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CORPORATE PROFILE

BOARD OF DIRECTORS

1. Mr. Iftikhar Shaffi	Chief Executive	<i>(Executive)</i>
2. Mr. Qaiser Saleem Khan	Director	<i>(Independent)</i>
3. Mr. Imran Kabir	Director	<i>(Independent)</i>
4. Mr. Abdul Shakoor	Director	<i>(Non-Executive)</i>
5. Mr. Muhammad Sameer	Director	<i>(Non-Executive)</i>
6. Mr. Hashim Aslam Butt	Director	<i>(Non-Executive)</i>
7. Mr. Mohib Hussain	Director	<i>(Non-Executive)</i>

COMPANY SECRETARY

- Mr. Zahoor Ahmad

AUDIT COMMITTEE

1. Mr. Imran Kabir	Chairman	<i>(Independent Director)</i>
2. Mr. Muhammad Sameer	Member	<i>(Non-Executive Director)</i>
3. Mr. Hashim Aslam Butt	Member	<i>(Non-Executive Director)</i>

HUMAN RESOURCE & REMUNERATION COMMITTEE

1. Mr. Imran Kabir	Chairman	<i>(Independent Director)</i>
2. Mr. Muhammad Sameer	Member	<i>(Non-Executive Director)</i>
3. Mr. Hashim Aslam Butt	Member	<i>(Non-Executive Director)</i>

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 Metropolitan Bank Limited
- Silk Bank Limited
- Standard Chartered Bank Pakistan 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 Tuesday 31st October, 2017 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 the minutes of Extraordinary General Meeting held on 31st March, 2017.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended 30th June, 2017 together with the Auditors' Report and Directors' Report thereon.
3. To appoint External Auditors for next financial year ending June 30, 2018 and to fix their remuneration. The retiring auditors, being eligible have offered themselves for reappointment. Audit Committee of the Board has also recommended for 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, 2018.
4. To consider any other transactions with the permission of the chair.

BY ORDER OF THE BOARD

ZAHOORAHMAD
Company Secretary

Lahore: 06-10-2017

Notes:

1. The share transfer books of the Company will remain closed from October 24, 2017 to October 31, 2017 (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, 2017, 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.
9. In order to make process of cash dividend more efficient, SECP has initiated e-dividend mechanism through Notice No. 8(4)SM/CDC/2008 dated 05 April, 2013. The provision of Section 242 of the Companies Act, 2017 required that all listed companies to pay any dividend through electronic mode directly into the bank account of the entitled shareholder. Accordingly, the shareholder holding physical shares are requested to provide to Registrar of Company, the electronic dividend mandate on E-Dividend Form and in case of shares held in CDC, the same information should be provided to the CDS participants for updating and forwarding to the company.

**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, 2017.

Financial Highlights---2017

(Rs. in millions)

- Sales (Net)	940.883
- Gross Profit/(Loss)	3.421
- Operating Expenses	(148.660)
- Other Operating Income	6.624
- Loss from Operations	(611.147)
- Financial Cost	(11.434)
- Share of Profit/Loss of Associated Cos.	2.379
- Profit before taxation	(620.202)
- Taxation Current = (10.028)	
Deferred Tax = <u>3.509</u>	(13.538)
- Profit/(Loss) after taxation	(633.741)

YEAR IN REVIEW:

The Management of the company has been continuously striving hard to increase its market share by applying most appropriate strategies and as a result, net sales have increased to Rs. 940 M as compared to Rs. 774 M of the immediate preceding year, registering an increase of 21%. Gross Profit is Rs. 3.421 M as against Rs. 131 M for the last year. The drastic fall in gross profit is directly attributable to two main factors. Firstly company have been importing its raw material from reliable suppliers, however few consignments were technically not up to the standard and resulted in production of low quality products. The Management has discussed said issue with the supplier. However till date no positive response has been received from supplier. Secondly the court decisions (as mentioned below) shattered the confidence of our dealer/customers about our future ability to continue business with them in normal course and company was left with no option except to sell its products on minimum profit.

During the year, our appeal (RFA/431/2007 titled as DIL Vs ABL) was dismissed vide judgment dated 19-10-2016 to the extent of our Company by the Division Bench of Lahore High Court, Lahore. However, the appeal of the rest of appellants including mortgagors and guarantors was allowed. The Company filed CPLA No. 3861/2016 before Hon'ble Supreme Court, challenging the judgment dated 19.10.2016 of Lahore High Court, Lahore. The referred petition was lastly heard by bench of Hon'ble Supreme Court of Pakistan on 14.04.2017, whereupon the Bench after hearing the case at some length verbally ordered for dismissal of the petition without appreciating and applying the relevant laws. The judgment has not been made available to the Company so far. The management of the company is very disappointed on account of the said order of Hon'ble Supreme Court. The management of the Company believes that gross injustice has been done to the Company through the said order.

Further due to the pending litigations with Allied Bank and non-clearance of eCIB report, no financial institution is ready to finance our company for import of raw materials, the management was forced by the situation to decide to rent out the factory with all its allied machineries. This short term decision will generate rental income for company and will maintain its building & plant & Machinery in good condition. The Management intends to resume its business activities upon the settlement of ABL cases and availability of financing facilities.

The company has also made provisions for principal amount & cost of funds payable to Allied bank as per decree passed by the Honorable High Court Lahore which has resulted in excessive net loss for the year. Collectively all the above mentioned factors have resulted in after tax Loss of Rs. (633.741) M as against Rs. 33.470 (M) (2016) and EPS of Rs. (70.42) as against of Rs. 3.72 for corresponding year.



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. (70.42) as compared to Rs. 3.72 for the immediate preceding year.

PATTERN OF SHAREHOLDING:

Pattern of shareholding is annexed to this report.

BOARD MEETINGS:

During the year under review fifteen 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	12
2.	Mr Shariq Iftikhar	Chief Executive	09 (Resigned 31.01.2017)
3.	Mr Bilal Ejaz	Director	09 (Resigned 31.01.2017)
4.	Mr Muhammad Sameer	Director	09
5.	Mr Abdul Shakoor	Director	14
6.	Mr Hashim Aslam Butt	Director	11
7.	Mr. Mohib Hussain	Director	11
8.	Mr. Qaiser Saleem Khan	Director	01 (Appointed)
9.	Mr. Imran Kabir	Director	01 (Appointed)

Board Audit Committee:

The Board Audit Committee of the Company is in place comprises of one independent director and two 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 one independent director and two 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.

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, 2018. 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. 5.19 of Listing Regulations of Pakistan Stock Exchange Limited 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;
- 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 No1. The board is of opinion that the auditors have not appreciated the reality & facts of the issue. Company property plant & equipment were valued by an independent valuator M/s Luckyhiya Associates (Pvt) Limited on December 26, 2014. The Management of the company firmly believes that losses reported in financial statements have not adversely affected the value in use of the assets of the company & there is no impairment in value of its property plant & equipment and figures reported in financial statements are their fair values.

Secondly the Management has calculated the cost of funds of Rs. 98.514 (M) on the entire amount of Rs. 253(M) and Management firmly believes that the court will adjust Rs. 40(M) paid to Allied bank after passing of decree against the total amount of Rs.253(M), we still claims this amounts.



Reference qualification No.3, 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

IFTIKHAR SHAFFI
Chief Executive

Lahore:- 05th October, 2017



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.

Note: The company is in process of restructuring hence mission, vision and corporate strategy will be followed and implemented in letter and spirit when restructuring process is complemented and the company start its production and sales processes.

IFTIKHAR SHAFFI
Chief Executive



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

Name of Company:- DIAMOND INDUSTRIES LIMITED
Year Ended:- 30-06-2017

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of Pakistan 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
Independent Director	Mr. Qaiser Saleem Mr. Imran Kabir
Non-Executive Directors	Mr. Muhammad Sameer Mr. Hashim Aslam Butt Mr. Abdul Shakoor Mr. Mohib Hussain

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. Upon resignation of Mr. Shariq Iftikhar from the position of Chief Executive and Director of the company, Mr. Iftikhar Shaffi was appointed as Chief Executive and Mr. Qaiser Saleem Khan was appointed as director of the company whereas Mr. Imran Kabir was appointed as director against casual vacancy so created upon resignation of Mr. Bilal Ejaz from the position of director of the company during the year on May 31, 2017.
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 the 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 Act, 2017 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 Shaffi Chief Executive of the company and Chairman of Diamond Group of Industries is well known industrialist with vast and rich experience of about 40 years in managing large industrial units. However the new appointed two directors will complete directors training program within the time allowed by the code.
10. There was no change in the positions 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.

IFTIKHAR SHAFFI
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, 2017, to comply with the requirements of Listing Regulation of respective Pakistan Stock Exchange clause no. 5.19.23 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, subject to audit observations expressed in our audit report effecting the compliance with the Code of Corporate Governance, 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, 2017.

SARWARS
CHARTERED ACCOUNTANTS

Engagement Partner: Mr. Rashid Sarwar FCA

Place: Lahore
Date: October 05, 2017



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of M/s. Diamond Industries Limited as at June 30, 2017 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 from 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:

- (i) The Company in the year under audit, suffered a net loss of Rs.633.741 million after charge of deferred tax expense of Rs. 3.509 million and current tax of Rs. 9.408 million being the minimum tax payable under the relevant provisions of I.T. Ordinance 2001 for the F.Y June 30, 2017. After adjusting the brought forward un-appropriated profits of earlier years the net negative equity in F.Y 2017 stood at Rs. 132.549 million against positive equity of Rs. 498.359 million of F.Y 2016. The current liabilities were Rs. 630.706 million against current assets of Rs. 459.502 million as at 30-06-2017, whereas in the F.Y 30-06-2016 the current assets were Rs. 630.130 against the current liabilities of Rs. 189.525 million. In the financial year 2017 the current liabilities exceeds the current assets by Rs. 171.204 million. The company cash flow does not support the immediate liability decreed by the appellate authorities of Rs. 253.652 million plus the cost of funds. Subsequently, the management has rented out the factory with all its allied machineries. The above situation goes against the company and gives rise to serious concern as to the continuation of the company as a going concern. In spite of this fact the company has not revalued its total assets and liabilities at fair values and considers the historical cost as fair value including the fixed assets revalued in 2014. The company has not provided any mitigation plans to support the financial statements on going concern basis, as at the reporting date. No adjustment is made in the financial statements relating to the realization of its assets and liquidation of liabilities, that may be necessary, should the company continue as a going concern. These events indicates a material uncertainty which cast significant doubts on the company's ability to continue as a going concern.
- (ii) In the matter of Allied Bank Limited RFA 431 / 2007, the learned Supreme Court of Pakistan at the conclusion of hearing on 14-04-2017 ordered the "Dismissal of RFA 431 / 2007". We refer to Note No. 26 annexed to the accounts, the company has not fully complied with the provisions of IAS – 37 and the directive issued by the Institutes of Chartered Accountants of Pakistan. The company has provided inadequate value and amount of cost of funds, whereas the order of the learned High Court Lahore dated October 6, 2007 has ordered that the suit of the plaintiff be and the same hereby decreed in favour of the plaintiff and against the defendant jointly and severally in the sum of Rs. 253,652,224 with cost and costs of funds, from the date of default till realization of the suit amount. The company has only provided Rs. 98.514 million which too remains unverifiable, unconfirmed and unreconciled and without any basis, in spite of this fact the company is still claiming Rs. 40.075 million as receivable from Allied Bank Limited. See note no. 19 and 26.



- (iii) 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 (i) to (iii) above, 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 (i) to (iii) above:-
- 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, because of the effect of matters discussed in paragraphs (i) to (iii) above, the balance sheet, profit and loss account, statement of comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof do not conform with approved accounting standards as applicable in Pakistan, and, do not give the information required by the Companies Ordinance, 1984, in the manner so required and respectively do not give a true and fair view of the state of the company's affairs as at June 30, 2017 and of the loss, its comprehensive loss, 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 05, 2017
Place: Lahore



BALANCE SHEET AS AT JUNE 30, 2017

	NOTE	Audited 30-Jun-17 Rupees	Audited 30-Jun-16 Rupees
SHARE CAPITAL AND RESERVES			
Authorized capital 12000000 ordinary shares of Rs. 10/- each		120,000,000	120,000,000
Issued, subscribed and paid up capital	5	90,000,000	90,000,000
Reserves	6	(222,549,319) (132,549,319)	408,359,773 498,359,773
Surplus on revaluation of property, plant and equipment	7	154,153,370	162,743,815
NON-CURRENT LIABILITIES			
Deferred liabilities	8	78,879,440	69,276,995
CURRENT LIABILITIES			
Short term borrowings	9	97,401,270	109,240,430
Trade and other payables	10	524,276,373	63,760,219
Provision for taxation	11	9,028,910	16,524,879
		630,706,553	189,525,528
CONTINGENCIES AND COMMITMENTS	12	-	-
TOTAL EQUITY AND LIABILITIES		731,190,044	919,906,110

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

Audit report as per annexed

Chief Executive

Certified True Copy



Director



BALANCE SHEET AS AT JUNE 30, 2017

	NOTE	Audited	Audited
		30-Jun-17	30-Jun-16
		Rupees	Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	200,994,572	221,680,353
Long term investments	14	70,362,244	67,765,662
Long term deposits	15	330,885	329,445
		271,687,701	289,775,460
Stock in trade	16	97,797,095	276,919,582
Trade debts	17	71,177,421	29,425,665
Loans and advances	18	168,430,657	75,980,530
Other receivables	19	42,044,309	162,410,837
Investment available for sale	20	73,927,926	77,202,290
Cash and bank balances	21	6,124,935	8,191,746
		459,502,343	630,130,650
TOTAL ASSETS		731,190,044	919,906,110

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

Audit report as per annexed

Chief Executive

Certified True Copy



Director

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017**

	Note	30-Jun-17 Rupees	30-Jun-16 Rupees
Sales - net	22	940,883,814	774,114,245
Cost of sales	23	(937,462,593)	(643,054,785)
Gross profit		3,421,221	131,059,460
Selling and Distribution expenses	24	(104,542,315)	(51,945,828)
Administrative expenses	25	(44,118,180)	(41,646,181)
		(148,660,495)	(93,592,009)
		(145,239,274)	37,467,451
Other Charges	26	472,533,106	6,384,708
Other Operating income	27	6,624,695	56,461,838
Profit / (loss) from Operations		(611,147,685)	87,544,581
Finance Cost	28	(11,434,229)	(9,618,552)
Share of profit/(loss) of associated companies	14	2,379,547	4,477,369
Profit / (loss) before Taxation		(620,202,368)	82,403,398
TAXATION	29		
- Current		(10,028,910)	(17,024,879)
- Deferred Tax		(3,509,920)	(31,908,608)
		(13,538,830)	(48,933,487)
Profit / (Loss) after Taxation		(633,741,198)	33,469,911
Earning per Share	30	(70.42)	3.72

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

Audit report as per annexed

Certified True Copy

Chief Executive



Director

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017**

	June 30, 2017 Rupees	June 30, 2016 Rupees
Profit / (Loss) for The Year	(633,741,198)	33,469,911
Other Comprehensive Income		
Items that cannot be reclassified to profit and loss account		
Staff Retirement Benefits remeasurement	(2,701,006)	(705,277)
Items that may be reclassified to profit and loss account		
Unrealized gain / (loss) arising on remeasurement of available for sale investments	(3,274,364)	(16,293,471)
Unrealized gain/(loss) arising on remeasurement of long term investment of associated companies	217,035	(18,436,954)
	(5,758,335)	(35,435,702)
Total Comprehensive Income for The Year	<u>(639,499,533)</u>	<u>(1,965,791)</u>

The annexed notes form an integral part of this financial statements.
Audit report as per annexed

Chief Executive**Director**



CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2017

	June 30, 2017 Rupees	June 30, 2016 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	(620,202,368)	82,403,398
Adjustment for Non Cash and other items:		
Depreciation on property, plant and equipment	16,987,545	18,118,076
Share of profit of associated company	(2,379,546)	(4,477,369)
Provision for gratuity	6,285,527	6,467,249
Finance cost	11,434,229	9,618,552
Interest Income	(378,805)	(368,573)
Dividend Income	(3,807,606)	(20,099,655)
Gain From Disposal Of Financial Instrument	-	(36,132,244)
Gain/Loss On Disposal of vehicles	(445,575)	138,625
Cash Flow Before Working Capital Changes	(592,506,598)	55,668,059
Working Capital Changes		
(Increase)/Decrease in Current Assets		
Stock in Trade	179,122,487	32,475,190
Trade Debts	(41,751,756)	32,215,929
Loans and Advances	(102,299,874)	2,266,218
Other Receivables	120,366,528	-
	155,437,384	66,957,337
Increase/(Decrease) in Current Liabilities		
Trade and Other Payables	460,516,154	539,330
Cash Inflow / (Outflow) From Operations	23,446,940	123,164,726
Income tax paid	(7,675,132)	(18,853,382)
Finance cost paid	(11,434,229)	(9,618,552)
Gratuity paid / adjusted	(2,894,005)	(1,486,710)
Net Cash Inflow / (Outflow) From Operating Activities	1,443,573	93,206,082
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment	(5,398,500)	(9,306,909)
Interest income	378,804	368,573
Dividend received	3,807,606	20,099,655
Proceeds from sale Vehicle	9,542,310	507,434
(Increase)/Decrease in long term deposits	(1,440)	74,300
Net Cash Generated from /(used in) Investing Activities	8,328,779	147,846,254
CASH FLOW FROM FINANCING ACTIVITIES		
Short Term Borrowings	(11,839,160)	(240,090,640)
Net Cash Flow from Financing Activities	(11,839,160)	(240,090,640)
Net (Decrease) in Cash & Cash Equivalents	(2,066,807)	961,696
Cash & Cash Equivalents at Beginning of the Year	8,191,746	7,230,049
Cash & Cash Equivalents at End of the Period	6,124,935	8,191,746

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

Audit report as per annexed

Chief Executive

Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2017

	Share Capital	RESERVES			TOTAL EQUITY
		CAPITAL	REVENUE		
		Fair value reserve and remeasurement of gratuity	(Accumulated Loss)/ Unappropriated profit		
Balance as at 01 July 2015	90,000,000	63,021,917	338,206,283		491,228,200
Incremental depreciation on surplus on revaluation of property, plant & equipment	-	-	-		-
Profit / (Loss) for the year	-	-	9,097,363		9,097,363
Other comprehensive income for the year	-	-	33,469,911		33,469,911
	-	35,435,702	-		35,435,702
	-	-	-		-
Balance as at 30 June 2016	90,000,000	27,586,215	380,773,557		498,359,772
Balance as at 01 July 2016	90,000,000	27,586,215	380,773,557		498,359,772
Incremental depreciation on surplus on revaluation of property, plant & equipment	-	-	8,590,442		8,590,442
Profit / (Loss) for the year	-	-	(633,741,198)		(633,741,198)
Other comprehensive income for the year	-	(5,758,335)	-		(5,758,335)
Balance as at 30 June 2017	90,000,000	21,827,880	(244,377,199)		(132,549,319)

----- (Rupees) -----

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, 2017

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.K Pakistan. The company has fixed assets located in Lahore, Rawalpindi and Gadoon.

2-GOING CONCERN

The company has prepared these financial statements as a going concern basis and has considered the historical values as fair values, along with the revalued fixed assets costs as determined in financial year 2014 as the fair values.

The Company in the year under audit, suffered a net loss of Rs.633.741 million after charge of deferred tax expense of Rs. 3.509 million and current tax of Rs. 9.408 million being the minimum tax payable under the relevant provisions of I.T. Ordinance 2001 for the F.Y June 30, 2017. After adjusting the brought forward un-appropriated profits of earlier years the net negative equity in F.Y 2017 stood at Rs. 132.549 million against positive equity of Rs. 498.359 million of F.Y 2016. The current liabilities were Rs. 630.706 million against current assets of Rs. 459.502 million as at 30-06-2017, whereas in the F.Y 30-06-2016 the current assets of Rs. 630.130 against the current liabilities of Rs. 189.525 million. In the financial year 2017 the current liabilities exceeds the current assets by Rs. 171.204 million. The company cash flow does not support the immediate liability decreed by the appellate authorities of Rs. 253.652 million plus the cost of funds.

With the announcement of unfavorable decision of learned Supreme Court of Pakistan in the matter of Allied Bank Limited Vs Diamond Industries limited, the creditors approached the BOD for immediate settlement of liabilities and in some cases threatening voices were heard, on the other had the sales come to a standstill and debtors were reluctant to make timely payments. In order to keep the company afloat the BOD were left with no alternate other than lower the sale prices and extends days of credit to debtors. The management has prepared the accounts on going concern basis and are of the view that the fair market value of the assets and liabilities are the same as reflected in the books of accounts, as at June 30, 2017.

The management has not carried out any revaluations of assets and liability including the fixed assets and are of the view that the revaluation of fixed assets carried out by independent valuers on December 26, 2014 hold good for the year ended June 30, 2017.

These financial statements consequently do not include any adjustments for realization of assets and immediate payments of liabilities and the decreed amount along with the cost of funds as ordered by the learned Supreme Court of Pakistan. The management is of the view that the disclosures are adequate and no provision has been made for the uncertainty of going concern. See note no. 12.1.

2.1-RECOGNIZED FAIR VALUE MEASUREMENTS

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.

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.



The fair values assigned to the assets and liabilities are as under;

	2017		2016
	Book Value	Estimate Realizable/ Settlement Value	Book Value
	Rupees	Rupees	Rupees
ASSETS			
Cash and bank balances	6,124,935	6,124,935	8,191,746
Investment available for sale	73,927,926	73,927,926	77,202,290
Other receivables	42,044,309	42,044,309	162,410,837
Loans and advances	168,430,657	168,430,657	75,980,530
Trade debts	71,177,421	71,177,421	29,425,665
Stock in trade	97,797,095	97,797,095	276,919,582
Security deposits	330,885	330,885	329,445
Investments	70,362,244	70,362,244	67,765,662
Property, plant and equipment	200,994,572	200,994,572	221,680,353
TOTAL ASSETS	731,190,044	731,190,044	919,906,110
LIABILITIES			
Trade and other payables	524,276,373	524,276,373	63,760,219
Borrowings	97,401,270	97,401,270	109,240,430
Employees benefit	27,891,582	27,891,582	21,799,054
Deferred income tax	50,987,859	50,987,859	47,477,939
Provision for taxation	9,028,910	9,028,910	16,524,879
TOTAL LIABILITIES	709,585,994	709,585,994	258,802,521
NET ASSETS	21,604,051	21,604,051	661,103,588

The management is of the considered opinion that the book values as at June 30, 2017 reflect true and fair values of the total assets and liabilities. The company has not carried any revaluations of its fixed assets and considers that there are no major factors that could effect the valuation of fixed assets determined by the independent valuers on December 26, 2014. Therefore no valuation processes has been adopted to determine the fair values as at June 30, 2017.

2.2- STATEMENT OF COMPLIANCE

During the year, the Companies Act, 2017 (The Act) has been promulgated, however, Securities and Exchange Commission of Pakistan vide its circular no. 17 of 2017 has directed that the companies whose financial year ends on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, these financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed 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.

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

IAS 40 Investment Property – Interrelationship between IFRS 3 and IAS 40 (ancillary services)

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 01,2018
IFRS 10- Consolidated Financial Statements, IFRS 12- Disclosure Of Interests In Other Entities and IAS 27- Separate Financial Statements-Investments Entities (Amendments)	January 01,2018
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 01,2018
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 01,2018
IFRS 11- Joint Arrangements	January 01,2017
IFRS 11- Joint Arrangements-Accounting for Acquisition of Interest in Joint Operations (Amendment)	January 01,2017
IFRS 12- Disclosure of Interest in Other Entities	January 01,2017
IFRS 13- Fair Value Measurement	January 01,2017
IAS 1- Presentation of Financial Statements-Disclosure Initiative (Amendment)	January 01,2017
IAS 27-Separate Financial Statements- Equity method in Separate Financial Statements (Amendments)	January 01,2017
IAS 16- Property, Plant and Equipment and IAS 38-Intangible Assets- Clarification Of Acceptable Method of Depreciation and Amortization(Amendments)	January 01,2017
IAS 16- Property, Plant and Equipment and IAS 41- Agriculture-Agriculture: Bearer Plants (Amendments)	January 01,2017

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 January 01, 2017. 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 the relevant note so as to write off depreciable amount of the asset over its useful life. The Company charges the depreciation on monthly basis.

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 month basis.

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	Estimated Average Manufactured cost
Finished goods	Lower of Average Manufactured Cost or NRV

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 as an independent business in accordance with 'comparable Uncontrolled Price Method'. The company has voluntarily places before the board of directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in accorda

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.nce with normal business price recording proper justification for using if any, alternate pricing mechanism.



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.

Chief Executive

Director



NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2017

5 ISSUED, SUBSCRIBED & PAID UP CAPITAL		Notes	Jun-17 Rupees	Jun-16 Rupees
2017	2016			
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	Percentage	Shareholding	
			Jun-17 No of Shares	Jun-16 No of Shares
Shaffi Chemical Industries Limited	Associated	15.81	1422450	1422450
Capital Industrial Enterprises (pvt) Ltd.	Related party	14.76	1076383	1076383
Diamond products (pvt) Limited	Related party	1.67	150000	150000
Capital Industries (pvt) Limited	Related party	0.13	12000	12000

6 RESERVES

Movement and composition of reserves is as follows:

Capital Reserve

Fair value reserve

At the beginning of the year		27,586,215	63,021,917
Fair value loss during the year	6.1	(3,274,364)	(16,293,471)
Share of net assets		217,035	(18,436,954)
Remeasurement gain/(loss)		<u>(2,701,006)</u>	<u>(705,277)</u>
At the end of the year		21,827,880	27,586,215

Revenue Reserve

Unappropriated profits		(244,377,199)	380,773,558
		<u>(222,549,319)</u>	<u>408,359,773</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 an independent Valuer on the basis of present market values and replacement values on December 31, 2014 resulting in the further surplus of Rs Nil on land and 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 4,472,000 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.



7.2 Movement in revaluation surplus	Notes	Jun-17 Rupees	Jun-16 Rupees
Surplus on Land			
Opening balance		12,272,750	12,272,750
Add: during the year			
Total Revaluation Surplus on land		<u>12,272,750</u>	<u>12,272,750</u>
Surplus on Buildings			
Opening balance		116,731,436	116,731,436
Add: during the year		-	-
Total revaluation surplus on building		<u>116,731,436</u>	<u>116,731,436</u>
less: Incremental depreciation charged in previous year		<u>28,788,155</u>	<u>24,159,562</u>
less: Incremental depreciation charged in current year		<u>4,397,165</u>	<u>4,628,593</u>
		<u>33,185,320</u>	<u>28,788,155</u>
Revaluation surplus on building net off incremental depreciation		83,546,116	87,943,281
Related deferred tax liability		<u>(7,196,392)</u>	<u>(8,677,542)</u>
less: Related deferred tax liability on incremental depreciation transferred to retained earnings		<u>1,319,150</u>	<u>1,481,150</u>
		<u>(5,877,242)</u>	<u>(7,196,392)</u>
Net revaluation surplus on buildings		<u>77,668,874</u>	<u>80,746,890</u>
Surplus on Plant and machinery			
Opening balance		206,612,556	206,612,556
Add: during the year		-	-
Total revaluation surplus on plant and machinery		<u>206,612,556</u>	<u>206,612,556</u>
less: Incremental depreciation charged in previous year		<u>127,863,599</u>	<u>119,113,714</u>
less: Incremental depreciation charged in current year		<u>7,874,895</u>	<u>8,749,885</u>
		<u>135,738,494</u>	<u>127,863,599</u>
Revaluation surplus on plant and machinery net off incremental depreciation		70,874,062	78,748,957
Related deferred tax liability		<u>(9,024,785)</u>	<u>(11,824,748)</u>
less: Related deferred tax liability on incremental depreciation transferred to retained earnings		<u>2,362,469</u>	<u>2,799,963</u>
		<u>(6,662,316)</u>	<u>(9,024,785)</u>
Net revaluation surplus on plant & machinery		<u>64,211,746</u>	<u>69,724,172</u>
Closing balance		<u>154,153,370</u>	<u>162,743,815</u>
8 DEFERRED LIABILITIES			
Gratuity - Defined benefit plan	8.1	27,891,581	21,799,056
Provision for Deferred Taxation	8.2	50,987,859	47,477,939
		<u>78,879,440</u>	<u>69,276,995</u>
8.1 GRATUITY			
Gratuity	8.1.1	<u>27,891,581</u>	<u>21,799,054</u>
8.1.1 Balance sheet reconciliation			
Present value of defined benefit obligation	8.1.2	27,891,581	21,799,054
Actuarial gain / (loss) to be recognised in later periods	8.1.3	-	-
Benefits Payable		-	-
Net Liability in the balance sheet		<u>27,891,581</u>	<u>21,799,054</u>



	Notes	Jun-17 Rupees	Jun-16 Rupees
8.1.2 Movement in defined benefit obligation			
At the beginning of the year		21,799,054	16,113,238
Current service cost		4,453,842	4,968,685
Past service cost		-	-
Interest cost for the year		1,831,685	1,498,564
other comprehensive Income		2,701,006	705,277
Benefits Paid during the year		(2,894,005)	(1,486,710)
Experience adjustments		-	-
Present value of defined benefit obligation as at June 30, 2017		<u>27,891,582</u>	<u>21,799,054</u>
8.1.3 Movement in unrecognized actuarial losses			
Unrecognized actuarial gain as at the beginning of the year		-	-
Actuarial gains / (losses) arising during the year		(2,701,006)	(705,277)
Adjustment		-	-
Actuarial (gains) recognized in profit or loss account		-	-
Unrecognized actuarial losses as at June 30, 2017		<u>(2,701,006)</u>	<u>(705,277)</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		4,453,842	4,968,685
Past service cost (credit)		-	-
Gain and losses arising on plan settlements		-	-
Interest cost		1,831,685	1,498,564
Total included in salaries benefits		<u>6,285,527</u>	<u>6,467,249</u>
8.1.5 Movement in net liability in balance sheet is as follows:-			
Balance sheet liability		21,799,054	16,113,238
Expenses chargeable to profit and loss		6,285,527	6,467,249
Benefits Paid during the year		(2,894,005)	(1,486,710)
Reimbursement chargeable in other comprehensive income		2,701,006	705,277
Balance sheet liability		<u>27,891,582</u>	<u>21,799,054</u>
8.1.6 Significant Actuarial Assumptions used are as follows:-			
Discount rate used for Interest Cost in P&L Charge		9.00%	9.00%
Salary increase used for year end obligation		8.00%	8.00%
Salary Increase FY2016		8.00%	8.00%
Salary Increase FY2017		8.00%	8.00%
Salary Increase FY2018		8.00%	8.00%
Salary Increase FY2019		8.00%	8.00%
Salary Increase FY2020		8.00%	8.00%
Salary Increase FY2021 onward		8.00%	8.00%
Next salary is increased at		1-Jul-17	1-Jul-16
Mortality Rates		SLIC 2001-2005 Setback 1 Year	SLIC 2001-2005 Setback 1 Year
Withdrawal Rates		Age-Based (per appendix)	Age-Based (per appendix)
Retirement Assumption		Age 60	Age 60



8.1.7 Trend Information

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

As at June 30	2017	2016	2015	2014	2013
Present Value of Defined Obligation	27,891,581	21,799,054	15,953,478	5,443,354	4,202,086
Experience adjustment on obligation	-	-	458,876	1,257,162	157,182

8.1.8 Allocation of gratuity expense charged to profit and loss account

	Jun-17 Rupees	Jun-16 Rupees
Cost of sale	1,558,462	2,492,152
Selling and distribution expenses	3,376,589	5,399,535
Administrative expenses	1,350,476	2,159,561
	<u>6,285,527</u>	<u>10,051,248</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	51,094,232	57,172,286
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Deductible Temporary Differences

Provision for WPPF and WWF	-	2,718,648
Provision for Slow Moving Stock	868,821	-
Provision for Gratuity	8,646,390	6,975,697
	<u>9,515,211</u>	<u>9,694,345</u>
Total Taxable Temporary Difference	41,579,021	47,477,941
Effect of Unadjusted Minimum Tax	9,408,838	-
	<u>50,987,859</u>	<u>47,477,941</u>
Non recognition of deferred tax asset		-
	<u>50,987,859</u>	<u>47,477,941</u>

9 Short term Borrowings - secured

Short term Borrowings- Banks	9.1	<u>97,401,270</u>	<u>102,240,430</u>
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9.1 The company has sanctioned facility for L/C Sight Acceptance upto maximum of Rs.350 millions from Silk Bank secured against personal guarantees of all the directors of the company. The commission @.10% per quarter payable and all other charges payable as per silk bank schedule of charges

9.1.1 The company has sanctioned facility Finance Against Trust Receipt upto maximum of Rs.285 millions from Silk Bank secured as personal guarantees of all th directors of the company. The markup charge upto 6 MK+1.50% per annum serviced and payable on bi annually basis.

10 TRADE AND OTHER PAYABLES

Trade creditors	10.1	141,476,580	7,448,854
Accrued Interest and Other Liabilities		361,276,043	33,409,423
Accrued Liabilities		5,212,335	5,274,003
Sales Tax Payable		9,327,448	8,699,619
Workers Profit Participation Fund Payable		6,551,423	8,495,776
Unclaimed Dividend	10.2	432,544	432,544
		<u>524,276,373</u>	<u>63,760,219</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 .
- 10.2** This accumulated balance represents unclaimed payables amount retained by the Company as it's obligation towards shareholders.

	Notes	Jun-17 Rupees	Jun-16 Rupees
11 PROVISION FOR TAXATION			
Opening Balance		16,524,879	7,333,191
Tax		9,408,838	11,240,495
Income Tax on dividend		620,072	5,784,384
Prior year Adjustment		(17,524,879)	(7,833,191)
		<u>9,028,910</u>	<u>16,524,879</u>

12 CONTINGENCIES AND COMMITMENTS

I-SUPREME COURT OF PAKISTAN

DIL Vs ABL (CPLA. No.38612016)

CPLA No. 3861/2016 filed against judgment dated 19-10-2016 passed hi RFA 431/2007 titled as DIL Vs ABL The Division Bench of Lahore High Court dismissed the RFA 431/2007 vide judgment dated 19-10-2016 to the extent of our Company. However, the appeal of the rest of appellants including mortgagors and guarantors was allowed. The Company filed CPLA No. 3861/2016 before Honorable Supreme Court, challenging the judgment dated 19.10.2016 of Lahore High Court, Lahore. The referred petition was lastly heard by bench of Honorable Supreme Court of Pakistan on 14.04.2017, whereupon the Bench after hearing the case at some length verbally ordered for dismissal of the petition. After receiving the written copy of judgment, the company will consider the options, if any available to it.

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 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 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

c. 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 in all probabilities 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 effectively contesting all these cases and there is every likelihood that these cases will be decided in favour of the Company soon, in near future.

V- ATIR PESHAWAR

An departmental appeal on the issue of on the receipt of 200 million is pending with ATIR Peshawar. The CIR appeal is already in our favour. The issue is related to exemption period and income tax is not applicable on these transactions. favorable outcome is expected. Quantum of tax involved is Rs. 70 million.

Commitments

There is commitment of Nil (2016: Nil) million in respect of outstanding Letters of Credit.

	Notes	Jun-17 Rupees	Jun-16 Rupees
13 PROPERTY, PLANT AND EQUIPMENTS	13.1	<u>200,994,572</u>	<u>221,680,353</u>
14 LONG TERM INVESTMENTS			
Investment In Associates	14.1	<u>70,362,244</u>	<u>67,765,662</u>
		<u>70,362,244</u>	<u>67,765,662</u>
14.1 Investment In Associates			
Shaffi Chemical Industries Limited - Quoted	14.1.1	<u>6,488,079</u>	<u>4,406,859</u>
		<u>6,488,079</u>	<u>4,406,859</u>
Diamond Polymers (Private) Limited - Unquoted	14.1.2	<u>63,874,165</u>	<u>63,358,803</u>
		<u>63,874,165</u>	<u>63,358,803</u>
		<u>70,362,244</u>	<u>67,765,662</u>

13.1. PROPERTY, PLANT AND EQUIPMENT

	Costs as at		Revaluation	Cost as at		Accumulated Depreciation as at July 01, 2016	Depreciation charge for the year		Accumulated depreciation as at JUN 30, 2017	Book Value as at June 30, 2017
	1-Jul-16	Additions / (Deletions)		30-Jun-17	(Deletions)		addition	/ (deletions)		
-Leasehold Land	3,600,000	-	-	3,600,000	-	-	-	-	-	3,600,000
-Freehold Land	10,700,000	-	-	10,700,000	-	-	-	-	-	10,700,000
Building (Also includes building on leasehold land)	136,335,641	1,588,800	-	137,924,441	42,496,997	4,731,652	-	47,228,650	90,695,791	
Plant and Machinery - Foam & Chemical	275,565,746	2,802,000	-	278,367,746	175,488,362	10,153,688	-	185,641,050	92,725,696	
Office Equipment	5,994,269	84,400	-	6,078,669	3,374,913	268,059	-	3,642,972	2,435,697	
Furniture and fixtures	4,088,733	8,300	-	4,097,033	3,725,066	36,367	-	3,761,433	335,600	
Vehicles	16,177,091	915,000	(13,630,130)	3,461,961	5,695,789	1,797,779	(4,533,395)	2,960,173	501,788	
	452,461,480	5,398,500	(13,630,130)	444,229,850	230,781,127	16,987,545	(4,533,395)	243,235,278	200,994,572	

	Costs as at		Revaluation	Cost as at		Accumulated Depreciation as at July 01, 2015	Depreciation charge for the year		Accumulated depreciation as at June 30, 2016	Book Value as at June 30, 2016
	1-Jul-15	Additions / (Deletions)		30-Jun-16	(Deletions)		addition	/ (deletions)		
-Leasehold Land	3,600,000	-	-	3,600,000	-	-	-	-	-	3,600,000
-Freehold Land	10,700,000	-	-	10,700,000	-	-	-	-	-	10,700,000
Building (Also includes building on leasehold land)	136,335,641	-	-	136,335,641	37,558,121	4,938,876	-	42,496,997	93,838,644	
Plant and Machinery - Foam & Chemical	272,932,404	2,633,342	-	275,565,746	164,514,949	10,973,412	-	175,488,362	100,077,384	
Office Equipment	5,923,269	71,000	-	5,994,269	3,086,193	288,721	-	3,374,913	2,619,356	
Furniture and fixtures	4,088,733	-	-	4,088,733	3,684,659	40,407	-	3,725,066	363,667	
Vehicles	10,673,264	5,503,827	-	16,177,091	4,271,811	1,876,659	-	5,695,789	10,481,302	
	444,253,311	8,208,169	-	452,461,480	213,115,733	18,118,076	-	230,781,127	221,680,353	

2017
Rupees

10,153,688
6,833,857
16,987,545

2016
Rupees

10,973,412
7,144,663
18,118,076

Cost of sales
Administrative expenses

13.2 The Land, building, plant and machinery have been revalued by independent Valuer on the basis of present market values and replacement values on December 26, 2014, 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.

If there had been no revaluation, the cost, accumulated depreciation and book value of the revalued assets at June 30, 2017 would have been as follows:

Particulars	2017		2016	
	Rs.	Rs.	Rs.	Rs.
Leasehold Land	2,027,250	-	2,027,250	2,027,250
Building on Leasehold Land	21,193,005	13,748,562	7,444,443	13,398,560
Plant and Machinery - Foam	62,297,000	44,430,343	17,866,657	42,282,992
Plant and Machinery - Chemical	9,458,190	5,341,771	4,116,419	5,195,724
R u p e e s	94,975,445	63,520,676	31,454,769	60,877,276
				29,707,369

13.3 No impairment has been recognised on operating assets in the current year.

13.4 Allied Bank Limited of Shahdara Branch pledged all that lease hold rights of Plot bearing No. 25 measuring 6 acres situated in the Industrial Estate Area of Gadoon Amazai with all present & future constructions, fittings, fixtures, machineries, all installations, receivables etc by way of first charge including stocks of the company valuing Rs. 130,000,000. Charge was first created on Nov 7, 1995.

13.5 To be read with note. No. 7 annexed.



14.1.1 SHAFFI CHEMICAL INDUSTRIES LIMITED - associated company

	Notes	Jun-17 Rupees	Jun-16 Rupees
3754240 (2016 : 3754240) ordinary shares of Rupees 10 each Equity held 31.285% (2016 : 31.285%)	14.1.3	6,488,079	4,406,859

The share of profit in Shaffi Chemical as per audited financial statement amounted to Rs.6,488,079 as at 30-06-2017. The investment in shaffi is reinstated to the extent of profit in current year. The issue price of each share is Rs.10 per share. The fair value of each share is Rs.6.49 (2016:Rs.5.15).

14.1.2 DIAMOND POLYMERS (PRIVATE) LIMITED - associated company

1300000 (2016 : 1300000) ordinary shares of Rupees 10/- each Equity held 43.33% (2016 : 43.33%)	14.1.4	63,874,165	63,288,293
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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

4,406,859	-
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Add: Share of (loss) after income tax
Share of other comprehensive income
Loss not to be recognized in profit and loss account

1,872,071	4,642,226
244,022	(235,367)
(34,873)	-

Share in net assets at the end of the year

2,081,220	4,406,859
6,488,079	4,406,859

There was no substantial shares trading transactions during the year, however as at financial statement date the stock exchange quoted a price of Rs. 6.49 per share

14.1.4 Diamond Polymer Private Limited

Share in net assets at the beginning of the year

63,358,803	63,288,293
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Add: Share of (loss) after income tax
Share of other comprehensive income

507,476	69,410
7,886	1,100

Share in net assets at the end of the year

515,362	70,510
63,874,165	63,358,803

15 LONG TERM DEPOSITS

Security Deposits	15.1	330,885	329,445
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15.1 Security Deposits

Utilities	101,494	101,494
CDC	25,000	25,000
Others	204,391	202,951
	330,885	329,445

16 STOCKS IN TRADE

Raw Materials	91,774,755	136,487,780
Work-in-Process	2,802,648	45,620,690
Finished Goods	6,022,340	94,811,112
	100,599,743	276,919,582
Less: Provision for slow moving stock	(2,802,648)	-
	97,797,095	276,919,582



17 TRADE DEBTS	Notes	Jun-17 Rupees	Jun-16 Rupees
The movement is below			
Considered good		71,177,421	29,425,665
Considered doubtful		-	-
		<u>71,177,421</u>	<u>29,425,665</u>
Less: Provision for doubtful debts		-	-
		<u>71,177,421</u>	<u>29,425,665</u>
These are Neither past due nor impaired and fully recoverable		<u>71,177,421</u>	<u>29,425,665</u>
18 LOANS AND ADVANCES			
Advances to Employees (considered good)	18.1	1,459,700	2,836,500
Advance Sales Tax		30,421,865	28,410,243
Advance Income Tax	18.2	33,463,777	43,313,524
Other advances considered good	18.3	1,355,831	1,420,263
Due from associates	18.4	101,729,484	
		<u>168,430,657</u>	<u>75,980,530</u>
18.1 Neither loan nor advances is given to any executive during the year (2016: 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		43,313,524	32,293,333
Add: Deducted/paid during the year		6,675,132	18,895,446
		49,988,656	51,188,779
Less: Adjustment of tax against provision of settled tax liability		(16,524,879)	(7,875,255)
		<u>33,463,777</u>	<u>43,313,524</u>
18.3 Other advances considered good			
Insurance		800,405	1,093,200
Rent		18,600	18,600
Others related to imports		536,826	308,463
		<u>1,355,831</u>	<u>1,420,263</u>
18.4 Due from associates represents amount loan which carries markup at 8.50% and unsecured with undertermined repayment period. The minimum balance in this account was Rs.0.8 million while the maximum balance at any time during the year was Rs. 101.729 million.			
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
		<u>1,969,309</u>	<u>122,335,837</u>
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
		<u>40,075,000</u>	<u>40,075,000</u>
		<u>42,044,309</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

20.1 73,927,926 77,202,292

Sr #	Name of the Company	June 17						June 2016					
		No. of Shares			Market Value (Rs.)	Gain/ (loss)	No. of Shares			Market Value (Rs.)	Rate		
		CDC	Physical	Total			Rate	CDC	Physical			Total	
1	ICI Pakistan Limited	-	330	###	361,202	214,345	-	330	445.02	146,857			
2	The Bank Of Punjab	27,896	917	28,813	339,417	107,761	27,896	917	28,813	231,657			
3	Nishat Mills Ltd.	130	-	130	20,628	6,707	130	-	130	13,922			
4	Sui Northern Gas Pipelines Ltd	794	-	794	118,242	89,428	794	-	794	28,814			
5	Askari Commercial Bank Ltd.	2,088,908	-	2,088,908	42,133,274	3,112,473	2,088,908	-	2,088,908	39,020,801			
6	Fauji Fertilizer Company Ltd.	297,597	-	297,597	24,593,416	(9,546,912)	297,597	-	297,597	34,140,328			
7	First Fidelity Leasing Modaraba	25,000	-	25,000	81,250	21,250	25,000	-	25,000	60,000			
8	First Punjab Modaraba	151,000	-	151,000	1,208,000	495,280	151,000	-	151,000	712,720			
9	Faysal Bank Ltd.	211,422	382	211,804	4,765,590	2,229,303	193,080	382	193,462	2,536,287			
10	Allied Bank Limited	-	2,946	2,946	264,021	(1,002)	-	2,946	2,946	265,022			
11	Samba Bank formerly Trust commercial bank	5,998	-	5,998	42,886	(2,999)	5,998	-	5,998	45,885			
TOTAL		2,808,745	4,575	2,813,320	73,927,926	(3,274,366)	2,790,403	4,575	2,794,978	77,202,292			

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. See Note No. 12. The company has also filed legal cases.



	Notes	Jun-17 Rupees	Jun-16 Rupees
21 CASH AND BANK BALANCES			
Cash in hand and imprest		1,996,759	863,426
Cash at banks			
Current accounts		4,128,176	7,328,320
		<u>6,124,935</u>	<u>8,191,746</u>
22 SALES			
Sales Gross		1,106,031,979	909,389,402
Less: Sales Tax		<u>(165,148,165)</u>	<u>(135,275,157)</u>
		940,883,814	774,114,245
23 COST OF SALES			
Raw material consumed	23.1	737,854,670	566,573,495
Salaries, wages & other benefits		50,742,810	43,508,491
Repair and maintenance		695,387	2,265,018
Fuel and power		4,167,568	4,419,588
Miscellaneous expenses		2,241,656	1,311,032
Depreciation		<u>10,153,688</u>	<u>10,973,412</u>
Cost of goods manufactured		805,855,779	629,051,036
Work-in-Process & Finished goods			
Opening stock		140,431,802	151,102,302
Closing stock		<u>(8,824,988)</u>	<u>(140,431,802)</u>
		131,606,814	10,670,500
		<u>937,462,593</u>	<u>639,721,536</u>
23.1 RAW MATERIAL CONSUMED			
Opening Stock		136,487,780	158,292,470
Purchases		<u>707,783,596</u>	<u>660,317,537</u>
		844,271,376	818,610,007
Less: Claim received on account of low quality material		-	(112,215,483)
Less: Discount on Purchases		(14,641,951)	
Less Closing Stock		<u>(91,774,755)</u>	<u>(136,487,780)</u>
		737,854,670	569,906,744
24 SELLING AND DISTRIBUTION EXPENSES			
Salaries, wages & other benefits		19,848,597	13,866,851
Utilities expenses		45,016	17,319
Vehicle Running and Maintenance		352,884	279,494
Travelling & conveyance		182,901	332,998
Repair and maintenance		1,249,772	1,056,429
Rent, rates & taxes		352,448	756,039
Freight & Forwarding		3,748,745	2,207,403
Publicity		76,605,689	33,018,559
Miscellaneous		2,156,263	410,736
		<u>104,542,315</u>	<u>51,945,828</u>



	Jun-17 Rupees	Jun-16 Rupees
25 ADMINISTRATIVE EXPENSES		
Salaries, wages & other benefits	20,888,111	22,910,071
Utilities expenses	128,352	132,197
Printing and stationery	164,422	144,325
Vehicle Running and Maintenance	996,582	699,497
Repair and maintenance	107,000	23,430
Legal & professional charges	7,304,913	6,231,468
Travelling & conveyance	257,899	355,978
Telephone and postage	1,593,692	1,350,457
Miscellaneous	554,460	1,026,990
Auditor's remuneration	446,000	430,000
Charity and donation	2,040,244	1,197,105
Depreciation	6,833,857	7,144,663
Provision for slow moving stock	2,802,648	
	<u>44,118,180</u>	<u>41,646,181</u>
25.1 AUDITORS' REMUNERATION		
Audit Fee	385,000	375,000
Half Yearly Review	40,000	40,000
Out of Pocket Expenses	21,000	15,000
	<u>446,000</u>	<u>430,000</u>
26 OTHER CHARGES		
Decreed principal	253,652,224	-
Mark up /Cost of funds	98,514,354	-
Claims written off	120,366,528	
Workers welfare and participation funds	-	6,384,708
	<u>472,533,106</u>	<u>6,384,708</u>
26.1	In the matter of Allied Bank Limited Vs Diamond Industries Limited, the learned Supreme Court of Pakistan at the conclusion of hearing on 14-04-2017 ordered the "Dismissal of Petition RFA 431 / 2007 whereby the orders of the learned Lahore High Court Lahore stood restored and thus the decreed amount of Rs. 253,652,224/- become payable by the company, the company by way of additional ancillary levies (cost of fund) has provided an amount of Rs. 98.54 million and has written off the amount of Rs. 120.366 million claimed by the company. See note. no. 12.1.	
27 OTHER OPERATING INCOME / LOSS		
Dividend Income	3,807,606	20,099,655
Income From Disposal of Assets	1,069,605	36,362,183
Markup on loan to associates	1,747,484	
	<u>6,624,695</u>	<u>56,461,838</u>
Dividend income is recognized as and when received irrespective of the year of declaration.		
28 FINANCE COST		
Bank Charges	744,336	280,519
Foreign Exchange Loss	-	228,897
Markup	10,689,893	9,109,136
	<u>11,434,229</u>	<u>9,618,552</u>
29 TAXATION		
Current tax		
Tax	9,408,838	11,240,495
Tax on dividend	620,072	5,784,384
	10,028,910	17,024,879
Deferred tax	3,509,920	31,908,608
	<u>13,538,830</u>	<u>48,933,487</u>



Relationship between accounting profit and tax Expenses

	2017	2016
Accounting profit before tax	-	82,403,398
Tax at applicable rate of 32% (2015:33%)	-	26,369,087
Tax credit on turnover tax	-	11,243,577
Tax on non taxable income	-	11,560,664
Tax reduction effect	-	(824,034)
Tax effect of assessed losses	-	2,231,302
Tax expense	-	50,580,596
Applicable tax rate	-	32%
Tax credit on turnover tax	-	14%
Tax on income from disposal of financial assets	-	14%
Tax reduction effect	-	-1%
Tax effect of assessed losses	-	3%
Average effective tax rate	-	61%

30 EARNINGS PER SHARE - BASIC AND DILUTED

(Loss) / Profit after taxation attributable to ordinary shareholders	(Rupees)	(633,741,198)	33,469,911
Weighted average number of ordinary Shares	(Numbers)	9000000	9000000
Earnings per shares		(70.42)	(6.38)

There are no dilutive potential ordinary shares outstanding as at June 30, 2017 and 2016 which would have any effect on the earnings per shares.

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

	MANAGING DIRECTOR/ CHIEF EXECUTIVE, DIRECTORS		EXECUTIVES	
	Jun-17 Rupees	Jun-16 Rupees	Jun-17 Rupees	Jun-16 Rupees
Managerial remuneration and allowances	1,620,000	1,200,000	5,665,380	5,665,380
Health insurance	-	-	34,620	34,620
	1,620,000	1,200,000	5,700,000	5,700,000
Number of Persons	2	2	2	2

No remuneration is paid to any directors or Chief Executive of the company except for Chairman of Rs. 120,000 per year (2016: 120,000) and company secretary of Rs. 1,500,000 (2016:1,080,000).

32 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. 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	34,261,105	52,013,670
Diamond Home Textile (Private) Limited	Related party	41,834,145	85,979,816
Symbol Industries (Private) Limited	Related party	-	54,681
Diamond Tyres Limited	Related party	230,338,267	404,459,856
Diamond Product (Private) Limited	Related party	47,509	313,390



Sales of goods:

Diamond Home Textile (Private) Limited	Related party	570,890,881	500,478,195
Diamond Product (Private) Limited	Related party	99,130,760	85,866,069
Dolce vita Home (Private) Limited	Related party	34,926,758	16,250,960
Diamond Tyres Limited	Related party	84,214	-

Interest/ markup accrued

Capital Industrial Enterprises (Pvt) Limited	Related party	1,747,484	-
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As at June 30, 2017, there were no receivable/(payable) against the above related parties in respect of above stated transactions other than the amount disclosed in note. 18.4.

There is no defined credit/debit limit of amount in respect of transactions during the year.

33 NUMBER OF EMPLOYEES

The total and average number of employees during the year and as at June 30, 2017 and 2016 respectively are as follows:

	Jun-17	Jun-16
	No of employees	
Number of employees as on June 30		
-Permanent	287	277
Average number of employees during the year		
-Permanent	282	267

34 PVA PLANT

The plant remains closed since September 2006 due to in-adequate orders from customers and increase in the prices of the raw material. The Company commenced some repairs and renewals to non functional plant and machinery, and are of the view that this plant maybe operatable in F.Y 2017 subject to favorable economic conditions. However the Company is of the view that technological changes will be required.

The company revalued its PVA plant and machinery during the year 2015. Also see note no. 7.

35 PLANT CAPACITY AND PRODUCTION

	Jun-17	Jun-16
	Tons	Tons
Installed Plant capacity per annum		
-Foam	12,000	12,000
-PVA	1,560	1,560
Actual Production capacity per annum		
-Foam	2,528	2,648
-PVA	NIL	NIL

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

36 Disclosure Requirements for All Shares Islamic Index

Following Information has been disclosed with reference to Circular no. 14 of 2016 dated April 21, 2016, issued by the Securities and Exchange Commission of Pakistan relating to "All Shares Islamic Index".

Description	Explanation
(1) Loans and Advances	Disclosed in Note no.9 and no.18
(2) Deposits	Non Interest Bearing
(3) Segment Reporting	N/A
(4) Bank Balances	Placed under Interest Arrangement
(5) Income on Bank deposits	N/A
(6) Gain/Loss on Available for Sale Investments	Disclosed in Note no.20.1
(7) Dividend Income	Disclosed in Note no.27
(8) All Sources of Other Income	Disclosed in Note no.27
(9) Exchange Gain	Disclosed in Note no.28
(10) Relationship with banks having Islamic windows	Company has no relationship with bank having Islamic windows



37 FINANCIAL RISK MANAGEMENT

37.1 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, 2017, 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. Nil (2016: Nil). 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-17 Rupees	Jun-16 Rupees
Floating rate instruments		
Financial assets		
Bank balances- deposit accounts	-	-
Financial liabilities		
Short term borrowings	97,401,270	109,240,430

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 974,013 (2016: Rupees 1,092,404) 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-17	Jun-16	Jun-17	Jun-16
	----- (Rupees) -----			
KSE 100 (5% increase)	-	-	3,675,762	3,860,115
KSE 100 (5% decrease)	-	-	(3,675,762)	(3,860,115)

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-17 Rupees	Jun-16 Rupees
Long Term Deposits	See note no. 15	330,885	329,445
Trade Debts	See note no. 17	71,177,421	29,425,665
Loans and Advances	See note no. 18	168,430,657	75,980,530
Other Receivables	See note no. 19	42,044,309	162,410,837
Investments -Available for Sale	See note no. 20	73,927,926	77,202,290
Cash and Bank Balances	See note no. 21	6,124,935	8,191,746
		<u>362,036,133</u>	<u>353,540,513</u>

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

Rating			Jun-17	Jun-16	
Short Term	Long term	Agency	Rupees	Rupees	
Banks					
Allied Bank Limited	A1+	AA+	PACRA	301,455	1,292,369
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	774	768
Habib Bank AG Zurich Limited	A1+	AA+	PACRA	3,320,729	(1,055,306)
Bank Al-habib Limited	A1+	AA+	PACRA	287,357	1,275,490
Bank Al-falah Limited	A1+	AA	PACRA	1,487	2,454
Askari Bank Limited	A-1+	AA	JCR-VIS	376	376
Standard Chartered Bank (Pak) Ltd	A1+	AAA	PACRA	-	-
Silk Bank	A-2	A-	JCR-VIS	205,612	5,811,783
Summit Bank	A-1	A	JCR-VIS	386	386
Meezan Bank	A-1+	AA	JCR-VIS	10,000	-
				<u>4,128,176</u>	<u>7,328,320</u>

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

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, 2017 the company had Rupees 350 (Millions) (2016: 350million) available borrowing limits from financial instruments and Rupees 4,128,176 (2016: Rs.8,721,487) 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 2017

	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	524,276,373	524,276,373	524,276,373	-	-	-
Short term borrowings	97,401,270	97,401,270	97,401,270			
Accrued mark-up and other liabilities	361,276,043					
	<u>982,953,686</u>	<u>621,677,643</u>	<u>621,677,643</u>	<u>-</u>	<u>-</u>	<u>-</u>

Contractual maturities of financial liabilities as at 30 June 2016

	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	63,760,219	63,760,219	63,760,219	-	-	-
Short term borrowings	109,240,430	109,240,430	109,240,430			
Accrued mark-up and other liabilities	33,409,423					
	<u>206,410,072</u>	<u>173,000,649</u>	<u>173,000,649</u>	<u>-</u>	<u>-</u>	<u>-</u>

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 9.1 and note 9.1.1 to these financial statements.

37.2 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 2017				
Assets				
Available for sale financial assets	<u>73,927,926</u>	<u>-</u>	<u>-</u>	<u>73,927,926</u>
As at 30 June 2016				
Assets				
Available for sale financial assets	<u>77,202,292</u>	<u>-</u>	<u>-</u>	<u>77,202,292</u>

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 2017.

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.



37.3 Financial instruments by categories

As at 30 June 2017

Assets as per balance sheet

	At Fair Value Rupees	At Amortized Cost Rupees	Total Rupees
Long Term Deposits	330,885	-	330,885
Trade Debts	71,177,421	-	71,177,421
Loans and Advances	168,430,657	-	168,430,657
Other Receivables	42,044,309	-	42,044,309
Investment -Available for Sale	73,927,926	-	73,927,926
Cash and Bank Balances	6,124,935	-	6,124,935
	<u>362,036,133</u>	-	<u>362,036,133</u>

Liabilities as per balance sheet

	At Fair Value Rupees
Trade and other payables	524,276,373
Short term borrowings	97,401,270
	<u>621,677,643</u>

As at 30 June 2016

Assets as per balance sheet

	At Fair Value Rupees	At Amortized Cost Rupees	Total Rupees
Long Term Deposits	329,445	-	329,445
Trade Debts	29,425,665	-	29,425,665
Loans and Advances	75,980,530	-	75,980,530
Other Receivables	162,410,837	-	162,410,837
Investment -Available for Sale	77,202,290	-	77,202,290
Cash and Bank Balances	8,191,746	-	8,191,746
	<u>353,540,513</u>	-	<u>353,540,513</u>

Liabilities as per balance sheet

	At Fair Value Rupees
Trade and other payables	63,760,219
Short term borrowings	109,240,430
	<u>173,000,649</u>

37.4 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-17	Jun-16
Borrowings	Rupees in thousand	97,401	109,240
Total Equity	Rupees in thousand	-	498,360
Total Capital Employed	Rupees in thousand	-	607,600
Gearing ratio	Percentage	-277%	18%



38 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved and authorized for issue on October 05, 2017 by the Board of Directors of the company.

Chief Executive

Director



Operating Highlights

		2012	2013	2014	2015	2016	2017
KEY INDICATORS							
OPERATING							
GROSS MARGIN	%	15.20	11.69	15.11	14.17	16.93	0.36
OPERATING MARGIN	%	7.19	2.74	(4.39)	(1.36)	11.30	(64.95)
PRE TAX MARGIN	%	6.41	0.71	(8.30)	(7.30)	10.64	(65.92)
NET MARGIN	%	5.19	(0.51)	(9.20)	(9.01)	4.32	(67.36)
PERFORMANCE							
RETURN ON ASSETS	%	3.19	1.68	(4.88)	(4.17)	15.10	(315.30)
ASSETS TURNOVER	Times	53.05	2.36	0.59	0.57	0.84	1.28
FIXED ASSETS TURNOVER	Times	4.57	18.67	5.22	2.76	3.49	4.70
INVENTORY TURNOVER	Times	2.06	12.21	3.00	2.21	2.19	5.01
RETURN ON EQUITY	%	3.94	(1.49)	(7.71)	(8.66)	5.06	(21.604)
LEVERAGE							
DEBT : EQUITY	Times	0.39	0.03	0.43	0.53	0.17	4.5
LIQUIDITY							
CURRENT	Times	2.20	3.57	2.35	1.67	3.00	0.73
QUICK	Times	1.51	2.88	1.55	0.93	1.86	0.58
VALUATION							
EARNING PER SHARE (PRE TAX)	RS.	3.11	1.42	(4.49)	(5.17)	0.92	(68.91)
EARNING PER SHARE (AFTER TAX)	RS.	3.04	(1.01)	(4.98)	(6.38)	3.72	(70.42)
BREAK UP VALUE	RS.	70.16	67.78	64.60	73.67	73.46	2.40
HISTORICAL TRENDS							
TRADING RESULTS							
TURNOVER	RS.	466,245	1,794,283	487,164	637,194	774,114	940,884
GROSS PROFIT / (LOSS)	RS.	70,866	209,772	73,629	90,322	131,059	3,421
OPERATING PROFIT / (LOSS)	RS.	33,522	49,186	(21,397)	(8,667)	87,545	(611,148)
PROFIT/(LOSS) BEFORE TAX	RS.	29,891	12,746	(40,419)	(46,492)	82,403	(620,202)
PROFIT/(LOSS) AFTER TAX	RS.	24,183	(9,106)	(44,830)	(57,423)	33,470	(633,741)
FINANCIAL POSITION							
SHAREHOLDERS' FUNDS	RS.	613,265	609,995	581,439	663,069	661,104	21,604
PROPERTY, PLANT & EQUIPMENT	RS.	102,118	96,105	93,258	231,138	221,680	200,995
NET CURRENT ASSETS	RS.	269,158	337,943	310,708	281,515	440,605	(171,204)
LONG TERM ASSETS	RS.	338,995	290,224	287,555	413,238	289,775	271,688
LONG TERM LIABILITIES	RS.	2,219	18,171	16,824	31,683	69,277	78,879

**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

30-06-2017

4. No. of Shareholders	-----Shareholding-----		Total Shares Held
	From	To	
70	1	100	2,747
133	101	500	45,862
26	501	1,000	22,750
32	1,001	5,000	65,549
4	5,001	10,000	30,124
2	10,001	15,000	24,500
3	20,001	25,000	66,500
1	25,001	30,000	28,500
1	120,001	125,000	121,500
1	145,001	150,000	150,000
1	345,001	350,000	348,090
1	475,001	480,000	476,855
1	520,001	525,000	520,480
1	555,001	560,000	559,060
1	1,420,001	1,425,000	1,422,450
1	1,450,001	1,455,000	1,453,650
1	1,705,001	1,710,000	1,710,000
1	1,950,001	1,955,000	1,951,383
281			9,000,000



5. Categories of shareholders	Share held	Percentage
5.1 Directors, Chief Executive Officers, and their spouse and minor children	1,713,000	19.0333%
5.2 Associated Companies, undertakings and related parties.	3,546,333	39.4037%
5.3 NIT and ICP	700	0.0078%
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	559,060	6.2118%
5.5 Insurance Companies	-	0.0000%
5.6 Modarabas and Mutual Funds	500	0.0056%
5.7 Share holders holding 10% or more	6,537,483	72.6387%
5.8 General Public		
a. Local	2,763,816	30.7091%
b. Foreign	-	0.0000%
5.9 Others (to be specified)		
Joint Stock Companies	416,591	4.6288%

6. Signature of
Company Secretary

7. Name of Signatory

ZAHOOR AHMAD

8. Designation

Company Secretary

9. NIC Number

35202-6572696-2

10 Date

30 06 2017



**Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2017**

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)	1,951,383	21.6820
4	SYMBOL INDUSTRIES (PVT) LTD. (CDC)	22,500	0.2500

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. ABDUL SHAKOOR	500	0.0056
3	MR. MUHAMMAD SAMEER	500	0.0056
4	MR. HASHIM ASLAM BUTT	500	0.0056
5	MR. MOHIB HUSSAIN	500	0.0056
6	MR. QASIER SALEEM KHAN	500	0.0056
7	MR. IMRAN KABIR	500	0.0056
		1,713,000	19.0333

Executives:

- -

Public Sector Companies & Corporations:

- -

Banks, Development Finance Institutions, Non Banking Finance

559,060 6.2118

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	MR. SHARIQ IFTIKHAR (CDC)	1,453,650	16.1517
3	SHAFFI CHEMICAL INDUSTRIES LTD. (CDC)	1,422,450	15.8050
4	CAPITAL INDUSTRIAL ENTERPRISES (PVT) LTD.(CDC)	1,951,383	21.6820
5	BANK ALFALAH LIMITED- LAHORE STOCK EXCHANGE (CDC)	559,060	6.2118
6	MR. MUDASSAR IFIKHAR (CDC)	520,480	5.7831
7	MR. MUZAMMIL EJAZ (CDC)	476,855	5.2984
		8,093,878	89.9320

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
1	MR. QASIER SALEEM KHAN	-	500
2	MR. IMRAN KABIR	-	500



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 Tuesday 31st October, 2017 at 11:00 a.m. and any adjournment thereof.

As witnessed given under my/our hand(s) _____ day of _____ 2017.

1) Witness:

Signature _____

Name _____

Address _____

Signature of Member

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.



