,795,354	2,795,354	8,386,061	8,386,062	11,181,414	11,181,416
Depreciation on property and equipment	27,836,328	27,823,203	9,278,776	9,274,401	37,115,104	37,097,604
Amortisation	-	-	83,333	-	83,333	-
	46,892,780	44,444,135	123,946,388	113,035,913	170,839,168	157,480,048

21.5 The basis of allocation of expenditure between projects is based on management assessment only. The basis of allocation is as under:

	Oil village	Oil pipeline
Management fee	10%	90%
Vehicle rental expenses	25%	75%
Legal and professional charges	25%	75%
Auditor's remuneration	25%	75%
Depreciation of right of use asset	25%	75%
Consumable stores and spare parts	100%	0%
Remaining	75%	25%

	Note	2025 Rupees	2024 Rupees
22 OTHER INCOME			
Profit on bank accounts	22.1	23,737,341	30,733,067
Gain on derecognition of lease		-	5,218,589
Others		98,580	204,520
		23,835,921	36,156,176
22.1 The balance in saving accounts earned markup at the rate of 7.5% to 19% (2024: 19.5% to 22.5%) per annum.			
23 FINANCE COST			
Lease charges	14.1	2,441,596	3,622,229
Bank charges		11,252	12,299
		2,452,848	3,634,528
24 LEVY		120,663	236,531
This represents portion of minimum tax differential under Section 113 of Income Tax Ordinance, 2001, representing levy in terms of requirements of IFRIC 21/IAS 37.			
25 TAXATION			
Current			
For the year		-	-
Prior year		391,531	-
		391,531	-
Deferred	17	-	-
		391,531	-

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26 DETAIL OF RELATED PARTIES AND ASSOCIATED COMPANIES

Following are the details of the 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.

<u>Name of related party</u>	<u>Relationship</u>	<u>Basis of relationship</u>
Frontier Work Organization	Parent Company	100% shareholding

27 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:

	<u>Note</u>	<u>2025</u> <u>Rupees</u>	<u>2024</u> <u>Rupees</u>
Year end balances	15		
Leasehold improvements		495,000,000	495,000,000
Retention money payable		55,000,000	55,000,000
Payable against lease		5,240,000	-
Throughput charges payable		415,500	-
Payable against rent and management services		479,480,000	355,520,000
		<u>1,035,135,500</u>	<u>905,520,000</u>
Transactions during the year			
Share deposit money received during the year	13	29,190,000	2,875,000
Finance cost on lease	14.1	2,441,596	3,622,229
Lease rentals	14.1	14,400,000	14,400,000
Management fee	21	109,560,000	99,600,000
		<u>155,591,596</u>	<u>120,497,229</u>

28 REMUNERATION OF CHIEF EXECUTIVE OFFICER AND DIRECTORS

No remuneration has been paid by the Company to Directors and Chief Executive Officer during the year. Such costs were borne by the Parent Company, if any.

29 FINANCIAL RISK MANAGEMENT

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

Credit risk
Liquidity risk
Market risk
Interest rate 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.

29.1 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:

Bank

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:

<u>Bank name</u>	<u>Agency</u>	<u>2025</u>		<u>2024</u>	
		<u>Short term rating</u>	<u>Long term rating</u>	<u>Short term rating</u>	<u>Long term rating</u>
Askari Bank Limited	PACRA	A1+	AA	A1+	AA+
Habib Bank Limited	VIS	A1+	AAA	A1+	AAA

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29.2 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	Note	2025		2024	
		Carrying amount	Maximum Exposure	Carrying amount	Maximum Exposure
		Rupees	Rupees	Rupees	Rupees
Security deposits		1,904,120	1,904,120	1,904,120	1,904,120
Net investment in finance lease	8	28,146,825	28,146,825	28,884,853	28,884,853
Lease rental receivable	10	2,482,550	2,482,550	846,667	846,667
Cash and bank balances	11	182,766,871	182,766,871	171,422,375	171,422,375
		<u>215,300,366</u>	<u>215,300,366</u>	<u>203,058,015</u>	<u>203,058,015</u>

Geographically, there is no concentration of credit risk.

The Company's most significant amount balance is cash and bank balances amounting to Rs. 182.76 million (2024: Rs. 171.42 million) at the reporting dates.

29.3 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.

The financial liabilities in accordance with their contractual maturities are presented below:

	Note	2025			
		Carrying amount	Contractual cash flows	Less than 1 year	More than 1 year
		Rupees	Rupees	Rupees	Rupees
Lease liabilities	14	27,025,927	27,025,927	13,563,635	13,462,292
Payable to Parent Company (FWO)	15	1,035,135,500	1,035,135,500	1,035,135,500	-
Accrued and other payables	16	78,489,062	78,489,062	78,489,062	-
		<u>1,140,650,489</u>	<u>1,140,650,489</u>	<u>1,127,188,197</u>	<u>13,462,292</u>

	Note	2024			
		Carrying amount	Contractual cash flows	Less than 1 year	More than 1 year
		Rupees	Rupees	Rupees	Rupees
Lease liabilities	14	39,330,562	39,330,562	12,192,250	27,138,312
Payable to Parent Company (FWO)	15	905,520,000	905,520,000	905,520,000	-
Accrued and other payables	16	9,619,160	9,619,160	9,619,160	-
		<u>954,469,722</u>	<u>954,469,722</u>	<u>927,331,410</u>	<u>27,138,312</u>

29.4 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.

29.5 Currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company is not exposed to foreign currency risk on trade debts, payables and revenues which are entered in a currency other than Pak Rupees. Majority of the revenue of the Company is in Pak Rupees.

29.6 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial institution will fluctuate because of the changes in market interest rates. As the Company has fixed interest bearing assets, the Company's income and operating cash flows are substantially independent of market interest rates.

	Note	2025 Rupees	2024 Rupees
Financial assets			
Savings account	11	<u>182,766,871</u>	<u>171,422,375</u>

ICM

Sensitivity analysis

A change of 1% in interest rates, at the reporting date, would have changed the Company's profit for the year and accumulated profit by the amounts shown below by assuming that closing balance was outstanding for the whole year, with all other variables held constant:

	2025 Rupees	2024 Rupees
Changes in interest rate		
Effect on profit for the year	1,827,669	1,714,224
Effect on accumulated profit	1,827,669	1,714,224

29.7 Fair value of assets and liabilities

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 I 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 year.

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. The company does have a policy to carry any assets or liabilities at fair value and are instead carried at their fair values. Therefore, the assets or liabilities are not classified in any of the three levels stated above.

29.8 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 year.

30 NUMBER OF EMPLOYEES

Number of employees at the year-end

Average number of employees during the year

2025	2024
-	-
-	-

31 DATE OF AUTHORIZATION

These financial statements were authorized for issue on 29 SEP 2025 by the Board of Directors of the Company.

32 GENERAL

Figures of the corresponding years have been placed for comparison purposes and have not been re-arranged and re-classified.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER