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KSB Pumps Company Limited

Quarterly Report (Un-Audited)
for the 1st Quarter Ended March 31, 2012

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TO:

A large empty rectangular box intended for the recipient's name and address.



KSB Pumps Company Limited
162, Sir Aga Khan Road, Lahore
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UAN: 111 572 786, Email: info@ksb.com.pk, URL: www.ksb.com

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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
Werner Spiegel	
R. D. Ahmad	
Sajid Mahmood Awan	
Hasan Aziz Bilgrami	
Aizaz Sarfraz	
Engr. M. Abdul Jabbar	(Nominee NIT)

Company Secretary

Sajid Mahmood Awan

Management

Mohammad Masud Akhtar	Chief Executive Officer
Sajid Mahmood Awan	Finance & Administration
Nadeem Hamid Butt	Projects
Syed Tariq Ali	Production
Kamran Khan Mongol	Sales, Marketing & Product Management

Auditors

A.F. Ferguson & Co.	Chartered Accountants
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Legal Advisors

Mandviwala & Zafar

Bankers

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

Audit Committee

Hasan Aziz Bilgrami	Chairman
R. D. Ahmad	Member
Werner Spiegel	Member

Secretary

Syed Afzaal Ali	DGM Admin & CA
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Registered Office

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

KSB Partners

No.	FRANCHISE	ADDRESS	LOCATION	Cell #	Tele #	Fax	EMAIL
1	Standard Engineering Concern	25-Empress Road	Lahore	0321-4001255	0423- 63673881	042-36368011	kamran.razi@ksbpartners.com.pk
2	Industrial Development & Engineering Associates	20-C Mezzanine Floor, Indus Center, 14th Com st. PH-II, DHA	Karachi	0300-8203077	021-35390481-2	021-35390483	saquib@idea.com.pk
3	Ghani Enterprises	3rd Floor , Mall Tower , 35 The Mall	Peshawar	0300-5895289	091-5285679	091-5278919	franchise.kpk@ksb.com.pk
4	Wali Muhammad & Co.	Zonkiram Road near millennium Mall,	Quetta	0300- 8387668	081-2829635	081-2839721	gulistanmachinery@yahoo.com

Directors' Review

I feel pleasure to present the Company's financial statements for the 1st Quarter ended 31st March, 2012.

During the quarter performance has been remarkable for KSB in terms of order intake, sales and profit as we have exceeded our budgeted figures for the 1st quarter of the year 2012.

The key performance indicators are:

- Order intake: Rs. 544 million; an increase of 32% as compared to 1st quarter 2011.
- Sales: Rs. 625 million; a significant increase of 55% as compared to corresponding period of last year.
- Gross profit: Rs. 122 million; an increase of 100% as compared to last year.
- Net profit before tax: Rs. 38 million; as compared to loss of Rs. 39 million in 1st quarter of the year 2011.
- Earnings per share: Rs. 1.89 against last year's of Rs. (3.00).

We expect this momentum to continue in 2nd Quarter of the year 2012.

I appreciate the sincere efforts of our committed team on achieving the targeted results in 1st quarter of the year 2012 and ensuring excellent recovery viz a viz 2011.



Mohammad Masud Akhtar

Managing Director

April 25, 2012

Lahore, Pakistan

Condensed Interim Balance Sheet (Un-audited) As at March 31, 2012

	Note	March 31, 2012 (Rupees in thousand)	December 31, 2011
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 15,000,000 (2011: 15,000,000) ordinary shares of Rs 10 each		150,000	150,000
Issued, subscribed and paid up capital 13,200,000 (2011: 13,200,000) ordinary shares of Rs 10 each		132,000	132,000
General reserves		678,000	678,000
Unappropriated profit		(81,098)	(106,021)
		728,902	703,979
NON CURRENT LIABILITIES			
Employees' retirement and other benefits		22,616	21,688
Deferred Liabilities		13,944	13,758
		36,560	35,446
CURRENT LIABILITIES			
Short term running finances - secured		223,224	57,791
Trade and other payables		1,260,449	1,173,173
Provisions for other liabilities and charges		33,939	25,312
Accrued finance cost		4,438	1,896
		1,522,051	1,258,172
CONTINGENCIES AND COMMITMENTS			
	5	2,287,512	1,997,598

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

	Note	March 31, 2012 (Rupees in thousand)	December 31, 2011
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	310,023	308,558
Intangible asset		1,281	2,150
Investment property		1,599	1,652
Capital work in progress		1,763	4,110
Long term loans and deposits		12,169	12,946
Deferred taxation		36,814	36,814
		363,649	366,230
CURRENT ASSETS			
Stores, spares and loose tools		46,961	37,134
Stock in trade		473,029	399,185
Trade debts		908,075	866,753
Advances, deposits, prepayments and other receivables		355,311	257,843
Cash and bank balances		140,488	70,453
		1,923,863	1,631,367
		2,287,512	1,997,598


Chairman


Chief Executive

Condensed Interim Profit and Loss Account (Un-audited) For the 1st Quarter ended March 31, 2012

	March 31, 2012	March 31, 2011
	(Rupees in thousand)	
Sales	625,190	402,808
Cost of sales	(503,352)	(341,894)
Gross profit	121,838	60,914
Distribution and marketing expenses	(46,903)	(47,475)
Administration expenses	(35,318)	(32,171)
Other operating expenses	(2,897)	(20,522)
Other operating income	7,135	4,673
Profit / (Loss) from operations	43,855	(34,581)
Finance cost	(5,513)	(4,976)
Profit / (Loss) before taxation	38,342	(39,557)
Taxation	(13,420)	-
Profit / (Loss) for the period	24,922	(39,557)
Earnings / (Loss) per share - basic & diluted Rupees	1.89	(3.00)

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, 2012

	March 31, 2012 (Rupees in thousand)	March 31, 2011
Profit / (Loss) after taxation	24,922	(39,557)
Other comprehensive income for the period	-	-
Total comprehensive income / (Loss) for the period	<u>24,922</u>	<u>(39,557)</u>

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, 2012

	Note	January to March	
		2012	2011
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	7	(59,090)	(23,988)
Finance costs paid		(2,971)	(6,538)
Taxes paid		(23,003)	(9,285)
Payments for accumulating compensated absences		(758)	(539)
Employees' retirement and other benefits paid		(1,943)	(2,898)
Net (increase) / decrease in long term loans and deposits		777	(427)
Net cash (used in)/from operating activities		(86,988)	(43,675)
Cash flows from investing activities			
Fixed capital expenditure		(13,119)	(31,630)
Proceeds from sale of property, plant and equipment		4,709	3,809
Net cash used in investing activities		(8,410)	(27,820)
Net cash used in financing activities			
		-	-
Net (decrease)/increase in cash and cash equivalents		(95,399)	(71,495)
Cash and cash equivalents at the beginning of the period		12,663	(1,626)
Cash and cash equivalents at the end of the period	8	(82,736)	(73,121)

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, 2012

	Share capital	General reserves	Unappropriated profit	Total
	(Rupees in thousand)			
Balance as at December 31, 2010	132,000	594,000	100,600	826,600
Total comprehensive income / (loss) for the period			(39,557)	(39,557)
Balance as at March 31, 2011	132,000	594,000	61,043	787,043
Final dividend for the year ended December 31, 2010 Rs 1.25 per share	-	-	(16,500)	(16,500)
Transfer to general reserves	-	84,000	(84,000)	-
Total comprehensive income / (loss) for the period	-	-	(66,564)	(66,564)
Balance as at December 31, 2011	132,000	678,000	(106,021)	703,979
Total comprehensive income for the period	-	-	24,922	24,922
Balance as at March 31, 2012	132,000	678,000	(81,098)	728,902

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, 2012 (Un-audited)

1. Legal status and nature of business

KSB Pumps Company Limited (a KSB group 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 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

This condensed interim financial information is unaudited and has been prepared and is being submitted to the shareholders in accordance with section 245 of the Companies Ordinance, 1984 and International Accounting Standards (IAS) 34 - "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended December 31, 2011.

3. Accounting Policies

3.1 The accounting policies adopted for the preparation of this 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, 2011.

3.2 The following amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after January 1, 2011.

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

- IAS 1 (amendment), 'Presentation of financial statements', is effective for annual periods beginning on or after January 1, 2011. The amendment clarifies that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The amendment is not expected to have a material impact on the company's financial statements.
- IAS 24 (Revised), 'Related Party Disclosures', is effective for annual periods beginning on or after January 1, 2011. The definition of a related party has been clarified to simplify the identification of related party relationships, particularly in relation to significant influence and joint control. This is not expected to have a material impact on the company's financial statements.
- IFRS 7 (amendment), 'Financial instruments: Disclosures', is effective for annual periods beginning on or after January 1, 2011. The amendment emphasizes the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments. The amendment is not expected to have a material impact on the company's financial statements.

3.3 Standards, amendments to published standards and interpretations that are effective in current year but not applicable/relevant to the Company

Standards or Interpretation	Effective date (accounting periods beginning on or after)
IAS 32 (amendment), 'Financial Instruments' - Presentation-Classification of right issues.	February 1, 2010
IAS 27 (amendments), 'Consolidated and separate financial statements'	July 1, 2010
IFRS 3 (revised), 'Business combinations'	July 1, 2010
IFRIC 13, 'Customer loyalty programmes'	January 1, 2011
IFRIC 14, 'Limit on a defined benefits assets, minimum funding requirements' and their interaction	January 1, 2011
IFRIC 19, 'Extinguishing financial liabilities with equity instruments'	July 1, 2010

3.3.1 Standards, amendments and interpretations to existing standards that are not yet effective

- IFRS 7- Financial Instruments - These amendments are as part the IASBs comprehensive review of off balance sheet activities. The amendments will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitization of financial asset.

3.4 Standards, amendments and interpretations to existing standards that are not yet relevant to the Company's operations and not yet effective

Standards or Interpretation	Effective date (accounting periods beginning on or after)
- IAS 12 Income Tax	July 1, 2012
- IFRS 1 (Amendments) 'First-time adoption of International Financial Reporting Standards'	January 1, 2012
- IFRS 1 First time adoption on fixed dates and hyperinflation	January 1, 2012
- IFRS 9 Financial Instruments	January 1, 2013

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. 386.958 million (December 2011: Rs 275.124 million) against the performance of various contracts.

5.2 Commitments in respect of

Letters of credit other than for capital expenditure approximately Rs. 43.309 million (December 2011: Rs. 35.67 million)..

6. Property, plant and equipment

	March 31, 2012	December 31, 2011
	(Rupees in thousand)	
Opening net book value	308,558	292,199
Additions during the period	15,466	70,100
Deletions during the period	(3,240)	(13,148)
	<u>320,784</u>	<u>349,151</u>
Depreciation charged during the period	(10,761)	(40,594)
Closing net book value	<u>310,023</u>	<u>308,558</u>

- note 6.1

	March 31, 2012 (Rupees in thousand)	December 31, 2011
6.1 Additions during the period		
Buildings on freehold land	-	21,534
Plant and machinery	2,509	12,279
Tools, jigs and attachments	-	288
Patterns	941	4,062
Other equipments	2,583	8,840
Furniture and fixtures	-	2,459
Office machine & appliances	737	2,632
Vehicles	8,696	18,006
	15,466	70,100
	March 31, 2012 (Rupees in thousand)	March 31, 2011
7. Cash generated from operations		
Profit/(loss) before taxation	38,342	(39,557)
Adjustment for:		
Depreciation on:		
Depreciation on property, plant and equipment	11,683	10,980
Profit on sale of property, plant and equipment	(1,468)	(691)
Provisions for accumulating compensated absences	944	847
Employees' retirement and other benefits accrued	2,871	3,090
Exchange (gain)/loss	(1,172)	456
Finance cost	5,513	4,976
Provision for doubtful debts and receivables	4,049	2,970
Provision for obsolete stores and spares	600	600
Provision for obsolete stocks	900	900
Profit before working capital changes	62,263	(15,429)
Effect of cash flow due to working capital changes		
(Increase)/decrease in current assets		
Stores, spares and loose tools	(10,427)	2,896
Stock-in-trade	(74,744)	49,457
Trade debts	(45,372)	(24,340)
Advances, deposits, prepayments and other receivables	(87,885)	(7,497)
Increase/(decrease) in current liabilities:		
Trade and other payables	88,448	(38,301)
Provisions for other liabilities and charges	8,627	9,227
	(121,353)	(8,559)
	(59,090)	(23,988)

	March 31, 2012 (Rupees in thousand)	March 31, 2011
8. Cash and cash equivalents		
Cash and bank balances	140,488	67,938
Short term running finances - secured	(223,224)	(141,059)
	<u>(82,736)</u>	<u>(73,121)</u>
9. Transactions with related party		
Purchase of goods and services	130,170	26,537
Sale of goods and services	16,799	60,379
Commission income	-	512
Commission expense	2,105	6,776
Royalty	884	719
Expense charged in respect of retirement benefit plan	2,871	4,889
Key management personnel compensation	36,985	27,354
	March 31, 2012 (Rupees in thousand)	December 31, 2011
Period-end balances		
Receivable from related parties	20,366	46,124
Payable to related parties	132,716	70,651

10. Date of authorization for issue

This condensed interim financial information was authorized for issue on April 25, 2012 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

