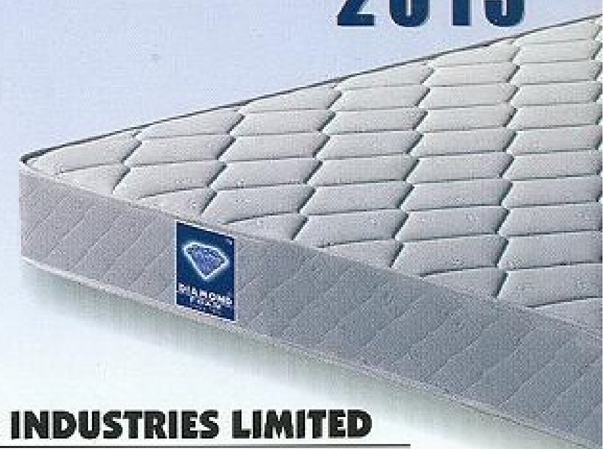
DIAMOND INDUSTRIES LIMITED

ANNUAL REPORT 2013



DIAMOND INDUSTRIES LIMITED

23-Km Multan Road, Mohlanwal, Lahore - Pakistan.
UAN: (0092-42) 111-111-666, 37540336-7 Fax: (0092-42) 37540335

ANNUAL REPORT 2013

FOR THE YEAR ENDED JUNE 30, 2013

CONTENTS

CORPORATE PROFILE

BOARD OF DIRECTORS

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

COMPANY SECRETARY

- Mr Nazir Ahmed

AUDIT COMMITTEE

1.	Mr. Sohail Malik	Chairman	*(Non-Executive Director)*
2.	Mr. Muhammad Sameer	Member	*(Non-Executive Director)*
3.	Mr. Hashim Aslam Butt	Member	*(Non-Executive Director)*

HUMAN RESOURCE & REMUNERATION COMMITTEE

1.	Mr. Sohail Malik	Chairman	*(Non-Executive Director)*
2.	Mr. Muhammad Sameer	Member	*(Non-Executive Director)*
3.	Mr. Hashim Aslam Butt	Member	*(Non-Executive Director)*

LEGAL ADVISOR

- A.K. Minhas Law Associates

AUDITORS

- M/S Sarwars (Chartered Accountants)
  Office # 12, 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 Limiated
- Summit Bank Limiated
- Bank AL-Habib 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

PRINCIPAL OFFICE

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

SHARE REGISTRAR

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that Annual General Meeting of Shareholders of Diamond Industries Limited will be held on Saturday 28th December, 2013 at 10:00 A.M. at Company's Registered Office at Plot No. 25, Gadoon Amazai, Industrial Estate, Swabi, Khyber-Pakhtoonkhwa to transact the following business:

1. To confirm minutes of the Annual General Meeting held on 31st October, 2012.

2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended 30th June, 2013 together with the Auditors' Report and Directors' Report thereon.

3. To appoint External Auditors for next financial year ending June 30, 2014 and to fix their remuneration. The retiring auditors M/s SARWARS Chartered Accountants, 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, 2014.

4. To consider any other transactions with the permission of the chair.

BY ORDER OF THE BOARD

NAZIR AHMED
(FITM, FICS)
COMPANY SECRETARY

Lahore: 05-12-2013

Notes:

1. The share transfer books of the company will remain closed from 21st December, 2013 to 28th December, 2013 (both days inclusive). The shares received at company's share registrar office i.e. Corplink (Pvt) Limited by the close of business on 20th December, 2013 will be considered in order for registration in the name of the transferees.

2. Members of the company are requested to immediately notify the change of address, if any, to the Share Registrar M/s Corplink (Pvt) Limited, Wings Arcade, 1-K Commercial Model Town, Lahore.

3. A member of the company entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the Company at the registered office not less than 48 hours before the meeting.

4. The members whose share are maintained on Central Depository System with the Central depository Company of Pakistan Limited should follow the guidelines for attending the General Meeting and appointment of proxies as laid down by the Securities and Exchange Commission of Pakistan.

DIRECTORS' REPORT

Dear Shareholders,

The Directors of **Diamond Industries Limited** take pleasure in presenting Directors' Report together with Audited Financial Statements of the company and Auditors' Report to our shareholders for the financial year ended 30th June, 2013.

Financial Highlights----2013

			(Rs. in millions)
-	Sales (Net)		1,794.283
-	Gross Profit/(Loss)		209.772
-	Operating Expenses		(169.558)
-	Other Operating Income		8.972
-	Profit from Operations		49.186
-	Financial Cost		(8.315)
-	Share of Profit/Loss of Associated Cos.		(28.125)
-	Profit before taxation		12.746
-	Taxation	Current = (9.850)	
		Deferred Tax = (12.002)	(21.852)
-	Profit/(Loss) after taxation		(9.106)

YEAR IN REVIEW:

The company since restarting its core production activities effective 1st November, 2011 has made encouraged turn over during both the financial years. In the year under review net sales are Rs. 1,794.283 M comparing to Rs. 466.245 M of the immediate preceding year. Gross Profit is Rs. 209.772 M as against to Rs. 70.866 M for the last preceding year. During the year there is Other Operating Income of Rs. 8.972 M earned as dividend income of Rs. 8.790 M, Other income of Rs. 0.819 M minus WPPF of Rs. 0.637 M. Financial Cost during the year under review is Rs. 8.315 M as per Note # 25 of the financial statements. Profit before taxation come to Rs. 12.746 M whereas Profit/(Loss) after taxation is Rs. (9.106) M comparing to Rs. 27.373 M of the preceding year. As regard to the disputed legal issues of the company there has not been any significant change and matters are pending before the Honourable Sind High Court & other courts of law and details of the same are reported hereinafter under "Contingencies & Commitments". Your directors are of the opinion that your company will ultimately succeed Inshallah in these legal issues.

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. (1.01) as compared to Rs. 3.04 for the immediate preceding year.

PATTERN OF SHAREHOLDING:

Pattern of shareholding is annexed to this report.

BOARD MEETINGS:

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

S.No.	NAME	POSITION	ATTENDENCE
1.	Mr Iftikhar Shaffi	Chairman/Director	15
2.	Mr Shariq Iftikhar	Chief Executive	15
3.	Mr Sohail Malik	Director	15
4.	Mr Muhammad Sameer	Director	13
5.	Mr Abdul Shakoor	Director	13
6.	Mr Hashim Aslam Butt	Director	15
7.	Mr Zahoor Ahmad	Director	15

Board Audit Committee:

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

Human Resources & Remuneration Committee:

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

TRANSFER PRICING:

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

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 Avais Hyder Liaquat Nauman Chartered Accountants were appointed as auditors of the company for the year ended 30th June, 2013. However they resigned from the office of the auditor on 06/11/2013 without finalizing the audit for the financial year ended 30th June, 2013. The casual vacancy arising from their resignation was filled by the BOD as per the Companies Ordinance, 1984 and M/S SARWARS Chartered Accountants were appointed to fill the casual vacancy. 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, 2014. The Board of Directors has endorsed this recommendation.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

The directors of the company are pleased to confirm that the Company has made compliance of provisions of the Code of Corporate Governance set out in the Regulation No. 35 of Karachi and Lahore and Islamabad listing regulations issued by the Securities and Exchange Commission of Pakistan and there is no material departure from the best practice 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 judgement;
- International Accounting / Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and there is no departure therefrom;
- The system of internal control is sound and has been effectively implemented and monitored;
- There are significant doubts about the company's ability to continue as a going concern;
- Financial highlights for the last 6 years are annexed.

QUALIFICATION OF AUDITORS' REPORT:

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

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

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

As regard to qualification No. 3, it is stated that the plant was shut for a considerable period of time, yet no test of its impairment was carried out in the past because of the reason that its market value was considered more than the book value. However the plant has been restarted in Ist November, 2011 and its revaluation could not be made in the year 2013 which will be done in the year 2014.

With respect to qualification No. 4, it is stated that there is uncertainty as to the final order of the Honourable court and therefore at this stage exact provision cannot be made.

ACKNOWLEDGEMENT:

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

For and on behalf of the Board

SHARIQ IFTIKHAR
Chief Executive

Lahore 05th December, 2013

VISION / MISSION STATEMENT AND CORPORATE STRATEGY

Vision

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

Mission

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

Corporate strategy

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

SHARIQ IFTIKHAR
Chief Executive

Statement of Compliance With the Code of Corporate Governance

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

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

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

Category	Names
Executive Director	Mr. Iftikhar Shaffi Mr. Shariq Iftikhar
Independent Director	-
Non-Executive Directors	Mr. Sohail Malik Mr. Muhammad Sameer Mr. Hashim Aslam Butt Mr. Abdul Shakoor Mr. Zaheer Ahmad

The condition of clause i(b) of CCG in relation to independent director will be applicable after next election of directors in March-2014.

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 NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy was accrued in the Board of directors during the year.

5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. All directors of the company have 16 to 40 years of working experience in their respective areas of specialization and are well aware of their duties & responsibilities and powers as per code of Corporate Governance and the Companies Ordinance, 1984 which are crucial to the running and development of companies. Directors of the company have inculcated good governance practices in the corporate sector and have more than 15 years of education as well and thus fall under the exemption available in the Code of Corporate Governance.

Further Mr Iftikhar A. Shaffi Director of the company and Chairman of Diamond Group of Industries is a well known industrialist with vast and rich experience of about 40 years in managing large industrial units. Also the management of the company carries out orientation of director's education of Corporate Governance Leadership Skills (CGLS).

10. There was no change in the position of company secretary, Chief Financial Officer (CFO) and Head of Internal Audit during the year.

11. The directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG except appointment of non executive chairman. We will appoint non executive chairman in the forthcoming election of directors which will be held on March-2014.

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 not an independent director and will be changed after next election of directors.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have already been formed for compliance.

17. The Board has already formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is an independent director.

18. The Board has set up an effective internal audit function managed by suitably qualified and experienced personnel who are conversant with the policies and procedures of the company.

19. The statutory auditors of the company have confirmed that they have been given satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board

Lahore 05th December, 2013

SHARIQ IFTIKHAR
Chief Executive

Review Report to the Members on Statement of Compliance with the Best Practice of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices the Statement") contained in the Code of Corporate Governance ('the Code") for the year ended June 30, 2013, prepared by the Board of Directors of the Diamond Industries Limited ('the Company") to comply with the Listing Regulations of the Stock Exchanges of Lahore, Karachi and Islamabad, 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 reflects the status of the Company's compliance with the provisions of the Code and report if it does not. 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 part of our audit of 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's 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.

Further, Regulation of the Listing Regulations requires the Company to place before the Board of Directors for their consideration and approval 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, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee.

We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2013.

NOTE: We draw attention to the fact that unqualified Review Report to the Members on Statement of Compliance with the Best Practice was issued by another auditor for the year ended June 30, 2012.

SARWARS
Chartered Accountants

Date: December 05, 2013
Place: Lahore

Auditors' Report to the Members

We have audited the annexed balance sheet of DIAMOND INDUSTRIES LIMITED as at June 30, 2013 and the related profit and loss account, statement of other comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

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

1. In reference to financial statements as at June 30, 2013, The Company has not made any provision against balance due from Allied Bank Limited in the sum of Rs. 120.366 million on account of encashment of Bank Guarantee and payments against resettlement. The company is defending a suit filed by the Allied Bank Ltd in High Court, Lahore for the recovery of Rs. 253.6 million. The Outcome of the case cannot be determined presently, such balances remains unconfirmed.

2. As stated in notes 10 and 17 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 Exchan'e (Muhammad Tanveer Malik), the matter is still pending with the Appellate Authorities, and remains unconfirmed.

3. Company revalued its assets as on April 2005, since then neither The Company revalued its assets nor tested those for impairment.

4. No provisions have been made for receivables pending final settlement.

   (a) in our opinion, except for the effects of matters referred to in paragraphs 1 to 4 above and proper books of accounts have been kept by The Company as required by the Companies Ordinance, 1984;

(b) in our opinion, except for the effects of matters referred to in paragraphs 1 to4:-

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, except for the changes as stated in Note No. 2.2 with which we concur;

ii) the expenditure incurred during the year was for the purpose of the company's business; and

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company

(c) in our opinion and to the best of our information and according to the explanations given to us except for the effects of matters referred to in paragraphs 1 to 3 above, the balance sheet, profit and loss account, statement of cash flows and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2013 and of the profit, its cash flows and the changes in equity for the year then ended; and

(d) in our opinion, no zakat was deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980).

Without qualifying our report to this extent, we draw attention of the members towards the following facts:

Sarwars Chartered Accountants were appointed as auditors on November 07, 2013 and as such did not witness the year end closings carried out by the company's staff regarding certain inventory items, cash in hand and the cut off procedures, since our appointment was made in the month of November 07, 2013. However, appropriate and applicable alternate audit tests have been applied by us, wherever required, for our verification purposes thereof.

The financial statements of the company as at June 30, 2012 were audited by other auditors, and who expressed qualified opinion.

SARWARS
Chartered Accountants

December 05, 2013
Place: Lahore

BALANCE SHEET
AS AT JUNE 30, 2013

EQUITY AND LIABILITIES	NOTE	2013 Rupees	2012 - Restated Rupees
SHARE CAPITAL & RESERVES			
AUTHORIZED CAPITAL			
12,000,000 Ordinary shares of Rs.10 each		120,000,000	120,000,000
ISSUED, SUBSCRIBED & FULLY PAID UP CAPITAL	3	90,000,000	90,000,000
RESERVES	4	467,035,479	484,212,245
		557,035,479	574,212,245
SURPLUS ON REVALUATION OF FIXED ASSETS	5	52,960,066	57,224,837
NON CURRENT LIABILITIES			
Deferred Liabilities	6	18,171,468	2,219,357
CURRENT LIABILITIES			
Trade and Other Payables	7	36,551,255	244,634,524
Short term borrowings	8	85,323,906	-
Provision for Taxation	9	9,722,936	647,925
		131,598,097	245,282,449
CONTINGENCIES AND COMMITMENTS	10	-	-
TOTAL EQUITY AND LIABILITIES		759,765,110	878,938,888

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

Chief Executive

Director

BALANCE SHEET
AS AT JUNE 30, 2013

ASSETS	NOTE	2013 Rupees	2012 - Restated Rupees
NON CURRENT ASSETS			
Property, Plant and Equipment	11	96,105,375	102,118,109
Long Term Investments	12	193,784,605	236,876,669
Long Term Deposits	13	334,445	207,445
CURRENT ASSETS			
Stocks in Trade	14	90,179,420	169,272,136
Trade Debts	15	77,377,136	110,827,551
Loans and Advances	16	53,799,394	24,614,332
Other Receivables	17	162,410,837	162,410,837
Investments -Available for Sale	18	66,254,456	63,622,638
Cash and Bank Balances	19	19,519,442	8,989,171
		469,540,685	539,736,665
		759,765,110	878,938,888

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

Chief Executive

Director

PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013 Rupees	2012 - Restated Rupees
SALES (Net)	20	1,794,283,274	466,244,635
COST OF SALES	21	(1,584,510,830)	(395,378,916)
GROSS PROFIT / (LOSS)		209,772,445	70,865,719
SELLING AND DISTRIBUTION COST	22	(108,583,269)	(19,965,999)
ADMINISTRATIVE EXPENSES	23	(60,974,657)	(23,873,014)
		(169,557,926)	(43,839,013)
		40,214,519	27,026,706
OTHER OPERATING INCOME	24	8,971,528	5,020,485
PROFIT FROM OPERATIONS		49,186,047	32,047,191
FINANCING COST	25	(8,315,409)	(32,446)
		40,870,638	32,014,745
SHARE OF PROFIT / (LOSS) OF ASSOCIATED COMPANIES	12	(28,124,578)	(3,994,214)
PROFIT BEFORE TAXATION		12,746,060	28,020,531
TAXATION			
- Current Year	26	(9,850,442)	(647,925)
- Deferred Tax	6	(12,001,487)	-
		(21,851,929)	(647,925)
PROFIT / (LOSS) AFTER TAXATION		(9,105,869)	27,372,606
Profit / (Loss) per Share Basic	27	(1.01)	3.04

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

Chief Executive

Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013 Rupees	2012 - Restated Rupees
PROFIT / (LOSS) FOR THE YEAR		(9,105,869)	27,372,606
OTHER COMPREHENSIVE INCOME			
Gain / (loss) arising on re-measurement of investments available for sale investment	18	2,631,818	12,402,004
Impairment Loss on Long Term Investments	12.2	(17,055,163)	
Other comprehensive income /(loss of associated companies		(4,485)	-
		(14,427,830)	**12,402,004**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(23,533,699)**	**39,774,610**

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

Chief Executive

Director

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013 Rupees	2012 - Restated Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	28	(61,143,758)	2,218,025
Taxes paid		(14,392,008)	(535,171)
Finance cost paid		(6,235,969)	(32,446)
Gratuity paid / adjusted		-	187,691
Net Cash generated from operating activities		(81,771,735)	1,838,099
CASH FLOW FROM INVESTING ACTIVITIES			
Dividend received		8,790,256	6,495,250
PPE acquired		(1,685,156)	-
Increase in long term deposits		(127,000)	(10,000)
Net Cash Generated from /(used in) Investing Activities		6,978,100	6,485,250
CASH FLOW FROM FINANCING ACTIVITIES			
Increase in Short term borrowings		85,323,906	-
Net Cash generated from /(used in) financing activities		85,323,906	-
Net Increase / (Decrease) in Cash & Cash Equivalents		10,530,271	8,323,349
Cash & Cash Equivalents at the Beginning of the Year		8,989,171	665,822
Cash & Cash Equivalents at the End of the Year		19,519,442	8,989,171

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

Chief Executive **Director**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2013

	SHARE CAPITAL	CAPITAL Fair value reserve	REVENUE RESERVES (Restated) Accumulated unappropriated profit	TOTAL RESERVES	TOTAL EQUITY
Balance as at 30 June 2011	90,000,000	39,601,566	397,766,720	437,368,286	527,368,286
Effect of items directly credited in equity by the associated companies	-	-	2,051,669	2,051,669	2,051,669
Incremental depreciation on surplus on revaluationof property, plant & equipment	-	-	5,017,680	5,017,680	5,017,680
Profit / (Loss) for the year	-	-	27,372,606	27,372,606	27,372,606
Other comprehensive loss for the year	-	12,402,004	-	12,402,004	12,402,004
Total comprehensive loss for the year	-	12,402,004	27,372,606	39,774,610	39,774,610
Balance as at 30 June 2012	90,000,000	52,003,570	432,208,675	484,212,245	574,212,245
Effect of items directly credited in equity by the associated companies	-	-	2,092,162	2,092,162	2,092,162
Incremental depreciation on surplus on revaluationof property, plant & equipment	-	-	4,264,771	4,264,771	4,264,771
Loss for the year	-	-	(9,105,869)	(9,105,869)	(9,105,869)
Other comprehensive income for the year	-	(14,427,830)	-	(14,427,830)	(14,427,830)
Total comprehensive loss for the year	-	(14,427,830)	(9,105,869)	(23,533,699)	(23,533,699)
Balance as at 30 June 2013	90,000,000	37,575,740	429,459,739	467,035,479	557,035,479

NOTE: All figures rounded off to the nearest rupee.

Chief Executive

Director

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2013

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 by the name of DIAMOND INDUSTRIES LIMITED. The shares of the company are quoted on Karachi, Lahore and Islamabad Stock Exchanges. The registered office of the company is situated at Industrial Estate Gadoon, Amezai, (K.P.K). The principal activity of the company is to manufacture and sales of foam products, and PVA products consumed in industry and domesticially.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared under the historical cost convention except for Building, Plant & Machinery which is stated on revalued amounts and staff retirement benefits which have been recognized at present value determined by the actuary.

2.1 Basis of Preparation

a) Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of, and includes Accounting and Financial Reporting Standards for public limited company issued by the regulators, Institute of Chartered Accountants of Pakistan and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions and directives of Companies Ordinance, 1984 shall prevail.

b) Accounting Convention

These financial statements have been prepared under the historical cost convention except for Building, Plant & Machinery which are stated on revalued amounts, staff retirement benefits which have been recognized at present value, investment in associates accounted for using equity method and revaluation of financial instruments at fair value.

2.2 Correction of errors

The following inadvertant errors were corrected and restated wherever required.

i) Paid up capital

Break up of paid up capital in ordinary and bonus shares was erroneously printed in the financial statements, this has been corrected to conform with Form-A submitted to SECP. Such error does not affect unappropriated profits of the prior years.

ii) Surplus on revaluation of fixed assets

The management while calculating the deferred tax on incremental depreciation wrongly / erroneously recorded in prior year financial statements on incorrect assumptions, related deferred tax liability on incremental depreciation is reduced by an amount of Rs. 2,181,872, consequently incremental depreciation in prior year was overstated by the same amount and affecting the figure of surplus on revaluation of fixed assets was understated. Impact of such error on unappropriated profits of the last year is given at the end of all errors.

iii) Investments available for sale

The company's management was not able to recognize complete investments on account of non-receipt of bonus shares which were not delivered at the correct address, which should had appeared in the investment available for sale, thus resulting in re-statement of prior period. Impact of error in the prior period financial statements is given at the end of all errors.

iv) Dividend income

Company had not recognized dividend income on investments available for sale in prior years, as dividend warrants were never delivered at the correct address of the company. In the current year, all the dividends not received in earlier years were received. The effect of impact of dividend income of all the years preceding to the prior years is impracticable and not material. The company therefore has not presented opening balances of the prior year as required under IAS-1, "Presentation of Financial Statements". Impact of error in the prior period financial statements is given at the end of all errors.

v) Workers' profit participation fund

Company has not recognized workers' profit participationfund in the prior year despite of the profits in the prior year. Impact of such error due to omission is given at the end of all errors.

vi) Impact of the errors on Financial Statements
Effect on the total comprehensive income (Profit or loss account and other comprehensive income)

	2012-Restated Rupees
The effect of all above mentioned errors are as follows:	
(Increase) / decrease in expenses or losses	
Workers' profit participation fund	(1,474,765)
Increase / (decrease) in income	
Excess revaluation surplus transferred to retained earnings	(2,181,872)
Understatement of gain arising on re-measurement of available for sale	14,982,704
Tax Expense to be recorded on unrecognized profit in prior periods	4,707,300
Increase in profit for the	16,033,367
Effect on balance sheet	
Increase / (decrease) in assets	
Investments available for sale	14,982,704
(Increase) / decrease in liabilities and surplus on revaluation of fixed assets	
Surplus on revaluation of fixed assets	(2,181,872)
Trade and other payables	(1,474,765)
Provision for taxation	4,707,300
	1,050,663
Net impact	16,033,367
Effect on equity is represented as below;	
(Increase) / decrease in unappropriated profits	
Unappropriated profits	16,033,367

2.3 Significant accounting judgments and estimates

The preparation of financialstatements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience 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 judgements were exercised in application of accounting policies are as follows:

a) Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 6.1 to the financial statements for valuation of present value of defined benefit obligations.

b) Useful lives, pattern 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.

c) Income Tax

In making the estimates for income tax payable by the Company, the management considers current Income Tax laws and the decisions of appellate authorities on setelled cases and issues in the past relevant to the company.

d) Financial Instruments

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

e) Inventories

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

f) 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.

g) Liabilities

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

2.4 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

The following amendments to existing standards have been published that are applicableto the company's financial statements covering annual periods, beginning on or after the dates given against each:

2.4.1 THE FOLLOWING STANDARDS, AMENDMENTS AND INTERPRETATIONS OF APPROVED ACCOUNTING STANDARDS BECAME EFFECTIVE DURING THE YEAR:

The other new standards, amendments and interpretationsthat are mandatory for accounting periods beginning ran or after July 1, 2012, are considered not to be relevant or to have any significantimpact on the company's financial reporting and operations.

2.4.2 NEW ACCOUNTING STANDARDS AND IRFIC INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations of approved accounting standards are only effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the company's operations or not expected to have significantimpact on the company's financialstatements other than increase in disclosures in certain cases, unless stated otherwise.

IFRS 7 "Financial Instruments Disclosures" (effective for annual period beginning on or after July 01, 2012) The amendments to IFRS 7 increase the disclosure requirements for transactions involving transfers of financialassets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financialassets are not evenly distributed throughout the period. These amendments do not have any material impact on the company's financial statements.

IAS 1 "Presentation of Financial Statements" (effective for annual period beginning on or after July 01, 2012) The amendments to IAS 1 emphasises on the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss account subsequently (reclassification adjustments). The application of the amendment will not affect the results or net assets of the Company as it is only concerned with presentation and disclosures.

IAS 19 - Employee Benefits: (effective for annual periods beginning on or after January 01, 2013). The company expects that the amendments to IAS 19 'Employee Benefits' will not materially affect the company's financial statements. Amendments to IAS 19 range from fundamental changes to simple clarification and re-wording. The significant changes include the following:

• For defined benefit plans, the ability to defer recognition of actuarial gains and losses (i.e., the corridor approach) has been removed. As revised, actuarial gains and losses are recognized in other comprehensive income when they occur. Amounts recorded in profit and loss are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit asset (liability) are recognized in other comprehensive income with no subsequent recycling to profit and loss.

• The distinction between short-term and other long-term employee benefits will be based on the expected timing of settlement rather than the employees' entitlement to the benefits.

• Objectives for disclosures of defined benefit plans are explicitly stated in the revised standard, along with new or revised disclosure requirements. These new disclosures include quantitative information of the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption.

-IAS-16 Property, plant & equipment: Effective for financial years beginning on or after January 01, 2013

-IAS 27- Separate Financial statements: Effective for financial years beginning on or after January 01, 2013

-IAS 28- Associates and Joint ventures: Effective for financial years beginning on or after January 01, 2013

-IAS 32- Financial Instruments: (Presentation) Effective for financial years beginning on or after January 01, 2013

-IAS 32- Offsetting of Financial Assets and Liabilities: Effective for financial years beginning on or after January 01, 2014

-IAS 34- Interim Financial Reporting: Effective for financial years beginning on or after January 01, 2013

IFRIC 20- Stripping costs in production phase of surface mine

In addition to the above 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 01 January 2013. The company expects that such improvements to the standards will not have any material impact on the company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

	IASB Effective date
IFRS 9 - Financial Instruments: Classification and Measurement	January 01, 2015
IFRS 10 - Consolidated Financial Statements	January 01, 2013
IFRS 11 - Joint Arrangements	January 01, 2013
IFRS 12 - Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13 - Fair Value Measurement	January 01, 2013

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

2.4.3 Standards, interpretations and amendments to published approved standards that are not yet effective and not considered relevant to the company

There are other standards, amendments to published approved standards and new interpretations that are mandatory for accounting periods beginning on or after 01 July, 2013 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.5 Property, Plant and Equipment (owned)

These are stated at cost less accumulated depreciation less accumulated impairment loss except for freehold land that is stated at revalued amount and buildings 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 recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item willflow to the company and the cost of item can be measured reliably. All other repair and maintenance costs are charged to profit and loss account during the period in which they are incurred.

Leased

Leases where the Company has substantially all the risks and rewards of ownershipare classified as finance lease. Assets subject to finance lease are capitalizedat the commencement of the lease term at the lowerof present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease.

The related rental obligationnet of finance cost is included in liabilitiesagainst assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of payments.

Each lease payment is allocated between the liabilityand finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to profit and loss account over the lease term.

Depreciation of assets subject to finance lease is recognized in the same manner as for owned assets. Depreciation of the leased assets is charged to profit or loss account.

Depreciation

Depreciation on allfixed assets is charged to profit or loss account on the reducing balance method so as to write off depreciableamount of an asset over its useful life at the rates stated in note 11. Depreciation on additions is charged from the month in which the assets become available for use, while on disposal depreciation is charged up to the month of disposal. Residual values and useful lives are reviewed by the management, at each financialyear end and adjusted if impact on depreciation is significant.

Gains or losses on disposal of fixed assets are recognized in income.

2.6 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. Theses costs are transferred to fixed assets as and when assets are availablefor intended use. Where the overheads can not be directly related to the asset, these are proportionately charged.

2.7 Staff Benefits

The company operates an unfunded and unapproved gratuity scheme for its employees, whichis a defined benefit plan based upon the last salary drawn by an employee. Present value of defined benefit obligationis calculated on the basis of actuarial valuation at the end of the year. The valuation in these accounts is worked out on the Projected Unit Credit Actuarial Cost method basis.

Actuarial valuation of defined benefit scheme was conducted to calculate the actuarial present value of gratuity obligationas at June 30, 2013. The valuation uses projected unit credit method and a discount rate of 10.5% per annum. It assumes that salaries will increase by 9.5% per annum.

Cumulative unrecognized net actuarial gains and losses that exceed ten percent of present value of defined benefit obligation are amortised over the expected average remaining working lives of participating employees.

2.8 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 initiallymeasured 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'.

a) Held to maturity

Investments with fixed or determinable payments and fixed maturity are classifiedas held to maturity when the company has the positive intentionand abilityto hold to maturity. Investments intendedto be held for an undefined period are not includedin this classification.Other long term investments that are intended to be held to maturity are subsequently measured at amortised cost. The cost is computed as the amount initially recognized minus principalrepayments, plus or minus the cumulative amortization, using the effective interest method, of any difference between the initiallyrecognized amount and the maturity amount. For investments carried at amotized 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.

b) Investment in associated companies

It is accounted for using the equity method and is initially recognized at cost.

c) Available for sales

Investments intended to be held for an indefiniteperiod of time, which may be sold in response to need for liquidity,or changes to interest rates or equity prices are classifiedas availablefor sale. After initialrecognition, investments which are classified as availablefor sale are measured at fair value. Gains or losses on available for sale investments are recognized directlyin 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 includedin 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.

d) Other Investment

Other investments made in un-quoted companies are recorded at its cost value.

2.9 Stocks in trade

These are valued at lower of cost and net realizable value. Cost is determined as follows:

Raw-material	Weighted average cost
Work in process and finished goods	Weighted average cost and net realizable value

Net realizable value signifiesthe estimated selling prices in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make a sell.

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

2.10 Stores, Spares and Lose Tools

Usable stores, spare parts and lose tools are valued at moveing average cost, while items considered obsolete are carried at nil values, items in transit are valued at cost comprising invoice value plus other direct charges paid thereof.

2.11 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.

2.12 Imparement Losses

The carrying amounts of the assets are reviewed at each balance sheet date to identify the circumstances indicated the occurrence of impairment loss or reversal of previous impairment losses. If any such indication exists, the recoverable amount of such assets is estimated and impairment loss is recognized in the profit and loss account. Where an impairment loss subsequently reverses, the carrying amount of such assets is increased to the revised recoverable amount. A reversal of the impairment loss is recognized.

2.13 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. Financialassets and liabilitiesare 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 realizesthe rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilitiesare de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement (except availablefor 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.

2.14 Provisions

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

2.15 Financial Assets and Liabilities

Financialassets and liabilitiesare recognized when the company becomes a party to the contractual provisions of the instrument and de-recognized when the company loses control of the contractual rights that comprise the financial asset and in case of financialliabilitywhen the obligation specifiedin the contract is discharged, cancelled or expired, Financial instruments are initially recorded at cost on the date a derivative contract is entered into and are remeasured to fair value at subsequent reporting date.

The gain or loss relating to financial instruments is recognized immediately in the profit and loss account for the year.

The particular recognition methods adopted by the Company are disclosed in the individual policy statements associated with each item of financial instruments.

A financialasset and financialliabilityare 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 realizethe asset and settle the liability simultaneously.

2.16 Loans and Borrowings

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

The borrowing costs are charged off to the income in the year in which they are incurred except to the extent costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of assets.

2.17 Transactions in Foreign Currencies

Transaction in foreign currencies other than Pakistan 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.

2.18 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 is established.

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

2.19 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.

2.20 Related Party Transactions

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

2.21 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 Tax

Deferred tax is accounted for using the balance sheet liabilitymethod in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilitiesin the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilitiesare recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that is the probable that taxable profits willbe available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse based on the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.22 Segmant Reporting

A segment is a distinguishablecomponent 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 liabilitiesinclude items directly attributable to a segment as well as those that can be allocatedon 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 produts division" therefore no segmentation has been provided.

2.23 Impairment

a) Financial Assets

A financialasset is considered to be impairedif 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 financialasset 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 financialasset is calculated with reference to its current fair value.

Individuallysignificantfinancialassets are tested for impairment on an individualbasis. The remaining financialassets 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. Financialassets and liabilitiesare 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 financialasset. The Company loses such control if it realizesthe rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilitiesare de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement (except availablefor 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.

b) 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.

2.24 Off-setting of financial assets and financial liability

A financialassets and a financialliablitieds off-set and net amount is reported in the balance sheet, if the company has a legallyenforceable right to set-off the recognized amount and intends eitherto settleon a net basis or to realise the asset and settle the liability simultaneously.

2.25 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.

2.26 Corresponding Figures

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

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

			2013 Rupees	2012 Rupees (Restated)
3	**ISSUED, SUBSCRIBED & PAID UP CAPITAL**			
2013	**2012**			
Number of shares				
6,000,000	**6,000,000**	Ordinary shares of Rupees 10 each fully paid up in cash	60,000,000	60,000,000
3,000,000	**3,000,000**	Fully paid bonus shares	30,000,000	30,000,000
9,000,000	**9,000,000**		90,000,000	90,000,000

3.1 The issued subscribed and paid up Capital has been correctely stated to conform with the requirements of SECP.

3.2 Company name	Status	Shareholding 2013	Shareholding 2012 (Restated)
Shaffi Chemical Industries Limited	Associated Company	1,422,450	1,422,450
Capital Industrial Enterprises (Pvt) Limited	Related party	76,383	76,383
Symbol Industries (Pvt) Limited	Related party	450,000	450,000

The related party and associated company have the same meanings as defined in the Companies Ordinance 1984.

4 Reserves	Note	2013 Rupees	2012 Rupees (Restated)
Movement in and composition of reserves is as follows:			
Capital Reserve			
Fair value reserve			
At the beginning of the year		52,003,570	39,601,566
Fair Value gain during the year	4.1	(14,427,830)	12,402,004
At the end of the year		37,575,740	52,003,570
Revenue Reserve			
Unappropriated profits		429,459,739	432,208,675
		467,035,479	484,212,245

4.1 As referred to note 2.5 this represents the unrealized gain 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.

5 SURPLUS ON REVALUATION OF FIXED ASSETS

5.1 Revaluation of Building and Plant & Machinery was carried out by M/S Dimen Associates (Pvt) Ltd on March 01, 2005. Revaluation of Rawalpindi Building was carried out by Hamid Mukhtar and Co (Pvt.) Ltd on April 11,2005. The company has not carried out any revaluation since then. It is of the view that there is not major and material gain or loss in the current year worth reporting.

These assets were revalued on the basis of current replacement value. 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.

5.2 **Movement in revaluation surplus**

	2013 Rupees	2012 Rupees (Restated)
Surplus on Land		
Opening balance	4,500,750	4,500,750
Add: during the year	-	-
Total Revaluation Surplus on land	4,500,750	4,500,750
Surplus on Buildings		
Opening balance	48,759,304	48,759,304
Add: during the year	-	-
Total revaluation surplus on building	48,759,304	48,759,304
less: Incremental depreciation charged in previous year	17,755,061	16,123,258
less: Incremental depreciation charged in current year	1,550,213	1,631,803
	19,305,274	17,755,061
Revaluation surplus on building net off incremental depreciation	29,454,030	31,004,243
Related deferred tax liability	(10,851,485)	(11,422,616)
less: Related deferred tax liability on incremental depreciation transferred to retained earnings	542,575	571,131
	(10,308,911)	(10,851,485)
Net revaluation surplus on buildings	19,145,120	20,152,758
Surplus on Plant and machinery		
Opening balance	152,486,351	152,486,351
Add: during the year	-	-
Total revaluation surplus on plant and machinery	152,486,351	152,486,351
less: Incremental depreciation charged in previous year	102,376,614	96,808,865
less: Incremental depreciation charged in current year	5,010,973	5,567,749
	107,387,587	102,376,614
Revaluation surplus on plant and machinery net off incremental depreciation	45,098,764	50,109,737
Related deferred tax liability	(17,538,408)	(19,487,120)
less: Related deferred tax liability on incremental depreciation transferred to retained earnings	1,753,841	1,948,712
	(15,784,567)	(17,538,408)
Net revaluation surplus on buildings	29,314,197	32,571,329
Closing balnce	52,960,066	57,224,837

5.3 Incremental depreciation is the difference between the actual depreciation expense and depreciation at the historical cost values.

	Note	2013 Rupees	2012 Rupees (Restated)
6 DEFFERED LIABILITIES			
Gratuity - Defined benefit plan	6.1	6,169,981	2,219,357
Provision for Deferred Taxation	6.2	12,001,487	-
		18,171,468	2,219,357

6.1 GRATUITY

	Note	2013	2012
Gratuity	6.1.1	6,169,982	2,219,357

6.1.1

The amounts recognized in the balance sheet are as follows:

	Note	2013	2012
Present value of unfunded defined benefit obligation	6.1.2	4,202,086	1,813,848
Actuarial gain / (loss) to be recognised in later periods	6.1.3	1,808,136	245,749
Benefits Payable		159,760	159,760
Liability as at June 30, 2013		6,169,982	2,219,357

6.1.2 Movement in unfunded defined benefit obligation

	2013	2012
At the beginning of the year	1,813,848	522,991
Current service cost	3,464,466	1,254,560
Interest cost for the year	235,800	73,219
Liability transferred from Sister concern	259,554	187,691
Actuarial gains	(1,571,582)	(224,613)
Present value of unfunded defined benefit obligation as at June 30, 2013	4,202,086	1,813,848

6.1.3 Movement in unrecognized actuarial losses

	2013	2012
Unrecognized actuarial gain as at July 1, 2012	245,749	21,136
Actuarial gains / (losses) arising during the year	1,571,582	224,613
Actuarial (gains) recognized in profit or loss account	(9,195)	-
Unrecognized actuarial losses as at June 30, 2013	1,808,136	245,749

6.1.4 The amounts recognized in the profit and loss account are as follows:-

	2013	2012
Current service cost / provision for the year	3,464,466	1,254,560
Interest cost	235,800	73,219
Actuarial gain recognised	(9,195)	-
Total included in salaries benefits	3,691,071	1,327,779

6.1.5 Trend Information

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

As at June 30	2013	2012	2011	2010	2009
Present Value of Defined Obligation	4,202,086	1,813,848	522,991	174,080	356,477
Experience adjustment on obligation	1,571,582	224,613	21,136	56,762	3,518

6.1.6 The principal actuarial assumptions used were as follows

Assumptions used for valuation of the defined benefit scheme for staff:

	2013	2012
Discount rate	10.50% per annum	13% per annum
Expected rate of increase in salary	9.50% per annum	12 per annum
Average expected remaining working life of employees	8 years	7 years

			2013 Rupees	2012 Rupees (Restated)
6.2	**PROVISION FOR DEFERRED TAXATION**			
	Deferred Taxation Liability Comprises as Follows:			
	Taxable Temporary differences			
	Accelerated Tax Depreciation Allowance		26,235,895	28,340,352
	Deductible Temporary Differences			
	Provision for Doubtful Debts		12,074,915	12,074,915
	Provision for Gratuity		2,159,493	301,185
			14,234,408	12,376,100
	Total Taxable Temporary Difference		12,001,487	15,964,252
	Effect of Accumulated Tax Losses		-	20,299,049
			12,001,487	(4,334,797)
	Non recognition of Deferred tax asset	6.2.1	-	4,334,797
			12,001,487	-

6.2.1 The deferred tax asset has not been recognised in prior years due to exemption given by FBR.

7 TRADE AND OTHER PAYABLES

		2013 Rupees	2012 Rupees (Restated)
Trade creditors		16,684,574	183,388,242
Advances from customers		-	51,196,799
Other Liabilities and Accrued Interest		7,541,761	1,931,748
Accrued Liabilities		9,577,145	6,147,610
Sales Tax Payable		203,163	62,816
Workers Profit Participation Fund Payable		2,112,068	1,474,765
Unclaimed Dividend		432,544	432,544
		36,551,255	244,634,524

8 Short term Borrowings - secured

		2013 Rupees	2012 Rupees (Restated)
Short term Borrowings	8.1	85,323,906	-
		85,323,906	-

8.1 The company has obtained Finances against trust receipt (FATR) facility from Silk Bank Limited as on October, 11 2012. The facility is a maximum of Rs.100 million, with 6 month kibor + 2% per annum **(2012: Nil)** for a period of 1 year, secured against a ranking charge of Rs. 400 million on current assets of M/s Diamond Industries Limited and personal guarantees of all the directors of the company.

9 PROVISION FOR TAXATION

	2013 Rupees	2012 Rupees (Restated)
Opening Balance	647,925	535,171
Turnover Tax	8,971,416	-
Prior Year Adjustment	-	(1,600)
Income Tax on dividend	879,026	649,525
Adjustment against Advance Income Tax	(775,431)	(535,171)
	9,722,936	647,925

The Company had provided minimum tax liability U/S 113 of Income Tax Ordinace 2001 in the previous year financial statements for Rs. 4,662,446,now the tax liability for previous year has been restated by calculating tax liability @35% under normal tax regime,hence financial statements of previous year has been restated.The net profit after tax for previous year has decreased by Rs.4,340,071.

10 **CONTINGENCIES AND COMMITMENTS**

I. SUPREME COURT OF PAKISTAN

DIL Vs Naseer Ahmad etc. (Criminal Original No.24/2003) **& Claim of Rs.477 million (12,033.75 tons) & Mark-up**

The company had filed a claim of Rs.477 million (12,033.75 tons) plus mark-up on account of one time compensation in terms of E.C.C. decision. The Honourable Supreme Court of Pakistan also accepted Civil Appeal No. 903/1999 in favour of the company vide its Judgment dated 05-06-2000. However, the FBR / CBR did not implement the said judgment in letter and spirit and consequently the Company filed the captioned Contempt Petition against the Members of FBR / CBR. The said petition was dismissed for non-prosecution on 14-12-2005 and now a restoration application of the same is pending adjudication before the Honourable Supreme Court of Pakistan. The Company has a valid Claim of Rs.1,033,165,000/- as on 17-08-2008 (Rs.217,000,000/- against principal and Rs.816,165,000/ in lieu of mark-up) which is pending. No provisions has been made for delayed refunds u/s 171 of the Income Tax Ordinance 2001.

II. HIGH COURT OF SINDH AT KARACHI

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

M/s. First Capital ABN Amro Equities (Pakistan) Ltd etc. filed a Suit for Recovery of Rs.552,344,051.00 against Mr. Iftikhar Shaffi and five others including this Company.

The said case is pending adjudication before the High Court of Sindh at Karachi, in which the issues have been framed and now the proceedings of the case are at the stage of evidence. The company is of the view that no such claim is entertainable.

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.10,989,948,159/- against Arif Habib and others which is pending. There is no material change having taken place in the status of the case during the year under review. The company is of the view that it has a strong claim but no provision has been made in the accounts.

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 pending. There is no material change in the status of the case during the year under review. The company is of the view that no such claim is entertainable.

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. Suit is pending adjudication and no material change has occurred in the status of the case during the year under review. The company is of the view that no such claim is entertainable.

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 adjudication before the court and no change in the status has occurred.

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 whereby CDC Sub Account No. 684 of the Company maintained with Muhammad Tanveer Malik (Member LSE) was attached and the company was restrained from operating the same. The said revision petition is still pending adjudication before the Honourable Lahore High Court, Lahore. The company is of the view that it has a strong case and is of the opinion that the courts will rule in favour of the comany.

c. ABL Vs DIL etc. (COS 18/2005)

Allied Bank Limited filed a Suit for Recovery of Rs. 253.6 Million against the Company and others. The Company filed an Application for Leave to Appear and Defend the Suit and made a Counter Claim to the tune of Rs.120,366,528/- from ABL. The honorable Lahore High Court was pleased to accept the PLA and granted conditional Leave to appear and defend the suit subject to deposit of Rs.78.6865 million with the Deputy Registrar Judicial of the Lahore High Court, Lahore vide Order dated 17-01-2007. The Company was aggrieved by the condition imposed by the Court since it was entitled for an unconditional leave to appear and defend the suit. Consequently judgment and decree was passed against the company which was challenged in the following appeal before the division bench of the Lahore High Court. The appeal is still pending. The company is of the opinion that on based of historical facts it has a strong case, however no provision has been made in the accounts.

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

The company and other defendants have preferred a Regular First Appeal No. 431/2007 against Judgment/Decree dated 17-10-2007 before the Division Bench of Honorable Lahore High Court, Lahore and on 02-07-2008 the Honourable Division Bench was pleased to stay the Execution Proceedings subject to deposit of Rs.39.3432 million with the Deputy Registrar (Judicial) of Lahore High Court, Lahore. The Company has already deposited the said amount with Deputy Registrar Judicial.

The Respondent Bank challenged the said order dated 02-07-2008 before the Honourable Supreme Court of Pakistan through CPLA 916-L-2008. The Company strongly contested the case and consequently the CPLA was dismissed by the August Court vide its order dated 16-07-2008.

The proceedings of RFA are still pending adjudication before the Honourable Division Bench of Lahore High Court, Lahore. The company is of the view that it is on strong footage

e. 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. The said documents were prepared and used by bank in case titled as "ABL vs DIL etc." (C.O.S. No. 18/2005). The bank has filed an Application for Leave to Appear and Defend the suit and DIL had also filed a replication to the said application. Now the proceedings are pending for arguments on PLA.

f. DIL Vs Province of Punjab etc.
(Writ Petition No.4460/07)

The issue relates to illegal imposition of Professional Tax for the Period 2001-2002 and 2004-2005. The company filed an appeal before Director (Appeals) Excise & Taxation, which was dismissed vide order dated 6-03-2007. The company challenged the said dismissal order in writ petition, and the Honourable Court was pleased to grant status quo order in favor of the Company. Later on, the Honourable Court was pleased to dispose of the writ petition while directing the respondent department to hold an inquiry and submit a report to the Court within one month. The proceedings of the inquiry are under process. The company is of the view that it is on strong footage and no liability will accrue.

IV. <u>CIVIL COURT LAHORE.</u>

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 matter is still pending adjudication before Civil Court, Lahore and there is no change in status since the last annual report. The company of the view that the case shall not stand the strength of appeal.

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. The learned Civil Judge has framed issues in the Suit and now the proceedings of the case are pending at the stage of evidence.

c. Naeem Anwar Vs Iftikhar Shaffi etc.

Naeem Anwar filed a Suit for Declaration Damages and Recovery of Rs.19.9 million against Mr. Iftikhar Shaffi and other defendants including this company. There is no material change in status of proceedings since the last annual report.

d. Legal Advisor

The Legal advisor of the company has confirmed that the ligants against the company do not have stong claims and no provisions are required for any liability and that the company shall not suffer from such litigation and is of the firm opinion the cases filed by the company are on strong footings, further he has confirmed that he is persueing the cases for settlement of claims. Further no ascertained provisions for claims receivables are required at this stage.

e. Subsequent Proceedings

The legal advisor has reported that there is no change in the status since the end of financial year and date of the financial statements.

<u>Commitments</u>

There is commitment of Rs. 44.42 million in respect of outstanding Letters of Credit.

11 PROPERTY, PLANT AND EQUIPMENT

2013

	Annual Rate of Depreciation %	Costs as at 1-Jul-12	Additions / (Deletions)	Cost as at 30-Jun-13	Accumulated Depreciation as at July 01, 2012	Depreciation charge / (deletions) for the year	Accumulated depreciation as at June 30, 2013	Book Value as at June 30, 2013
Lease Hold Land	0%	6,528,000	-	6,528,000	-	-	-	6,528,000
Building on Leasehold Land	5%	68,363,509	-	68,363,509	32,033,417	1,912,110	33,945,527	36,330,092
Plant and Machinery - Foam	10%	189,416,385	-	189,416,385	142,884,898	5,170,165	148,055,063	46,531,487
Plant and Machinery - Chemical	10%	12,715,866	-	12,715,866	8,565,179	461,187	9,026,366	4,150,687
Office Equipmet	10%	2,891,828	1,685,156	4,576,984	2,586,489	80,060	2,666,549	1,990,495
Furniture and fixtures	10%	4,088,733	-	4,088,733	3,589,876	55,429	3,645,305	498,857
Vehicles	20%	3,084,630	-	3,084,630	3,008,873	18,939	3,027,812	75,757
		287,088,949	1,685,156	288,774,105	192,683,730	7,697,890	200,386,820	96,105,375

2012

	Annual Rate of Depreciation %	Costs as at 1-Jul-11	Additions / (Deletions)	Cost as at 30-Jun-12	Accumulated Depreciation as at July 01, 2011	Depreciation charge / (deletions) for the year	Accumulated depreciation as at June 30, 2012	Book Value as at June 30, 2012
Lease Hold Land	0%	6,528,000	-	6,528,000	-	-	-	6,528,000
Building on Leasehold Land	5%	68,363,509	-	68,363,509	28,108,559	2,012,748	30,121,307	38,242,202
Plant and Machinery - Foam	10%	189,416,383	-	189,416,383	131,970,103	5,744,628	137,714,731	51,701,652
Plant and Machinery - Chemical	10%	12,715,866	-	12,715,866	7,591,563	512,430	8,103,993	4,611,874
Office Equipmet	10%	2,891,828	-	2,891,828	2,463,607	42,822	2,506,429	385,399
Furniture and fixtures	10%	4,088,733	-	4,088,733	3,472,860	61,587	3,534,447	554,286
Vehicles	20%	3,084,630	-	3,084,630	2,966,260	23,674	2,989,934	94,696
		287,088,949	-	287,088,949	176,572,951	8,397,889	184,970,840	102,118,109

11.1 Revaluation of Building and Plant & Machinery was carried out by M/S Dimen Associates (Pvt.)Ltd on March 01, 2005. Revaluation of Rawalpindi Building was carried out by Hamid Mukhtar and Co (Pvt.) Ltd on April 11,2005. These assets were revalued on the basis of current replacement value. Revaluation surplus was credited to surplus on revaluation of Fixed Assets.

If there had been no revaluation, the cost, accumulated depreciation and book value of the revalued assets at June 30, 2013 would have been as follows:

Particulars	2013 Cost	2013 Accumulated Depreciation	2013 Written Down Value	2012 Cost	2012 Accumulated Depreciation	2012 Written Down Value
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Leasehold Land	2,027,250	-	2,027,250	2,027,250	-	2,027,250
Building on Leasehold Land	19,604,205	12,728,144	6,876,061	19,604,205	12,366,246	7,237,959
Plant and Machinery - Foam	42,989,708	39,209,341	3,780,367	42,989,708	38,789,301	4,200,407
Plant and Machinery - Chemical	6,656,190	4,853,146	1,803,044	6,656,190	4,652,808	2,003,382
Rupees	71,277,353	56,790,631	14,486,722	71,277,353	55,808,355	15,468,998

11.2 The depreciation charged for the year has been allocated as follows:

		2013 Rupees	2012 Rupees
Cost of sales	note no. 21	(5,631,352)	(6,257,058)
Administrative expenses	note no. 23	(2,066,548)	(2,140,851)
		(7,697,900)	(8,397,909)

11.3 No impairment has been recognized on operating assets in the current year.

11.4 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.

Silk Bank Limited, Egerton Road Lahore has floating charge over all present and future current assets of the company including but not limited to Goods, merchandise and stock in trade.

11.5 To be read with Note No. 5 annexed.

			2013 Rupees	2012 Rupees (Restated)
12	**LONG TERM INVESTMENTS**			
	Investment under equity method	12.1	85,957,670	94,964,669
	Investment at cost	12.2	107,826,935	141,912,000
			193,784,605	236,876,669
12.1	**Investment under equity method**			
	Shaffi Chemical Industries Limited - Quoted	12.1.1	17,029,902	15,281,851
	Diamond Polymers (Private) Limited - Unquoted	12.1.2	68,927,768	79,682,818
			85,957,670	94,964,669
12.1.1	**SHAFFI CHEMICAL INDUSTRIES LIMITED - associated company**			
	3,754,240 (2012 : 3,754,240) ordinary shares of Rupees 10 each			
	Equity held 31.285% (2012 : 31.285%)	12.1.3	-	15,281,851
	Market value as on June 30, 2013; Rs. 1,501,960/- (2012: 6,006,784/-)			
12.1.2	**DIAMOND POLYMERS (PRIVATE) LIMITED - associated company**			
	1,300,000 (2012 : 1,300,000) ordinary shares of Rupees 10/- each			
	Equity held 43.33% (2012 : 43.33%)	12.1.3	68,927,768	79,682,818
12.1.3	**Reconciliation of Investments in associated companies under equity method**			
	Shaffi Chemical Industries Limited			
	Share in net assets at the beginning of the year		15,281,851	17,766,831
	Add: Share of (loss) after income tax		(23,191,120)	(4,536,649)
	Share of other comprehensive income		2,092,162	2,051,669
	Loss not to be recognized in profit and loss account		5,817,107	-
			(15,281,851)	(2,484,980)
	Share in net assets at the end of the year		-	15,281,851
	Diamond Polymer Private Limited			
	Share in net assets at the beginning of the year		79,682,818	79,140,383
	Add: Share of (loss) after income tax		(10,750,565)	542,435
	Share of other comprehensive income		(4,485)	-
			(10,755,050)	542,435
	Share in net assets at the end of the year		68,927,768	79,682,818

12.1.4 Summarized financial information of associated companies

Name of Associated Company	Assets	Liabilities	Net Assets	Revenue	Profit / (loss)
		Rupees			
June 30, 2013					
Shaffi Chemical Industries Limited	65,178,842	86,888,735	(29,985,570)	11,264,944	(74,127,772)
Diamond Polymer (Private) Limited - Unaudited	220,365,262	61,301,184	159,064,078	53,439,701	(24,808,997)
June 30, 2012					
Shaffi Chemical Industries Limited	134,527,135	88,785,230	36,787,501	14,068,947	(14,489,502)
Diamond Polymer (Private) Limited - Unaudited	251,073,328	67,189,903	183,883,425	81,083,938	1,251,772

12.1.5 The quoted value of Shaffi Chemical Industries Limited is Rs. 4 per share (2012: Rs. =4.07/-)

		2013 Rupees	2012 Rupees
12.2	**Investment at cost**		
	Diamond Product (Private) Limited	10,522,456	17,712,000
	885,600 shares (2011: 885,600 shares) ordinary shares of Rs. 10/- each		
	Equity held. 15.25% (2011 - 15.25%)		
	Diamond Home Textile (Private) Limited	14,010,410	14,400,000
	720,000 shares (2011: 720,000 shares) ordinary shares of Rs. 10/- each		
	Equity held. 15.25% (2011 - 15.25%)		
	Capital Industrial Enterprises (Private) Limited	72,000,000	72,000,000
	1,800,000 shares (2011: 1,800,000 shares) ordinary shares of Rs. 10/- each		
	Equity held. 15.25% (2011 - 15.25%)		
	Symbol Industries (Private) Limited	28,293,971	37,800,000
	1,890,000 shares (2011: 1,890,000 shares) ordinary shares of Rs. 10/- each		
	Equity held. 15.25% (2011 - 15.25%)		
		124,856,837	141,912,000

The company has not made any assessment of un-quoted shares other then the cost reported.

12.2.1 **Reconciliation of Investments measured at cost**

		Diamond Product (Private)	Diamond Home Textile (Private)	Capital Industrial Enterprises	Symbol Industries (Private) Limited
As at June 30, 2012		17,712,000	14,400,000	72,000,000	37,800,000
Cumulative Impairment loss	(12.2.2)	(7,189,544)	(359,590)	-	(9,506,029)
As at June 30, 2013		10,522,456	14,040,410	72,000,000	28,293,971

12.2.2 Impairment loss is calculated on the basis of prior year audited financial statements.

12.2.3 The assosicated companies do not qualify u/s 3 (meanings) of the Companies Ordinance 1984.

			2013 Rupees	2012 Rupees (Restated)
13	**LONG TERM DEPOSITS**			
	Security Deposits		334,445	207,445
14	**STOCKS IN TRADE**			
	Raw Materials		41,010,071	108,814,717
	Less: Provision for slow moving stock		(461,548)	(461,548)
			40,548,523	108,353,169
	Work-in-Process		20,865,943	18,345,250
	Finished Goods		28,764,954	42,573,717
			90,179,420	169,272,136
15	**TRADE DEBTS**			
	Considered good		77,377,136	110,827,551
	Considered doubtful		34,499,757	34,499,757
			111,876,893	145,327,308
	Less: Provision for doubtful debts		(34,499,757)	(34,499,757)
			77,377,136	110,827,551
16	**LOANS AND ADVANCES**			
	Advances to Employees (considered good)		2,135,600	1,816,800
	Advances to Suppliers (considered good)		-	325,800
	Advance Sales Tax		30,965,679	19,854,896
	Advance Income Tax		15,858,171	2,241,595
	Advance Rent		105,860	-
	Other advances		4,734,084	375,241
			53,799,394	24,614,332
17	**OTHER RECEIVABLES**			
	Receivable from Mr. Tanveer Malik (See note No.10)		1,969,309	1,969,309
	Allied Bank Limited (See note No.10)	17.1	120,366,528	120,366,528
			122,335,837	122,335,837
	Retail Sales Tax - considered doubtful		125,000	125,000
	Less: Provision for doubtful retail sales tax		(125,000)	(125,000)
	Paid to Allied Bank under protest (Lahore High Court Order)	17.1	40,075,000	40,075,000
			162,410,837	162,410,837

17.1 The matter is pending adjudication as mentioned in note 10 of the financial statements. The said Tanveer Malik / LSE and Allied Bank Limited has not confirmed the balances receivable neither any certificate to the effect has been issued, see Note No. 10 annexed.

18	**INVESTMENT AVAILABLE FOR SALE**			
	INVESTMENT AVAILABLE FOR SALE	18.1	66,254,456	63,622,638
	See note No 18.1 Annexed			

18.1 Quoted

Sr #	Name of the Company	June 2013 No. of Shares CDC	June 2013 No. of Shares Physical	June 2013 No. of Shares Total	Rate	Market Value (Rs.)	Cost (Rs.)	June 2012 (Restated) No. of Shares	June 2012 (Restated) Market Value (Rs.)	June 2012 (Restated) Cost (Rs.)	2013 Gain/loss
1	ICI Pakistan Limited	-	330	330	166	54,922	1,200	330	43,253	1,200	11,669
2	The Bank Of Punjab	27,896	460	28,356	12.74	361,255	281,476	28,356	257,774	281,476	103,481
3	Nishat Mills Ltd.	130	-	130	94.21	12,247	4,142	130	6,185	4,142	6,062
4	Sui Northern Gas Pipelines Ltd	794	-	794	18.24	14,484	8,175	722	12,195	8,175	2,290
5	Askari Commercial Bank Ltd.	2,088,908	-	2,088,908	15.22	31,799,180	4,534,125	2,088,908	28,346,482	4,534,125	3,446,698
6	Fauji Fertilizer Company Ltd.	297,597	-	297,597	107.43	31,970,846	3,615,000	297,597	33,048,147	3,615,000	(1,077,301)
7	First Fidelity Leasing Modaraba	25,000	-	25,000	3.35	83,750	100,000	25,000	65,000	100,000	18,750
8	First Punjab Modarba	151,000	-	151,000	2.25	339,750	604,000	151,000	223,480	604,000	116,270
9	Faysal Bank Ltd.	150,221	265	150,486	9.39	1,413,064	537,500	133,795	1,463,717	537,500	(50,654)
10	Allied Bank Limited	-	2,679	2,679	68.54	183,619	22,150	2,679	171,938	22,150	11,680
11	Samba Bank formely Trust commercial bank	10,638	-	10,638	2.57	27,340	48,000	10,638	24,467	48,000	2,872
	TOTAL	2,752,184	3,734	2,755,918		66,254,456	9,755,768	2,739,155	63,622,638	9,755,768	2,631,818

18.2 The company's management was not able to recognized complete investments that shouldhad been appeared in the investment available for sale resulting in mis-statements of prior period. Impact of error in the prior period financial statements is given at the end of all errors. See Note No. 2.2

18.3 Company had not recognized dividend income on investments available for sale in prior years. As dividend income were never delivered at the correct address of the company. In the current year, all the dividends not received in earlier years were received. See Note No. 2.2

18.4 All the above shares are held in CDC Sub-account maintained with Mr. Tanveer Malik. The CDC sub account of Mr. Tanveer Malik has been frozen by SECP due to the default of the said member Note No. 10 read with Note No. 18. The company has also filed legal cases.

		Note	2013 Rupees	2012 Rupees (Restated)
19	**CASH AND BANK BALANCES**			
	Cash in hand and imprest		5,280,808	950,153
	Cash at banks			
	Current accounts		10,952,477	8,038,018
	Deposit account		3,286,157	1,000
			14,238,634	8,039,018
			19,519,442	8,989,171
20	**SALES**			
	Sales Gross		1,929,319,930	495,636,955
	Less: Sales Tax		135,036,656	29,392,320
			1,794,283,274	466,244,635
21	**COST OF SALES**			
	Raw material consumed	21.1	1,539,279,271	440,474,669
	Salaries, wages & other benefits		15,840,533	4,701,962
	Repair and maintenance		5,540,438	2,015,715
	Fuel and power		4,068,440	2,171,262
	Miscellaneous expenses		2,862,725	677,217
	Depreciation	11	5,631,352	6,257,058
	Cost of goods manufactured		1,573,222,759	456,297,883
	Work-in-Process & Finished goods			
	Opening stock		60,918,967	-
	Closing stock		(49,630,897)	(60,918,967)
			11,288,071	(60,918,967)
			1,584,510,830	395,378,916
21.1	**RAW MATERIAL CONSUMED**			
	Opening Stock		108,353,169	22,959,644
	Purchases		1,471,474,625	525,868,194
			1,579,827,794	548,827,838
	Less Closing Stock		(40,548,523)	(108,353,169)
			1,539,279,271	440,474,669
22	**SELLING AND DISTRIBUTION COSTS**			
	Salaries, wages & other benefits		19,917,945	4,523,861
	Utilities expenses		87,339	207,187
	Vehicle Running and Maintenance		1,421,448	377,519
	Travelling & conveyance		1,434,777	132,261
	Repair and maintenance		12,608,730	1,594,029
	Rent, rates & taxes		15,225,009	1,513,984
	Sales Commission etc		6,102,842	858,065
	Freight & Forwarding		24,962,197	8,330,944
	Publicity		20,930,465	2,293,045
	Miscellaneous		5,892,517	135,104
			108,583,269	19,965,999
23	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages & other benefits		34,842,777	11,875,411
	Utilities expenses		2,108,328	526,595
	Printing and stationery		466,206	1,388,327
	Vehicle Running and Maintenance		5,973,527	1,728,640
	Repair and maintenance		1,494,185	156,135
	Legal & professional charges		2,531,263	1,791,175
	Travelling & conveyance		1,989,610	355,706
	Telephone and postage		2,635,866	662,649
	Rent, rates & taxes		15,110	1,200,000
	Miscellaneous		3,885,088	560,520
	Auditor's remuneration	23.1	340,000	340,000
	Charity and donation		2,626,159	1,147,025
	Depreciation	11	2,066,538	2,140,831
			60,974,657	23,873,014

			2013 Rupees	2012 Rupees (Restated)
23.1	**AUDITORS' REMUNERATION**			
	Audit Fee		300,000	300,000
	Half Yearly Review		30,000	30,000
	Out of Pocket Expenses		10,000	10,000
			340,000	340,000
24	**OTHER OPERATING INCOME / LOSS**			
	Dividend Income		8,790,256	6,495,250
	Workers Profit Participation Fund		(637,303)	(1,474,765)
	Other income		818,575	-
			8,971,528	5,020,485
25	**FINANCE COST**			
	Bank Charges		234,054	32,446
	Foreign Exchange Loss		275,883	-
	Markup		7,805,472	-
			8,315,409	32,446
26				
	TAXATION			
	Tax		8,971,416	(1,600)
	Tax on dividend		879,026	649,525
			9,850,442	647,925

26.1 The income tax assessment of the company has been finalized upto and including tax year 2012 by deeming provisions of Income Tax Ordinance 2001. The Income was not subject to income tax under clause 126(F) of the Second Schedule of Income Tax Ordinance 2001, therefore the tax provisions have been restated / reversed in financial year 2012.

26.2 **Relationship Between Tax Expense And Accounting Loss**

No reconciliation is required between the accounting profit and tax profit in the current year.

27 **EARNINGS PER SHARE - BASIC AND DILUTED**

There is no dilutive effect on the basic earnings per share which is based on:

		2013	2012
(Loss) / Profit attributable to ordinary shares	(Rupees)	(9,105,869)	27,372,606
Average Ordinary Shares	(Numbers)	9,000,000	9,000,000
EARNINGS PER SHARE - BASIC AND DILUTED		(1.01)	3.04

28 **CASH GENERATED FROM OPERATIONS**

		2013	2012
Profit before taxation		12,746,060	28,020,531
Adjustments for:			
Depreciation on property, plant and equipment		7,697,090	8,397,889
Share of loss of associated company		28,124,578	3,994,214
Provision for gratuity		3,950,625	1,327,779
Finance cost		8,315,409	32,446
Dividend Income		(8,790,256)	(6,495,250)
Working capital changes	28.1	(113,188,064)	(33,059,584)
		(73,889,818)	(25,802,506)
		(61,143,758)	2,218,025

28.1 **Working Capital Changes**

	2013	2012
(Increase) / Decrease in Current Assets		
Stock in Trade	79,092,717	(146,312,493)
Trade Debtors	33,450,415	(110,827,551)
Loans and Advances	(15,568,486)	(16,605,815)
	96,974,646	(273,745,859)
Increase / (Decrease) in Current Liabilities		
Trade and Other Payables	(210,162,709)	240,686,275
Changes in Working Capital	(113,188,064)	(33,059,584)

29 **REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

No remuneration is paid to any directors or chief executive of the Company except for the Chairman of the Board who are provided with the remuneration of Rs. 120,000/- per annum. (2012: 120,000)

30 **TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise associated companies as defined in Companies Ordinance 1984. Detail of transactions with the related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2013 Rupees	2012 Rupees (Restated)
Purchases		
Capital Industrial Enterprises (Private) Limited	289,798,722	177,934,521
Diamond Home Textiles (Private) Limited	606,873,420	218,651,000
Diamond Product (Private) Limited	-	549,453
Symbol Industries (Private) Limited	3,536,960	28,530,260
Diamond Tyres Limited	297,018,364	129,091,216
Sales		
Capital Industrial Enterprises (Private) Limited	42,192,480	-
Symbol Industries (Private) Limited	8,236,485	-
Diamond Life Style	1,386,472	-

At the year end 30-06-2013 there were no receivables/(payables) balances against the above related parties.

31 **NUMBER OF EMPLOYEES**

	2013 In Numbers	2012 In Numbers
Number of Employees as on June 30,	183	165
Average number of employees during the year	183	165

32 **INSTALLED CAPACITY**

	2013 Tons		2012 Tons	
	Capacity	Utilized	Capacity	Utilized
Installed Capacity Per Annum (Foam)	12,000	3,440.50	12,000	1,210
Installed Capacity Per Annum (PVA)	1,560	NIL	1,560	Nil

33 **FINANCIAL RISK MANAGEMENT**

33.1 **FINANCIAL RISK FACTORS**

The Company's activities expose it to a variety of financialrisks: 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 financialmarkets and seeks to minimise potential adverse effects on the company's financialperformance. The Company uses derivative financialinstruments 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 financialrisks. The Board provides principlesfor overall risk management, as wellas policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, use of derivative financialinstruments 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.

(ii) **Other price risk**

Other price risk represents the risk that the fair value or future cash flows of a financialinstrument willfluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specificto the individualfinancialinstrument or its issuer, or factors affecting allsimilarfinancialinstruments traded in the market. The Company is not exposed to commodity price risk.

(iii) **Sensitivity analysis**

The table below summarisesthe 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)	
	2013	2012 - Restated	2013	2012
	(Rupees)			
KSE 100 (5% increase)	-	-	3,308,977	2,431,997
KSE 100 (5% decrease)	-	-	(3,309,977)	(2,431,997)

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

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financialinstrument willfluctuate 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:

	2013 Rupees	2012 Rupees (Restated)
Floating rate instruments		
Financial assets		
Bank balances- deposit accounts	3,286,157	1,008
Financial liabilities		
Short term borrowings	85,323,906	-

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with allother variables held constant, profit after taxation for the year would have been Rupees 820,377 (2012: Rupees NIL)lower / higher, mainly as a result of higher / lower interest expense/income on floating rate financialinstruments. This analysisis prepared assuming the amounts of financialinstruments outstanding at balance sheet dates were outstanding for the whole year.

(b) Credit risk

Credit risk represents the risk that one party to a financialinstrument willcause a financial loss for the other party by failingto discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Long Term Deposits	334,445	207,445
Trade Debts	77,377,136	110,827,551
Loans and Advances	53,799,394	24,614,332
Other Receivables	162,410,837	162,410,837
Investments -Available for Sale	66,254,456	63,622,638
Cash and Bank Balances	19,519,442	8,989,171
	379,695,710	370,671,974

The credit quality of financialassets that are neither past due nor impairedcan be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate:

	Rating			2013	2012
	Short Term	Long term	Agency	Rupees	Rupees
Banks					
Allied Bank Limited	A1+	AA+	JCR-VIS	1,558,624	1,674,987
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	3,279,611	-
Habib Bank AG Zurich Limited	A1+	AA+	PACRA	138,758	138,758
Bank Alhabib Limited	A1+	AA+	PACRA	2,980,755	
Bank Alfalah Limited	A1+	AA	PACRA	10,493	3,140,538
Askari Bank Limited	A1+	AA	JCR-VIS	376	376
Standard Chartered Bank (Pak) Ltd	A1+	AAA	PACRA	940,588	3,071,547
Silk Bank	A-2	A-	JCR-VIS	5,329,043	1,000
Summit Bank	A-2	A-	JCR-VIS	386	11,812
				14,238,634	**8,039,018**

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 15.

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 obligationsto the Company. Accordingly the credit risk is minimal.

(c) Liquidity risk

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

The company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities At 30 June, 2013 the comapany had Rupees 100 (Millions)(2012: Nil) available borrowing limits from financial instruments and Rupees 19,519,442 (2012: Rs.8,989,171) 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 2013

	Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	(Rupees)					
Non-derivative financial liabilities:						
Deferred Liabilities	18,171,468	18,171,468	-	-	-	18,171,468
Trade and other payables	36,551,255	36,551,255	36,551,255	-	-	-
Short term borrowings	85,323,906	85,323,906	85,323,906			
	140,046,629	140,046,629	121,875,161	-	-	18,171,468

Contractual maturities of financial liabilities as at 30 June 2012

	Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	(Rupees)					
Non-derivative financial liabilities:						
Deferred Liabilities	2,219,357	2,219,357	-	-	-	2,219,357
Trade and other payables	244,634,524	244,634,524	244,634,524	-	-	-
Short term borrowings	-					
	246,853,881	246,853,881	244,634,524	-	-	2,219,357

The contractual cash flows relating to the above financial liabilites have been determined on the basis of intrest rates/ mark-up rates effective as at 30 June. The rates of interest / mark up have been disclosed in note 6 and note 8 to these financial statements.

33.2 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 2013				
Assets				
Available for sale financial assets	66,254,456	-	-	66,254,456
As at 30 June 2012				
Assets				
Available for sale financial assets	63,622,638	-	-	63,622,638

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

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

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

33.3 Financial instruments by categories

	Loans and receivables	Available for sale	Total
	Rupees	Rupees	Rupees
As at 30 June 2013			
Assets as per balance sheet			
Long Term Deposits	334,445	-	334,445
Trade Debts	77,377,136	-	77,377,136
Loans and Advances	53,799,394	-	53,799,394
Other Receivables	162,410,837	-	162,410,837
Investment -Available for Sale	-	66,254,456	66,254,456
Cash and Bank Balances	19,519,442	-	19,519,442
	313,441,254	66,254,456	379,695,710

	Financial liabilities at amortized cost
	Rupees
Liabilities as per balance sheet	
Deferred Gratuity Payable	6,169,981
Trade and other payables	36,551,255
Short term borrowings	85,323,906
	128,045,142

	Loans and receivables	Available for sale	Total
	Rupees	Rupees	Rupees
As at 30 June 2012			
Assets as per balance sheet			
Long Term Deposits	207,445	-	207,445
Trade Debts	110,827,551	-	110,827,551
Loans and Advances	24,614,332	-	24,614,332
Other Receivables	162,410,837	-	162,410,837
Investment -Available for Sale	-	63,622,638	63,622,638
Cash and Bank Balances	8,989,171	-	8,989,171
	307,049,336	63,622,638	370,671,974

	Financial liabilities at amortized cost
	Rupees
Liabilities as per balance sheet	
Deferred Gratuity Payable	2,219,357
Trade and other payables	244,634,524
Short term borrowings	-
	246,853,881

33.4 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 dividend by total capital employed. Borrowings represent short term borrowings obtained by the company as refred to in Note 8. Total Capital employeed 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.

		2013	2012
Borrowings	Rupees in thousand	85,324	-
Total Equity	Rupees in thousand	557,035	574,212
Total Capital Employed	Rupees in thousand	642,359	574,212
Gearing ratio	Percentage	13%	0%

Note: Figures for F.Y 2012 means the restated figures.

34 PVA PLANT

The plant lies closed since September 2006 due to low orders from customers and increase in the prices of raw material. The company has commenced repairs and renewals to non functional plant and machinery, and are of the view that this plant will be operatable in F.Y 2014 subject to favourable economic conditions.

34.1 The company has not revalued the PVA Plant and machinery during the current year, and is of the view that the replancement values on revaluation is much higher than the historical cost.

35 **Comparative and Corresponding Figures**

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

35.2 Corresponding figures have been rearranged and reclassifiedwherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison without any effect on profit and loss account to extent and manner as noted in Note No. 5.

36 **Segment reporting**

A segment is a distinguishablecomponent 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 liabilitiesinclude items directly attributable to a segment as wellas 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 saleof varied interrelatedconsumer home products and management has distinguished its business into main division called "Foam Division" therefore no segmentation has been reported.

37 **Events Subsequent to the Balance Sheet**

There are no subsequents events to the balance sheet date having materialeffect on the current financialstatements see note No. 10 also annexed.

38 **Date of Authorization**

These financial statements were authorized for issue on December 05, 2013 by the Board of Directors of the company.

Chief Executive **Director**

Operating Highlights

		(Rupees ' 000)					
		2008	2009	2010	2011	2012	2013
KEY INDICATORS							
OPERATING							
GROSS MARGIN	%	(238.83)	4.13	(0.04)	(5,193.08)	15.20	11.69
OPERATING MARGIN	%	(1,037.84)	19.35	4.01	(20,898.86)	7.19	2.74
PRE TAX MARGIN	%	(699.47)	19.34	4.00	(54,179.87)	6.41	0.71
NET MARGIN	%	(356.62)	0.19	4.57	(51,266.04)	5.19	(0.51)
PERFORMANCE							
RETURN ON ASSETS	%	(3.61)	1.56	0.93	(14.53)	3.19	1.68
ASSETS TURNOVER	Times	0.94	146.97	0.20	0.03	53.05	2.36
FIXED ASSETS TURNOVER	Times	0.03	767.90	1.10	0.00	4.57	18.67
INVENTORY TURNOVER	Times	N/A	N/A	N/A	N/A	2.06	12.21
RETURN ON EQUITY	%	(5.30)	32.44	0.96	(13.83)	3.94	(1.49)
RETURN ON CAPITAL EMPLOYED	%	(4.10)	31.75	0.98	(13.83)	0.04	0.02
LEVERAGE							
DEBT : EQUITY	%	0.13	0.09	2.15	0.59	0.39	0.03
LIQUIDITY							
CURRENT	%	9.61	8.84	5,112.84	98.90	2.20	3.57
QUICK	%	9.61	8.84	5,112.84	89.57	1.51	2.88
VALUATION							
EARNING PER SHARE (PRE TAX)	RS.	-	21.49	0.59	(9.57)	3.11	1.42
EARNING PER SHARE (AFTER TAX)	RS.	(1.58)	22.54	0.67	(9.06)	3.04	(1.01)
BREAK UP VALUE	RS.	38.62	69.48	70.24	65.50	70.16	67.78
HISTORICAL TRENDS							
TRADING RESULTS							
TURNOVER	RS.	3,993	999,894	132,172	159	466,245	1,794,283
GROSS PROFIT / (LOSS)	RS.	(9,537)	41,254	(47)	(8,257)	70,866	209,772
OPERATING LOSS	RS.	(41,442)	193,435	5,299	(33,226)	33,522	49,186
PROFIT/(LOSS) BEFORE TAX	RS.	(27,931)	193,416	5,286	(86,146)	29,891	12,746
PROFIT/(LOSS) AFTER TAX	RS.	(14,240)	202,890	6,045	(81,513)	24,183	(9,106)
FINANCIAL POSITION							
SHAREHOLDERS' FUNDS	RS.	347,561	625,355	632,189	589,538	613,265	609,995
PROPERY, PLANT & EQUIPMENT	RS.	141,421	130,212	119,732	110,516	102,118	96,105
NET CURRENT ASSETS	RS.	172,588	323,686	228,776	240,962	269,158	337,943
LONG TERM ASSETS	RS.	60,094	185,145	412,418	349,421	338,995	290,224
LONG TERM LIABILITIES	RS.	28,542	13,687	9,005	1,041	2,219	18,171

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: 30-06-2013

4. No. of Shareholders	------Shareholding------ From	To	Total Shares Held
63	1	100	3,087
128	101	500	42,047
26	501	1000	21,259
31	1001	5000	70,689
4	5001	10000	32,250
4	10001	15000	53,555
2	20001	25000	44,000
1	25001	30000	28,500
1	120001	125000	121,500
1	145001	150000	150,000
1	420001	425000	422,450
1	445001	450000	450,000
1	645001	650000	650,000
1	795001	800000	800,000
1	845001	850000	848,130
1	1020001	1025000	1,022,500
1	1075001	1080000	1,076,383
1	1450001	1455000	1,453,650
1	1705001	1710000	1,710,000
270			**9,000,000**

5. Categories of shareholders	Share held	Percentage
5.1 Directors, Chief Executive Officers, and their spouse and minor childern	3,166,150	35.1794%
5.2 Associated Companies, undertakings and related parties.	3,783,333	42.0370%
5.3 NIT and ICP	700	0.0078%
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	848,130	9.4237%
5.5 Insurance Companies	--	--
5.6 Modarabas and Mutual Funds	500	0.0056%
5.7 Share holders holding 10%	5,262,533	58.4726%
5.8 General Public		
a. Local	1,143,237	12.7026%
b. Foreign	--	--
5.9 Others (to be specified) **Joint Stock Companies**	57,950	0.6439%

6. Signature of Company Secretary	
7. Name of Signatory	NAZIR AHMED
8. Designation	Company Secretary
9. NIC Number	35202-0733525-5
10. Date	30 | 06 | 2013

Catagories of Shareholding required under Code of Coprorate Governance (CCG)
As on June 30, 2013

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):			
1	DIAMOND PRODUCTS (PVT) LTD	150,000	1.6667
2	SHAFFI CHEMICAL INDUSTRIES LTD. (CDC)	1,422,450	15.8050
3	CAPITAL INDUSTRIAL ENTERPRISES (PVT) LTD.(CDC)	1,076,383	11.9598
4	SWITCH SECURITIES (PVT) LIMITED (CDC)	1,022,500	11.3611
5	SYMBOL INDUSTRIES (PVT) LIMITED (CDC)	450,000	5.0000
6	M/S CAPITAL INDUSTRIES (CDC)	650,000	7.2222
7	CAPITAL INDUSTRIES (PVT) LTD. (CDC)	12,000	0.1333
Mutual Funds (Name Wise Detail)			
1	FIRST CAPITAL MUTUAL FUND LTD.	500	0.0056
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MR. IFTIKHAR A. SHAFFI	1,710,000	19.0000
2	MR. SHARIQ IFTIKHAR (CDC)	1,453,650	16.1517
3	MR. SOHAIL MALIK	500	0.0056
4	MR. ABDUL SHAKOOR	500	0.0056
5	MR. MUHAMMAD SAMEER	500	0.0056
6	MR. HASHIM ASLAM BUTT	500	0.0056
7	MR. ZAHOOR AHMAD	500	0.0056
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		848,130	9.4237
Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)			
1	MR. SHARIQ IFTIKHAR (CDC)	1,453,650	16.1517
2	MR. IFTIKHAR A. SHAFFI	1,710,000	19.0000
3	SHAFFI CHEMICAL INDUSTRIES LTD. (CDC)	1,422,450	15.8050
4	SWITCH SECURITIES (PVT) LIMITED (CDC)	1,022,500	11.3611
5	CAPITAL INDUSTRIAL ENTERPRISES (PVT) LTD.(CDC)	1,076,383	11.9598
6	BANK ALFALAH LIMITED- LAHORE STOCK EXCHANGE (CDC)	848,130	9.4237
7	MR. MUDDASAR IFTIKHAR	800,000	8.8889
8	SYMBOL INDUSTRIES (PVT) LIMITED (CDC)	450,000	5.0000
9	M/S CAPITAL INDUSTRIES (CDC)	650,000	7.2222

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:

FORM OF PROXY

I/We ______________________________

of ______________________________

being a member of DIAMOND INDUSTRIES LIMITED, hereby appoint

____
(Name)

of ______________________ another member of the Company

or failing him/her ______________________________
(Name)

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, Swabi Khyber Pakhtoonkhwa on Wednesday 28th December, 2013 at 10:00 p.m. and any adjournment thereof.

As witnessed given under my/our hand(s) __________ day of __________ 2013.

1) Witness:

Signature ______________________
Name ______________________
Address ______________________
____

Signature of Member

2) Witness:

Signature ______________________
Name ______________________
Address ______________________
____

Shares Held ______________________
Shareholder's Folio No. ______________________
CDC A/c No. ______________________
CNIC No. ______________________

Note :

1) Proxies, in order to be effective, must be received at the Company's Registered office, not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

2) 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.

TM

DIAMOND®

FOAM

Since 1974