



CONTENTS

<u>Corporate Profile</u>	<u>2</u>
<u>Notice of Annual General Meeting</u>	<u>3</u>
<u>Directors' Report to the Members</u>	<u>4</u>
<u>Vision/Mission Statement/Corporate Strategy</u>	<u>8</u>
<u>Statement of Compliance with the Code of Corporate Governance</u>	<u>9</u>
<u>Review Report to the Members</u>	<u>11</u>
<u>Auditors' Report to the Members</u>	<u>12</u>
<u>Balance Sheet</u>	<u>14</u>
<u>Profit and Loss Account</u>	<u>16</u>
<u>Statement of Comprehensive Income</u>	<u>17</u>
<u>Statement of Cash Flows</u>	<u>18</u>
<u>Statement of Changes in Equity</u>	<u>19</u>
<u>Notes to the Accounts</u>	<u>20</u>
<u>Operating Highlights</u>	<u>52</u>
<u>Pattern of Shareholding</u>	<u>53</u>
<u>Form of Proxy</u>	



CORPORATE PROFILE

BOARD OF DIRECTORS

1. Mr. Shariq Iftikhar	Chief Executive	(Executive)
2. Mr. Iftikhar Shaffi	Director	(Executive)
3. Mr. Bilal Ejaz	Director	(Independent)
4. Mr. Abdul Shakoor	Director	(Non-Executive)
5. Mr. Muhammad Sameer	Director	(Non-Executive)
6. Mr. Hashim Aslam Butt	Director	(Non-Executive)
7. Mr. Zahoor Ahmad	Director	(Non-Executive)

COMPANY SECRETARY

- Mr Nazir Ahmed

AUDIT COMMITTEE

1. Mr. Bilal Ejaz	Chairman	(Independent Director)
2. Mr. Muhammad Sameer	Member	(Non-Executive Director)
3. Mr. Hashim Aslam Butt	Director	(Non-Executive Director)

HUMAN RESOURCE & REMUNERATION COMMITTEE

1. Mr. Bilal Ejaz	Chairman	(Independent Director)
2. Mr. Muhammad Sameer	Member	(Non-Executive Director)
3. Mr. Hashim Aslam Butt	Director	(Non-Executive Director)

LEGAL ADVISOR

- A.K. Minhas Law Associates

AUDITORS

SARWARS Chartered Accountants
Office # 12-14, 2nd Floor, Lahore Centre, 77-D, Main Boulevard, Gulberg-III, Lahore`

BANKERS

- Allied Bank Limited
- Askari Commercial Bank Limited
- Bank Alfalah Limited
- Habib Bank Limited
- Habib Metropolitan Bank Limited
- Silk Bank Limited
- Standard Chartered Bank Pakistan Limited
- Bank Al-Habib Limited
- Summit Bank Limited

REGISTERED OFFICE

- Plot No. 25, Gadoon Amazai, Industrial Estate, Swabi, Khyber Pakhtoonkhwa
Tel: 0938-270597, 270297

FACTORY

- Plot No. 25, Gadoon Amazai, Industrial Estate, Swabi, Khyber Pakhtoonkhwa
Tel: 0938-270597, 270297

PRINCIPLE OFFICE

- 23-Km, Multan Road, Mohlanwal, Lahore
Tel: 042-37540336-7
Fax: 042-37540335, 35300010
E.mail: info@diamondfoam.com

SHARE REGISTRAR

- M/s Corplink (Pvt) Limited
Wing Arcade, 1-K Commercial, Model Town, Lahore
Tel: 042-35839182, 35887262
Fax: 042-35869037



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that Annual General Meeting of Shareholders of Diamond Industries Limited will be held on Saturday 31st October, 2015 at 11:00 A.M. at Company's Registered Office at Plot No. 25, Gadoon Amazai, Industrial Estate, Swabi, Khyber-Pakhtoonkhwa to transact the following business:

1. To confirm minutes of the Extra Ordinary General Meeting held on 31st October, 2014.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended 30th June, 2015 together with the Auditors' Report and Directors' Report thereon.
3. To appoint External Auditors for next financial year ending June 30, 2016 and to fix their remuneration. The retiring auditors, being eligible have offered themselves for reappointment. Audit Committee of the Board has also recommended for their re- appointment of M/s SARWARS Chartered Accountants, office# 12-14, 2nd Floor, Lahore Centre, 77-D, Main Boulevard, Gulberg-III, Lahore, as Auditors of the company for next financial year ending June 30, 2016.
4. To consider any other transactions with the permission of the chair.

BY ORDER OF THE BOARD

NAZIR AHMED
FITM, FICS
COMPANY SECRETARY

Lahore: 07-10-2015

Notes

1. The share transfer books of the Company will remain closed from October 24, 2015 to October 31, 2015 (both days inclusive). Transfers received at the office of the Company's Registrars, Messrs CORPLINK (PVT) LTD, Wing Arcade, 1-K, Commercial Area, Model Town, Lahore by close of business on October 23, 2015, will be treated in time.
2. A member entitled to attend and vote at the Meeting, may appoint another member as his / her proxy to attend, speak and vote on his/her behalf. Proxies effective must be received at the office of the company not less than 48 hours before holding of meeting.
3. A member, who has deposited his/her shares in Central Depository Company of Pakistan, must bring his/her Participant ID number and account/sub account number alongwith original CNIC or Passport at the time of attending the meeting.
4. CDC account holders have to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by SECP.
5. In case of corporate entities, Board of Directors' resolution/Power of Attorney with specimen signature of the nominee shall be produced at the time of attending the meeting.
6. To ensure compliance with the SECP Notification SRO 831(1)2012 dated July 05, 2012 read with Notification SRO 19(1)2014 dated January 10, 2014, all members who have not yet submitted their valid CNIC/NTN, are hereby once again requested to submit the same without further delay.
7. The shareholders are advised to notify to the company's Share Registrar for any change in their addresses immediately and if applicable provide their non-deduction of Zakat Declaration Form.
8. In accordance of SECP Notification SRO 787 (I)/2014 dated September 8, 2014, all shareholders who wish to receive soft copy of Annual Report are requested to send their e-mail addresses to company or its Share Registrar.

**DIRECTORS' REPORT**

Dear Shareholders,

The Directors of **Diamond Industries Limited** feel pleasure to present before you the Directors' Report together with Audited Financial Statements of the company and Auditors' Report for the financial year ended June 30, 2015.

Financial Highlights----2015

(Rs. in millions)

- Sales (Net)	637.194
- Gross Profit/(Loss)	90.322
- Operating Expenses	(101.133)
- Profit/loss from Operations	(8.667)
- Financial Cost	(32.003)
- Share of Profit/Loss of Associated Cos.	(5.822)
- Profit/loss before taxation	(46.492)
- Taxation	(10.931)
- Profit/(Loss) after taxation	(57.423)

YEAR IN REVIEW:

In the year under review net sales are Rs. 637.194 M comparing to Rs. 487.164(M) of the immediate preceding year thus registering an increase of 22.6%. In order to boost sales, company incurred additional publicity expenses of Rs.22(M), Gross Profit is Rs. 90.322 M as against to Rs. 73.629 M for the last preceding year. During the year there is Other Operating Income of Rs. 2.143 M as compared to Rs. 4.492 M of last preceding year as per Note # 26 of the financial statements. Financial Cost during the year is Rs. (32.003) M as per Note # 27 of the financial statements. Profit/loss before taxation comes to Rs (46.492) M whereas Profit/(Loss) after taxation is Rs. (57.423) M comparing to Rs. 21.397 M & Rs. (44.820) M respectively of the preceding year. Increase in selling & distribution expenses is explained in Note # 24 of the financial statements. As regard to the disputed legal issues of the company there has not been any significant change and matters are pending before the Hon'ble Sind High Court & other courts of law and details of the same are reported hereinafter under "Contingencies & Commitments". Your directors are of the opinion that your company will ultimately succeed Inshallah in these legal issues. Meanwhile the directors are pleased to inform that production for export of foam & allied products has met with success but still some more experiments for the improvement are required to achieve international quality level.

VISION AND MISSION:

The statement reflecting the Vision and Mission of the company is annexed to the report.

EARNINGS PER SHARE:

Earnings per share for the year under review are Rs. (6.38) as compared to Rs. (4.98) for the immediate preceding year.

Contd:- P/2



(2)

PATTERN OF SHAREHOLDING:

Pattern of shareholding is annexed to this report.

BOARD MEETINGS:

During the year under review thirteen BOD meetings of the company were held and the attendance by each director in the meetings is as under:

<u>S.No.</u>	<u>NAME</u>	<u>POSITION</u>	<u>ATTENDANCE</u>
1.	Mr Iftikhar Shaffi	Chairman/Director	13
2.	Mr Shariq Iftikhar	Chief Executive	11
3.	Mr Sohail Malik	Director	09
4.	Mr Muhammad Sameer	Director	08
5.	Mr Abdul Shakoor	Director	10
6.	Mr Hashim Aslam Butt	Director	12
7.	Mr Zahoor Ahmad	Director	13

Board Audit Committee:

The Board Audit Committee of the Company is in place comprises of three non executive directors including the Chairman of the Board Audit Committee. Names of the members of audit committee are appended at corporate profile of this annual report. Five meetings of the committee were held during the year under review as required by the CCG for review of quarterly, half yearly & annual financial statements and other related matters. The meetings were also attended by the CFO, Head of Internal Audit and External Auditors as and when required.

Human Resources & Remuneration Committee:

Human Resources & Remuneration Committee is also in place and comprises of three non executive directors including the Chairman of the Committee. Names of the members of this Committee are appended at corporate profile of this annual report. The Committee looks into the requirements of manpower engaged by the company along with their remuneration and regularize the safety measures and environmental stewardship. Committee also recommend the board for review, consider & approve the management policies, compensation matters (including retirement benefits) of COO, CFO, Company Secretary and head of internal audit and all such matters for key management position who report directly to CEO. The Committee ensures all elements of compensation and welfare of the employees and holds its meetings as and when required.

TRANSFER PRICING:

The company has fully complied with the best practices on transfer pricing as contained in the listing regulations of stock exchanges.

Contd:- P/3



(3)

CODE OF CONDUCT:

Our code is built on a set of shared values based on principles of honesty, integrity, diligence, truthfulness and honour.

FUTURE OUTLOOK:

The directors' opinion about the future outlook of the company envisage that it shall continue its core manufacturing activities with enhanced input of resources in terms of men & material thereby bench marking on a much inflated future performance in all areas as a going concern.

AUDITORS:

M/s SARWARS Chartered Accountants are retiring at the conclusion of forthcoming AGM of the company and eligible to offer themselves for their re-appointment. The Audit Committee has also recommended for the appointment of M/s SARWARS, Chartered Accountants as the statutory auditors of the Company for the financial year ending June 30, 2016. The Board of Directors has endorsed this recommendation.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

The directors of the company are pleased to confirm that the Company has made compliance of provisions of the Code of Corporate Governance set out in the Regulation No. 35 of Karachi and Lahore and Islamabad listing regulations issued by the Securities and Exchange Commission of Pakistan and there is no material departure from the best practices as detailed in the listing regulations. Our statements on corporate and financial reporting are as follows:

- The Financial statements, prepared by the management of the Company present a fair state of affairs of the Company, results of its operations, cash flows and changes in equity;
- Proper books of accounts of the Company have been maintained as required under the Companies Ordinance, 1984;
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- International Accounting / Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and there is no departure there from;

Contd:- P/4



(4)

- The system of internal control is sound and has been effectively implemented and monitored;
- There are significant doubts about the company's ability to continue as a going concern;
- Financial highlights for the last 6 years are annexed.

QUALIFICATION OF AUDITORS' REPORT:

As regard to qualification No.1, the board is of opinion that the auditors have not appreciated the reality & facts of the issue/dispute between Allied Bank Ltd., and your company. Factually the amount of Rs. 120.366 million consists of Rs. 100.366M and Rs. 20.00 M. The first amount was deducted from the accounts of the company without lawful authority and the second amount of Rs. 20.00 M was of down payment made to the bank which obligation arose out of settlement/agreement before the SBP committee. The bank for ulterior motives failed to honour its obligations under the agreement and is thus liable to refund the entire amount to the company with interest and the bank is also liable to compensate the company for the injuries caused by it and the case filed by the ABL is entirely false, fictitious and deceptive.

The amount of interest & compensation has not been quantified as yet and the company prefers to wait until the final outcome of the case before lodging its claim. The said interest /compensation has not been reflected in the accounts but BOD is of firm view that it will ultimately be held to be payable by the bank. The question of making of any provision does not arise because the H'ble High Court in its interlocutory order has noticed the agreement before SBP and the interlocutory order is witness of this fact. The stance of the company further gains strength because of the fact that the FBR was directed by the ECC of the Cabinet to refund a sum of Rs. 200 M to the company as compensation in respect of the illegal encashment which amount has been realized in August 2008. The board is of firm opinion that the outcome of the case will be in its favour.

Reference qualification No. 2, the board is of opinion that the amount represents amount due to the company but wrongly withheld by the LSE because of an illegal order of temporary nature passed by the SEC on 12/06/2000 and thereafter the SECP has simply forgotten of its order. The amount is held by the LSE which is waiting for a final order of SECP. In view of the circumstances the board is of opinion that there is no need for making any provision in this respect.

ACKNOWLEDGEMENT:

The board joins me to thank all the staff members and management team for their concerted efforts and contribution.

For and on behalf of the Board

SHARIQ IFTIKHAR
Chief Executive

Lahore 06th October, 2015



VISION / MISSION STATEMENT AND CORPORATE STRATEGY

Vision

The Company's vision is to be a market leader as manufacturing organization and to play a meaningful role on sustainable basis in the economy of Pakistan in the best possible manners with customer satisfaction as its premier goal.

Mission

Its objects, as outlined in the mission statement are to conduct company business through good governance with responsibility to all our stake holders and foster a sound & dynamic team for maintaining professional standards and optimum use of resources while achieving the unique position in the market by meeting the requirements of high quality products for the customers and proving a stimulating environment to all the employees for their growth and development and fostering a feeling of job satisfaction, by following the highest of ethical and fiduciary standards and serving the interests of the society.

Corporate strategy

To produce and market high quality products, consistently exceeding customer expectations, ensure right usage of company's resources, create employment opportunities and protect the interest of stakeholders.

SHARIQ IFTIKHAR
Chief Executive



**Statement of Compliance
With the Code of Corporate Governance**

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of Karachi, Lahore and Islamabad Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its Board of directors. However at present the Board includes:

Category	Names
Executive Director	Mr. Iftikhar Shaffi Mr. Shariq Iftikhar
Independent Director	Mr. Bilal Ejaz
Non-Executive Directors	Mr. Muhammad Sameer Mr. Hashim Aslam Butt Mr. Abdul Shakoor Mr. Zahoor Ahmad

The independent director meets the criteria of independence under clause I (b) of CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Mr. Bilal Ejaz was appointed as director against the causal vacancy so created upon the resignation of Mr. Sohail Malik from the position of director of the company during the year.
5. The company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.



9. All directors of the company have 16 to 40 years of working experience in their respective areas of specialization and are well aware of their duties & responsibilities and powers as per code of Corporate Governance and the Companies Ordinance, 1984 which are crucial to the running and development of companies. Directors of the company have inculcated good governance practices in the corporate sector and have more than 15 years of education as well and thus fall under the exemption available in the Code of Corporate Governance. Further Mr Iftikhar A. Shaffi Director of the company and Chairman of Diamond Group of Industries is a well known industrialist with vast and rich experience of about 40 years in managing large industrial units. Also the management of the company carries out orientation of director's education of Corporate Governance Leadership Skills (CGLS).
10. There was no change in the position of company secretary, Chief Financial Officer (CFO) and Head of Internal Audit during the year.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has already formed an Audit Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have already been formed for compliance.
17. The Board has already formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is an independent director.
18. The Board has set up an effective internal audit function managed by suitably qualified and experienced personnel who are conversant with the policies and procedures of the company.
19. The statutory auditors of the company have confirmed that they have been given satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board

SHARIQ IFTIKHAR
Chief Executive



**REVIEW REPORT TO THE MEMBERS
ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF
CORPORATE GOVERNANCE**

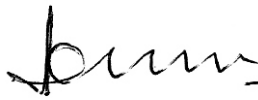

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of M/s. Diamond Industries Limited for the year ended June 30, 2015, to comply with the requirements of Listing Regulation of respective Stock Exchange(s) where the Company is listed.

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

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2015.

**SARWARS
CHARTERED ACCOUNTANTS**

Place: Lahore
Date: October 06, 2015

Engagement Partner: Mr. Rashid Sarwar FCA

**AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of M/s. Diamond Industries Limited as at June 30, 2015 and the related profit and loss account, statement of other comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:-

1. In reference to financial statements as at June 30, 2015, The Company has not made any provision against balance due from Allied Bank Limited in the sum of Rs. 120.366 million on account of encashment of Bank Guarantee and payments against resettlement. The company is defending a suit filed by the Allied Bank Ltd in High Court, Lahore for the recovery of Rs. 253.6 million. The Outcome of the case cannot be determined presently, such balances remains unconfirmed (reference is made to Note No. 12 and 19).
2. As stated in notes 12 and 19 to the financial statements, The Company has filed an appeal before the Honorable Lahore High Court against illegal freezing of CDC sub account maintained with member Lahore Stock Exchange (Muhammad Tanveer Malik), the matter is still pending with the Appellate Authorities, and remains unconfirmed. No provisions have been made for receivables pending final settlement.
 - (a) in our opinion, except for the effects of matters referred to in paragraphs 1 to 2 above and proper books of accounts have been kept by The Company as required by the Companies Ordinance, 1984;
 - (b) in our opinion, except for the effects of matters referred to in paragraphs 1 to 2:-
 - I) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;



- ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company
- (c) in our opinion and to the best of our information and according to the explanations given to us except for the effects of matters referred to in paragraphs 1 to 2 above, the balance sheet, profit and loss account, statement of cash flows and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, 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, 2015 and of the profit, its cash flows and the changes in equity for the year then ended; and
- (d) in our opinion, no zakat was deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980).

SARWARS
CHARTERED ACCOUNTANTS
Audit Engagement Partner: Rashid Sarwar (FCA)

October 06, 2015
Place: Lahore

**BALANCE SHEET
AS AT JUNE 30, 2015**

	NOTE	Un-Audited 30-Jun-15 Rupees	Audited 30-Jun-14 Rupees
SHARE CAPITAL AND RESERVES			
Authorized capital 12000000 ordinary shares of Rs. 10/- each		<u>120,000,000</u>	<u>120,000,000</u>
Issued, subscribed and paid up capital	5	90,000,000	90,000,000
Reserves	6	401,228,200	442,367,429
		491,228,200	532,367,429
Surplus on revaluation of property, plant and equipment	7	171,841,177	49,071,391
NON-CURRENT LIABILITIES			
Deferred liabilities	8	31,682,569	16,823,533
CURRENT LIABILITIES			
Short term borrowings	9	349,331,070	169,807,979
Trade and other payables	10	63,220,889	54,654,679
Provision for taxation	11	7,333,191	5,943,444
		419,885,150	230,406,102
CONTINGENCIES AND COMMITMENTS	12	-	-
TOTAL EQUITY AND LIABILITIES		<u>1,114,637,097</u>	<u>828,668,455</u>

Chief Executive

Director

**BALANCE SHEET
AS AT JUNE 30, 2015**

	NOTE	Un-Audited 30-Jun-15 Rupees	Audited 30-Jun-14 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	231,137,578	93,257,722
Long term investments	14	181,696,203	193,967,397
Long term deposits	15	403,745	329,445
		413,237,527	287,554,564
CURRENT ASSETS			
Stock in trade	16	309,394,772	185,076,079
Trade debts	17	61,641,594	58,653,321
Loans and advances	18	67,226,557	51,420,730
Other receivables	19	162,410,837	162,410,837
Investment available for sale	20	93,495,761	77,404,981
Cash and bank balances	21	7,230,049	6,147,943
		701,399,570	541,113,891
TOTAL ASSETS		1,114,637,096	828,668,455

The annexed notes form an integral part of this financial statements.

Chief Executive**Director**

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2015**

	Note	30-Jun-15 Rupees	30-Jun-14 Rupees
Sales - net	22	637,193,780	487,163,916
Cost of sales	23	(546,872,000)	(413,534,704)
Gross profit		<u>90,321,780</u>	<u>73,629,212</u>
Selling and Distribution expenses	24	(58,007,469)	(56,167,521)
Administrative expenses	25	(43,125,111)	(43,350,273)
		<u>(101,132,580)</u>	<u>(99,517,794)</u>
		(10,810,800)	(25,888,582)
Other Operating income	26	2,143,473	4,491,784
Profit / (loss) from Operations		<u>(8,667,327)</u>	<u>(21,396,798)</u>
Finance Cost	27	(32,002,579)	(19,192,525)
Share of profit/(loss) of associated companies		(5,822,267)	180,255
Profit / (loss) before Taxation		<u>(46,492,173)</u>	<u>(40,409,068)</u>
TAXATION	28		
- Current		(6,581,671)	(5,191,924)
- Deferred Tax		(4,348,912)	781,068
		<u>(10,930,583)</u>	<u>(4,410,856)</u>
Profit / (Loss) after Taxation		<u>(57,422,756)</u>	<u>(44,819,924)</u>
Earning per Share	29	<u>(6.38)</u>	<u>(4.98)</u>

The annexed notes form an integral part of this financial statements.

Chief Executive

Director

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2015**

	June 30, 2015 Rupees	June 30, 2014 Rupees
Profit / (Loss) for The Year	(57,422,756)	(44,819,925)
Other Comprehensive Income		
Items that will not be reclassified to profit and loss account		
Staff Retirement Benefits remeasurement	(458,876)	5,110,138
Items that may be reclassified to profit and loss account		
Unrealized gain / (loss) arising on remeasurement of available for sale investments	16,090,780	11,150,525
Unrealized gain/(loss) arising on remeasurement of long term investment of associated companies	(6,448,927)	-
Other comprehensive income/(loss) of associated companies	-	2,537
	9,182,977	16,263,200
Total Comprehensive Income for The Year	<u>(48,239,779)</u>	<u>(28,556,725)</u>

The annexed notes form an integral part of this financial statements.

Chief Executive

Director



CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2015

	June 30, 2015 Rupees	June 30, 2014 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	(46,492,173)	(40,409,069)
Adjustment for Non Cash and other items:		
Depreciation on property, plant and equipment	12,924,496	7,522,506
Share of loss of associated company	5,822,267	(180,255)
Provision for gratuity	10,510,124	(566,868)
Finance cost	32,002,579	(19,192,525)
Interest Income	(46,141)	(140,034)
Dividend Income	(2,097,332)	(3,202,851)
Cash Flow Before Working Capital Changes	<u>12,623,820</u>	<u>(56,169,096)</u>
Working Capital Changes		
(Increase)/Decrease in Current Assets		
Stock in Trade	(124,318,693)	(94,896,660)
Trade Debts	(2,988,273)	18,723,815
Loans and Advances	(15,805,827)	2,378,664
Other Receivables	-	-
	<u>(143,112,793)</u>	<u>(73,794,181)</u>
Increase/(Decrease) in Current Liabilities		
Trade and Other Payables	8,566,210	18,103,424
Cash Inflow / (Outflow) From Operations	<u>(121,922,763)</u>	<u>(111,859,853)</u>
Income tax paid	(5,191,924)	(8,971,416)
Finance cost paid	(32,002,579)	19,192,525
Gratuity paid / adjusted	(458,876)	5,110,139
Net Cash Inflow / (Outflow) From Operating Activities	<u>(159,576,143)</u>	<u>(96,528,605)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment	(20,934,016)	(4,674,853)
Interest income	46,141	140,034
Dividend received	2,097,332	3,202,851
Increase in long term deposits	(74,300)	5,000
Net Cash Generated from / (used in) Investing Activities	<u>(18,864,843)</u>	<u>(1,326,968)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Short term borrowings	179,523,091	84,484,073
Net Cash Flow from Financing Activities	<u>179,523,091</u>	<u>84,484,073</u>
Net (Decrease) in Cash & Cash Equivalents	1,082,106	(13,371,499)
Cash & Cash Equivalents at Beginning of the Year	6,147,943	19,519,442
Cash & Cash Equivalents at End of the Period	<u>7,230,049</u>	<u>6,147,943</u>

The annexed notes form an integral part of this financial statements.

Chief Executive

Director



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2015

	Share Capital	RESERVES			TOTAL EQUITY
		CAPITAL	REVENUE		
	Fair value reserve and remeasurement of gratuity	(Accumulated Loss)/	Unappropriated profit		
Balance as at 01 July 2013	90,000,000	37,575,740	429,459,739		557,035,479
Incremental depreciation on surplus on revaluation of property, plant & equipment	-	-	3,888,675		3,888,675
Profit / (Loss) for the year	-	-	(44,819,925)		(44,819,925)
Other comprehensive income for the year	-	16,263,200	-		16,263,200
Balance as at 30 June 2014	90,000,000	53,838,940	388,528,489		532,367,429
Balance as at 01 July 2014	90,000,000	53,838,940	388,528,489		532,367,429
Effect of items directly credited in equity by the associated companies	-	-	-		-
Incremental depreciation on surplus on revaluation of property, plant & equipment	-	-	7,100,550		7,100,550
Profit / (Loss) for the year	-	-	(57,422,756)		(57,422,756)
Other comprehensive income for the year	-	9,182,977	-		9,182,977
Balance as at 30 June 2015	90,000,000	63,021,917	338,206,283		491,228,200

The annexed notes form an integral part of this financial statements.

Chief Executive

Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015****1-STATUS AND NATURE OF BUSINESS**

The company was incorporated under the Companies Ordinance, 1984 as a private limited company on June 18, 1989 in the name of Diamond Industries (Pvt.) Limited and converted into public limited Company on August 03, 1994 as Diamond Industries Limited. The shares of the Company are quoted on Karachi, Islamabad and Lahore Stock Exchanges. The principal activity is to manufacture and sale foam products and PVA products consumed in industry and domestically. The registered office of the company is situated at Industrial Estate Gadoon, Amazai, K.P. Pakistan. The company has fixed assets located in Lahore, Rawalpindi and Gadoon.

2- STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance), directive issued by the Securities and Exchange Commission of Pakistan ("SECP") and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of, and include Accounting and Financial Reporting Standards for public limited company as to the extent and manner applicably issued by the regulators, Institute of Chartered Accountant of Pakistan and as are notified under the Companies Ordinance 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions and directives of Companies Ordinance, 1984 shall prevail.

3- SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with the approved accounting standards and other IFRS requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

3.1-Financial instruments

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

3.2-Useful lives, patterns of economic benefits and impairments

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



3.3-Inventories:

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

The company has made estimation with respect to provision for slow moving stocks and doubtful debts as disclosed in note 16 and 17 respectively.

3.4-Taxation

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

3.5-Provision for doubtful debts

The Company reviews its receivable against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

3.6- Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 8.1 to the financial statements for valuation of present value of defined benefit obligations.

3.7- Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence/ non-occurrence of the uncertain future events.

3.8- Liabilities

The liabilities are accounted for on accrual basis, unless or otherwise stated otherwise.

4-SUMMARY OF SIGNIFICANT POLICIES

4.1- Basis of Preparation

These financial statements have been prepared under the historical cost convention except for

- The Land, Building, Plant and machinery which is stated on revalued amount
- Defined benefit obligation which have been stated at present value determined by the actuary in accordance with the requirement of IAS 19 “Employee Benefits”
- Investment in associates accounted for using applicable method
- Financial instruments which are carried at fair value.



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

4.2-Standards, interpretation and amendments to approved accounting standards that are effective in current year

The accounting policies adopted in the preparation of these financial statements are consistent with those of previous financial year except as described below:

New/Revised Standards, Interpretation and Amendments

The Company has adopted the following revised standards, amendments and interpretation of IFRSs which became effective for the current year:

IAS 19 Employee Benefits-(Amendments) Defined Benefit Plans: Employee Contributions

IAS 32 Financial instruments: Presentation-(Amendments)-Offsetting Financial Assets and Financial Liabilities

IAS 36 Impairments of Assets-(Amendments)-Recoverable Amounts Disclosures For Non-Financial Assets

IAS 39 Financial Instruments: Recognition and Measurement- (Amendment) - Novation of Derivatives and Continuation of Hedge Accounting

IFRIC 21 Levies

Improvements to Accounting Standards Issued by the IASB

IFRS 2 Share based payments-Definitions of vesting conditions

IFRS 3 Business Combinations-Accounting for contingent consideration in a business combination

IFRS 3 Business Combination- Scope exception for joint ventures

IFRS 8 Operating Segments-Aggregation of operating segments

IFRS 8 Operating Segments-Reconciliation of total of the reportable segments' assets to the entity's assets

IFRS 13 Fair Value Measurements-Scope of paragraph 52 (portfolio exception)

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets- Revaluation method- proportionate Restatements of accumulated depreciation/ amortization

IAS 24 Related Party Disclosure – Key management personnel and applicable accounting policies



The adoption of the above amendments, improvements to accounting standards and interpretations will not have any effect on the financial statements in the period of initial application and relating to disclosure of financial statements without effecting consistent accounting policy subject to applicability

4.3-Standards, interpretation and amendments to approved accounting standards that are not yet effective

The following amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretations:

Standards or interpretation	Effective date (annual period beginning on or after)
IFRS 10- Consolidated Financial Statements	January 01,2015
IFRS 10- Consolidated Financial Statements, IFRS 12- Disclosure Of Interests In Other Entities and IAS 27- Separate Financial Statements-Investments Entities (Amendments)	January 01,2015
IFRS 10- Consolidated Financial Statements, IFRS 12 Disclosure Of Interests In Other and Entities IAS 27 - Separate Financial Statements -Investments Entities: Applying these Consolidations Exceptions (Amendments)	January 01,2016
IFRS 10 - Consolidated Financial Statements and IAS 28 Investment in Associate and Joint Ventures - Sale or Contribution of Assets between an investor and its Associate or Joint Venture (Amendment)	January 01,2016
IFRS 11- Joint Arrangements	January 01,2015
IFRS 11 - Joint Arrangements -Accounting for Acquisition of Interest in Joint Operations (Amendment)	January 01,2016
IFRS 12- Disclosure of Interest in Other Entities	January 01,2015
IFRS 13- Fair Value Measurement	January 01,2015
IAS 1- Presentation of Financial Statements-Disclosure Initiative (Amendment)	January 01,2016
IAS 27 -Separate Financial Statements - Equity method in Separate Financial Statements (Amendments)	January 01,2016
IAS 16- Property, Plant and Equipment and IAS 38-Intangible Assets- Clarification Of Acceptable Method of Depreciation and Amortization(Amendments)	January 01,2016
IAS 16 - Property, Plant and Equipment and IAS 41 - Agriculture-Agriculture: Bearer Plants (Amendments)	January 01,2016

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after generally 01, 2016. The adoption of the above amendments, improvements to accounting standards and interpretations will neither have any effect on the financial statements in the period of initial application, nor on the consistent adopted accounting policies.



Further, following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicable in Pakistan.

Standards	Effective date (annual period beginning on or after)
IFRS 9 Financial Instrument: Classification and Measurement	01 January 2018
IFRS 14 Regulatory Deferral Accounts	01 January 2016
IFRS 15 Revenue from Contracts with Customers	01 January 2018

The Company expects that the adoption of the above amendments, improvements to accounting standards and interpretations will not have any effect on the financial statements in the period of initial application except for IFRS 9 - Financial Instrument: Classification and Measurement and IFRS 13 - Fair Value Measurement, which may affect certain disclosures, without effecting accounting policies and financial statements.

4.4- Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses except for land, building and plant and machinery which are stated at revalued amount less accumulated depreciation and accumulated impairment losses if any.

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

Assets' residual values, the method of depreciation and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Gain / loss on disposal of fixed assets, if any is taken to profit and loss account except that the related surplus on revaluation of fixed assets is transferred directly to un-appropriated profits.

Normal repair & maintenance costs are charged to the profit and loss account as and when incurred. Major renewals and improvements which increase the assets' remaining useful economic life or the performance beyond the current estimated levels are capitalized and assets so replaced, if any, are retired

Depreciation

Depreciation is charged on diminishing balance method at the rates specified in note 13.1 so as to write off depreciable amount of the asset over its useful life. The Company charges the depreciation on additions from the month in which the asset is available for use and on deletions up-to the date when the asset is de-recognized.

4.5- Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets are recognized when it is probable that the expected future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Cost of the intangible asset (i.e. computer software) includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged over the estimated useful life of the asset on the systematic basis applying the straight line method.

4.6- Leased assets

The leases, where all the risks and rewards incidental to ownership of the leased assets have been transferred to the company are classified as finance leases. Assets subject to finance lease are capitalized at the



commencement of lease term at the lower of present value of minimum lease payments under the lease agreements or the fair value of the leased assets each determined at the inception of lease.

The related rental obligations, net of finance cost, are included in liabilities against assets subject to finance leases. The liabilities are classified as current and long term depending upon the timing of the payment.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant periodic rate of interest on the balance outstanding. The interest element of the rental is charged to income over the lease term.

Depreciation

Assets acquired under a finance lease are depreciated over the lower of lease term or useful life of assets on reducing balance method at the specified rates. Depreciation of leased assets is charged to profit and loss account. The Company charges the depreciation on additions from the month in which the asset is available for use and on deletions up-to the date when the asset is de-recognized.

4.7- Capital work in progress

Capital work in progress is stated at cost and includes capital expenditure on that asset, labor and appropriate overheads directly relating to the project. These costs are transferred to fixed assets as and when assets are available for intended use. Where the overheads cannot be directly related to the asset, these are proportionately charged.

4.8- Staff Retirement benefits

Defined benefit plan

Defined benefit plans define an amount of gratuity that an employee will receive on or after retirement, usually depend upon on one or more factors such as age, years of services and compensation. The liability recognized in the balance sheet in respect of defined benefit plans is the present value of the defined benefits obligation at the end of the reporting period less the fair value of plan assets, if any. The defined benefits obligation is calculated annually by independent actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflow using interest rates of highly-quality corporate bonds or the market rates on government bonds.

The company operates a defined benefit plan i.e. an unapproved gratuity scheme covering all the permanent employees. Actuarial valuation is carried out using the Projected Unit credit method.

Staff retirement benefits are payable to staff on completion of prescribed qualifying period of service under the scheme.

All actuarial gains and losses are recognized in other comprehensive income as they occur, immediately recognize all past service costs and replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability/asset.

Past service costs are immediately recognized in profit and loss account.



Defined contribution plan

A defined contribution plan is a plan under which the Company pays fixed contribution into a separate entity. The Company has no legal or constructive obligation to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefit relating to employee service in the current and prior periods. The contributions are recognized as employee benefit expense when they are due. Prepaid contribution is recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Company also operates an approved employee benefit (old age) plan for all its permanent employees to which monthly contribution are made, both by the Company and the employee, to the fund at the rate of 5% and 1% of basic minimum salary as determined by the Govt. of Pakistan.

4.9- Investments

Classification of investments is made on the basis of intended purpose for holding such investment. Management determines the appropriate classification of its investments at the time of purchase and re-evaluates such designation on regular basis.

Investments are initially measured at fair value plus transaction costs directly attributable to acquisitions, except for "Investments at fair value through profit or loss" which is initially measured at fair value.

The Company assesses at the end of each reporting period whether there is any objective evidence that investments are impaired. If any such evidence exists, the Company applies the provision of IAS 39 'Financial Instruments; Recognition and Measurement' to all investments, except investments under equity method accounted for associates, which are tested for impairment in accordance with the provisions of IAS 36 'Impairment of Assets'.

Investments with fixed or determinable payments and fixed maturity are classified as held at amortized cost when the company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long term investments that are intended to be held to maturity are subsequently measured at amortized cost. The cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization, using the effective interest method, of any difference between the initially recognized amount and the maturity amount. For investments carried at amortized costs, gains and losses are recognized in profit and loss account when the investments are de-recognized or impaired, as well as through the amortization process.

Investment in associates is accounted for using the equity and applicable methods and is initially recognized at cost.

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as at fair value which is initially recognized at fair value. Gains or losses on available for sale investments are recognized directly in statement of other comprehensive income until the investment is sold, de-recognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in statement of other comprehensive income is included in profit and loss account. Investments that are actively traded in organized capital markets, fair value is



determined by reference to stock exchange quoted market bids at the close of business on the balance sheet date. Fair value of investments in open-end mutual funds is determined using redemption period.

Other investments made in un-quoted companies are recorded by using valuation techniques.

4.10- Stocks in trade

These are stated at lower of cost or net realizable value. The methods used for the calculation of cost are as follows:

Raw Material	weighted average cost
Work in process	weighted average cost
Finished goods	Net realizable value

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

Average manufacturing cost in relation to work in progress and finished goods consists of direct material, labor and production overheads based on normal capacity.

4.11- Stores, spares and loose tools

These are valued at lower of cost and net realizable value. Provision for slow moving, damaged and obsolete item are charged to profit and loss account. Value of items is being reviewed at each balance sheet date to record the provision for slow moving items, damaged and obsolete items.

4.12- Cash and cash equivalents

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

4.13- Financial instruments

Financial instruments are carried on the balance sheet date include investments, trade debts, loans and advances, other receivables, cash and bank balances, accrued mark up and trade and other payables etc. Financial assets and liabilities are recognized when the company becomes party to the contractual provision of the instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for "financial instruments at fair value through profit or loss" which are initially measured at fair value.

Financial assets are de-recognized when the company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement and de-recognition is charged to the profit or loss currently. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.



4.14- Off-setting of financial assets and financial liabilities

A financial asset and financial liability are off set and the net amount reported in the balance sheet, if the company has a legal enforcement right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.15- Provision

Provisions are recognized when the company has legal or constructive obligation as a result of past event, it is probable that an out flow of resources embodying economic benefit will be required to settle the obligation and reliable estimate of the amount of obligation can be made. However, provision are reviewed at each balance sheet date and adjusted to reflect the current reliable estimates.

4.16- Borrowings

Loans and borrowings in Pakistan Rupees are recorded at the proceeds received. In subsequent periods finance cost is accounted for on an accrual basis and is included in current liabilities to the extent of amount remaining unpaid, if any.

4.17- Borrowing cost:

Borrowing and other related costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

4.18- Foreign currencies

Transaction in foreign currencies other than Pak rupees are recorded at the exchange rate prevailing on the date of transaction. At each balance sheet, monetary assets and liabilities that are dominated in foreign currencies are translated in rupees at the exchange rate ruling on the balance sheet date, except where forward exchange contracts have been entered in to for repayments of liabilities, in that case, rates contracted for, are used.

Gains and losses arising on re-translation are included in net profit & loss for the year.

4.19- Revenue recognition

Revenue from different sources is recognized as under:

Revenue from sale is recognized on dispatch of goods to the customers.

Dividend on equity instruments is recognized when the right to receive the dividend/receipt is established, irrespective of the year of declaration.



Profit on deposits with banks is recognized on time proportion basis taking into account the amounts outstanding and rates applicable thereon.

4.20-Trade debts and other Receivables

Trade debtors and other receivables are carried at original invoice amount less an estimate made for doubtful debts based on review of all outstanding amounts at year end. Bad debts, if any, are written off when identified. Provision for bad and doubtful debt, if any, is made after ascertaining the status.

4.21- Trade and other payables

Liabilities for trade and other amounts payable are carried at original invoice less an estimate made for doubtful debts based on review of all outstanding amounts at year end. Bad debts, if any, are written off when identified. Provision for bad and doubtful debts, if any, is made after ascertaining the status.

4.22- Related party transaction

All transactions between company and related party are accounted for at arm's length price as an independent business in accordance with 'comparable Uncontrolled Price Method'. The company has voluntarily applied Sub-Regulation (Xiii) of listing regulations 37 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the company to place before the board of directors for their consideration and of approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions in accordance with normal business price recording proper justification for using if any, alternate pricing mechanism.

4.23- Taxation

Current

The charge for current tax is based on the taxable income at the current rate of taxation after taking in to account applicable tax credit, rebates and exemptions available. However, for income covered under final tax regime. The charge for current tax also include prior year adjustments, where considered, arising due to assessments finalized during the year, commencing from current tax year, where no taxable income is earned, the minimum tax as laid down in law is provided.

Deferred

The company accounts for deferred tax, if any, using the liability method, on all major temporary differences at the balance sheet date, between the tax base of assets and liabilities and their carrying values for the financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime are also considered in accordance with the requirement of "Technical Release-27" of the institute of chartered accountants of Pakistan.



Provision for deferred tax has been made in these financial statements in accordance with treatment spelled in IAS-12 (Income Taxes), using the tax rate enacted at the balance sheet date.

Deferred tax assets, if any, is recognized to the extent that is probable that future taxable profits will be available against which the assets can be recognized.

The company also recognizes the asset/liability on deficit/surplus on revaluation, which is adjusted against the deficit/surplus in accordance with the requirement of revised IAS-12 (Income taxes).

4.24- Segment reporting

A segment is a distinguishable component within the company that is engaged in providing products and under a common control environment (geographical segment), which is subject to risks and returns that are different from those of other segments. Segments results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis, segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment. The company is operating in manufacturing and sale of varied interrelated consumer home products for and management has distinguished its business into main division called "foam products division" therefore no segmentation has been provided. No segmentation is required for PVA plant because of closure of operational activities.

4.25- Impairment

Financial Assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated with reference to its current fair value. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Financial instruments are carried on the balance sheet date include investments, trade debts, loans and advances, other receivables, cash and bank balances, accrued mark up and trade and other payables etc. Financial assets and liabilities are recognized when the company becomes party to the contractual provision of the instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for "financial instruments at fair value through profit or loss" which are initially measured at fair value.

Financial assets are de-recognized when the company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent



measurement (except available for sale investments) and de-recognition is charged to the profit or loss currently. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

Non-Financial Assets

The carrying amounts of the Company's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account.

.4.26-Dividends and other appropriations

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

4.27- Investment in associate

Associates are entities over which the company has significant influence, but not controlled. Investment in associates is accounted for using equity method of accounting. Under the equity method, the investment in associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the company's shares of profit or loss of the associate after the date of acquisition. The company's share of the profit or loss of the associate is recognized in the company's profit and loss account, whenever it is applicable. The carrying amount of investment in associate is reduced by the amount of distribution received from the associate. The carrying amount is also adjusted by the amount of changes in the company's proportionate interest in the associate arising from changes in associate's equity that is recognized directly in equity of the company account.

The carrying amount of investment is tested for impairment by comparing its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount and loss, if any, is recognized in profit or loss. When impairment losses subsequently reversed, the carrying amount of investment is increased to the revised recoverable amounts but limited to the extent of initial cost of investment. A reversal of impairment loss is recognized in the profit and loss account. To be read with relevant IAS to the extent and manner as applicable.

4.28- Functional and Presentation currency

These financial statements are presented in Pak Rupees, which is also the Company's functional and presentation currency. All financial information presented in Pak rupees has been rounded off to nearest rupees unless otherwise stated.



4.29- General

a) Corresponding figures have been rearranged and reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison without any effect on profit and loss account.

Figures for the current year

b) The confirmations have been circularized to all the debtors and creditors as per requirements of the audit, in response to any variation, the balances were supported with reconciliations.

c) The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance 2001 on every public company other than a scheduled bank or Moradaba. The company is of the view that the amendments introduced are not applicable currently.

d) These financial statements are not separate financial statements of the company.

Chief Executive

Director



NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2015

		Notes	Jun-15 Rupees	Jun-14 Rupees
5 ISSUED, SUBSCRIBED & PAID UP CAPITAL				
2015	2014			
Number of shares				
6000000	6000000	Ordinary shares of Rupees 10 each Fully paid up in cash	60,000,000	60,000,000
3000000	3000000	Fully paid bonus shares	30,000,000	30,000,000
<u>9000000</u>	<u>9000000</u>		<u>90,000,000</u>	<u>90,000,000</u>

5.1 The issued subscribed and paid up capital has been correctly stated to conform with the requirement of SECP.

5.2 Pattern of shareholding of related parties in diamond industries limited is as follow:

Company name	Status	Shareholding	
		Jun-15 No of Shares	Jun-14 No of Shares
Shaffi Chemical Industries Limited	Associated Company	1422450	1422450
Capital Industrial Enterprises (pvt) Limited	Related party	76383	76383
Symbol Industries (pvt) Limited	Related party	450000	450000

6 RESERVES

Movement and composition of reserves is as follows:

		Jun-15 Rupees	Jun-14 Rupees
Capital Reserve			
Fair value reserve			
At the beginning of the year		53,838,940	37,575,740
Fair Value gain / (loss) during the year	6.1	16,090,780	11,150,525
Share of net assets		(6,448,927)	2,537
Remeasurement gain/(loss)		(458,876)	5,110,138
At the end of the year		<u>63,021,917</u>	<u>53,838,940</u>
Revenue Reserve			
Unappropriated profits		338,206,283	388,528,489
		<u>401,228,200</u>	<u>442,367,429</u>

6.1 This represents the unrealized gain/ (loss) on remeasurement of investments at fair value and is not available for distribution. This amount shall be transferred to profit and loss account on realization.

7 SURPLUS ON REVALUATION OF FIXED ASSETS

7.1 The Land, building, plant and machinery have been revalued by independent Valuer on the basis of present market values and replacement values on December 31, 2015, resulting in a further surplus of Rs. Nil on land and Rs.62,387,440 on building situated at Gadoon, surplus of Rs. 3,300,000 on land and of Rs. 1,850,547 on building situated at Lahore, surplus of Rs. 4,472,00 on land and of Rs. 3,734,145 on building situated at Rawalpindi and surplus of Rs. 54,126,205 on plant and machinery of foam and chemical.

Previously, Revaluation of Building and Plant & Machinery was carried out by M/S Dimen Associates (Pvt) Ltd on March 01, 2005 and revaluation of Rawalpindi Building was carried out by Hamid Mukhtar and Co (Pvt.) Ltd on April 11,2005.

All the revaluation surplus is charged to Surplus on Revaluation of Fixed Assets Account as per requirements of Section 235 of the Companies Ordinance 1984. Revaluation surplus is carried at the amount after adjustments of deferred taxation and incremental depreciation.



	Notes	Jun-15 Rupees	Jun-14 Rupees
7.2 Movement in revaluation surplus			
Surplus on Land			
Opening balance		4,500,750	4,500,750
Add: during the year		7,772,000	-
Total Revaluation Surplus on land		12,272,750	4,500,750
Surplus on Buildings			
Opening balance		48,759,304	48,759,304
Add: during the year		67,972,132	-
Total revaluation surplus on building		116,731,436	48,759,304
less: Incremental depreciation charged in previous year		20,777,975	19,305,274
less: Incremental depreciation charged in current year		3,381,587	1,472,701
		24,159,562	20,777,975
Revaluation surplus on building net off incremental depreciation		92,571,874	27,981,329
Related deferred tax liability		(9,793,465)	(10,308,911)
less: Related deferred tax liability on incremental depreciation transferred to retained earnings		1,115,924	515,445
		(8,677,542)	(9,793,465)
Net revaluation surplus on buildings		83,894,333	18,187,864
Surplus on Plant and machinery			
Opening balance		152,486,351	152,486,351
Add: during the year		54,126,205	-
Total revaluation surplus on plant and machinery		206,612,556	152,486,351
less: Incremental depreciation charged in previous year		111,897,463	107,387,587
less: Incremental depreciation charged in current year		7,216,251	4,509,876
		119,113,714	111,897,463
Revaluation surplus on plant and machinery net off incremental depreciation		87,498,842	40,588,888
Related deferred tax liability		(14,206,111)	(15,784,567)
less: Related deferred tax liability on incremental depreciation transferred to retained earnings		-	-
		2,381,363	1,578,457
		(11,824,748)	(14,206,111)
Net revaluation surplus on plant & machinery		75,674,094	26,382,777
Closing balance		171,841,177	49,071,391
8 DEFERRED LIABILITIES			
Gratuity - Defined benefit plan	8.1	16,113,238	5,603,114
Provision for Deferred Taxation	8.2	15,569,331	11,220,419
		31,682,569	16,823,533
The amounts recognized in the balance sheet, based on the recent actuarial valuation carried on June 30, 2015.			
8.1 GRATUITY			
Gratuity	8.1.1	16,113,238	5,603,114
8.1.1 Balance sheet reconciliation			
Present value of defined benefit obligation	8.1.2	15,953,478	5,443,354
Actuarial gain / (loss) to be recognised in later periods	8.1.3	-	-
Benefits Payable		159,760	159,760
Net Liability in the balance sheet		16,113,238	5,603,114



	Notes	Jun-15 Rupees	Jun-14 Rupees
8.1.2 Movement in defined benefit obligation			
At the beginning of the year		5,443,354	4,202,086
Current service cost		4,388,053	4,338,605
Past service cost		4,941,951	-
Interest cost for the year		721,244	441,219
Liability transferred from Sister concern		-	(2,281,394)
Experience adjustments		458,876	(1,257,162)
Present value of defined benefit obligation as at June 30, 2015/2014		<u>15,953,478</u>	<u>5,443,354</u>
8.1.3 Movement in unrecognized actuarial losses			
Unrecognized actuarial gain as at the beginning of the year		-	1,808,136
Actuarial gains / (losses) arising during the year		-	1,257,162
Adjustment		-	(1,808,136)
Actuarial (gains) recognized in profit or loss account		-	(1,257,162)
Unrecognized actuarial losses as at June 30, 2015/2014		<u>-</u>	<u>-</u>
8.1.4 Following amounts are recognized in the profit and loss account in respect of gratuity plan:-			
Current service cost / provision for the year		4,388,053	4,338,605
Past service cost (credit)		4,941,951	-
Gain and losses arising on plan settlements		-	-
Interest cost		721,244	441,219
Total included in salaries benefits		<u>10,051,248</u>	<u>4,779,824</u>
8.1.5 Movement in net liability in balance sheet is as follows:-			
Balance sheet liability/(Assets)		5,603,114	4,361,846
Expenses chargeable to profit and loss		10,051,248	4,779,824
Liability transferred from Sister Company		-	(2,281,394)
Reimbursement chargeable in other comprehensive income		458,876	(1,257,162)
Balance sheet liability/(Assets)		<u>16,113,238</u>	<u>5,603,114</u>
8.1.6 Significant Actuarial Assumptions used are as follows:-			
Discount rate used for Interest Cost in P&L Charge		13.25%	10.50%
Discount rate used for year end obligation		9.75%	13.25%
Salary increase used for year end obligation			
Salary Increase FY2015		N/A	12.25%
Salary Increase FY2016		8.75%	12.25%
Salary Increase FY2017		8.75%	12.25%
Salary Increase FY2018		8.75%	12.25%
Salary Increase FY2019		8.75%	12.25%
Salary Increase FY2020		8.75%	12.25%
Salary Increase FY2021 onward		8.75%	12.25%
Next salary is increased at		1-Jul-15	1-Jan-15
Mortality Rates		SLIC 2001-2005	SLIC 2001-2005
Withdrawal Rates		Setback 1 Year	Setback 1 Year
		Age-Based	Age-Based
		(per appendix)	(per appendix)
Retirement Assumption		Age 60	Age 60



8.1.7 Sensitivity Analysis

A sensitivity analysis for the above principal actuarial assumptions as of the balance sheet date showing how the defined obligation would have been affected by changes in the said assumptions is as follows.

	Jun-15 Rupees
Discount Rate +100 bps	14,839,638
Discount Rate -100 bps	17,244,630
salary increase +100 bps	17,244,630
salary increase -100 bps	14,820,446

The average duration of defined benefits obligation is 8 Years

8.1.8 Trend Information

Amounts for current year period and previous four annual periods of defined benefit obligation:

As at June 30	2015	2014	2013	2012	2011
Present Value of Defined Obligation	15,953,478	5,443,354	4,202,086	1,813,848	522,991
Experience adjustment on obligation	458,876	1,257,162	1,571,582	224,613	21,136

8.1.9 Allocation of gratuity expense charged to profit and loss account

	Jun-15 Rupees	Jun-14 Rupees
Cost of sale	2,492,152	1,185,131
Selling and distribution expenses	5,399,535	2,567,724
Administrative expenses	2,159,561	1,026,969
	<u>10,051,248</u>	<u>4,779,824</u>

These amounts are included in salaries, wages and other benefits in their respective account heads.

8.2 Deferred Taxation Liability Comprises as Follows:

Taxable Temporary differences		
Accelerated Tax Depreciation Allowance and Surplus On Revaluation of Fixed Assets	62,079,804	24,855,395
Deductible Temporary Differences		
Provision for Doubtful Debts	11,384,920	11,729,917
Provision for Gratuity	5,317,369	1,905,059
	<u>16,702,288</u>	<u>13,634,976</u>
Total Taxable Temporary Difference	45,377,516	11,220,419
Effect of Accumulated Tax Losses	29,808,185	-
	<u>15,569,331</u>	<u>11,220,419</u>

9 Short term Borrowings - secured

Short term Borrowings- Banks	9.1	173,717,070	108,693,979
Loan from Related Party/Associated Concerns	9.2	175,614,000	61,114,000
		<u>349,331,070</u>	<u>169,807,979</u>



- 9.1** The company has sanctioned facility upto maximum of Rs.175 millions from Silk Bank secured against ranking charge of Rs.400 millions on current assets registered with SECP, and personal guarantees of all the directors of the company. The mark up ranges from 3 Mk + 1.50% per annum to 6 Mk + 1.50% per annum serviced/ payable on quarterly bases.
- 9.2** The company has obtained short term unsecured loan from M/S Capital Industrial Enterprises (Pvt) Limited. This loan carries markup rate of 3 Months kibar + 2.5% with minimum floor of 13% with no cap.

	Notes	Jun-15 Rupees	Jun-14 Rupees
10 TRADE AND OTHER PAYABLES			
Trade creditors	10.1	16,750,251	37,442,684
Accrued Interest and Other Liabilities		29,489,068	5,982,313
Accrued Liabilities		7,655,653	7,327,155
Tax Payable		6,781,305	1,357,915
Workers Profit Participation Fund Payable	10.2	2,112,068	2,112,068
Unclaimed Dividend	10.3	432,544	432,544
		<u>63,220,889</u>	<u>54,654,679</u>

10.1 This amount represents payable in respect of raw materials (local and imported) and services in ordinary course of business activity. These are un-secured and to be paid within one year.

10.2 The movement of WPPF payable is as follows

Opening balance	2,112,068	2,112,068
Allocation during the year	-	-
	2,112,068	2,112,068
Payment during the year		-
	<u>2,112,068</u>	<u>2,112,068</u>

10.2.1 Company has losses during the current year so no provision of 5% of its operating profit to worker's participation fund required.

10.3 This accumulated balance represents amount retained by the Company as it's obligation towards shareholders.

11 PROVISION FOR TAXATION

Opening Balance	5,943,444	9,722,936
Turnover Tax	6,371,938	4,871,639
Income Tax on dividend	209,733	320,285
Adjustment against Advance Income Tax	(5,191,924)	(8,971,416)
	<u>7,333,191</u>	<u>5,943,444</u>

11.1 The Company has provided minimum tax liability under section 113 of Income Tax Ordinance 2001 because of tax losses.

12 CONTINGENCIES AND COMMITMENTS

I-SUPREME COURT OF PAKISTAN

DIL Vs Naseer Ahmad etc. (Criminal Original No.24/2003)

The captioned Contempt Petition has been filed by the Company for implementation of Judgment dated 05-06-2000 passed by Supreme Court of Pakistan passed in favour of DIL in Civil Appeal No. 903/1999. The Company has a valid Claim of Rs.1,033,165,000/ as on 17-08-2008 (Rs.217,000,000/- against principal and Rs.816,165,000/ in lieu of mark-up). The Honourable Supreme Court has allowed to file a fresh contempt petition on account of subsequent developments taken place during pendency of the contempt petition vide judgment dated 3-7-2013. The company is now in the process of filing of new contempt petition.



II- HIGH COURT OF SINDH AT KARACHI

a. First Capital ABN Amro Equities etc. Vs Iftikhar Shaffi etc.(Suit No. 808/2000)

M/s. First Capital ABN Amro Equities (Pakistan) Ltd etc. filed a Suit for Recovery of Rs.552,344,051.00 against Mr. Iftikhar Shaffi and five others including this Company and is pending before the High Court of Sindh at Karachi and is at the stage of evidence.

b. DIL Vs Arif Habib and others. (Suit No. 480/2003)

The Company filed a Suit for Declaration, Injunction and Recovery of Damages amounting to Rs.10,989,948,199/- against Arif Habib and others which is pending. The case is still pending adjudication before the Court.

c. Aqeel Karim Dhedhi Securities Vs Iftikhar Shaffi etc.(Suit No 607/2003)

M/s. Aqeel Karim Dhedhi Securities Pvt. Ltd filed a suit for Recovery amounting to Rs.80,297,282/- against Mr. Iftikhar Shaffi and others including this company which is still pending.

d. Muhammed Hanif Moosa Vs Iftikhar Shaffi etc(Suit No. 843/2003)

Muhammad Hanif Musa Ex-Member KSE filed a Suit for Declaration, Injunction and Recovery of Damages amounting to Rs.447,587,159/- against Mr. Iftikhar Shaffi and five others including this company and which is still pending before the Court.

III- LAHORE HIGH COURT LAHORE

a. DIL Vs SECP and Others.(Commercial Appeal No. 13/2002)

The company filed an appeal before the Lahore High Court Lahore against illegal freezing by SECP of company's CDC sub Account maintained with Mr. Tanvir Malik (Member LSE). The case is still pending before the Court.

b. DIL etc. Vs Lahore Stock Exchange etc. (Civil Revision No.1847 of 2003)

The Company filed a Revision Petition against an interim order of the Civil Judge Lahore passed in Civil Suit No. 297/2003. The case is still pending before the Court.

c. DIL etc. VS ABL (RFA 431/2007)

The company and other defendants have preferred a Regular First Appeal No. 431/2007 against Judgment/Decree dated 17-10-2007 passed in COS 18/2005. The said RFA is still pending adjudication before the Division Bench of Lahore High Court, Lahore.

d. DIL Vs ABL etc. (C.O.S. No.9/2009)

The DIL has filed a Suit for Declaration and Cancellation of Forged Documents against the Allied Bank Limited before the Single Bench of Honourable Lahore High Court, Lahore and case is pending adjudication issues were framed in this case now the proceedings of the case are fixed for recording of evidence.

IV- CIVIL COURT LAHORE

a. LSE Vs Iftikhar Shaffi etc.

The Lahore Stock Exchange (G) Limited filed a Suit for recovery of Rs.190,704,373/- against Mr. Iftikhar Ahmed Shaffi and 5 others including this Company. The said case was consolidated with the suit titled as "Iftikhar Shaffi Vs LSE & Others" and the proceedings of joint evidence were being conducting in the said cases. An order dated 13-9-2013 was passed by the Civil Judge refusing an application for summoning of certain witnesses filed by Mr. Iftikhar Shaffi and the said order was challenged in the Lahore High Court through Civil Revision No.2928/2014 and the Honorable Judge was pleased to issue the notice to the other side and in the meanwhile proceedings of the civil cases was ordered to be stayed.



b. Aslam Motiwala Vs Lahore Stock Exchange etc.

Aslam Motiwala filed suit No.561 in 2003 against Lahore Stock Exchange and two others including M/s Diamond Industries Ltd. An application was filed by the LSE thereby seeking rejection of plaint and now the case is fixed for arguments on the said application.

c. Naeem Anwar Vs Iftikhar Shaffi etc.

Naeem Anwar filed a Suit for Declaration Damages & Recovery of Rs.19.9 million against Mr. Iftikhar Shaffi and other defendants including this company. The case is still pending before the Court.

d. Legal advisor

a) The legal advisor of the Company is of the confirmed opinion that on the basis of court proceedings and established documentation and materials available with the company, the company has a strong case and the learned courts will rule in its favour therefore no liabilities will become due. In view of the legal opinion the managements is of the view that no provision for any claim in this matter is required.

b) The management of the company is strongly and vigorously contesting all these cases and there is every likelihood that these cases will be decided in favour of the Company soon, in near future.

Commitments

There is commitment of Rs. NIL (2014: 4.748) million in respect of outstanding Letters of Credit.

	Notes	Jun-15 Rupees	Jun-14 Rupees
13 PROPERTY, PLANT AND EQUIPMENTS	13.1	<u>231,137,578</u>	<u>93,257,722</u>
14 LONG TERM INVESTMENTS			
Investment In Associates	14.1	63,288,293	69,110,560
Ordinary investements	14.2	118,407,910	124,856,837
		<u>181,696,203</u>	<u>193,967,397</u>
14.1 Investment In Associates			
Shaffi Chemical Industries Limited - Quoted	14.1.1	17,029,902	-
Impairment loss		<u>(17,029,902)</u>	<u>-</u>
		-	-
Diamond Polymers (Private) Limited - Unquoted	14.1.2	63,288,293	69,110,560
		<u>63,288,293</u>	<u>69,110,560</u>
14.1.1 SHAFFI CHEMICAL INDUSTRIES LIMITED - associated company			
3754240 (2014 : 3754240) ordinary shares of Rupees 10 each			
Equity held 31.285% (2014 : 31.285%)	14.1.3	-	-
14.1.2 DIAMOND POLYMERS (PRIVATE) LIMITED - associated company			
1300000 (2014 : 1300000) ordinary shares of Rupees 10/- each			
Equity held 43.33% (2014 : 43.33%)	14.1.4	63,288,293	69,110,560



DIAMOND INDUSTRIES LIMITED

13.1 PROPERTY, PLANT AND EQUIPMENT

	Annual Rate of Depreciation %	June - 2015							Book Value as at June 30, 2015
		Costs as at 1-Jul-14	Additions / (Deletions)	Revaluation 30-Jun-15	Cost as at 30-Jun-15	Accumulated Depreciation as at July 01, 2014	Depreciation charge / (deletions) for the year	Accumulated depreciation as at June 30, 2015	
-Leasehold									
Land	0%	3,600,000	-	-	-	3,600,000	-	-	3,600,000
-Freehold									
Land	0%	2,928,000	-	7,772,000	10,700,000	-	-	-	10,700,000
Building (Also includes building on leasehold land)	5%	68,363,509	-	67,972,132	136,335,641	33,849,922	3,708,200	37,558,121	98,777,520
Plant and Machinery - Foam & Chemical	10%	202,132,249	16,673,950	54,126,205	272,932,404	156,518,292	7,996,657	164,514,949	108,417,455
Office Equipment	10%	4,815,084	1,108,185	-	5,923,269	2,789,507	296,686	3,086,193	2,837,076
Furniture and fixtures	10%	4,088,733	-	-	4,088,733	3,639,762	44,897	3,684,659	404,074
Vehicles	20%	7,521,383	3,151,881	-	10,673,264	3,393,754	878,057	4,271,811	6,401,453
		293,448,958	20,934,016	129,870,337	444,253,311	200,191,236	12,924,496	213,115,733	231,137,578

	Annual Rate of Depreciation %	June - 2014							Book Value as at June 30, 2014
		Costs as at 1-Jul-13	Additions / (Deletions)	Revaluation 30-Jun-14	Cost as at 30-Jun-14	Accumulated Depreciation as at July 01, 2013	Depreciation charge / (deletions) for the year	Accumulated depreciation as at June 30, 2014	
-Leasehold									
Land	0%	3,600,000	-	-	3,600,000	-	-	-	3,600,000
-Freehold									
Land	0%	2,928,000	-	-	2,928,000	-	-	-	2,928,000
Building (Also includes building on leasehold land)	5%	68,363,509	-	-	68,363,509	32,033,417	1,816,505	33,849,922	34,513,588
Plant and Machinery - Foam & Chemical	10%	202,132,249	-	-	202,132,249	151,450,075	5,068,218	156,518,293	45,613,956
Office Equipment	10%	4,576,984	238,100	-	4,815,084	2,586,489	203,018	2,789,507	2,025,577
Furniture and fixtures	10%	4,088,733	-	-	4,088,733	3,589,876	49,886	3,639,762	448,971
Vehicles	20%	3,084,630	4,436,753	-	7,521,383	3,008,873	384,881	3,393,754	4,127,629
		288,774,105	4,674,853	-	293,448,958	192,668,730	7,522,506	200,191,236	93,257,722

13.2 There is no disposal during the year.

13.3 The depreciation charged for the period has been allocated as follows:

	Jun-15 Rupees	Jun-14 Rupees
Cost of sales	7,996,657	5,068,217
Administrative expenses	4,927,840	2,454,289
	12,924,496	7,522,506



	Notes	Jun-15 Rupees	Jun-14 Rupees
14.1.3 Reconciliation of Investments in associated companies under equity method			
Shaffi Chemical Industries Limited			
Share in net assets at the beginning of the year			
Add: Share of (loss) after income tax		(396,690)	-
Share of other comprehensive income		(9,666)	-
Loss not to be recognized in profit and loss account		406,356	-
		-	-
Share in net assets at the end of the year		-	-
There was no substantial shares trading transactions during the year, however as at financial statement date the stock exchange quoted a price of Rs.3.81 per share.			
14.1.4 Diamond Polymer Private Limited			
Share in net assets at the beginning of the year			
		69,110,560	68,927,768
Add: Share of (loss) after income tax		(1,169,915)	170,589
Share of other comprehensive income		(13,126)	12,203
Effect due to restatement		(4,639,226)	-
		(5,822,267)	182,792
Share in net assets at the end of the year		63,288,293	69,110,560
The valuation is based upon audited financial statements as at June 30, 2015.			
14.2 Ordinary investements			
Diamond Product (Private) Limited			
885,600 shares (2014: 885,600 shares) ordinary shares of Rs. 10/- each Equity held. 15.25% (2014 - 15.25%)		6,556,677	10,522,456
Diamond Home Textile (Private) Limited			
720,000 shares (2014: 720,000 shares) ordinary shares of Rs. 10/- each Equity held. 15.25% (2014 - 15.25%)		14,400,000	14,040,410
Capital Industrial Enterprises (Private) Limited			
1,800,000 shares (2014: 1,800,000 shares) ordinary shares of Rs. 10/- each Equity held. 15.25% (2014 - 15.25%)		72,000,000	72,000,000
Symbol Industries (Private) Limited			
1,890,000 shares (2014: 1,890,000 shares) ordinary shares of Rs. 10/- each Equity held. 15.25% (2014 - 15.25%)		25,451,233	28,293,971
		118,407,910	124,856,837
14.2.1 Impairments if any, are accounted for on the net assets value as at financial statements date. In the current year,till the date of report, the company has not received any financial statements as at June 30, 2015 from these companies , consequently the valuation in the current year and impairment recognised is based on the audited financial statements as at June 30, 2014 (The comparative figures are based on the audited financial statements of year ended June 30, 2013) , therefore the management is of the opinion that in the absance of the financial statements as at June 30, 2015, no futher provision for any impairment is possible.			
15 LONG TERM DEPOSITS			
Security Deposits	15.1	403,745	329,445
15.1 Security Deposits			
Utilities		101,494	101,494
CDC		25,000	25,000
Hospitals		74,300	-
Others		202,951	202,951
		403,745	329,445
16 STOCKS IN TRADE			
Raw Materials		158,754,018	96,175,499
Work-in-Process		61,740,174	55,506,764
Finished Goods		89,362,128	33,855,364
		309,856,320	185,537,627
Less: Provision for slow moving stock	16.1	(461,548)	(461,548)
		309,394,772	185,076,079

The company is of the view that provision for slow moving stock is adequately provided and no change is required.



	Notes	Jun-15 Rupees	Jun-14 Rupees
17 TRADE DEBTS			
The movement is below			
Considered good		61,641,594	58,653,321
Considered doubtful		34,499,757	34,499,757
		96,141,351	93,153,078
Less: Provision for doubtful debts		(34,499,757)	(34,499,757)
		<u>61,641,594</u>	<u>58,653,321</u>

The ageing of trade debts as at June 30 is

Neither past due nor impaired and fully recoverable		<u>61,641,594</u>	<u>58,653,321</u>
---	--	-------------------	-------------------

To be read with note no.35.

18 LOANS AND ADVANCES

Advances to Employees (considered good)	18.1	664,600	525,200
Advance Sales Tax		32,490,074	28,419,020
Advance Income Tax	18.2	32,293,333	22,066,889
Other advances considered good	18.3	1,778,550	409,621
		<u>67,226,557</u>	<u>51,420,730</u>

18.1 Neither loan nor advances is given to any executive during the year (2014: Nil). Advances to employees are in accordance with the Company policy. These are interest free and secured against the gratuity of respective employees. These advances are carried at cost. The maximum advance given is 22 days salary of respective employee.

18.2 Advance Income Tax

Opening Advance Tax		22,066,889	15,858,171
Add: Deducted/paid during the year		15,418,368	15,180,134
		37,485,257	31,038,305
Less: Adjustment of tax against provision of settled tax liability		(5,191,924)	(8,971,416)
		<u>32,293,333</u>	<u>22,066,889</u>

18.3 Other advances considered good

Insurance		1,534,087	165,207
Rent		9,300	13,400
Others related to imports		235,163	231,014
		<u>1,778,550</u>	<u>409,621</u>

19 OTHER RECEIVABLES

Receivable from Mr. Tanveer Malik (See note No.12)		1,969,309	1,969,309
Allied Bank Limited (See note No.12)	19.1	120,366,528	120,366,528
		122,335,837	122,335,837
Retail Sales Tax - considered doubtful		125,000	125,000
Less: Provision for doubtful retail sales tax		(125,000)	(125,000)
Paid to Allied Bank under protest (Lahore High Court Order)	19.1	40,075,000	40,075,000
		40,075,000	40,075,000
		<u>162,410,837</u>	<u>162,410,837</u>

19.1 The matter is pending adjudication as mentioned in note 12 of the financial statements. The said Tanveer Malik / LSE and Allied Bank Limited have not confirmed the balances receivable neither any certificate to the effect has been issued, see Note No. 12 annexed. The company has moved application for early hearing and is of the opinion that the treatment as current asset is adequate.



20 INVESTMENT AVAILABLE FOR SALE

Investment available for sale

Notes

Jun-15
Rupees

Jun-14
Rupees

20.1

93,495,761

77,404,981

20.1 Quoted Investments

Sr #	Name of the Company	June 2015				June 2014		
		No. of Shares		Rate	Market Value (Rs.)	No. of Shares	Rate	Market Value (Rs.)
		CDC	Physical					
1	ICI Pakistan Limited	-	330	428.87	141,527	330	390	128,812
2	The Bank Of Punjab	27,896	917	9.13	263,063	28,813	9.10	262,198
3	Nishat Mills Ltd.	130	-	114.23	14,850	130	111.92	14,550
4	Sui Northern Gas Pipelines Ltd	794	-	26.64	21,152	794	22.65	17,984
5	Askari Commercial Bank Ltd.	2,088,908	-	21.21	44,305,739	2,088,908	19.01	39,710,141
6	Fauji Fertilizer Company Ltd.	297,597	-	149.42	44,466,944	297,597	112.25	33,405,263
7	First Fidelity Leasing Modaraba	25,000	-	2.98	74,500	25,000	3.06	76,500
8	First Punjab Modarba	151,000	-	5.37	810,870	151,000	3.78	570,780
9	Faysal Bank Ltd.	193,080	382	15.72	3,041,223	169,263	16.15	2,733,597
10	Allied Bank Limited	-	3,240	99.94	323,806	3,240	137.41	445,208
11	Samba Bank formely Trust commercial bank	5,998	-	5.35	32,089	5,998	6.66	39,947
TOTAL		2,790,403	4,869	2,795,272	93,495,761	2,771,073		77,404,981

20.2 All the above shares are held in CDC Sub-account maintained with Mr. Tanveer Malik. The CDC sub account of Mr. Tanveer Malik has been frozen by SECP due to the default of the said member. Note No. 10 read with Note No. 12. The company has also filed legal cases.



	Notes	Jun-15 Rupees	Jun-14 Rupees
21 CASH AND BANK BALANCES			
Cash in hand and imprest		3,252,159	3,300,745
Cash at banks			
Current accounts		3,957,129	2,840,362
Deposit account	21.1	20,761	6,836
		3,977,890	2,847,198
		7,230,049	6,147,943
21.1 These carry profit at the rate ranging from 4% to 10% (2014: from 3% to 10%) per annum.			
22 SALES			
Sales Gross		755,614,978	575,267,596
Less: Sales Tax		(118,421,198)	(88,103,680)
		637,193,780	487,163,916
23 COST OF SALES			
Raw material consumed	23.1	566,573,495	426,783,187
Salaries, wages & other benefits		28,227,681	15,729,035
Repair and maintenance		727,655	1,760,547
Fuel and power		3,806,451	2,925,350
Miscellaneous expenses		1,280,235	999,599
Depreciation		7,996,657	5,068,217
Cost of goods manufactured		608,612,174	453,265,935
Work-in-Process & Finished goods			
Opening stock		89,362,128	49,630,897
Closing stock		(151,102,302)	(89,362,128)
		(61,740,174)	(39,731,231)
		546,872,000	413,534,704
23.1 RAW MATERIAL CONSUMED			
Opening Stock		95,713,951	40,548,523
Purchases		629,152,014	481,948,615
		724,865,965	522,497,138
Less Closing Stock		(158,292,470)	(95,713,951)
		566,573,495	426,783,187
24 SELLING AND DISTRIBUTION EXPENSES			
Salaries, wages & other benefits		14,071,001	18,807,838
Utilities expenses		91,670	83,379
Vehicle Running and Maintenance		182,398	374,075
Travelling & conveyance		301,925	329,629
Repair and maintenance		2,418,533	6,796,563
Rent, rates & taxes		417,512	293,265
Sales Commission etc		-	1,922,650
Freight & Forwarding		7,439,763	6,318,653
Publicity		33,029,292	11,666,585
Miscellaneous		55,375	9,574,884
		58,007,469	56,167,521



	Notes	Jun-15 Rupees	Jun-14 Rupees
25 ADMINISTRATIVE EXPENSES			
Salaries, wages & other benefits		25,546,547	28,518,938
Utilities expenses		848,574	1,287,810
Printing and stationery		151,007	240,432
Vehicle Running and Maintenance		1,234,792	2,237,250
Repair and maintenance		237,575	362,506
Legal & professional charges		6,084,691	5,240,187
Travelling & conveyance		74,588	157,900
Telephone and postage		1,074,044	1,233,169
Rent, rates & taxes		-	-
Miscellaneous		2,070,453	405,292
Auditor's remuneration	25.1	365,000	340,000
Charity and donation		510,000	872,500
Depreciation	13.3	4,927,840	2,454,289
		<u>43,125,111</u>	<u>43,350,273</u>
25.1 AUDITORS' REMUNERATION			
Audit Fee		325,000	300,000
Half Yearly Review		30,000	30,000
Out of Pocket Expenses		10,000	10,000
		<u>365,000</u>	<u>340,000</u>
26 OTHER OPERATING INCOME / LOSS			
Dividend Income		2,097,332	3,202,851
Other income		46,141	1,288,933
		<u>2,143,473</u>	<u>4,491,784</u>
Dividend income is recognized as and when received irrespective of the year of declaration.			
27 FINANCE COST			
Bank Charges		26,578	127,626
Foreign Exchange Loss		4,265,711	351,711
Markup		27,710,290	18,713,188
		<u>32,002,579</u>	<u>19,192,525</u>
28 TAXATION			
Current tax			
Minimum tax		6,371,938	4,871,639
Tax on dividend		209,733	320,285
		6,581,671	5,191,924
Deferred tax			
		4,348,912	(781,068)
		<u>10,930,583</u>	<u>4,410,856</u>

28.1 The income tax assessment of the Company stand finalized upto and including tax year 2013 by deeming provision of Income tax Ordinance 2001.

No reconciliation is required between the accounting profit and tax profit in the previous and current year because the Company is subject to minimum taxation due to tax losses.

Furthermore, no reconciliation between the average effective tax rate and the applicable tax rate is required in the previous and current year as the Company is paying minimum tax.



	Notes	Jun-15 Rupees	Jun-14 Rupees
29 EARNINGS PER SHARE - BASIC AND DILUTED			
(Loss) / Profit after taxation attributable to ordinary shareholders	(Rupees)	(57,422,756)	(44,819,924)
Weighted average number of ordinary Shares	(Numbers)	9000000	9000000
Earnings per shares		(6.38)	(4.98)

There are no dilutive potential ordinary shares outstanding as at June 30, 2015 and 2014 which would have any effect on the earnings per shares.

30 REMUNERATION OF MANAGING DIRECTOR/ CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	MANAGING DIRECTOR/ CHIEF EXECUTIVE, DIRECTORS		EXECUTIVES	
	Jun-15 Rupees	Jun-14 Rupees	Jun-15 Rupees	Jun-14 Rupees
Managerial remuneration and allowances	960,000	782,000	5,665,380	3,724,456
Health insurance	-	-	34,620	41,544
	<u>960,000</u>	<u>782,000</u>	<u>5,700,000</u>	<u>3,766,000</u>
Number of Persons	2	2	2	2

No remuneration is paid to any directors or Chief Executive of the company except for Mr. Iftikhar Shaffi of Rs. 120,000 per year (2014: 120,000) and Mr. Zahoor Ahmad of Rs. 840,000 (2014:682,000).

31 TRANSACTIONS WITH RELATED PARTIES:-

Disclosure of transactions between the Company and related parties

The related parties comprises of associated companies as defined in Company Ordinance 1984 and other related parties. The Company enters into transaction with related parties at arm's length on the basis of mutually agreed terms. There is no difference in the sale/purchase items sold to related parties and other buyers. Details of significant transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements, are as follows:.....

Nature of Transaction	Relationship		
Purchases of goods and services:			
Capital Industrial Enterprises (Private) Limited	Associated Company	-	61,555,934
Diamond Home Textile (Private) Limited	Related party	26,470,158	3,821,265
Symbol Industries (Private) Limited	Related party	102,934	-
Diamond Tyres Limited	Related party	439,656,269	119,097,814
Sales of goods:			
Capital Industrial Enterprises (Private) Limited	Associated Company	-	104,080,339
Diamond Home Textile (Private) Limited	Related party	72,500	-
Diamond Product (Private) Limited	Related party	152,491,729	75,668,287
Diamond Life Style	Related party	10,554,706	-



As at June 30, 2015, there were no receivable/(payable) against the above related parties in respect of above stated transactions. These were settled in ordinary course of business.

All transactions have been made at realizable value and are within the parameters relating to arms length transaction. There is no defined limit of amount in respect of transactions during the year.

31.1 Also see note no. 4.22.

32 NUMBER OF EMPLOYEES

The total and average number of employees during the year and as at June 30, 2015 and 2014 respectively are as follows:

	Jun-15	Jun-14
	No of employees	
Number of employees as on June 30		
-Permanent	<u>231</u>	<u>201</u>
Average number of employees during the year		
-Permanent	<u>231</u>	<u>201</u>

33 PVA PLANT

The plant lies closed since September 2006 due to low and in-adequate orders from customers and increase in the prices of the raw material. The Company has commenced repairs and renewals to non functional plant and machinery, and are of the view that this plant will be operable in F.Y 2016 subject to favorable economics conditions. However the Company is of the view that technological changes will be required.

The company has revalued the PVA plant and machinery during the current year. Also see note no. 7.

34 PLANT CAPACITY AND PRODUCTION

	Jun-15	Jun-14
	Tons	
Installed Plant capacity per annum		
-Foam	12,000	12,000
-PVA	1,560	1,560
Actual Production capacity per annum		
-Foam	2,648	2,006
-PVA	NIL	NIL

34.1 The full capacity of foam plant could not be achieved because of inadequate demand and changing technology.

35 FINANCIAL RISK MANAGEMENT

35.1 FINANCIAL RISK FACTORS

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

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Company's finance department evaluates and hedges financial risks. 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, liquidity risk, use of derivative financial instruments and non derivative financial instruments and investment of excess liquidity.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.



The Company is exposed to currency risk on import of raw materials mainly denominated in US Dollar. At June 30, 2015, had Pakistani rupees weakened/ strengthened by 5% against the USD with all other variables held constant, profit before taxation for the year would have been lower/higher by Rs. 29,842 (2014: 351,711). This will mainly result due to foreign exchange gains/losses on translation of USD.

(ii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company has no interest bearing assets. The Company's interest rate risk arising from short term borrowings and bank balances in saving accounts. Financial instruments at variable rates expose the company to cash flow interest rate risks. Financial instruments at fixed rate expose the Company to fair value interest rate risk.

At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was:

	Jun-15 Rupees	Jun-14 Rupees
Floating rate instruments		
Financial assets		
Bank balances- deposit accounts	20,761	6,836
Financial liabilities		
Short term borrowings	349,331,070	169,807,979

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 345,095 (2014: Rupees 1,698,011) lower / higher, mainly as a result of higher / lower interest expense/income on floating rate financial instruments. This analysis is prepared assuming the amounts of financial instruments outstanding at balance sheet dates were outstanding for the whole year.

(iii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The effect of changes in fair value of such investments made by the company, on the future profits are not considered to be material in the overall context of these financial statements. Furthermore, the Company is not exposed to commodity price risk.

Sensitivity analysis

The table below summarizes the impact of increase / decrease in the Karachi Stock Exchange (KSE) Index on the Company's profit after taxation for the year and on equity (fair value reserve). The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index:

Index	Impact on profit after taxation		Statement of comprehensive income (fair value reserve)	
	Jun-15	Jun-14	Jun-15	Jun-14
	----- (Rupees) -----			
KSE 100 (5% increase)	-	-	4,674,788	3,309,977
KSE 100 (5% decrease)	-	-	(4,674,788)	(3,309,977)

Equity (fair value reserve) would increase / decrease as a result of gain / loss on equity investment classified as available for sale.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an

		Jun-15 Rupees	Jun-14 Rupees
Long Term Deposits	See note no. 15	403,745	329,445
Trade Debts	See note no. 17	61,641,594	58,653,321
Loans and Advances	See note no. 18	67,226,557	51,420,730
Other Receivables	See note no. 19	162,410,837	162,410,837
Investments -Available for Sale	See note no. 20	93,495,761	66,254,456
Cash and Bank Balances	See note no. 21	7,230,049	6,147,943
		392,408,543	345,216,732

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available)



Short Term	Rating		Jun-15	Jun-14
	Long term	Agency	Rupees	Rupees

Banks

Allied Bank Limited	A1+	AA+	PACRA	3,157,738	796,104
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	745	1,107,132
Habib Bank AG Zurich Limited	A1+	AA+	PACRA	217,915	138,758
Bank Al-habib Limited	A1+	AA+	PACRA	(349,439)	(341,066)
Bank Al-falah Limited	A1+	AA	PACRA	2,450	7,459
Askari Bank Limited	A-1+	AA	JCR-VIS	376	376
Standard Chartered Bank (Pak) Ltd	A1+	AAA	PACRA	-	317,475
Silk Bank	A-2	A-	JCR-VIS	947,719	820,574
Summit Bank	A-1	A	JCR-VIS	386	386
				3,977,890	2,847,198

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 17.

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

(c) Liquidity risk

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

The company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June, 2013 the company had Rupees 175 (Millions) (2014: 200) available borrowing limits from financial instruments and Rupees 7,320,049 (2014: Rs.6,156,068) Cash and Bank Balances. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities including interest payments. The company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements. Following are the contractual maturities of financial liabilities. The amounts disclosed in the table are undiscounted cash flows.

Contractual maturities of financial liabilities as at 30 June 2015

Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
(Rupees)					
Non-derivative financial liabilities:					
Trade and other payables	63,220,889	63,220,889	63,220,889	-	-
Short term borrowings	349,331,070	349,331,070	349,331,070	-	-
Accrued mark-up and other liabilities	29,489,068	-	-	-	-
442,041,027	412,551,959	412,551,959	-	-	-

Contractual maturities of financial liabilities as at 30 June 2014

Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
(Rupees)					
Non-derivative financial liabilities:					
Trade and other payables	54,654,679	54,654,679	54,654,679	-	-
Short term borrowings	169,807,979	-	-	-	-
Accrued mark-up and other liabilities	5,982,313	-	-	-	-
54,654,679	54,654,679	54,654,679	-	-	-



The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates/ mark-up rates effective as at 30 June. The rates of interest / mark up have been disclosed in note 10.1 and note 10.2 to these financial statements.

35.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which fair value is observable:

	Level 1	Level 2	Level 3	Total
----- (Rupees) -----				
As at 30 June 2015				
Assets				
Available for sale financial assets	93,495,761	-	-	93,495,761
As at 30 June 2014				
Assets				
Available for sale financial assets	77,404,981	-	-	77,404,981

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial instruments held by the Company is the current bid price. These financial instruments are classified under level 1 in above referred table.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value a financial instrument are observable, those financial instruments are classified under level 2 in above referred table. The Company has no such type of financial instruments as at 30 June 2013.

If one or more of the significant inputs is not based on observable market data, the financial instrument is classified under level 3. The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments. The Company has no such type of financial instruments.

35.3 Financial instruments by categories

	At Fair Value	At Amortized Cost	Total
	Rupees	Rupees	Rupees
As at 30 June 2015			
Assets as per balance sheet			
Long Term Deposits	403,745	-	403,745
Trade Debts	61,641,594	-	61,641,594
Loans and Advances	67,226,557	-	67,226,557
Other Receivables	162,410,837	-	162,410,837
Investment - Available for Sale	93,495,761	-	93,495,761
Cash and Bank Balances	7,230,049	-	7,230,049
	<u>392,408,543</u>	<u>-</u>	<u>392,408,543</u>
At Fair Value			
Rupees			
Liabilities as per balance sheet			
Trade and other payables			63,220,889
Short term borrowings			349,331,070
			<u>412,551,959</u>
			<u>412,551,959</u>



As at 30 June 2015

Assets as per balance sheet

	At Fair Value Rupees	At Amortized Cost Rupees	Total Rupees
Long Term Deposits	329,445	-	329,445
Trade Debts	58,653,321	-	58,653,321
Loans and Advances	51,420,730	-	51,420,730
Other Receivables	162,410,837	-	162,410,837
Investment -Available for Sale	66,254,456	-	66,254,456
Cash and Bank Balances	6,147,943	-	6,147,943
	345,216,732	-	345,216,732

At Fair Value

Rupees

Liabilities as per balance sheet

Trade and other payables	54,654,679
Short term borrowings	169,807,979
	54,654,679

35.4 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent short term borrowings obtained by the company as referred to in Note 8. Total Capital employed includes 'total equity' as shown in balance sheet. The Company's Strategy, which was unchanged from last year, was to maintain gearing ratio of 60 % debt and 40 % equity.

		Jun-15	Jun-14
Borrowings	Rupees in thousand	349,331	169,808
Total Equity	Rupees in thousand	491,228	532,367
Total Capital Employed	Rupees in thousand	840,559	702,175
Gearing ratio	Percentage	42%	24%

36 EVENTS AFTER BALANCE SHEET DATE

Provision For Doubtful Receivables

The company subsequently has commenced proceedings for held up receivables and reasonable recoveries have been made, therefore no further provisions are required.

37 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved and authorized for issue on October 06, 2015 by the Board of Directors of the company.

Chief Executive

Director



Operating Highlights

KEY INDICATORS		2010	2011	2012	2013	2014	2015
OPERATING							
GROSS MARGIN	%	(0.04)	(5,193.08)	15.20	11.69	15.11	14.17
OPERATING MARGIN	%	4.01	(20,896.86)	7.19	2.74	(4.39)	(1.36)
PRE TAX MARGIN	%	4.00	(54,179.87)	6.41	0.71	(8.30)	(7.30)
NET MARGIN	%	4.57	(51,266.04)	5.19	(0.51)	(9.20)	(9.01)
PERFORMANCE							
RETURN ON ASSETS	%	0.93	(14.53)	3.19	1.68	(4.88)	(4.17)
ASSETS TURNOVER	Times	0.20	0.03	53.05	2.36	0.59	0.57
FIXED ASSETS TURNOVER	Times	1.10	0.00	4.57	18.67	5.22	2.76
INVENTORY TURNOVER	Times	N/A	N/A	2.06	12.21	3.00	2.21
RETURN ON EQUITY	%	0.96	(13.83)	3.94	(1.49)	(7.71)	(8.66)
RETURN ON CAPITAL EMPLOYED	%	0.96	(13.83)	0.04	0.02	(0.07)	(0.01)
LEVERAGE							
DEBT : EQUITY	%	2.15	0.59	0.39	0.03	0.43	1.68
LIQUIDITY							
CURRENT	%	5,112.84	98.90	2.20	3.57	2.35	1.67
QUICK	%	5,112.84	89.57	1.51	2.88	1.55	0.93
VALUATION							
EARNING PER SHARE (PRE TAX)	RS.	0.59	(9.57)	3.11	1.42	(4.49)	(5.17)
EARNING PER SHARE (AFTER TAX)	RS.	0.67	(9.06)	3.04	(1.01)	(4.98)	(6.38)
BREAK UP VALUE	RS.	70.24	65.50	70.16	67.78	64.60	73.67
HISTORICAL TRENDS							
TRADING RESULTS							
TURNOVER	RS.	132,172	159	466,245	1,794,283	487,164	637,194
GROSS PROFIT / (LOSS)	RS.	(47)	(8,257)	70,866	209,772	73,629	90,322
OPERATING PROFIT / (LOSS)	RS.	5,299	(33,226)	33,522	49,186	(21,397)	(8,667)
PROFIT/(LOSS) BEFORE TAX	RS.	5,286	(86,146)	29,891	12,746	(40,419)	(46,492)
PROFIT/(LOSS) AFTER TAX	RS.	6,045	(81,513)	24,183	(9,106)	(44,830)	(57,423)
FINANCIAL POSITION							
SHAREHOLDERS' FUNDS	RS.	632,189	589,538	613,265	609,995	581,439	663,069
PROPERTY, PLANT & EQUIPMENT	RS.	119,732	110,516	102,118	96,105	93,258	231,138
NET CURRENT ASSETS	RS.	228,776	240,962	269,158	337,943	310,708	281,515
LONG TERM ASSETS	RS.	412,418	349,421	338,995	290,224	287,555	413,238
LONG TERM LIABILITIES	RS.	9,005	1,041	2,219	18,171	16,824	31,683

**FORM 34****THE COMPANIES ORDINANCE 1984
(Section 236(1) and 464)
PATTERN OF SHAREHOLDING**

1. Incorporation Number **P-00197**
2. Name of the Company **DIAMOND INDUSTRIES LIMITED**
3. Pattern of holding of the shares held by the shareholders as at **30-06-2015**

4. No. of Shareholders	-----Shareholding-----		Total Shares Held
	From	To	
67	1	100	2,870
125	101	500	40,413
25	501	1000	20,610
31	1001	5000	62,615
5	5001	10000	39,524
2	10001	15000	24,500
2	20001	25000	44,000
1	25001	30000	28,500
1	55001	60000	58,360
1	120001	125000	121,500
1	145001	150000	150,000
1	475001	480000	476,855
1	520001	525000	520,480
1	1075001	1080000	1,076,383
1	1420001	1425000	1,422,450
1	1450001	1455000	1,453,650
1	1705001	1710000	1,710,000
1	1745001	1750000	1,747,290
268			9,000,000



5. Categories of shareholders	Share held	Percentage
5.1 Directors, Chief Executive Officers, and their spouse and minor children	3,168,650	35.2072%
5.2 Associated Companies, undertakings and related parties.	2,660,833	29.5648%
5.3 NIT and ICP	700	0.0078%
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	1,747,290	19.4143%
5.5 Insurance Companies	--	--
5.6 Modarabas and Mutual Funds	500	0.0056%
5.7 Share holders holding 10% or more	7,409,773	82.3308%
5.8 General Public	1,306,216	14.5135%
5.9 Others (to be specified)		
Joint Stock Companies	115,811	1.2868%

6. Signature of
Company Secretary

7. Name of Signatory

NAZIR AHMED

8. Designation

Company Secretary

9. NIC Number

35202-0733525-5

10 Date

30 06 2015



**Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2015**

Sr. No.	Name	No. of Shares Held	Percentage
---------	------	--------------------	------------

Associated Companies, Undertakings and Related Parties (Name Wise Detail):

1	DIAMOND PRODUCTS (PVT) LTD	150,000	1.6667
2	SHAFFI CHEMICAL INDUSTRIES LTD. (CDC)	1,422,450	15.8050
3	CAPITAL INDUSTRIAL ENTERPRISES (PVT) LTD.(CDC)	1,076,383	11.9598
4	CAPITAL INDUSTRIES (PVT) LTD. (CDC)	12,000	0.1333

Mutual Funds (Name Wise Detail)

1	FIRST CAPITAL MUTUAL FUND LTD.	500	0.0056
---	--------------------------------	-----	--------

Directors and their Spouse and Minor Children (Name Wise Detail):

1	MR. IFTIKHAR A. SHAFFI	1,710,000	19.0000
2	MR. SHARIQ IFTIKHAR (CDC)	1,453,650	16.1517
3	MR. ABDUL SHAKOOR	500	0.0056
4	MR. MUHAMMAD SAMEER	500	0.0056
5	MR. HASHIM ASLAM BUTT	500	0.0056
6	MR. ZAHOOH AHMAD	500	0.0056
7	MR. BILAL EJAZ	3,000	0.0333

Executives:

- -

Public Sector Companies & Corporations:

- -

Banks, Development Finance Institutions, Non Banking Finance

1,747,290 19.4143

Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:

Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)

<u>S. No.</u>	<u>Name</u>	<u>Holding</u>	<u>Percentage</u>
1	MR. IFTIKHAR A. SHAFFI	1,710,000	19.0000
2	BANK ALFALAH LIMITED- LAHORE STOCK EXCHANGE (CDC)	1,747,290	19.4143
3	MR. SHARIQ IFTIKHAR (CDC)	1,453,650	16.1517
4	SHAFFI CHEMICAL INDUSTRIES LTD. (CDC)	1,422,450	15.8050
5	CAPITAL INDUSTRIAL ENTERPRISES (PVT) LTD.(CDC)	1,076,383	11.9598
6	MR. MUDDASAR IFTIKHAR (CDC)	520,480	5.7831
7	MR. MUZAMMIL EJAZ (CDC)	476,855	5.2984

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S.No	NAME	SALE	PURCHASE
		NIL	



FORM OF PROXY

I/We _____

of _____

being a member of DIAMOND INDUSTRIES LIMITED, hereby appoint

_____ of _____
another member of the Company or failing him/her

_____ of _____
another member of the Company (being a member of the company) as my/our proxy to attend and vote for and on my/our behalf, at the Annual General Meeting of the Company to be held at its registered office, Plot # 25, Gadoon Amazai Industrial Estate Estate, Swabi Khyber Pakhtoonkhwa on Saturday 31st October, 2015 at 11:00 a.m. and any adjournment thereof.

As witnessed given under my/our hand(s) _____ day of _____ 2015.

1) Witness:



Signature _____

Name _____

Signature of Member

Address _____

2) Witness:

Signature _____ Shares Held _____

Name _____ Shareholder's Folio No. _____

Address _____ CDC A/c No. _____

_____ CNIC No. _____

Note :

- Proxies, in order to be effective, must be received at the Company's Registrar office, not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.
- CDC shareholders, entitled to attend and vote at this meeting, must bring with them their Computerised National Identity Cards/Passport in original to prove his/her identity, and in case of Proxy, must enclose an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.
- **For CDC Account Holders / Corporate Entities**

In addition to the above the following requirements have to be met.

- (i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be stated on the form.
- (ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
- (iii) The proxy shall produce his original CNIC or original passport at the time of the meeting.

In case of a corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

