

# 5

## GENERAL INFORMATION

172	Responsibility Statement
173	Auditor's Report
175	Glossary
176	Contacts

## RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Frankenthal, 17 March 2016

The Board of Management

## AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by KSB Aktiengesellschaft, Frankenthal/Pfalz, comprising the statement of financial position, the statement of comprehensive income, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from 1 January to 31 December 2015. The preparation of the consolidated financial statements and the group management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB (“*Handelsgesetzbuch*”: German Commercial Code) is the responsibility of the parent Company’s Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the *Institut der Wirtschaftsprüfer* (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company’s Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, 17 March 2016

PricewaterhouseCoopers  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft

Dr. Ralf Worster  
Wirtschaftsprüfer

ppa. Christina Pöpperl  
Wirtschaftsprüferin

## GLOSSARY

### ABBREVIATIONS

#### API

American Petroleum Institute

#### ISO 14001

International standard stipulating globally recognised requirements for environmental management systems

#### IMF

International Monetary Fund

#### VDMA

Verband Deutscher Maschinen- und Anlagenbau e.V.  
[German Engineering Federation]

### KEY CORPORATE AND TECHNICAL TERMS

#### Cyber-physical system

A network of computing elements (software and hardware) and mechanical and electronic components which communicate via a data infrastructure, such as for example the Internet

#### Variable speed system

Electronic device which adjusts pump speed in line with the required head and flow rate

#### Triple-offset butterfly valve

Butterfly valve design suitable for use in applications with extremely high and low temperatures. The triple-offset design ensures that the valve opens and closes smoothly.

#### FluidFuture

KSB programme to increase the efficiency of pump systems

#### Industry 4.0

A visionary project from the German government's future technologies strategy

#### KSB Sonolyzer

Smartphone app capable of analysing the efficiency of fixed speed pump systems equipped with asynchronous motors

#### Retrofit measures

Modernisation of installed systems or components, often aimed at extending their service life, increasing efficiency or complying with new legislation

#### Synchronous reluctance motor

Highly energy-efficient motors whose specially designed rotor laminations guide the lines of magnetic flux. Rare earths are not required to manufacture these motors.

#### UN Global Compact

A global initiative for businesses and organisations launched by the United Nations with the aim of shaping social and ecological globalisation

## CONTACTS

### EDITOR

KSB Aktiengesellschaft  
Johann-Klein-Strasse 9  
67227 Frankenthal, Germany  
Tel. +49 6233 86-0  
Fax +49 6233 86-3401

### ONLINE NEWS

You will find the latest news  
on the KSB Group at: [www.ksb.com](http://www.ksb.com)

Should you need additional information,  
please contact:

### INVESTOR RELATIONS

Ralf Pfundmaier  
Tel. +49 6233 86-2053  
Fax +49 6233 86-3454  
E-mail: [investor-relations@ksb.com](mailto:investor-relations@ksb.com)

### COMMUNICATIONS

Ullrich Bingenheimer  
Tel. +49 6233 86-2138  
Fax +49 6233 86-3456  
E-mail: [ullrich.bingenheimer@ksb.com](mailto:ullrich.bingenheimer@ksb.com)

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As a signatory to the United Nations Global Compact , KSB is committed to endorsing the ten principles of the international community in the areas of human rights, labour standards, environmental protection and anti-corruption.