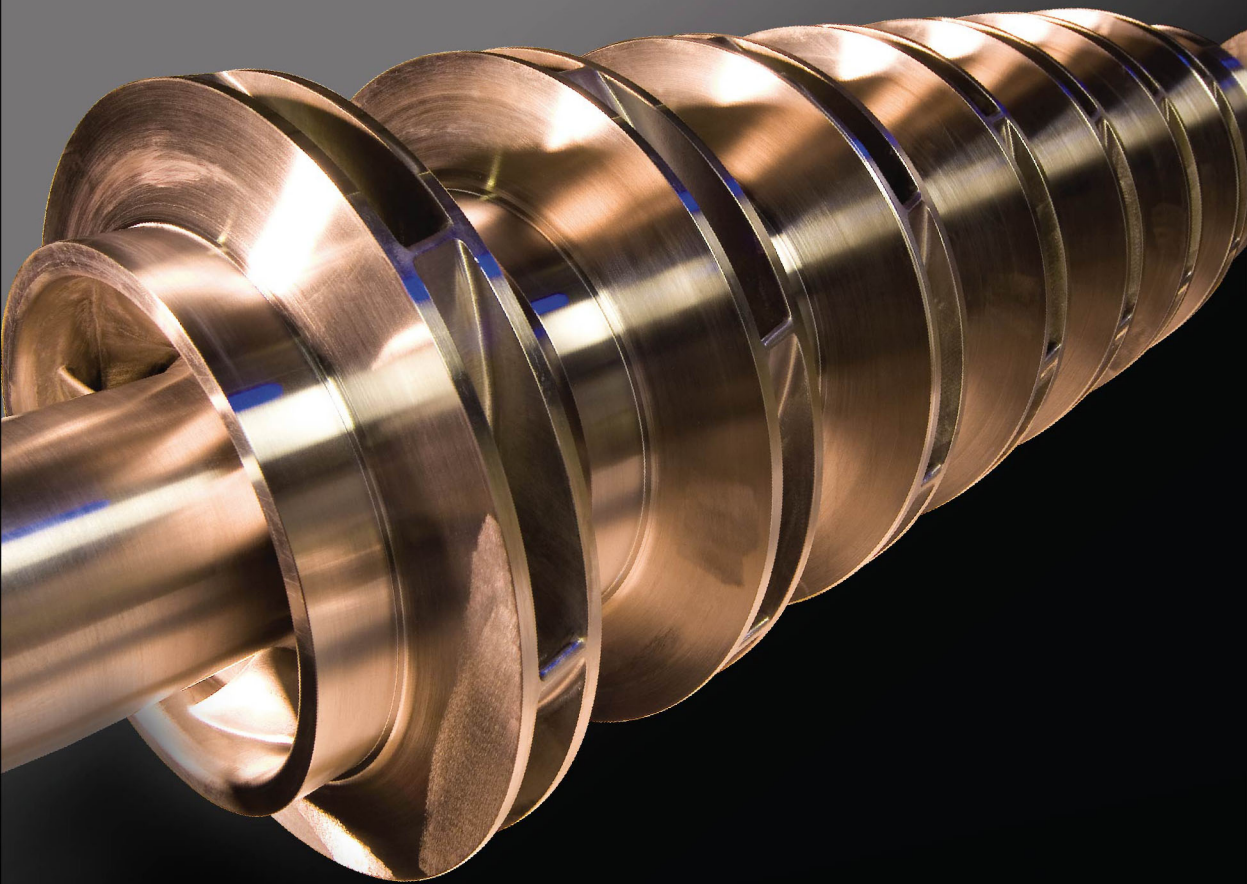


## **Quarterly Report (Un-Audited)**

For the Period ended March 31, 2015

**KSB Pumps Company Limited**



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## 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	Production

### Auditors

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

Hasan Aziz Bilgrami	Chairman
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: ksckhi@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

## Directors' Review

I am pleased to present the financial statements of KSB Pumps Company Limited for the 1st quarter ended March 31, 2015.

Pakistan's economy continues to move in favourable direction. Certain risks like changing geopolitical situation, energy constraints, and security & political issues still pose threat to economic performance. However, overall outlook for FY-2015 remains positive as also collectively indicated by low inflation, stable forex market, reduced policy rate by State Bank of Pakistan, and better growth prospects in key sectors of the economy.

KSB Pakistan has started year 2015 with a successful 1st quarter. Order intake has increased by 27% over corresponding period of last year. Sales of PKR 801 million has shown 25% growth as compared to Q1-2014. Resultantly, the company has recorded profit before tax of PKR 60 million, a substantial growth of 88% as compared to Q1-2014. Earning per share increased to Rs. 3.11 as compared to Rs. 1.67 for Q1-2014.

Looking ahead, both public and private sectors offer some promising opportunities which are expected to materialize in coming months. It would help us achieve order intake target for the year 2015 in our key performing segments, water/waste water, industry, energy and building. Further, KSB Pakistan is also committed to provide clean drinking water and a few projects in this connection are in progress. Having healthy orders in hand, we anticipate to earn desired revenue and profitability also in coming quarters.

I appreciate the efforts of our committed team on achieving the targets in 1st quarter and hope the momentum to continue in remaining part of the year.



**Mohammad Masud Akhtar**  
Managing Director

April 27, 2015  
Lahore, Pakistan

## Condensed Interim Balance Sheet (Un-audited)

As at March 31, 2015

	Note	March 31, 2015 (Rupees in thousand)	December 31, 2014
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital 15,000,000 (2014: 15,000,000) ordinary shares of Rs 10 each		150,000	150,000
Issued, subscribed and paid up capital 13,200,000 (2014: 13,200,000) ordinary shares of Rs 10 each		132,000	132,000
General reserves		787,000	787,000
Unappropriated profit		223,575	182,515
		1,142,575	1,101,515
<b>NON CURRENT LIABILITIES</b>			
Employees' retirement and other benefits		55,477	52,973
Deferred taxation		26,220	26,220
		81,697	79,193
<b>CURRENT LIABILITIES</b>			
Short term running finances - secured		239,912	529,272
Trade and other payables		1,167,785	1,130,307
Provisions for other liabilities and charges		66,995	55,366
Accrued finance cost		6,580	11,734
		1,481,272	1,726,679
<b>CONTINGENCIES AND COMMITMENTS</b>			
	5	2,705,544	2,907,387

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

	Note	March 31, 2015 (Rupees in thousand)	December 31, 2014
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	356,978	354,761
Investment property		960	1,013
Intangible assets		610	853
Capital work in progress		11,018	7,669
Long term loans and deposits		12,625	12,463
		382,191	376,759
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		49,923	50,121
Stock in trade		474,738	488,229
Trade debts		1,242,294	1,216,728
Advances, deposits, prepayments and other receivables		438,817	409,517
Cash and bank balances		117,581	366,033
		2,323,353	2,530,628
		<u>2,705,544</u>	<u>2,907,387</u>

  
Chairman

  
Chief Executive



## Condensed Interim Profit and Loss Account (Un-audited)

For the 1st Quarter ended March 31, 2015

	<b>March 31, 2015</b> (Rupees in thousand)	March 31, 2014
Sales	801,399	638,680
Cost of sales	(635,694)	(487,352)
<b>Gross profit</b>	<b>165,705</b>	<b>151,328</b>
Distribution and marketing expenses	(66,337)	(62,231)
Administration expenses	(45,112)	(44,897)
Other operating expenses	(5,128)	(5,517)
Other operating income	19,539	3,268
<b>Profit / (Loss) from operations</b>	<b>68,667</b>	<b>41,951</b>
Finance cost	(8,285)	(9,894)
<b>Profit / (Loss) before taxation</b>	<b>60,382</b>	<b>32,057</b>
Taxation	(19,322)	(9,990)
<b>Profit / (Loss) for the period</b>	<b>41,060</b>	<b>22,067</b>
<b>Earnings / (Loss) per share - basic &amp; diluted Rupees</b>	<b>3.11</b>	<b>1.67</b>

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, 2015

	March 31, 2015 (Rupees in thousand)	March 31, 2014
Profit / (Loss) after taxation	41,060	22,067
Other comprehensive income for the period	-	(1,456)
<b>Total comprehensive income / (Loss) for the period</b>	<b>41,060</b>	<b>20,611</b>

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, 2015

	Note	January to March	
		2015 (Rupees in thousand)	2014
<b>Cash flows from operating activities</b>			
Cash generated from operations	7	86,555	5,986
Finance costs paid		(13,439)	(7,600)
Taxes paid		(10,921)	(10,553)
Employees' retirement and other benefits paid		(2,356)	(5,120)
Net (increase) / decrease in long term loans and deposits		(162)	742
<b>Net cash (used in)/from operating activities</b>		<b>59,677</b>	<b>(16,545)</b>
<b>Cash flows from investing activities</b>			
Fixed capital expenditure		(22,504)	(13,451)
Proceeds from sale of property, plant and equipment		3,735	-
<b>Net cash used in investing activities</b>		<b>(18,769)</b>	<b>(13,451)</b>
<b>Net cash used in financing activities</b>		<b>-</b>	<b>-</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>40,908</b>	<b>(29,996)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>(163,239)</b>	<b>(99,313)</b>
<b>Cash and cash equivalents at the end of the period</b>	8	<b>(122,331)</b>	<b>(129,309)</b>

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, 2015

	Share capital	General reserves	Unappropriated profit	Total
	(Rupees in thousand)			
<b>Balance as at January 1, 2014</b>	132,000	682,000	159,149	973,149
Final dividend for the year ended December 31, 2013 Rs 4 per share	-	-	(52,800)	(52,800)
Transfer to general reserve	-	105,000	(105,000)	-
Total comprehensive income/(loss) for the period	-	-	20,611	20,611
<b>Balance as at March 31, 2014</b>	132,000	787,000	21,960	940,960
Total comprehensive income/(loss) for the period	-	-	160,555	160,555
<b>Balance as at December 31, 2014</b>	132,000	787,000	182,515	1,101,515
Total comprehensive income / (Loss) for the period	-	-	41,060	41,060
<b>Balance as at March 31, 2015</b>	132,000	787,000	223,575	1,142,575

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, 2015 (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. 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, 2014 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:

- IAS 32 (Amendments), 'Financial instruments: Presentation', on offsetting financial assets and financial liabilities is applicable on accounting periods beginning on or after January 01, 2014. These amendments update the application guidance in IAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The application of this standard has no material impact on the Company's financial statements.

- IAS 36 (Amendment), 'Impairment of assets' on recoverable amount disclosures is applicable on accounting period beginning on or after January 01, 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The application of this standard has no material impact on the Company's financial statements.

- IFRIC 21, 'Levies' sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The Company is not currently subjected to significant levies so the impact on the Company's financial statements is not material.

#### 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)**

- Annual improvements 2014; IFRS 5, 'Non current assets held for sale and discontinued operations'. IAS 19, 'Employee benefits' regarding discount rates'. IAS 34, 'Interim financial reporting'. Consequential amendments to IFRS 1 regarding servicing contracts.	January 1, 2016
IAS 16 (Amendment), 'Property, plant and equipment'	January 1, 2016
IAS 38 (Amendment), 'Intangible Assets'	January 1, 2016
IFRS 9, 'Financial Instruments' - Recognition and measurement of 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, 2015 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.

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. 610.70 million (December 2014: Rs 639.732 million) against the performance of various contracts.

**5.2 Commitments in respect of**

Letters of credit other than for capital expenditure approximately Rs. 155.28 million (December 2014: Rs. 98.471 million).

**6. Property, plant and equipment**

	<b>March 31, 2015</b>	December 31, 2014
	(Rupees in thousand)	
Opening net book value	354,761	297,225
Additions during the period	19,155	124,457
Deletions during the period	(2,170)	(8,154)
	<b>371,746</b>	<b>413,528</b>
Depreciation charged during the period	(14,768)	(58,767)
Closing net book value	<b>356,978</b>	<b>354,761</b>

- note 6.1

	<b>March 31, 2015</b> (Rupees in thousand)	December 31, 2014
<b>6.1 Additions during the period</b>		
Buildings on freehold land	-	34,128
Plant and machinery	761	10,647
Tools, jigs and attachments	194	2,287
Patterns	-	9,915
Other equipments	7,684	8,506
Furniture and fixtures	562	8,521
Office machine & appliances	1,942	7,563
Vehicles	8,012	42,890
	<b>19,155</b>	<b>124,457</b>
	<b>March 31, 2015</b> (Rupees in thousand)	March 31, 2014
<b>7. Cash generated from operations</b>		
Profit before taxation	60,382	32,057
Adjustment of non-cash items:		
Depreciation on property, plant and equipment	14,768	11,981
Depreciation on Investment property	53	53
Amortization on Intangible assets	243	243
Profit on sale of property, plant and equipment	(1,565)	-
Employees' retirement and other benefits	4,860	4,592
Provision for doubtful debts & receivables	4,320	2,002
Stock-in-trade written off	1,500	1,500
Finance cost	8,285	9,894
Exchange (gain)/loss	(996)	1,630
<b>Profit before working capital changes</b>	<b>91,850</b>	<b>63,952</b>
<b>Effect of cash flow due to working capital changes</b>		
(Increase)/decrease in current assets:		
Stores, spares and loose tools	198	(7,146)
Stock-in-trade	11,991	44,196
Trade debts	(28,425)	(83,098)
Advances, deposits, prepayments and other receivables	(38,166)	(3,677)
Increase/(decrease) in current liabilities:		
Trade and other payables	37,478	(23,080)
Provisions for other liabilities and charges	11,629	14,839
	<b>(5,295)</b>	<b>(57,966)</b>
	<b>86,555</b>	<b>5,986</b>

	<b>March 31, 2015</b> (Rupees in thousand)	March 31, 2014
<b>8. Cash and cash equivalents</b>		
Cash and bank balances	117,581	120,693
Short term running finances - secured	(239,912)	(250,002)
	<u>(122,331)</u>	<u>(129,309)</u>
<b>9. Transactions with related party</b>		
Purchase of goods and services	24,412	34,873
Sale of goods and services	39,137	44,959
Commission income	9,582	-
Commission expense	2,612	2,542
Royalty & Trademark	6,205	3,437
Expense charged in respect of retirement and other benefits	4,860	4,592
Key management personnel & executives compensation	57,753	51,894
	<b>March 31, 2015</b> (Rupees in thousand)	December 31, 2014
<b>Period-end balances</b>		
Receivable from related parties	91,692	78,479
Payable to related parties	162,523	141,176

**10. Date of authorization for issue**

This condensed interim financial information was authorized for issue on April 27, 2015 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







**KSB Pumps Company Limited**  
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