

Quarterly Report (Un-Audited)
For the Period ended March 31, 2016
KSB Pumps Company Limited



Contents

	Page
Company Information	2
<hr/>	
Sales Offices	4
<hr/>	
Directors' Review	5
<hr/>	
Condensed Interim Balance Sheet	6
<hr/>	
Condensed Interim Profit and Loss Account	8
<hr/>	
Condensed Interim Statement of Comprehensive Income	9
<hr/>	
Condensed Interim Cash Flow Statement	10
<hr/>	
Condensed Interim Statement of Changes in Equity	11
<hr/>	
Notes to the Condensed Interim Financial Statements	12
<hr/>	

Company Information

Board of Directors

Tonjes Cerovsky	Chairman
Mohammad Masud Akhtar	Managing Director
Sajid Mahmood Awan	
Dr. Matthias Beth	
Rahat Kaunain Hassan	
Hasan Aziz Bilgrami	
Syed Hyder Ali	
Jamal Nasim	(Nominee NIT)

Company Secretary

Sajid Mahmood Awan

Management

Mohammad Masud Akhtar	Chief Executive Officer
Sajid Mahmood Awan	Finance, Administration & Corporate Affairs
Syed Tariq Ali	Operations

Auditors

A.F. Ferguson & Co.	Chartered Accountants
---------------------	-----------------------

Legal Advisors

Mandviwala & Zafar

Bankers

Allied Bank Limited
 Bank Alfalah Limited
 Deutsche Bank AG
 Habib Bank Limited
 MCB Bank Limited
 National Bank Of Pakistan
 NIB Bank Limited
 United Bank Limited

Audit Committee

Jamal Nasim	Chairman
Hasan Aziz Bilgrami	Member
Dr. Matthias Beth	Member
Syed Hyder Ali	Member

Secretary Audit Committee

Saeed Hussain

HR & R Committee

Rahat Kaunain Hassan
Syed Hyder Ali
Mohammad Masud Akhtar

Chairperson
Member
Member

Registered Office

16/2 Sir Aga Khan Road, Lahore - 54000.
Ph: (042) 36304173, 36370969
Fax: (042) 36368878, 36366192
Email: info@ksb.com.pk

Works

Hazara Road, Hassanabdal
Ph: (057) 2520236
Fax: (057) 2520237
Email: info@ksb.com.pk

Share Registrar

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block B, SMCHS
Shahra-e-Faisal, Karachi-74000
Tel: (021) 111-111-500
Fax: (021) 34326053

Sales Offices

Lahore

16/2 Sir Aga Khan Road Lahore.
Ph: (042) 111 572 786, 36304173
Fax: (042) 36366192, 36368878
Email: info@ksb.com.pk

Multan

Golden Heights, Nusrat Road, Multan.
Ph: (061) 111 572 786
Fax: (061) 4541784
Email: ksbul@ksb.com.pk

Rawalpindi

309, A3 Peshawar Road, Westridge 1,
Opp. Valley Clinic, Rawalpindi.
Ph: (051) 111 572 786
Fax: (051) 5472612
Email: ksbrwp@ksb.com.pk

Karachi

307 & 308, 3rd Floor Parsa Tower, Block 6,
PECHS Shahrah-e-Faisal, Karachi
Ph: (021) 111 572 786 Fax: (021) 34388302
Email: ksbkhi@ksb.com.pk

Peshawar

3rd Floor, Mall Tower, 35 The Mall, Peshawar
Cell: 0300-5895289 Ph: 091-5285679
Fax: 091-5278919
Email: franchise.kpk@ksb.com.pk

KSB Partners

Sr.	Channel	City	Location	Status	Province	Partners	Contact#	Office Landline	Fax	Email
1	Dominar Engineers	Lahore	65-A Ferozpur Road, Link Samanabad Road, near LOS	KSB Partners	Punjab	Hammad Malik/ Syed Mehdi	0302-8744449/8	042-37500078	042-37500078	hammad.malik@de.com.pk
2	Industrial Development & Engineering Associates	Karachi	20-C Mezzanine Floor, Indus Center, 14th Com st. PH-II, DHA	KSB Partners	Sindh	Saquib Khawaja	0300-8203077	021-35390481/2	021-35390483	saquib@idea.com.pk
3	Wali Muhammad & Co.	Quetta	Zonkiram Road near mellennium Mall	KSB Partners	Balochistan	Wali Muhammad	0300-8387668	081-2829635	081-2829635	gulistanmachinery@yahoo.com
4	Pak Atlantis Pumps	Peshawar	3rd floor, Mall Tower, 35- The Mall, Peshawar Cantt	KSB Partners	KPK	Arbab Bilal Ahmad/ Atif Javed	0308-5053175/ 0345-5555939	091-5285679	091-5278919	pakatlantis@gmail.com
5	Pak Atlantis Pumps	Rawalpindi	309, A3 Peshawar Road, Westridge 1, Opp. Valley Clinic, Rawalpindi	KSB Partners	Punjab	Arbab Bilal Ahmad/ Atif Javed	0345-5555939	051-5491413	051-5491237	pakatlantis@gmail.com
6	Modern Technology & Traders	Karachi	Plot No. 36C, 3rd & 4th Floor, Lane 11, Bukhari Commercial Phase-6 DHA, Karachi	KSB Partners	Sindh	Farhan Hasan / Mansoor Iqbal	0321-2038202/ 0333-7299905	021-35156121-4	021-35156125	qayoomshaikh3@gmail.com

Directors' Review

I am pleased to present the financial statements of KSB Pumps Company Limited for the 1st quarter ended March 31, 2016.

Economic outlook of Pakistan remains stable for the year 2016. Energy situation has improved. Inflation has shown slight increase but still having favourable outlook for the current fiscal year. In the wake of recent terrorist activities, the military operation has been intensified and extended further to improve law & order and security situation. Decline in exports and risk of political instability pose threat to the economic performance, however, long term outlook of the country is expected to remain positive keeping in view current overall progress and CPEC related activity expected to begin in near future.

KSB Pakistan has taken a successful start in year 2016 with company revenue exceeding 1 billion mark in 1st quarter. The total revenue remained PKR 1.3 billion, an increase of 66% over Q1 of the last year. Resultantly, the company has earned profit before tax of PKR 104 million, a substantial growth of 73% as compared to Q1-2015. Earnings per share increased to Rs. 6.37 as compared to Rs. 3.11 for Q1-2015.

Looking ahead, both public and private sectors have favourable business prospects for the year 2016. We are confident to achieve order intake targets in all our key segments, water/waste water, industry, energy and building. Execution of major project of clean drinking water, SAAF PAANI, would also be completed in the current year. With healthy orders in hand, KSB Pakistan anticipates to achieve good numbers of revenue and profitability in the current year.

Further, we are planning to upgrade our existing foundry starting from year 2016, for which necessary arrangements are in process.

I appreciate the efforts of the entire KSB team on their excellent performance in the 1st quarter and hope the year 2016 to be another very successful year for KSB Pakistan.



Mohammad Masud Akhtar
Managing Director

April 22, 2016
Lahore, Pakistan

Condensed Interim Balance Sheet (Un-audited)

As at March 31, 2016

	Note	March 31, 2016 (Rupees in thousand)	December 31, 2015 (Rupees in thousand)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 15,000,000 (2015: 15,000,000) ordinary shares of Rs 10 each		150,000	150,000
Issued, subscribed and paid up capital 13,200,000 (2015: 13,200,000) ordinary shares of Rs 10 each		132,000	132,000
General reserves		903,000	903,000
Unappropriated profit		359,377	275,250
		1,394,377	1,310,250
NON CURRENT LIABILITIES			
Employees' retirement and other benefits		61,289	63,949
Deferred taxation		19,779	19,779
		81,068	83,728
CURRENT LIABILITIES			
Short term running finances - secured		408,897	381,372
Trade and other payables		1,485,034	1,542,692
Provisions for other liabilities and charges		76,339	59,590
Accrued finance cost		7,846	3,639
		1,978,116	1,987,293
CONTINGENCIES AND COMMITMENTS			
	5	3,453,561	3,381,271

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

	Note	March 31, 2016 (Rupees in thousand)	December 31, 2015
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	399,128	406,779
Investment property		746	800
Intangible assets		869	1,056
Capital work in progress		6,491	9,160
Long term loans and deposits		14,688	15,188
		421,922	432,983
CURRENT ASSETS			
Stores, spares and loose tools		57,967	53,812
Stock in trade		719,233	713,590
Trade debts		1,632,195	1,437,371
Advances, deposits, prepayments and other receivables		559,102	561,011
Cash and bank balances		63,142	182,504
		3,031,639	2,948,288
		<u>3,453,561</u>	<u>3,381,271</u>


Chairman


Chief Executive

Condensed Interim Profit and Loss Account (Un-audited)

For the 1st Quarter ended March 31, 2016

	March 31, 2016 (Rupees in thousand)	March 31, 2015
Sales	1,328,395	801,399
Cost of sales	(1,082,423)	(635,694)
Gross profit	245,972	165,705
Distribution and marketing expenses	(71,907)	(66,337)
Administration expenses	(55,038)	(45,112)
Other operating expenses	(8,259)	(5,128)
Other operating income	4,331	19,539
Profit / (Loss) from operations	115,099	68,667
Finance cost	(11,369)	(8,285)
Profit / (Loss) before taxation	103,730	60,382
Taxation	(19,603)	(19,322)
Profit / (Loss) for the period	84,127	41,060
Earnings / (Loss) per share - basic & diluted Rupees	6.37	3.11

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.


Chairman


Chief Executive

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the 1st Quarter ended March 31, 2016

	March 31, 2016 (Rupees in thousand)	March 31, 2015
Profit / (Loss) after taxation	84,127	41,060
Other comprehensive income for the period	-	-
Total comprehensive income / (Loss) for the period	84,127	41,060

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.


Chairman


Chief Executive

Condensed Interim Cash Flow Statement (Un-audited)

For the 1st Quarter ended March 31, 2016

	Note	January to March	
		2016 (Rupees in thousand)	2015
Cash flows from operating activities			
Cash generated from operations	7	(112,044)	86,555
Finance costs paid		(7,162)	(13,439)
Taxes paid		(13,901)	(10,921)
Employees' retirement and other benefits paid		(8,202)	(2,356)
Net (increase) / decrease in long term loans and deposits		500	(162)
Net cash (used in)/from operating activities		(140,809)	59,677
Cash flows from investing activities			
Fixed capital expenditure		(7,649)	(22,504)
Proceeds from sale of property, plant and equipment		1,571	3,735
Net cash used in investing activities		(6,078)	(18,769)
Net cash used in financing activities		-	-
Net (decrease)/increase in cash and cash equivalents		(146,887)	40,908
Cash and cash equivalents at the beginning of the period		(198,868)	(163,239)
Cash and cash equivalents at the end of the period	8	(345,755)	(122,331)

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.


Chairman


Chief Executive

Condensed Interim Statement of Changes in Equity (Un-audited)

For the 1st Quarter ended March 31, 2016

	Share capital	General reserves	Unappropriated profit	Total
	(Rupees in thousand)			
Balance as at January 1, 2015	132,000	787,000	182,515	1,101,515
Final dividend for the year ended December 31, 2014 Rs 5 per share	-	-	(66,000)	(66,000)
Transfer to general reserve	-	116,000	(116,000)	-
Total comprehensive income/(loss) for the period			41,060	41,060
Balance as at March 31, 2015	132,000	903,000	41,575	1,076,575
Total comprehensive income/(loss) for the period	-	-	233,675	233,675
Balance as at December 31, 2015	132,000	903,000	275,250	1,310,250
Total comprehensive income / (loss) for the period	-	-	84,127	84,127
Balance as at March 31, 2016	132,000	903,000	359,377	1,394,377

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.


Chairman


Chief Executive

Notes to and Forming Part of the Condensed Interim Financial Information

For the 1st Quarter ended March 31, 2016 (Un-audited)

1. Legal status and nature of business

KSB Pumps Company Limited (a KSB group company) 'The Company' was incorporated in Pakistan on July 18, 1959 under the Companies Act, 1913 (now the Companies Ordinance, 1984) and is listed on the Karachi and Lahore Stock Exchanges (now merged as Pakistan Stock Exchange Limited). The Company is a subsidiary of KSB Aktiengesellschaft and principally engaged in the manufacture and sale of industrial pumps, valves, castings and related parts. The registered office of the Company is situated at KSB Building, Sir Aga Khan Road, Lahore.

2. Basis of preparation

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984 (the ordinance). Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) as notified under the provisions of the ordinance. Wherever, the requirements of the ordinance or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of the ordinance or the requirements of the said directives take precedence.

3. Accounting Policies

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the company for the year ended December 31, 2015 except as described below:

3.1 Standards, amendments to published standards and interpretations effective in current year

There were certain new standards, amendments to the approved accounting standards and new interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). The amendments and Interpretations which became effective during the year are considered not to be relevant the Company's operations and therefore are not detailed in these financial statements except for the amendments as explained below:

- Annual improvements 2012 are applicable for annual periods beginning on or after July 01, 2014. These amendments include changes from the 2010-12 cycle of the annual improvements project, that affect 7 standards: IFRS 13, 'Fair value measurement', IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', Consequential amendments to IFRS 9, 'Financial instruments', IAS 37, 'Provisions, contingent liabilities and contingent assets', and IAS 39, 'Financial instruments – Recognition and measurement'. The application of these amendments has no material impact on the Company's financial statements.

- Annual improvements 2013 are applicable for annual periods beginning on or after July 01, 2014. The amendments include changes from the 2011-13 cycle of the annual improvements project that affect 2 standards: IFRS 13, 'Fair value measurement' and IAS 40, 'Investment property'. The application of these amendments has no material impact on the Company's financial statements.

- IAS 19 (Amendments), 'Employee benefits' is applicable on accounting periods beginning on or after July 01, 2014. These amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The application of these amendments has no material impact on the Company's financial statements.

- IFRS 13, 'Fair value measurement'. This is applicable on accounting periods beginning on or after January 01, 2015. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already

required or permitted by other standards within IFRS or US GAAP. The application of this standard has no material impact on the Company's financial statements.

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after their respective effective dates but the Company has not early adopted them. They are not expected to have a material impact on Company's financial statements.

Standards or interpretations:	Effective date (accounting periods beginning on or after)
IFRS 9, 'Financial Instruments'	January 1, 2018
IFRS 15 'Revenue from contracts with customers'	January 1, 2017

3.3 Standards, amendments and interpretations to existing standards not yet effective and not applicable/relevant to the Company

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2016 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

Standards or interpretations:	Effective date (accounting periods beginning on or after)
- Annual improvements 2014; IFRS 5, 'Non current assets held for sale and discontinued operations' regarding methods of disposal. IAS 19, 'Employee benefits' regarding discount rates'. IAS 34, 'Interim financial reporting' regarding disclosure of information. IFRS 7, 'Financial instruments: Disclosures' with consequential amendments to IFRS 1 regarding servicing contracts.	January 1, 2016
IAS 16 (Amendment), 'Property, plant and equipment' - Clarification of acceptable methods of depreciation and amortization	January 1, 2016
'IAS 38 (Amendment), 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortization	January 1, 2016
IAS 1, 'Presentation of Financial Statements' - Disclosure Initiative	January 1, 2016

4. 'Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

5. Contingencies and commitments

5.1 Contingencies

The company has obtained bank guarantees of Rs. 934.48 million (December 2015: Rs 1200.220 million) against the performance of various contracts.

5.2 Commitments in respect of

Letters of credit other than for capital expenditure approximately Rs. 74.141 million (December 2015: Rs. 171.715 million).

		March 31, 2016	December 31, 2015
		(Rupees in thousand)	
6.	Property, plant and equipment		
	Opening net book value	406,779	354,761
	Additions during the period	10,318	125,729
	Deletions during the period	(1,538)	(11,098)
		<u>415,559</u>	<u>469,392</u>
	Depreciation charged during the period	(16,431)	(62,613)
	Closing net book value	<u>399,128</u>	<u>406,779</u>
6.1	Additions during the period		
	Buildings on freehold land	-	19,165
	Plant and machinery	4,514	19,305
	Tools, jigs and attachments	-	1,367
	Patterns	-	9,653
	Other equipments	1,013	27,454
	Furniture and fixtures	59	1,757
	Office machine & appliances	1,370	6,721
	Vehicles	3,362	40,307
		<u>10,318</u>	<u>125,729</u>
7.	Cash generated from operations		
	Profit before taxation	103,730	60,382
	Adjustment of non-cash items:		
	Depreciation on property, plant and equipment	16,431	14,768
	Depreciation on Investment property	54	53
	Amortization on Intangible assets	187	243
	Profit on sale of property, plant and equipment	(33)	(1,565)
	Employees' retirement and other benefits	5,542	4,860
	Provision for doubtful debts & receivables	1,845	4,320
	Stock-in-trade written off	1,500	1,500
	Finance cost	11,369	8,285
	Exchange (gain)/loss	3,842	(996)
	Profit before working capital changes	<u>144,467</u>	<u>91,850</u>

- note 6.1

	March 31, 2016 (Rupees in thousand)	March 31, 2015
Effect of cash flow due to working capital changes		
(Increase)/decrease in current assets:		
Stores, spares and loose tools	(4,155)	198
Stock-in-trade	(7,143)	11,991
Trade debts	(200,046)	(28,425)
Advances, deposits, prepayments and other receivables	(4,258)	(38,166)
Increase/(decrease) in current liabilities:		
Trade and other payables	(57,658)	37,478
Provisions for other liabilities and charges	16,749	11,629
	(256,511)	(5,295)
	(112,044)	86,555
8. Cash and cash equivalents		
Cash and bank balances	63,142	117,581
Short term running finances - secured	(408,897)	(239,912)
	(345,755)	(122,331)
9. Transactions with related party		
Purchase of goods and services	71,069	24,412
Sale of goods and services	39,005	39,137
Commission income	1,680	9,582
Commission expense	2,748	2,612
Royalty & Trademark	5,298	6,205
Expense charged in respect of retirement and other benefits	5,542	4,860
Key management personnel & executives compensation	62,320	57,753
	March 31, 2016 (Rupees in thousand)	December 31, 2015
Period-end balances		
Receivable from related parties	69,901	104,610
Payable to related parties	196,760	212,618

10. Date of authorization for issue

This condensed interim financial information was authorized for issue on April 22, 2016 by the Board of Directors of the company.

11. Corresponding figures

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made.



Chairman



Chief Executive

BOOK POST
PRINTED MATTER

TO:



KSB Pumps Company Limited
Head Office: 16/2 • Sir Aga Khan Road • Lahore
UAN: +92-42-111-572-786 Tel: +92-42-36304173-74
Fax: +92-42-36366192, 36368878
Email: info@ksb.com.pk • www.ksb.com.pk