

Half Yearly Report (Un-Audited)

For the period ended June 30, 2019

KSB Pumps Company Limited



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Company Information

Board of Directors

Dr. Sven Baumgarten
 Mohammad Masud Akhtar
 Sajid Mahmood Awan
 Dr. Matthias Beth
 Ayesha Aziz
 Hasan Aziz Bilgrami
 Shezada Mazhar
 Jamal Nasim

Chairman
 Managing Director

(Nominee NIT)

Company Secretary

Faisal Aman Khan

Management

Mohammad Masud Akhtar
 Sajid Mahmood Awan
 Syed Tariq Ali
 Muhammad Imran Malik
 Faisal Aman Khan

Chief Executive Officer
 Finance, Administration
 Operations
 Sales & Strategic Marketing
 Corporate Affairs & IR

Auditors

A.F. Ferguson & Co.

Chartered Accountants

Legal Advisors

Mandviwala & Zafar

Bankers

Allied Bank Limited
 BankIslami Pakistan Limited
 Bank Alfalah Limited
 Deutsche Bank AG
 Habib Bank Limited
 MCB Bank Limited
 National Bank of Pakistan
 United Bank Limited

Audit Committee

Jamal Nasim
 Dr. Matthias Beth
 Shezada Mazhar

Chairman
 Member
 Member

Secretary Audit Committee

Saeed Hussain

HR & R Committee

Shezada Mazhar
 Mohammad Masud Akhtar
 Hasan Aziz Bilgrami

Chairman
 Member
 Member

Secretary HR & R Committee

Shahzad Saleem

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

CDC Share Registrar Services Limited
 CDC House, 99-B, Block B, SMCHS
 Shakra-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: ksbsmul@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: ksbbhi@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	Saquist Khawaja	0300-8203077	021-35390481/2	021-35390483	saquist@idea.com.pk
3	Wali Muhammad & Co.	Quetta	Zonkiram Road near millennium 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	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	0345-5555939	051-5491413	051- 5491237	pakatlantis@gmail.com
6	Modern Technology & Traders	Karachi	4th Floor, Building # 11-C/2, Lane-11 Bukhari Commercial DHA Phase-6, Karachi	KSB Partners	Sindh	Haji Iqbal Sheikh	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 half ended June 30, 2019.

Overall economic activity remained subdued in FY 2019 with provisional estimate of 3.2% GDP growth against 5.8% for FY 2018. Inflation has exceeded 10% in July with forecast for the year to be around 12%. All major sectors have recorded negative growth. Based on upside inflationary pressure, the central bank has raised its policy rate to 13.25%. Rupee devaluation combined with increase in fuel prices, energy tariff, and interest rates have increased overall costs thus hampering business activities. Current account deficit has narrowed mainly due to reduction in imports. IMF extended fund facility would help improve market confidence and chances of getting finances from other institutions, hence supporting macroeconomic stability. On the other hand, along with fiscal consolidation policy of the present government, it would result in further tightening of monetary and fiscal conditions, as evident from the recent budget. Law & order and security situation remained under control, however, downside risks like political unrest, rising tensions with neighbouring country, and upcoming FATF review continue to pose threat to the economic performance.

Amid challenges on the economic front, KSB Pakistan has achieved decent financial results in the 1st half of year 2019. Turnover remained PKR 1.86 billion with profit after tax of PKR 48 million and earnings per share of PKR 3.64.

Business activity in public sector could not resume and the trend is likely to continue in Q3-2019. A few sizeable opportunities from public sector are in pipeline subject to timely release of funds, expected by end of Q3 or in beginning of Q4-2019. This would result in improvement in order intake of the company. Good order intake from corporate sector and international market has partially offset the negative impact of business with public sector. Going forward, however, overall slowdown might impact orders inflow from local corporate sector. KSB Pakistan expects to achieve positive financial results for the year 2019, however, due to currently prevailing uncertainty in the business market, achievement of targets appears to be a challenge.

I appreciate hard work and efforts of our dedicated team to cope with the economic challenges faced by the company.



Mohammad Masud Akhtar
MD / Chief Executive Officer

August 21, 2019
Lahore, Pakistan



A.F.FERGUSON & CO.

Independent Auditors' Review Report To the Members of KSB Pumps Company Limited Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of KSB Pumps Company Limited as at June 30, 2019 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim statement of profit or loss and other comprehensive income for the three-month period ended June 30, 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended June 30, 2019.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Amer Raza Mir.

A.F.Ferguson & Co.
Chartered Accountants
Lahore
Date: August 23, 2019

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
23-C, Aziz Avenue, Canal Bank, Gulberg-V, P.O.Box 39, Lahore-54660, Pakistan
Tel: +92 (42) 3571 5868-71 / 3577 5747-50 Fax: +92 (42) 3577 5754 www.pwc.com/pk

■ KARACHI ■ LAHORE ■ ISLAMABAD

Condensed Interim Statement of Financial Position (Un-audited)

As at June 30, 2019

	Note	June 30, 2019 (Un-audited) (Rupees in thousands)	December 31, 2018 (Audited)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
15,000,000 (2018: 15,000,000) ordinary shares of Rs 10 each		150,000	150,000
Issued, subscribed and paid up capital			
13,200,000 (2018: 13,200,000) ordinary shares of Rs 10 each		132,000	132,000
General Reserves		1,729,600	1,580,600
Unappropriated profit		48,370	188,953
		1,909,970	1,901,553
NON CURRENT LIABILITIES			
Long term finances - secured	5	187,500	250,000
Employees' retirement and other benefits		99,963	100,853
Deferred liabilities		81,800	82,930
		369,263	433,783
CURRENT LIABILITIES			
Current portion of long term finances - secured		125,000	125,000
Short term finances - secured		1,006,616	841,760
Trade and other payables	6	1,490,466	1,708,075
Contract liability		4,757	20,164
Unclaimed dividend		12,380	8,957
Due to provident fund		6,189	4,168
Provisions for other liabilities and charges		36,691	78,210
		2,682,099	2,786,334
CONTINGENCIES AND COMMITMENTS			
		4,961,332	5,121,670

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.


 Chairman


 Chief Executive


 Chief Financial Officer

	Note	June 30, 2019 (Un-audited) (Rupees in thousands)	December 31, 2018 (Audited) (Rupees in thousands)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	1,216,737	1,237,973
Investment property		53	160
Intangible assets		1,807	2,452
Capital work-in-progress		14,236	29,212
Long-term loans and deposits		71,948	74,313
		1,304,781	1,344,110
CURRENT ASSETS			
Stores, spares and loose tools		88,775	112,574
Stock-in-trade		933,030	955,486
Trade debts	9	1,254,412	1,319,210
Contract Asset		730,673	668,490
Advances, deposits, prepayments and other receivables		570,125	550,358
Cash and bank balances	11	79,536	171,442
		3,656,551	3,777,560
		4,961,332	5,121,670


Chairman


Chief Executive


Chief Financial Officer

Condensed Interim Statement of Profit or Loss and Other Comprehensive Income (Un-audited)

For the three months and six months period ended June 30, 2019

		Three months ended		Six months ended	
		June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Note		(Un-audited) ----- (Rupees in thousands)			
Sales	12	853,749	1,310,305	1,857,011	2,637,295
Cost of sales	13	(679,285)	(1,072,246)	(1,505,491)	(2,144,851)
Gross profit		174,464	238,059	351,520	492,444
Distribution and marketing expenses		(68,945)	(80,442)	(163,738)	(150,539)
Administrative expenses		(55,247)	(63,990)	(116,225)	(130,332)
Other operating expenses		(3,283)	(235)	(4,434)	(19,385)
Other operating income		36,650	11,673	65,507	17,755
Profit from operations		83,639	105,065	132,630	209,943
Finance costs		(40,025)	(5,223)	(73,482)	(8,965)
Profit before taxation		43,614	99,842	59,148	200,978
Taxation		(9,621)	(3,966)	(11,131)	(30,358)
Profit after taxation		33,993	95,876	48,017	170,620
Other comprehensive income		-	-	-	-
Total comprehensive income		33,993	95,876	48,017	170,620
Earnings per share - basic & diluted Rupees		2.58	7.26	3.64	12.93

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



Chairman



Chief Executive



Chief Financial Officer

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

For the six months period ended June 30, 2019

	Share capital	General reserve	Unappropriated profit	Total
	(Rupees in thousands)			
Balance as at January 1, 2018	132,000	1,348,600	390,769	1,871,369
Final dividend for the year ended December 31, 2017 at the rate of Rs 12.02 per share	-	-	(158,664)	(158,664)
Transfer to general reserve	-	232,000	(232,000)	-
Total comprehensive income for the period	-	-	170,620	170,620
Balance as at June 30, 2018	132,000	1,580,600	170,725	1,883,325
Total comprehensive income for the period	-	-	18,228	18,228
Balance as at December 31, 2018	132,000	1,580,600	188,953	1,901,553
Final dividend for the year ended December 31, 2018 Rs 3.00 per share	-	-	(39,600)	(39,600)
Transfer to general reserve	-	149,000	(149,000)	-
Total comprehensive income for the period	-	-	48,017	48,017
Balance as at June 30, 2019	132,000	1,729,600	48,370	1,909,970

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.


Chairman


Chief Executive


Chief Financial Officer

Condensed Interim Cash Flow Statement (Un-audited)

For the six months period ended June 30, 2019

		Six months ended	
		June 30, 2019	June 30, 2018
		(Un-audited)	
Note		(Rupees in thousands)	
Cash flows from operating activities			
	10	30,961	(317,158)
		(63,962)	(9,581)
		(70,379)	(95,405)
		(17,688)	(11,489)
		2,365	541
Net cash used in operating activities		(118,703)	(433,092)
Cash flows from investing activities			
		(48,912)	(101,802)
		9,530	35
Net cash used in investing activities		(39,382)	(101,767)
Cash flows from financing activities			
		(62,500)	32,123
		(36,177)	(54,132)
Net cash used in financing activities		(98,677)	(22,009)
Net decrease in cash and cash equivalents		(256,762)	(556,868)
Cash and cash equivalents at the beginning of the period		(670,318)	296,643
Cash and cash equivalents at the end of the period		(927,080)	(260,225)

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.


Chairman


Chief Executive


Chief Financial Officer

Notes to and Forming Part of the Condensed Interim Financial Information

For the three months and six months period ended June 30, 2019 (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 Companies Act, 2017) and is listed on the Pakistan Stock Exchange Limited. The Company is a subsidiary of KSB SE & Co. KGaA and principally engaged in the manufacture and sale of industrial pumps, valves, castings and related parts and after market services. The registered office of the Company is situated at KSB Building, 16/2 Sir Agha Khan road, Lahore. The factory of the Company is situated at Hazara Road, Hassanabdal. The Company also has regional offices located in Lahore, Rawalpindi, Karachi, Multan and Peshawar.

2. BASIS OF PREPARATION

2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International accounting standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of (IAS) 34, the provisions and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information is un-audited and is being submitted to the members of the Company as required by Section 237 of the Companies Act, 2017 (the "Act").

The condensed interim financial information does not include all the information required for annual financial statements including financial risk management information and therefore should be read in conjunction with the annual financial statements for the year ended December 31, 2018.

2.2 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

2.2.1 Standards, amendments and interpretations to published standards effective in current period

Certain standards, amendments and interpretations to approved accounting standards are effective for the annual period beginning on or after July 01, 2018 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 condensed interim financial information, except for the following:

IFRS 16 'Leases' was effective for the annual periods beginning on or after January 1, 2019. IFRS 16 'Leases' has replaced IAS 17. The new standard requires lessees to recognize nearly all leases on the balance sheet which will reflect their right to use an asset for a period of time and the associated liability for payments. IFRS 16 defines a lease term as the non-cancellable period for which the lessee has the right to use an underlying asset including optional periods when an entity is reasonably certain to exercise an option to extend (or not to terminate) a lease. Under IFRS 16 lessees may elect not to recognize assets and liabilities for leases with a lease term of 12 months or less. In such cases a lessee recognizes the lease payments in profit or loss on a straight-line basis over the lease term. The exemption is required to be applied by class of underlying assets. The impact of the IFRS-16 has been mentioned in Note 3.

2.2.2 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 July 1, 2020 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.

2.3 Summary of significant events and transactions

The Company's financial position and performance was particularly affected by the following events and transactions during the interim reporting period:

- The export sales of the Company has increased by Rs 171.441 million during the period ended June 30, 2019 on account of sales made to the related parties.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended December 31, 2018 except for the application of IFRS 16 'Leases'. However, there has been no effect of the change in accounting policy on the current and prior period financial statements. Since as all the lease agreements are short term in nature and as mentioned above, lessees may elect not to recognize right to use assets and lease liabilities for leases with a lease term of 12 months or less. In such cases a lessee recognizes the lease payments in profit or loss on a straight-line basis over the lease term therefore there will be no change in application of accounting treatment during the period. Hence, the Company has utilized the practical expedient for certain leases since, the lease term ends within 12 months from the date of initial application as mentioned in the standard.

Furthermore, the basis of significant estimates are same as those that were applied to the financial statements for the year ended December 31, 2018.

4. TAXATION

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

5. LONG TERM FINANCES - SECURED

Long term finances - secured
Current portion of long term finances - secured

June 30, 2019 (Un-audited) (Rupees in thousands)	December 31, 2018 (Audited) (thousands)
187,500	250,000
125,000	125,000
<u>312,500</u>	<u>375,000</u>

During the year 2016, Diminishing Musharika with a limit of Rs 500.00 million was obtained from BankIslami for the purpose of expansion of foundry which has been completely utilized in June 30, 2018 (December 31, 2018: Rs 500.00 million). The finance is secured by way of exclusive charge over specific plant and machinery (Diminishing Musharika assets) of the Company amounting to Rs 500.00 million. This carries mark-up at the rate of three month KIBOR plus 0.10% per annum payable quarterly. Effective rate of interest ranged from 9.49% to 11.82% during the period (June 30: 2018: 6.17% to 6.51%). As at June 30, 2019, the Company has repaid an amount of Rs 187.5 million (December 31, 2018: Rs 125 million).

6. TRADE AND OTHER PAYABLES

Trade creditors include amount due to holding company of Rs 209.97 million (December 2018: Rs 181.13 million) and associated undertakings of Rs 49.69 million (December 2018: Rs. 38.75 million). Further, it includes contract liability amounting to Rs. 275.23 million pertaining to advance received from customers relating to products.

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

There is no significant change in contingencies since the date of preceding published annual financial statements, except that the Company has obtained bank guarantees of Rs. 1,004.84 million (December 2018: Rs 1,116.99 million) against the performance of various contracts.

7.2 Commitments

The Company has commitment in respect of letter of credits other than for capital expenditure approximately Rs. 71.18 million (December 2018: Rs. 135.54 million).

	Note	June 30, 2019 (Un-audited) (Rupees in thousands)	December 31, 2018 (Audited) (Rupees in thousands)
8. PROPERTY, PLANT AND EQUIPMENT			
Opening book value		1,237,973	484,057
Add: Additions during the period	8.1	63,888	888,686
		<u>1,301,861</u>	<u>1,372,743</u>
Less: Disposal during the period (at book value)		(7,447)	(9,654)
Depreciation charged during the period		(77,677)	(125,116)
		<u>(85,124)</u>	<u>(134,770)</u>
		<u>1,216,737</u>	<u>1,237,973</u>
8.1 Additions			
Buildings on freehold land		16,547	123,532
Plant and machinery		37,527	627,935
Tools, jigs and attachments		-	396
Patterns		-	9,162
Other equipment		7,957	77,351
Furniture and fixtures		1,857	399
Office machines and appliances		-	14,167
Vehicles		-	35,744
		<u>63,888</u>	<u>888,686</u>
9. TRADE DEBTS			
Trade debts		1,384,698	1,439,138
Less: Provision for doubtful debts		(130,286)	(119,928)
		<u>1,254,412</u>	<u>1,319,210</u>

10. CASH GENERATED FROM OPERATIONS

	Six months ended	
	June 30, 2019	June 30, 2018
	(Un-audited)	
	(Rupees in thousands)	
Profit before taxation	59,148	200,978
Adjustment of non-cash items:		
Depreciation on property, plant and equipment	77,677	47,179
Depreciation on investment property	107	107
Amortization on intangible assets	645	518
Profit on sale of property, plant and equipment	(2,083)	(35)
Employees' retirement and other benefits	16,798	12,870
Provision for doubtful debts and receivables	10,539	-
Provision for slow moving stock	3,000	3,000
Finance cost	73,482	8,965
Provisions no longer considered necessary and unclaimed balances written back	-	(1,935)
Exchange (gain) / loss	(43,831)	3,990
Profit before working capital changes	195,482	275,637
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	23,799	(17,714)
Stock-in-trade	19,456	(89,394)
Trade debts	126,064	(232,640)
Contract asset	(61,433)	(45,565)
Advances, deposits, prepayments and other receivables	40,014	(74,853)
	147,900	(460,166)
Increase / (decrease) in current liabilities:		
Trade and other payables	(257,516)	(72,242)
Contract liability	(15,407)	(36,783)
Due to provident fund	2,021	365
Provisions for other liabilities and charges	(41,519)	(23,969)
	(312,421)	(132,629)
	30,961	(317,158)
11. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents comprise the following items:		
Cash and bank balances	79,536	131,234
Short term finances	(1,006,616)	(391,459)
	(927,080)	(260,225)

	Three months ended		Six months ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	----- (Un-audited) -----			
	(Rupees in thousands)			
12. SALES				
Local sales	816,381	1,408,361	1,751,061	2,843,604
Export Sales	157,193	81,519	334,436	162,995
	973,574	1,489,880	2,085,497	3,006,599
Less: Sales tax	(119,825)	(179,575)	(228,486)	(369,304)
	853,749	1,310,305	1,857,011	2,637,295
13. COST OF GOODS SOLD				
Raw material consumed	362,203	720,995	779,644	1,402,158
Salaries, wages, amenities and staff welfare	70,319	85,161	153,922	175,441
Staff training	340	202	340	202
Electricity and power	35,985	34,524	69,347	58,873
Stores and spares consumed	60,505	66,041	112,102	126,090
Insurance	1,675	1,563	3,306	2,986
Travelling and conveyance	11,570	15,844	23,132	31,124
Postage and telephone	2,597	2,749	5,032	5,409
Printing and stationery	344	2,670	783	3,746
Rent, rates and taxes	993	1,548	1,874	3,971
Repairs and maintenance	4,128	7,400	6,341	16,327
Legal and professional charges	4	2,793	608	4,601
SAP user license fee and other IT services	8,902	3,190	16,891	8,614
Packing expenses	7,600	10,862	16,589	21,318
Outside services	92,329	168,278	181,494	250,566
Depreciation on property, plant and equipment	35,684	22,448	70,334	38,732
Provision for obsolete stores and stocks	1,500	1,500	3,000	3,000
Royalty & trademark	4,461	5,784	10,897	11,418
Other expenses	1,933	5,464	5,899	8,814
	703,072	1,159,016	1,461,535	2,173,390
Opening work-in-process	339,180	409,915	399,059	465,442
Less: Closing work-in-process	372,080	449,350	372,080	449,350
(Increase) / decrease in work in process	(32,900)	(39,435)	26,979	16,092
Cost of goods manufactured	670,172	1,119,581	1,488,514	2,189,482
Opening stock of finished goods	66,262	77,832	74,126	80,536
Less: Closing stock of finished goods	57,149	125,167	57,149	125,167
(Increase) / decrease in finished goods	9,113	(47,335)	16,977	(44,631)
	679,285	1,072,246	1,505,491	2,144,851

		Three months ended		Six months ended	
		June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
		(Un-audited)			
		(Rupees in thousands)			
14. TRANSACTION WITH RELATED PARTIES					
Relationship with the Company	Nature of transaction				
i. Associated	Purchase of goods and services	109,378	132,284	184,781	360,991
Undertaking	Sale of goods and services	146,725	78,479	318,704	151,953
	Commission income	4,171	4,719	9,176	5,530
	Commission expense	14,887	8,515	31,644	16,169
	Royalty and trademark	4,461	5,784	10,897	11,418
	SAP user license fee	15,322	5,491	29,072	14,827
	Group service cost	-	11,373	-	25,413
ii. Post retirement benefit plans	Expense charged	22,290	17,744	29,063	24,179
iii. Key management personnel	Compensation	21,855	38,612	121,370	129,080

Period end balances

Receivable from related parties
Payable to related parties

June 30, 2019 (Un-audited)	December 31, 2018 Audited
(Rupees in thousands)	
317,692	275,239
259,657	260,948

15. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements as at December 31, 2018.

There have been no changes in the risk management policies since the year end.

16. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on August 21, 2019 by the Board of Directors of the Company.

17. EVENTS AFTER BALANCE SHEET DATE

No material events have occurred subsequent to period ended June 30, 2019.

18. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim financial position has been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year. Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made.


Chairman


Chief Executive


Chief Financial Officer

حصص داران کے لئے مجلس نظام کی رپورٹ

میں 30 جون 2019ء کو ختم ہونے والی پہلی ششماہی کے لئے KSB پیپس کمپنی لمیٹڈ کے مالیاتی کھاتے پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔

مالی سال 2018 میں 5.8% جی ڈی پی نمو کے مقابلے 3.2% جی ڈی پی نمو کے پرویزنل تخمینہ کے ساتھ مالی سال 2019 میں مجموعی اقتصادی سرگرمی دباؤ کے تحت رہی۔ جولائی میں افراط زر 10% سے تجاوز کر گیا جبکہ سال کے لئے تقریباً 12% کی پیشین گوئی کی گئی ہے۔ موجودہ مالی سال میں تمام اہم شعبوں نے منفی نمو ظاہر کی ہے۔ اپ سائیڈ افراط زر دباؤ کی بنیاد پر، سنٹرل بینک نے اپنی پالیسی شرح 13.25% تک بڑھادی ہے۔ روپے کی قدر میں کمی کے ساتھ ایندھن کی قیمتوں، بجلی کے نرخوں اور سود کی شرحوں میں اضافہ کی بدولت مجموعی اخراجات بڑھ گئے ہیں جن کے کاروباری سرگرمی پر منفی اثرات مرتب ہوئے ہیں۔ درآمدات میں بنیادی کمی کی وجہ سے کرنٹ اکاؤنٹ خسارہ کم ہوا۔ آئی ایم ایف کی پیش کردہ فنڈ سہولت مارکیٹ اعتماد کو بہتر بنانے اور دیگر اداروں سے مالی امداد حاصل کرنے کے مواقع میں مدد کرے گی، چنانچہ مائیکرو اکنامک استحکام کے لئے معاون ہوگی۔ دوسری طرف، موجودہ حکومت کی فیکل کنسولیدیشن پالیسی کے ساتھ، اس کے نتیجے مانیٹری اور فیکل شرائط کی مزید سختی ہوگی، جس کا ثبوت موجودہ بجٹ سے ظاہر ہے۔ امن و امان اور سلامتی کی صورتحال زیر کنٹرول رہی، تاہم، سیاسی بدنامی، ہمسایہ ملک کے ساتھ بڑھتا ہوا تناؤ اور اقتصادی کارکردگی کے لئے ایف اے ٹی ایف کے آئندہ جائزہ جیسے خطرات کم ہو رہے ہیں۔

معاشی محاذ پر چیلنجوں کے درمیان، کے ایس بی پاکستان نے سال 2019 کی پہلی ششماہی میں اچھے مالی نتائج حاصل کیے ہیں۔ ٹیکس کے بعد 48 ملین پاکستانی روپے منافع اور 3.64 پاکستانی روپے فی حصص آمدنی کے ساتھ ٹرن اوور 1.86 بلین پاکستانی روپے رہا۔

پبلک شعبے میں کاروباری سرگرمیاں دوبارہ شروع نہیں ہو سکی ہیں اور یہ رجحان Q3-2019 میں جاری رہنے کا امکان ہے۔ پبلک شعبے سے چند قابل قدر مواقع پائپ لائن میں ہیں جو فنڈز کے بروقت اجراء کے ساتھ مشروط ہیں، جن کی Q3 کے اختتام یا Q4-2019 کے آغاز میں توقع ہوگی۔ اس کے نتیجے میں کمپنی کے انٹیک آرڈر کی مقدار میں بہتری آئے گی۔ کارپوریٹ سیکٹر اور بین الاقوامی مارکیٹ سے اچھے آرڈر انٹیک کی مقدار نے پبلک شعبے میں کاروبار کے منفی اثرات کو جزوی طور پر ختم کر دیا ہے۔ تاہم، آگے بڑھتے ہوئے، مجموعی طور پر سست روی کا اثر مقامی کارپوریٹ سیکٹر سے آنے والے آرڈروں پر پڑ سکتا ہے۔ کے ایس بی پاکستان سال 2019 کے مثبت مالی نتائج حاصل کرنے کی توقع کرتی ہے، تاہم، اس وقت کاروباری مارکیٹ میں موجودہ غیر یقینی صورتحال کی وجہ سے، اہداف کا حصول ایک چیلنج ثابت ہوتا ہے۔

میں کمپنی کو درپیش اقتصادی مشکلات سے نمٹنے کے لئے اپنی سرشار ٹیم کی سخت محنت اور کوششوں کو سراہتا ہوں۔

منجانب بورڈ



محمد مسعود اختر

منیجنگ ڈائریکٹر / چیف ایگزیکٹو آفیسر

21 اگست 2019ء

لاہور، پاکستان



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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