

KSB Pumps Company Limited

Annual Report 2000

Contents

COMPANY INFORMATION
DEALERS NETWORK
NOTICE OF MEETING
DIRECTORS' REPORT
MANAGEMENT REPORT
AUDITORS' REPORT
BALANCE SHEET
PROFIT AND LOSS ACCOUNT
CASH FLOW STATEMENT
STATEMENT OF CHANGES IN EQUITY
NOTES TO THE ACCOUNTS
PATTERN OF SHAREHOLDING

KSB Pumps Company Limited

REGISTERED OFFICE

16/2, Sir Aga Khan Road
Lahore-54000

Ph: (042) 6304173- 6304174- 6370969-6370970-6375180

Fax: (042) 6368878- 6366192

WORKS

Hazara Road, Hassanabdal

Ph: (05772) 520236-520238-520239-2396

Fax: (05772) 520237

Cover: "Made By KSB" International Quality recognition.

Company Information

DIRECTORS

Dr. Agus Susanto

Chairman

Arif Ijaz

Managing Director

Peter Wurzbacher

Manzurul Haq

R. D. Ahmad

Farooq Hassan

Aezaz Hussain

Anis Wahab Zuberi

(Nominee NIT)

COMPANY SECRETARY

S. Zamanat Abbas

MANAGEMENT

Arif Ijaz

Chief Executive

S. Zamanat Abbas Finance & Administration
Pervez Iqbal Mughal Production
Tariq Yar Khan Sales & Marketing

AUDITORS A.F. Ferguson & Co.

BANKERS

Standard Chartered Grindlays Bank Ltd.
Credit Agricole Indosuez
ABN Amro Bank N.V.
Deutsche Bank AG
Muslim Commercial Bank Limited
United Bank Limited

LEGAL ADVISORS

Orr Dignam & Co.
Mandviwala & Zafar

Dealers Network

LAHORE

* UPPAL MACHINERY STORES
98-Railway Road, Lahore. Ph: 7657974 Fax: 7662541

* ALI AGENCIES
37-Umer Market, Mcleod/Railway Road, Lahore. Ph: 7650758 - 7665758

KARACHI

ANWAR CORPORATION

Nicol/Frere Road Crossing, P.O. Box No. 4755, Karachi. Ph: 2428411-14

ENGINEERING SALES & SERVICES

Syedna Tahir Saifuddin Road, Off M.A. Jinnah Road, Karachi. Ph: 7731866 - 7731710

RAWALPINDI

HASSAN ENGINEERING

A/754 Taj Mahal Market, Jinnah Road, Rawalpindi. Ph: 555386 Fax: 535386

KHYBER ELECTRIC CO. (PVT) LTD.

43-R/S, Bank Road, Rawalpindi. Ph: 567783-4

MULTAN

SULTAN SONS (PVT) LTD.

Sultan Mansions, Railway Road, Multan. Ph: 548574 - 542501

QUETTA

MARSHALL TRADING CO.

Shahrah-e-Adalat, Quetta. Ph: 842867 - 836913 Fax: 836912

FAISALABAD

AL-HASEEB CORPORATION

26 Gulistan Market, Railway Road, Faisalabad. Ph: 619454 Fax: 624404

PESHAWAR

GEO PUMPS & ELECTRICAL SERVICES

Sikandar Plaza, Shuba Bazar, Peshawar. Ph: 253119

Notice of Meeting

Notice is hereby given that the 44th annual general meeting of the members of KSB Pumps Company Limited, will be held at Hotel Avari, Shahrah-e-Quaid-e Azam, Lahore, on Friday, the 29th June, 2001 at 4.00 p.m. to transact the following business:

1. To confirm the minutes of the last annual general meeting held on June 27, 2000.
2. To consider and adopt the audited accounts of the Company for the year ended December 31, 2000 and report of the Auditors and Directors thereon.
3. To approve and declare dividend of 1% of the financial year ended December 31, 2000 as recommended by the Directors.
4. To appoint auditors and fix their remuneration.
Messrs A.F. Ferguson & CO., Chartered Accountants, the retiring auditors, being eligible, offer themselves for re-appointment as auditors of the Company.

NOTES:

1. A member entitled to attend and vote at this meeting is entitled to appoint another members as proxy. Proxies in order to be effective must be received at the Registered Office of the Company not later than 48 hours before the time appointed for the meeting. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid. Every proxy shall have the right to attend, speak and vote in place of the member appointing him/her at the meeting.
2. To Share Transfer Books of the Company will remain closed from 22nd June 2001 to 29th June 2001 (both days inclusive). Transfers received in order at the Registered Office of the Company by the close of business on 21st June, 2001 will be in time to be passed for payment of dividend to the transferees.

3. To CDC account/sub account holders and/or the persons whose securities are in group account and their registration details are up-loaded as per the regulations, shall for identification purpose have to produce their original National Identity Card (NIC) or original passport at the time of attending the meeting.

In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

4. Members are required to notify the change of address, if address, if any, immediately.

BY ORDER OF THE BOARD

Lahore,
June 04, 2001

S. ZAMANAT ABBAS
Company Secretary

Directors' Report

The Directors are pleased to present the annual report together with the audited accounts of the Company for the year ended December 31, 2000.

STATE OF COMPANY'S AFFAIRS

The Management Report on page 8 comments on the business of the Company during the year and has the approval of the directors.

RESULTS FOR THE YEAR

	<i>Rupees</i>
Profit for the year before providing for taxation	992,476
Provision for taxation	(769,200)

Profit after taxation	223,276
Unappropriated profit brought forward	848,082

Available for appropriation	1,071,358
Appropriated as under:	
Transfer from general reserve	200,000
Proposed dividend @ Rs 0.10 per share (1%)	(1,200,000)

	(1,000,000)

Unappropriated profit carried forward	71,358
	=====

MATERIAL CHANGES SINCE THE BALANCE SHEET DATE

There have been no material changes since December 31, 2000 and the Company has not entered into any commitments which would affect the financial position of the Company at that date.

BOARD OF DIRECTORS

Owing to the resignation of Mr. Nasim Beg, Director, in December, 2000 Mr. Farooq Hassan, was appointed in his place for remainder of the term. The Board wishes to place on record its warm appreciation for the valuable contribution made by Mr. Nasim Beg during his tenure as Director.

BUSINESS OF THE COMPANY

The Company's business is that of manufacture and sale of pumps and valves. In addition, castings are manufactured for sale to third parties.

PATTERN OF SHAREHOLDING

The information about the pattern of shareholding appears as an appendix to the accounts on page 31.

HOLDING COMPANY

The holding company is Canadian Kay Pump Limited incorporated in Toronto, Canada. Their particulars appear in note 3 to the accounts.

Auditors

The present auditors, M/s. A.F. Ferguson & Co., being eligible, have offered themselves for re-appointment.

Lahore,
May 15, 2001

Arif Ijaz
Chief Executive

Dr. Agus Susanto
Chairman

Management Report

Herewith, company account for the period under review: year 2000. As pointed out in the six monthly report of June 2000 gross margin and hence the profitability of the company came under severe strain.

The general economic scenario of Pakistan needs no further elaboration. Our main market segments are large-scale manufacturing and govt. sponsored development sectors. Large scale manufacturing in 2000 exhibited a negative trend of growth so no significant new order from industry was obtained. We focused on the growing textile sector but the expanding textile sector where more spinning and weaving capacity was initiated does not result in pump orders. Similarly on the government side all key government utilities like Karachi Water and Sewerage Board, Lahore Development Authority and Rawalpindi Development Authority were severely strapped for funds. The Public Health Departments of the provincial governments were also running 50% under budget resulting in high and mounting receivables.

Given this scenario your company took a lot of measures in the year 2000 to strategically cut costs. A lot of action plans were initiated starting mid 2000 whose full benefits will be realized in 2001. Some of the significant ones are:

a) Freezing of all increase in salaries and emoluments of all non-unionized employees for the year 2001.

- b) 5 % of voluntarily reduction in the salaries and wages of all non-unionized employees.
- c) Reduction in management and supervisory staff by 10%.
- d) Monitoring and lowering material cost through strategic buying (Nayab Project).
- e) Reduction in high inventory levels.
- f) Massive collection efforts to bring down receivables.

As a result of these measures we were able to post a plus minus zero for the year 2000. Export was also targeted as a strategic sector. The first quarter of 2001 has seen a very high turnover but sadly the margins in export are again limited due to massive international competition. Unfortunately we do not foresee any immediate upturn of the economy and thus the planning for 2001 is also to somehow keep the Company in the black.

On the positive side KSB Pakistan was the First Company in the KSB GROUP to be awarded the, "Made by KSB" ownership. This means that all products exported out of Pakistan now carry the logo, "Made by KSB". Pakistan was selected from an audit of KSB companies in India, Brazil and China for a commitment to "Total Quality Management" (TQM). We are also one of the first overseas Company in the group to successfully implement and run an integrated ERP IT Systems. In spite of the very trying conditions the employees of this company took the salary cuts and the downsizing very bravely and we did not encounter any motivational and administrative problems. I am thankful to all employees for their valued commitment.

At this stage where dark clouds are still seen on the economic horizon this Company has to brace itself with very tight controls and lower costs. Fortunately we are very much on the way.

Lahore,
May 15, 2001

Arif Ijaz
Chief Executive

Auditors' Report to the Members

We have audited the annexed balance sheet of KSB Pumps Company Limited as at December 31, 2000 and the related profit and loss account, cash flow statement 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 purposes 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 assessing 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:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

(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.

(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, the balance sheet, profit and loss account, cash flow statement 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 December 31, 2000 and of the profit, its cash flows and changes in equity for the year then ended; and

(d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Lahore,

A.F. Ferguson & Co.

May 16, 2001

Chartered Accountants

Balance Sheet as at December 31 2000

	<i>Note</i>	<i>December 2000 Rupees</i>	<i>December 1999 Rupees</i>
CAPITAL AND RESERVES			
SHARE CAPITAL			
Authorised			
15,000,000 ordinary shares of Rs 10 each		150,000,000	150,000,000
Issued, subscribed and paid up	3	120,000,000	120,000,000
GENERAL RESERVES		116,300,000	116,500,000
UNAPPROPRIATED PROFIT		71,358	848,082
		236,371,358	237,348,082
DEFERRED LIABILITIES			
Employees' benefits	4	14,381,051	13,295,431
CURRENT LIABILITIES			
Short term running finances-secured	5	141,053,161	79,158,421
Creditors, accrued and other liabilities	6	181,712,779	206,115,884
Proposed dividend		1,200,000	12,000,000
		323,965,940	297,274,305
CONTINGENCIES AND COMMITMENTS			
	7	574,718,349	547,917,818
FIXED CAPITAL EXPENDITURE			
Operating fixed assets- tangible	8	67,927,398	77,286,897
Capital work in progress	9	332,944	592,057
		68,260,342	77,878,954
LONG TERM LOANS AND DEPOSITS			
	10	1,176,318	870,617
DEFERRED TAXATION	11	10,270,000	2,700,000
CURRENT ASSETS			
Stores, spares and loose tools	12	35,336,664	39,490,906
Stock in trade	13	144,820,757	132,966,437
Trade debts	14	204,200,992	198,961,999

Loans, advances, deposits, prepayments and other	15	13,288,469	23,971,826
Income Tax Recoverable		70,991,906	45,368,401
Cash and bank balances	16	26,372,901	25,708,678
		-----	-----
		495,011,689	466,468,247
		-----	-----
		574,718,349	547,917,818
		=====	=====

The annexed notes form an integral part of these accounts.

Arif Ijaz
Chief Executive

Dr. Agus Susanto
Chairman

Profit and Loss Account for the year ended December 31 2000

	<i>Note</i>	<i>Year to December 31, 2000 Rupees</i>	<i>Six months to December 31, 1999 Rupees</i>
Sales	17	531,835,615	315,980,543
Cost of sales	18	418,914,085	227,366,925
		-----	-----
Gross profit		112,921,530	88,613,618
Administration, selling and general expenses	19	107,554,517	54,825,512
		-----	-----
Operating profit		5,367,013	33,788,106
Other income	20	16,231,537	11,153,438
		-----	-----
		21,598,550	44,941,544
		-----	-----
Financial charges	21	19,827,969	5,863,078
Other charges	22	778,105	2,860,500
		-----	-----
		20,606,074	8,723,578
		-----	-----
Profit before taxation		992,476	36,217,966
Provision for taxation	23	769,200	8,400,000
		-----	-----
Profit after taxation		223,276	27,817,966
Unappropriated profit brought forward		848,082	30,250
		-----	-----
Available for appropriation		1,071,358	27,848,216

Appropriations

Transfer from/to general reserve		200,000	(15,000,134)
Final dividend @ Rs. 0.10 per share (1999: Rs. 1.00 per share)		(1,200,000)	(12,000,000)
		-----	-----
Unappropriated profit carried forward		71,358	848,082
		-----	-----
Earnings per share	30	0.019	2.318
		=====	=====

The annexed notes form an integral part of these accounts.

Arif Ijaz
Chief Executive

Dr. Agus Susanto
Chairman

Cash Flow Statement for the Year ended December 31 2000

	<i>Note</i>	<i>Year to December 31, 2000 Rupees</i>	<i>Six months to December 31, 1999 Rupees</i>
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	24	32,320,606	20,748,103
Employees retirement benefits paid		(5,214,069)	(378,026)
Financial charges paid		(18,008,566)	(4,920,162)
Taxes paid		(33,962,705)	(19,786,071)
Net (Increase)/decrease in long term loans and advances		(305,701)	168,695
		-----	-----
Net cash outflow from operating activities		(25,170,435)	(4,167,461)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(9,968,664)	(8,722,831)
Sale proceeds of fixed assets		3,814,248	9,500
		-----	-----
Net cash outflow from investing activities		(6,154,416)	(8,713,331)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid		(29,905,666)	(4,574)
Net cash outflow from financing activities		(29,905,666)	(4,574)
		-----	-----
Net (decrease) in cash and cash equivalents		(61,230,517)	(12,885,366)
Cash and cash equivalents at the beginning of the year		(53,449,743)	(40,564,377)
		-----	-----
Cash and cash equivalents at the end of the year	25	(114,680,260)	(53,449,743)
		=====	=====

The annexed notes form an integral part of these accounts.

Arif Ijaz
Chief Executive

Dr. Agus Susanto
Chairman

Statement of Changes in Equity for the year ended December 31 2000

<i>Particulars</i>	<i>Share capital Rupees</i>	<i>General reserve Rupees</i>	<i>Unappro- riated profit Rupees</i>	<i>Total Rupees</i>
Balance as at July 1, 1999	120,000,000	101,499,866	30,250	221,530,116
Net Profit for the period	--	--	27,817,966	27,817,966
Transfer to general reserve	--	15,000,134	(15,000,134)	--
Final dividend @ Rs. 1 per share	--	--	(12,000,000)	(12,000,000)
Balance as at December 31, 1999	120,000,000	116,500,000	848,082	237,348,082
Net profit for the year	--	--	223,276	223,276
Transfer from general reserve	--	(200,000)	200,000	--
Final dividend @ Rs. 0.10 per shar	--	--	(1,200,000)	(1,200,000)
Balance as at December 31, 2000	120,000,000	116,300,000	71,358	236,371,358

Arif Ijaz
Chief Executive

Dr. Agus Susanto
Chairman

Notes to the Accounts for the Year ended December 31 2000

1. STATUS AND NATURE OF BUSINESS

The Company is incorporated in Pakistan and listed on the Karachi and Lahore Stock Exchanges. The Company is engaged in the manufacture and sale of industrial pumps, valves and castings.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These accounts have been prepared in accordance with requirements of the Companies Ordinance, 1984 and International Accounting Standards as applicable in Pakistan.

2.2 ACCOUNTING CONVENTION

The accounts have been prepared under the historical cost convention, modified by capitalisation of certain exchange differences referred to in note 2.8.

2.3 EMPLOYEES BENEFITS

2.3.1 The main features of the schemes operated by the Company for its employees are as follows:

(a) The supervisory and managerial staff with minimum five years of continuous service with the Company are entitled to participate in an approved funded gratuity scheme. In addition, an approved funded pension scheme was introduced from June 1, 1996 for supervisory and managerial staff. The latest valuations for the gratuity and pension fund were conducted as at December 31, 2000. The actual return on the plan assets were Rs. 0.907 million and Rs. 0.946 million for the gratuity fund and pension fund respectively. The transitional liability resulting from adoption of revised IAS 19 is being amortized over a period of five years as permitted by the IAS.

The future contribution rates of these schemes include allowances for deficit and surplus. Projected unit credit actuarial cost method using the following significant assumptions, are used for valuation of these schemes.

PARTICULARS	PENSION AND GRATUITY
Expected rate of increase in salary level	10 percent per annum
Expected rate of return	12 percent per annum
Discount rate	12 percent per annum

(b) The Company operates an un-funded benefit scheme for its unionised staff. Under the scheme, members who have completed prescribed years of service with the Company are entitled to receive 20 days basic pay for each completed year of service. The provision is made annually to cover the obligation under this scheme and is charged to current income.

(c) The Company operates an approved contributory provident fund for all employees. During the period Rs. 3,683,426 (1999: Rs. 1,678,960) has been charged as expense.

2.3.2 COMPENSATED ABSENCES

The Company provides for the expected cost of accumulating compensated absences, when the employee renders the service that increases the entitlement to future compensated absences.

2.4 TAXATION

The charge for current taxation for the year is based on taxable income at the current rates of taxation after taking tax rebates available for set off, if any. The Company accounts for deferred taxation, using the liability method, on all major temporary differences, which are expected to reverse in future.

2.5 FIXED CAPITAL EXPENDITURE AND DEPRECIATION

Operating assets except freehold land are stated at cost less accumulated depreciation. Freehold land and capital work in progress are stated at cost. Cost in relation to own manufactured assets includes direct cost of materials, labour and applicable manufacturing overheads. Cost of certain assets signifies the historical cost and exchange differences referred to in note 2.8.

Depreciation on all fixed assets has been charged to profit on the straight line method at the following annual rates:

Building - Factory	5.00 %
- Office	2.50 %
Plant and machinery	6.66 and 10.00 %
Tools, jigs, attachments and furniture & fixtures	10.00 %
Patterns	10.00 %
Other equipment and tubewells	12.50 %
Office machines and appliances	33.33 %
Vehicles	25.00 %

The full annual rate of depreciation is applied on the cost of additions, including exchange differences, while no depreciation is charged on assets deleted during the year.

Exchange differences are amortized over the remaining estimated useful lives of the related assets.

Minor renewals or replacements, maintenance, repairs and profit & loss on disposal of fixed assets are reflected in current profit. Major renewals and improvements are capitalised.

2.6 STORES, SPARES AND LOOSE TOOLS

These are valued at cost determined by using the weighted average method except for items considered obsolete which are carried at nil value. Items in transit are valued at cost comprising invoice value and other charges paid thereon.

2.7 STOCK IN TRADE

Stock of raw materials, except for items in transit, work in process and finished goods, are stated at the lower of cost principally determined using the weighted average method and net realisable value. Cost of work in process and finished goods comprise cost of direct materials, labour and applicable manufacturing overheads. Materials in transit are stated at cost comprising invoice values and other charges paid thereon.

Net realisable value signifies the estimated selling price in the ordinary course of business less costs of completion and less costs necessary to be incurred in order to make the sale.

2.8 FOREIGN CURRENCIES

All assets and liabilities in foreign currencies are translated at the year end exchange rates.

Exchange differences arising from translation and repayment of foreign currency loans are capitalised as part of cost of plant and machinery acquired out of the proceeds of such loans.

All other exchange differences are reflected in current income.

2.9 REVENUE RECOGNITION

Revenue from sale of products is recognised on shipment or acceptance of products depending on the terms of supply. Revenue from services is recognised on performance of the services.

	<i>December 31, 2000 Rupees</i>	<i>December 31, 1999 Rupees</i>
3. ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
973,100 (1999: 973,100) ordinary shares of Rs 10 each fully paid in ca	9,731,000	9,731,000
8,000 (1999: 8,000) ordinary shares of Rs 10 each issued as fully paid for consideration other than cash	80,000	80,000
11,018,900 (1999: 11,018,900) ordinary shares of Rs 10 each issued as fully paid bonus shares	110,189,000	110,189,000
	----- 120,000,000 =====	----- 120,000,000 =====

As at December 31, 2000 the holding Company, Canadian Kay Pump Limited, Canada

held 7,066,341 (1999: 7,066,341) ordinary shares.

4. EMPLOYEES' BENEFITS

This is composed of:

Employees' retirement benefits	10,260,580	10,261,860
Accumulating compensated absences	4,120,471	3,033,571
	-----	-----
	14,381,051	13,295,431
	=====	=====

5. SHORT-TERM RUNNING FINANCES - SECURED

Short term running finances	-note 5.1	111,053,161	49,958,421
Export refinance	-note 5.2	30,000,000	29,200,000
		-----	-----
		141,053,161	79,158,421
		=====	=====

5.1 Short-term running finances available from a Consortium of Commercial banks under mark-up arrangements amount to Rs 255.0 million (1999: Rs 300.8 million). The rates of mark-up range from Re 0.3288 to Re 0.4 per Rs 1,000 per diem or part thereof on the balance outstanding. In the event the Company fails to pay the balance on the expiry of the quarter, mark-up is to be computed at the rate ranging from Re 0.3388 to Re 0.6808 per Rs 1,000 per diem or part thereof on the balance unpaid.

Out of aggregate facility of letters of credit of Rs 68.42 million (1999: Rs 180.0 million) and guarantees of Rs 126.58 million (1999: Rs 247.0 million) the balances utilised as at December 31, 2000 amounts to Rs 19.75 million (1999: Rs 31.20 million) and Rs 71.04 million (1999: Rs 62.10 million) respectively.

5.2 Export refinance facility available from a commercial bank under mark-up arrangement amount to Rs 50.0 million (1999: Rs 29.20 million). The rate of mark-up is Re 0.1918 per Rs 1,000 per diem on the balance outstanding.

5.3 The finances referred to in note 5.1 and 5.2 are secured by hypothecation of all current assets including stock in process or in transit, any where in Pakistan, raw material, finished, unfinished goods, stock in trade, trade debts and other receivables.

6. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors		46,656,637	44,445,497
Accrued liabilities		73,573,004	65,518,707
Payable to pension fund	- note 6.1	3,630,073	(314,287)
Payable to gratuity fund	- note 6.2	7,774,273	4,590,843
Sales tax payable		12,566,540	15,486,578
Advances from customers		17,308,448	41,374,220
Interest free deposits, repayable on demand		748,037	166,410
Mark- up accrued on short term running finances- secured		4,391,147	2,571,744
Workers' profit participation fund	-note 6.3	442,536	4,654,360
Workers' welfare fund		5,205,120	4,670,120
Unclaimed Dividends		589,234	494,900
Unpaid dividend		--	18,000,000
Other liabilities		8,827,730	4,456,792
		-----	-----

	181,712,779	206,115,884
	=====	=====

6.1 PENSION FUND

The amounts recognized in balance sheet are as follows:

Present value of defined benefit obligation	14,790,856	13,934,731
Less: Fair value of plan assets	(10,252,808)	(9,349,005)
Less: (Non-vested) past service cost to be recognized in later period	(1,920,000)	(3,200,000)
Add: Unrecognized actuarial gains / (actuarial Losses)	2,716,875	670,867
Less: Transitional liability to be recognized in later periods	(1,704,850)	(2,386,790)
Others	--	15,910
Liability/(assets) as at period end	3,630,073	(314,287)
	-----	-----
Balance at beginning of the period	(314,287)	(2,116,000)
	=====	=====
Less: Interest cost for the year	1,672,168	893,212
Less: Current service cost	1,748,283	760,841
Add: Expected return on plan assets	(1,121,881)	(654,360)
Less: Amortization of non vested past service cost	1,280,000	640,000
Less: Amortization of transitional liability	681,940	340,970
Others	--	4,050
Charge for the period	4,260,510	1,984,713
	-----	-----
	3,946,223	(131,287)
	-----	-----
Less: Contribution by the company	(325,000)	(183,000)
Others	8,850	--
	-----	-----
Net liability/(asset) at the end of the period	3,630,073	(314,287)
	=====	=====

6.2 GRATUITY FUND

The amounts recognized in balance sheets are as follows:

Present value of defined benefits obligation	24,742,000	22,996,290
Less: Fair value of plan assets	(5,744,289)	(5,145,647)
Less: unrecognized actuarial gains	(1,926,438)	(244,000)
Less: transitional liability to be recognized in later periods	(9,297,000)	(13,015,800)
	-----	-----
Balance at the period end	7,774,273	4,590,843
	=====	=====
Liability at beginning of the period	4,590,843	137,327
Add: Interest cost for the period	2,906,000	1,811,513
Add: Current service cost	2,050,200	1,272,490
Less: Expected return on plan assets	(1,053,000)	(272,490)
Add: Amortization of transitional liability	3,718,800	1,859,400

Others	--	(217,397)
	-----	-----
Charge for the period	7,622,000	4,453,516
	-----	-----
	12,212,843	4,590,843
Less: Contribution by the company	(4,520,000)	--
Others	81,430	--
	-----	-----
Liability as at end of the period	7,774,273	4,590,843
	=====	=====

6.3 WORKERS' PROFIT PARTICIPATION FUND

Balance at beginning of the period	4,654,360	2,551,526
Allocation for the period	83,000	1,942,000
	-----	-----
The amount available with the company for its business operations	4,737,360	4,493,526
Interest payable on funds utilized by the company	305,536	163,834
	-----	-----
	5,042,896	4,657,360
Amount paid during the period	4,600,360	3,000
	-----	-----
Balance at the end of the period	442,536	4,654,360
	=====	=====

7. CONTINGENCIES AND COMMITMENTS

(i) Post-dated cheques, not provided for in the accounts, furnished by the company to the Collector of Customs to cover import levies in excess of 20 % ad valorem on certain raw materials and components amounted to Rs 3.7 million (1999: Rs 9.8 million). Liabilities under the post-dated cheques can arise in respect of such raw materials which are not consumed within one year from the receipt thereof or till the expiry of extended period and such liability, if any, will be treated as part of the cost of such raw materials and components.

(ii) Liabilities, if any, which may arise from the outstanding warranties and guarantees to the customers as to performance, free of charge replacement of faulty materials or bad workmanship etc. are not ascertainable. Based on past experience, however, the amount of contingent loss, if any, arising from these warranties and guarantees is not likely to be material and no provision has, therefore, been made in these accounts.

COMMITMENTS IN RESPECT OF

The company, under lease agreements executed by it, is committed to pay lease rentals in the following years as under:

<i>YEAR</i>	<i>RUPEES</i>
2001	1,520,620
2002	1,520,620
2003	1,520,620
2004	1,520,620
2005	589,640

8. OPERATING FIXED ASSETS - TANGIBLE

8.1 THE FOLLOWING IS A STATEMENT OF OPERATING FIXED ASSETS:

	<i>Cost to December 31, 1999</i>	<i>Additions during the period</i>	<i>Disposals during the period</i>	<i>Cost to December 31, 2000</i>	<i>Accumulated depreciation December 31, 1999</i>	<i>Depreciation charge for the period</i>	<i>Depreciation on disposals during the period</i>	<i>Accumulated depreciation as at December 31, 2000</i>	<i>Book value as at December 31, 2000</i>
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Freehold land	1,372,520	--	--	1,372,520	--	--	--	--	1,372,520
Buildings on Freehold land	36,008,807	--	--	36,008,807	17,281,398	1,003,636	--	18,285,034	17,723,775
Plant and machinery	83,812,327	953,236	--	84,765,563	62,443,533	5,134,397	--	67,577,930	17,187,633
Tools, jigs and attachments	23,643,019	2,855,015	--	26,498,034	15,785,593	1,680,621	--	17,466,214	9,031,820
Patterns	31,506,155	3,244,406	--	34,750,561	17,127,801	2,488,945	--	19,616,746	15,133,815
Other equipment and tubewells	5,046,087	316,427	--	5,362,514	3,442,797	343,999	--	3,786,796	1,575,718
Furniture and fixtures	5,674,716	131,000	(7,110)	5,798,606	4,102,028	290,618	(7,110)	4,385,336	1,413,070
Office machines and appliances	26,995,387	1,223,823	(19,100)	28,200,110	20,620,621	4,714,382	(19,100)	25,315,903	2,884,207
Vehicles	19,097,820	1,503,870	(6,645,963)	13,955,727	15,066,170	1,380,988	(4,096,273)	12,350,885	1,604,842
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Rupees 2000	233,156,838	10,227,777	(6,672,173)	236,712,442	155,869,941	17,037,586	(4,122,483)	168,785,044	67,927,398
	=====	=====	=====	=====	=====	=====	=====	=====	=====
Rupees 1999	227,439,851	8,628,380	(2,911,393)	233,156,838	149,887,625	8,893,709	(2,911,393)	155,869,941	77,286,897
	=====	=====	=====	=====	=====	=====	=====	=====	=====

*Year to
December
31, 2000
Rupees*

*Six months
to December
31, 1999
Rupees*

The depreciation charge for the period has been allocated as follows:

Cost of goods sold	- note 18	13,573,436	6,828,312
Administration, selling and general expenses	- note 19	3,464,150	2,065,397
		-----	-----
		17,037,586	8,893,709
		=====	=====

8.2 DISPOSAL OF FIXED ASSETS

Detail of certain fixed assets disposed off during the year are as follows:

<i>Description</i>	<i>Cost</i>	<i>Accumulated depreciation</i>	<i>Book value</i>	<i>Sale proceeds</i>	<i>Mode of disposal</i>	<i>Sold to</i>
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>		
VEHICLES						

BMW	1,460,271	--	1,460,271	875,000 Tender	Mr. Imran - outsider
KIA Ceres Loader	464,000	406,000	58,000	141,800 Tender	Mr. Muhammad Sharif- outsider
Toyota Corolla	679,000	254,625	424,375	100,000 Negotiation	Mr. Razi Ahmed - Ex-employee
Toyota Corolla	685,070	256,901	428,169	428,169 Co. Finance Scheme	Ch. Afzal - Ex-employee
Suzuki Margalla	477,000	298,125	178,875	245,452 Co. Finance Scheme	Mr. Atiq Ahmad - Ex-employee

<i>December</i>	<i>December</i>
<i>31, 2000</i>	<i>31, 1999</i>
<i>Rupees</i>	<i>Rupees</i>

9 CAPITAL WORK IN PROGRESS

This consists of:

Advance for land	229,800	229,800
Plant and machinery	103,144	362,257
	-----	-----
	332,944	592,057
	=====	=====

10. LONG-TERM LOANS AND DEPOSITS

These are composed of:

Loans to employees including executives Rs 426,500 (1999: Rs 318,500)	1,356,903	1,137,739
Current portion including executives Rs 214,187 (1999: Rs 117,000) shown under current assets - note 15	(713,105)	(672,742)
	-----	-----
	643,798	464,997
Security deposits	532,520	405,620
	-----	-----
	1,176,318	870,617
	=====	=====

10.1 The loans to employees except for Rs 916,053 (1999: Rs 616,234) are for house building and purchase of vehicles. The loan for house building is secured by equitable mortgage of title deeds.

The loans to employees including executives are interest free. The loans to executives are for house building and are adjustable against house rent allowance. The maximum amount outstanding at the end of any month in respect of loans to executives was Rs 512,750 (1999: Rs 318,500). There were no loans outstanding for more than three years.

11. DEFERRED TAXATION

This is composed of the following:

Employee benefits	4,983,034	3,386,414
Provision for doubtful debts	9,085,079	5,106,811
Accelerated tax depreciation allowance	(4,380,926)	(5,793,225)
Others	582,813	--
	-----	-----
	10,270,000	2,700,000
	=====	=====

12. STORES, SPARES AND LOOSE TOOLS

Stores including in transit Rs Nil (1999: Rs 2,047,508)	14,422,260	20,201,751
Spares	13,284,926	11,606,890
Loose tools	7,629,478	7,682,265
	-----	-----
	35,336,664	39,490,906
	=====	=====

13. STOCK IN TRADE

Raw materials including in transit Rs 9,840,456 (1999: Rs 18,632,810)	83,874,136	70,487,452
Work in process	37,702,517	37,085,790
Finished goods	23,244,104	25,393,195
	-----	-----
	144,820,757	132,966,437
	=====	=====

14. TRADE DEBTS

Considered good- unsecured		
- Due from associated undertakings	- note 14.1	16,440,472
- Others		187,760,520

		204,200,992
Considered doubtful		25,541,922

		229,742,914
Less: Provision for doubtful debts		(25,541,922)

		204,200,992
		=====

14.1 DUE FROM ASSOCIATED UNDERTAKINGS

KSB Pumps (Asia Pacific) Pte. Limited, Singapore	28,971	--
KSB Limited, U.K.	--	17,457,146
KSB Aktiengesellschaft, Germany	12,154,649	12,447,540
KSB Ajax pty. Limited, Newzealand	678,484	--
KSB Italia SPA, Milano- Italy	--	306,812
KSB Morok AB, Sweden	--	745,377
KSB Limited Hong Kong	561,991	--
KSB Richmond USA	--	90,000
KSB Pump (S.A) Pty. Ltd, South Africa	3,016,377	1,717,991
	-----	-----
	16,440,472	32,764,866
	=====	=====

The maximum amount due at the end of any month during the year from associated undertakings was Rs 28,519,876 (1999: Rs 32,764,866).

15 LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Current portion of Long- term loans to employees	- note 10	713,105	672,742
Short - term loans and advances to employees including advance to executives Rs 341,353 (1999: Rs 234,624)- considered good		2,995,996	2,717,297
Advances to suppliers and contractors			
- Considered good		2,199,347	6,344,051
- Considered doubtful		311,342	--
		-----	-----
		2,510,689	6,344,051
Trade deposits and prepayments			
-Considered good		5,320,504	5,875,226
- Considered doubtful		154,167	--
		-----	-----
		5,474,671	5,875,226
Letter of credit margins, deposits and opening charges		171,157	964,536
Other receivables			
- Considered good		948,849	7,148,440
- Considered doubtful		206,976	--
		-----	-----
		1,155,825	7,148,440
Due from associated undertakings	- note 15.1	939,511	249,534
		-----	-----
		13,960,954	23,971,826
Less: Provision for doubtful receivables		(672,485)	--
		-----	-----
		13,288,469	23,971,826
		=====	=====

15.1 DUE FROM ASSOCIATED UNDERTAKINGS

KSB Aktiengesellschaft, Germany		599,851	207,788
KSB Services GmbH, Germany		115,145	41,746
KSB S.A. Cedex, France		156,979	--
KSB AMRI, Singapore		67,536	--
		-----	-----
		939,511	249,534
		=====	=====

The maximum aggregate amount due from associated undertakings at the end of any month during the year was Rs 939,511 (1999: Rs 250,204).

15.2 The maximum aggregate amount due from executives at the end of any month during the year was Rs 483,219 (1999: Rs 260,387)

16. CASH AND BANK BALANCES

At banks			
- On deposit accounts		55,507	55,963

- On current accounts	17,720,843	13,361,057
	-----	-----
	17,776,350	13,417,020
	-----	-----
Cheques and cash in hand	8,596,551	12,291,658
	=====	=====

	<i>Year to December 31, 2000 Rupees</i>	<i>Six months to December 31, 1999 Rupees</i>
17. SALES		
Local sales	464,246,059	270,115,663
Export sales	67,589,556	45,864,880
	-----	-----
	531,835,615	315,980,543
	=====	=====

Sales are exclusive of sales tax of Rs 63,825,626 (1999: Rs 34,849,056).

Sales are inclusive of revenue from rendering of services of Rs 35,511,194 (1999: 55,544,363).

18. COST OF GOODS SOLD

Raw material consumed	217,121,608	122,248,886
Salaries, wages, amenities and staff welfare	- note 18.1 66,390,062	32,841,864
Electricity	16,678,205	11,381,374
Stores and spares consumed	31,655,183	20,113,813
Insurance	1,212,229	471,725
Travelling and conveyance	8,975,829	5,030,219
Rent, rates and taxes	385,451	253,476
Repair and maintenance	2,381,726	1,855,595
Packing and forwarding	13,117,490	10,535,775
Outside services	41,706,392	25,581,527
Depreciation	- note 8.1 13,573,436	6,828,312
Other expenses	5,840,910	3,397,550
	-----	-----
Less: Cost of capital assets produced	419,038,521 (1,656,800)	240,540,116 (1,210,081)
	-----	-----
(Increase) in work in process	417,381,721 (616,727)	239,330,035 (4,817,891)
	-----	-----
Cost of goods manufactured	416,764,994	234,512,144
Decrease/(increase) in finished goods	2,149,091	(7,145,219)
	-----	-----
	418,914,085	227,366,925
	=====	=====

18.1 Included in salaries, wages, amenities and staff welfare is Rs 9,940,501 (1999: Rs 5,567,854) in respect of employees retirement and other benefits inclusive of golden handshake scheme offered to employees.

19. ADMINISTRATION, SELLING AND GENERAL EXPENSES

Salaries, wages, amenities and staff welfare	- note 19.1	43,969,338	21,180,148
Travelling, conveyance and representations		13,728,301	6,566,789
Rent, rates and taxes		3,051,456	1,720,749
Publicity charges		1,019,931	810,821
Electricity, gas and water		2,871,408	1,160,226
Postage and telephone		5,635,914	2,603,727
Printing and stationery		2,283,406	1,369,287
Repair and maintenance		1,533,826	1,602,899
Professional services	- note 19.2	6,056,399	2,110,791
Commission expenses	- note 19.3	7,832,431	6,696,597
Provision for doubtful debts		10,834,968	2,000,000
Other receivables written off		628,171	3,555,992
Depreciation	- note 8.1	3,464,150	2,065,397
Lease rentals		1,186,500	400,496
Other expenses		3,458,318	981,593
		-----	-----
		107,554,517	54,825,512
		=====	=====

19.1 Included in salaries, wages, amenities and staff welfare is Rs 9,547,926 (1999: Rs 3,161,478) in respect of employees retirement and other benefits inclusive of golden handshake scheme offered to employees.

20. PROFESSIONAL SERVICES

The charges for professional services include the following in respect of auditors' services:

Statutory audit		120,000	110,000
Provident fund, workers' profit participation fund audits, audit of consolidation forms and sundry advisory services		215,355	135,000
Taxation services		652,477	300,086
Out of pocket expenses		88,200	59,800
		-----	-----
		1,076,032	604,886
		=====	=====

19.3 Commission expense is net off commission no longer payable written back of Rs 10,169,927.

20. OTHER INCOME

Recovery of trade debts previously written off		939,620	1,193,550
Commission		696,401	257,054
Rental income		4,122,769	2,009,009
Sale of scrap		879,483	3,657,167
Interest income		35,040	360,626
Sundry		5,681,486	666,532

Profit on sale of fixed assets	1,264,558	9,500
Provisions no longer considered necessary- written back	2,612,180	3,000,000
	-----	-----
	16,231,537	11,153,438
	=====	=====

21. FINANCIAL CHARGES

Interest on workers' profit participation fund	305,536	163,834
Mark up on Short-term running finances-secured	16,527,956	4,431,651
Bank and other charges	2,994,477	1,267,593
	-----	-----
	19,827,969	5,863,078
	=====	=====

22. OTHER CHARGES

Workers' profit participation fund	83,000	1,942,000
Workers' welfare fund	585,000	680,000
Donations - note 22.1	110,105	238,500
	-----	-----
	778,105	2,860,500
	=====	=====

22.1 DONATIONS

None of the directors or their spouses had any interest in the donations charged in the accounts.

23. PROVISION OF TAXATION

For the year		
- current	9,520,000	11,100,000
- deferred	(6,410,000)	86,497
	-----	-----
	3,110,000	11,186,497
Prior years		
- current	(1,180,800)	--
- deferred	(1,160,000)	(2,786,497)
	-----	-----
	769,200	8,400,000
	=====	=====

24. CASH GENERATED FROM OPERATIONS

Profit before taxation		992,476	36,217,966
Adjustment for non cash charges and other items:			
Depreciation - note 8.1	17,037,586	8,893,709	
Profit on sale of fixed assets - note 20	(1,264,558)	(9,500)	
Employees' benefits	13,427,479	5,355,646	
Provision for doubtful debts and debts written off - note 19	11,463,139	5,555,992	
Financial charges - note 21	19,827,969	5,863,078	

Working capital changes	- note 24.1	(29,163,485)	(41,128,788)
		-----	-----
		32,320,606	20,748,103
		=====	=====

24.1 WORKING CAPITAL CHANGES

(Increase)/decrease in current assets

Stores and spares		4,154,242	(3,595,842)
Stock in trade		(11,854,320)	(23,318,544)
Trade debts		(15,401,476)	(37,162,682)
Other receivables (net)		9,382,701	2,005,186
		-----	-----
		(13,718,853)	(62,071,882)

(Decrease)/increase in current liabilities

Creditors, accrued and other liabilities (net)		(15,444,632)	20,943,094
		-----	-----
		(29,163,485)	(41,128,788)
		=====	=====

25. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following items:

Cash and bank balances	- note 16	26,372,901	25,708,678
Short-term running finances	-note 5	(141,053,161)	(79,158,421)
		-----	-----
		(114,680,260)	(53,449,743)
		=====	=====

26. REMUNERATION OF DIRECTORS AND EXECUTIVES

26.1 REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amounts charged in the accounts for remuneration including certain benefits to the chief executive and executives of the company are as follows:

	<i>Chief Executive</i>		<i>Executives</i>	
	<i>Year to December 31, 2000</i>	<i>Six months to December 31, 1999</i>	<i>Year to December 31, 2000</i>	<i>Six months to December 31, 1999</i>
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Number of persons	1	1	99	86
Remuneration	2,346,882	1,053,113	24,326,603	11,824,104
Retirement benefits	462,014	204,424	5,594,085	2,403,216
House rent allowance	738,690	341,550	9,795,330	4,820,276
Utilities	171,540	75,900	2,215,346	1,071,161

Leave fare assistance	346,930	177,835	1,419,650	710,600
Medical and other expenses	27,826	7,918	776,600	367,800
	-----	-----	-----	-----
	4,093,882	1,860,740	44,127,614	21,197,157
	=====	=====	=====	=====

In addition, the chief executive and certain executives are provided with free use of the company's cars and free residential telephones and mobile phones.

26.2 REMUNERATION TO OTHER DIRECTORS

Aggregate amount charged in the accounts for the year for fees to 4 (1999: 4) directors was Rs 3,000 (1999: Rs 4,500).

	<i>Year to December 31, 2000 Rupees</i>	<i>Six months to December 31, 1999 Rupees</i>
27. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS		
Sales	39,823,325	30,847,277
Purchases	45,686,793	10,325,082
Services received	282,962	--
Commission income	594,677	220,950
Commission expense	6,170,207	1,960,099

Commission expenses represent agency commission for export sales made through associated undertakings,

28. PLANT CAPACITY AND PRODUCTION

	<i>Annual capacity Nos</i>	<i>Actual production</i>	
		<i>2000 Nos</i>	<i>1999 Nos</i>
Power driven pumps	5,000	2,429	1,550
	=====	=====	=====

Actual production reflects change in product mix and market demand.

	<i>As at December 31, 2000</i>	<i>As at December 31, 1999</i>
29. NUMBER OF EMPLOYEES	355	396
	=====	=====

	<i>Year to December 31, 2000</i>	<i>Six months to December 31, 1999</i>
30 EARNINGS PER SHARE		

Profit after taxation for the period	Rupees	223,276	27,817,966
Average number of shares outstanding during the year		12,000,000	12,000,000
Earnings per share	Rupees	0.019	2.318

31. FINANCIAL INSTRUMENTS

31.1 FINANCIAL ASSETS AND LIABILITIES

	<i>Interest/Mark-up bearing</i>						<i>Non-Interest/Mark up bearing</i>				
	<i>Maturity up to one year</i>		<i>Maturity after one year</i>		<i>Sub total</i>		<i>Maturity up to one year</i>		<i>Maturity after one year</i>		
	<i>December 31, 2000 Rupees</i>	<i>December 31, 1999 Rupees</i>	<i>December 31, 2000 Rupees</i>	<i>December 31, 1999 Rupees</i>	<i>December 31, 2000 Rupees</i>	<i>December 31, 1999 Rupees</i>	<i>December 31, 2000 Rupees</i>	<i>December 31, 1999 Rupees</i>	<i>December 31, 2000 Rupees</i>	<i>December 31, 1999 Rupees</i>	<i>December 31, 2000 Rupees</i>
FINANCIAL ASSETS											
Loans to employees	--	--	--	--	--	--	713,105	1,012,	643,798	464,997	1,
Deposits	--	--	--	--	--	--	4,934,235	3,561,217	532,520	532,520	5,
Trade debtors	--	--	--	--	--	--	204,200,992	198,961,999	--	--	204,
Other receivables	--	--	--	--	--	--	1,786,603	4,411,867	--	--	1,
Cash and Bank balances	55,507	55,963	--	--	55,507	55,903	26,317,394	25,652,715	--	--	26,
	55,507	55,963	--	--	55,507	55,963	237,952,329	233,600,059	1,176,318	870,617	239,
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
FINANCIAL LIABILITIES											
Short-term finances	141,053,161	79,158,421	--	--	141,053,161	79,158,421	--	--	--	--	--
Creditors, accrued and other liabil	--	--	--	--	--	--	131,763,772	133,809,439	--	--	131,
Contingencies and commitments	--	--	--	--	--	--	5,207,323	12,007,039	5,151,500	5,365,430	10,
Letters of credit	--	--	--	--	--	--	19,749,346	31,200,000	--	--	19,
Guarantees	--	--	--	--	--	--	71,042,449	62,100,000	--	--	71,
	141,053,161	79,158,421	--	--	141,053,161	79,158,421	227,762,890	239,166,478	5,151,500	5,365,430	232,
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

31.2 CONCENTRATION OF CREDIT RISK

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. Out of the total financial assets of Rs 239.184 million, the financial assets which are subject to credit risk amounted to Rs 212.811 million. The company believes that it is not exposed to major concentration of credit risk. To manage exposure to credit risk, the company obtains advances in certain cases.

31.3 FOREIGN EXCHANGE RISK MANAGEMENT

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings, especially with group companies. Payables exposed to foreign currency risks were covered through forward contracts.

31.4 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

32. CORRESPONDING FIGURES

Previous year's figures have been re-arranged wherever considered necessary to facilitate comparison. The company was accorded approval by the Income Tax Department to adopt calendar year as its financial year with effect from July 1, 1999. As such corresponding figures represent six months period to December 31, 1999 and hence the corresponding figures for profit and loss and the related notes are not comparable.

Arif Ijaz
Chief Executive

Dr. Agus Susanto
Chairman

Pattern of Shareholding as at December 31 2000

<i>Number of Shareholders</i>	<i>Shareholding</i>	<i>Total shares held</i>
133	From 1 To 100	5,684
429	From 101 To 500	166,284
62	From 501 To 1,000	50,070
108	From 1,001 To 5,000	239,709
8	From 5,001 To 10,000	54,190
1	From 10,001 To 15,000	12,264
1	From 15,001 To 20,000	16,311
3	From 25,001 To 30,000	86,000
1	From 30,001 To 35,000	33,436
1	From 105,001 To 110,000	107,680
1	From 115,001 To 120,000	116,220
1	From 130,001 To 135,000	133,281
1	From 160,001 To 165,000	161,472
1	From 165,001 To 170,000	167,790
1	From 245,001 To 250,000	247,612
1	From 605,001 To 610,000	606,178
1	From 2,725,001 To 2,730,000	2,729,478
1	From 7,065,001 To 7,070,000	7,066,341
----- 755 =====		----- 12,000,000 =====

<i>CATEGORIES OF SHAREHOLDERS</i>	<i>NUMBER</i>	<i>SHARES HELD</i>	<i>PERCENTAGE</i>
Individuals	734	1,496,658	12.47
Investment Companies	5	4,955	0.04
Insurance Companies	3	393,119	3.28
Joint Stock Companies	6	7,077,443	58.98
Financial Institutions	5	2,998,904	24.99

Others

-Habib Bank Limited

A/c Mohammed Amin

Wakf Estate

- Karachi Stock Exchange

(Guarantee) Ltd.

1	28,821	0.24
1	100	0.00
-----	-----	-----
755	12,000,000	100
=====	=====	=====

KSB Sales Offices in Pakistan 2000

LAHORE

Ph: (042) 111 572 786
Ph: (042) 7311661 - 7355238
Fax (042) 7236922

KARACHI

Ph: (021) 111 572 786
Ph: (021) 2311475 - 2311477- 2311478
Fax (021) 2310328 - 2310531

HASSANABDAL

Ph: (05772) 520239
Ph: (05772) 520236- 520238
Ph: (05772) 2396
Fax (05772) 520237

MULTAN

Ph: (062) 111 572 786
Ph: (061) 40492- 541983
Fax (061) 541984

QUETTA

Ph: (081) 830445
Fax (081) 830445

PESHAWAR

Ph: (091) 111 572 786
Ph: (091) 278919
Fax (091) 278919

RAWALPINDI

Ph: (051) 111 572 786
Ph: (051) 478195 - 478196- 478197
Fax (051) 472612

HEAD OFFICE

KSB Pumps Company Limited

16/2, Sir Aga Khan Road, Lahore-54000

Ph: (042) 6304173- 6304174- 6370969-6370970-6375180

Fax: (042) 6368878- 6366192