

THE PUNJAB PROVINCIAL COOPERATIVE BANK LTD.
CONSOLIDATED BALANCE SHEET AS AT SEPTEMBER 30, 2009
UN-AUDITED

	Note	September 30, 2009	June 30, 2009
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		420,871	601,882
Balances with other banks		2,314,913	2,017,990
Investments	4	448,238	451,012
Advances	5	6,453,288	6,733,775
Other assets		229,644	202,010
Operating fixed assets		3,705,182	3,705,253
		13,572,136	13,711,922
LIABILITIES			
Bills payable		68,237	44,305
Borrowings from financial institutions		8,000,000	8,000,000
Deposits and other accounts		1,837,690	1,837,175
Other liabilities		426,903	134,690
		10,332,830	10,016,170
NET ASSETS		3,239,306	3,695,752
REPRESENTED BY			
Share capital		434,706	434,647
Reserves		401,431	401,727
Unappropriated (Loss)/Profit		(1,202,447)	(749,013)
		(366,310)	87,361
Surplus on revaluation of assets		3,605,616	3,608,391
		3,239,306	3,695,752
CONTINGENCIES AND COMMITMENTS	6		

The annexed notes form an integral part of these accounts.

RAJA ABDUL JABBAR
SENIOR MANAGER,
ACCOUNTS

TAHIR IQBAL BUTT
CHIEF MANAGER.
FINANCE

(PERVEZ TARIQ DAR)
A.GENERAL MANAGER.

THE PUNJAB PROVINCIAL COOPERATIVE BANK LTD.
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE QUARTER ENDED SEPTEMBER 30, 2009
UN-AUDITED

	For the quarter ended		For the three months	
	September 2009	September 2008	September 2009	September 2008
	Rupees in '000			
Mark-up/Return/Interest Earned	185,933	175,265	185,933	175,265
Mark-up/Return/Interest Expensed	490,568	7,258	490,568	7,258
Net Mark-up/ Interest Income	<u>(304,635)</u>	168,007	<u>(304,635)</u>	168,007
Less: provisions				
Against non-performing loans and advances	-	-	-	-
For diminution in the value of investments	-	-	-	-
Net Mark-up/ Interest Income after provisions	<u>(304,635)</u>	168,007	<u>(304,635)</u>	168,007
NON MARK-UP/INTEREST INCOME				
Fee, Commission and Brokerage Income	8,069	8,086	8,069	8,086
Dividend Income	14,772	-	14,772	-
Other Income	5,484	8,625	5,484	8,625
	<u>28,325</u>	16,711	<u>28,325</u>	16,711
	<u>(276,310)</u>	184,718	<u>(276,310)</u>	184,718
NON MARK-UP/INTEREST EXPENSES				
Administrative expenses	177,124	181,884	177,124	181,884
Other charges	-	-	-	-
	<u>177,124</u>	181,884	<u>177,124</u>	181,884
PROFIT/(LOSS) BEFORE TAXATION	<u>(453,434)</u>	2,834	<u>(453,434)</u>	2,834
Taxation	-	-	-	-
PROFIT/(LOSS) AFTER TAXATION	<u>(453,434)</u>	2,834	<u>(453,434)</u>	2,834
Unappropriated/unremitted profit/(loss) brought forward	<u>(749,013)</u>	221,040	<u>(749,013)</u>	221,040
Unappropriated/Unremitted profit/Accumulated	<u>(1,202,447)</u>	223,874	<u>(1,202,447)</u>	223,874
Basic/Diluted Earnings/(Loss) per share	<u>(105)</u>	1	<u>(105)</u>	1

The annexed notes form an integral part of these accounts.

RAJA ABDUL JABBAR
SENIOR MANAGER,
ACCOUNTS

TAHIR IQBAL BUTT
CHIEF MANAGER,
FINANCE.

(PERVEZ TARIQ DAR)
A.GENERAL MANAGER.

THE PUNJAB PROVINCIAL COOPERATIVE BANK LTD.
STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2009
UN-AUDITED

	Share capital Rupees in '000	Statutory reserve	General Reserve against Consumer Finance	Common Good Fund	Other Reserves	Unappropriated Profit / (Loss)	Total
Balance as on June 30, 2008	434,155	394,278	3,528	4,493	-	230,058	1,066,512
Profit for the period	-	-	-	-	-	2,834	2,834
Transfer to statutory reserve	-	-	-	-	-	-	-
Issue of share capital	57	-	-	-	-	-	57
Medical aid to staff	-	-	-	(373)	-	-	(373)
Balance as on September 30, 2008	<u>434,212</u>	<u>394,278</u>	<u>3,528</u>	<u>4,120</u>	<u>-</u>	<u>232,892</u>	<u>1,069,030</u>
Profit for the period	-	-	-	-	-	(981,905)	(981,905)
Transfer to statutory reserve	-	-	-	-	-	-	-
Transfer to reserve to consumer finance	-	-	-	-	-	-	-
Transfer to reserve for Common Good Fund	-	-	-	-	-	-	-
Issue of share capital	435	-	-	-	-	-	435
Medical aid to staff	-	-	-	(199)	-	-	(199)
Balance as on June 30, 2009	<u>434,647</u>	<u>394,278</u>	<u>3,528</u>	<u>3,921</u>	<u>-</u>	<u>(749,013)</u>	<u>87,361</u>
Profit for the period	-	-	-	-	-	(453,434)	(453,434)
Transfer to statutory reserve	-	-	-	-	-	-	-
Transfer to reserve for Consumer Finance	-	-	-	-	-	-	-
Issue of share capital	59	-	-	-	-	-	59
Medical aid to staff	-	-	-	(296)	-	-	(296)
Balance as on September 30, 2009	<u><u>434,706</u></u>	<u><u>394,278</u></u>	<u><u>3,528</u></u>	<u><u>3,625</u></u>	<u><u>-</u></u>	<u><u>(1,202,447)</u></u>	<u><u>(366,310)</u></u>

RAJA ABDUL JABBAR
SENIOR MANAGER,
ACCOUNTS

TAHIR IQBAL BUTT
CHIEF MANAGER,
FINANCE

PERVEZ TARIQ DAR
A.GENERAL MANAGER.

THE PUNJAB PROVINCIAL COOPERATIVE BANK LTD.
CONSOLIDATED CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2009.
UN-AUDITED

	30.09.2009	30.09.2008
	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	(453,434)	2,834
Less: Dividend income	(14,772)	-
	(468,206)	2,834
Adjustments for non-cash charges:		
Depreciation	2,593	2,641
Provision Against Non-performing Advances	-	-
Provision for Diminution in the value of investments/ other assets	-	-
Gain on sale of fixed assets net of adjustments	-	(10)
	2,593	2,631
	(465,613)	5,465
(Increase)/ Decrease in operating assets		
Advances	280,487	81,721
Others assets (excluding advance taxation)	(27,634)	(656)
	252,853	81,065
	(212,760)	86,530
Increase/ (Decrease) in operating liabilities		
Bills Payable	23,932	(624)
Borrowings from financial institutions	-	-
Deposits	515	(193,484)
Other liabilities (excluding current taxation)	292,450	(19,937)
	316,897	(214,045)
	104,137	(127,515)
Income tax paid	(534)	(638)
Net cash flow from operating activities	103,603	(128,153)
CASH FLOW FROM INVESTING ACTIVITIES		
Dividend income	14,772	-
Investments in operating fixed assets	(2,226)	-
Sale proceeds of property and equipment disposed-off	-	10
Net cash flow from investing activities	12,546	10
	116,149	(128,143)
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of share capital	59	57
Medical aid to employees from Common Good Fund.	(296)	(373)
Net cash flow from financing activities	(237)	(316)
Increase/(Decrease) in cash and cash equivalents	115,912	(128,459)
Cash and cash equivalents at beginning of the period	2,619,872	2,925,425
Cash and cash equivalents at end of the period	2,735,784	2,796,966

RAJA ABDUL JABBAR
SENIOR MANAGER,
ACCOUNTS.

TAHIR IQBAL BUTT
CHIEF MANAGER,
FINANCE

PERVEZ TARIQ DAR
A.GENERAL MANAGER.

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
NOTES TO THE ACCOUNTS FOR THE QUARTER ENDED SEPTEMBER 30, 2009
UN-AUDITED

1. STATUS AND NATURE OF BUSINESS

The Punjab Provincial Cooperative Bank Limited (The Bank) was incorporated in Punjab in the year 1924 as a Cooperative Bank under the Cooperative Societies Act, 1912 (repealed) and commenced its operations from 1924. It was given status of a Scheduled Bank by the State Bank of Pakistan w.e.f. November 07, 1955. The Bank is operating under the supervision of Cooperative Department and State Bank of Pakistan. The objects for which the Bank is established are to carry out the business of agricultural credit and other activities as defined in the Cooperative Societies Act 1925 and its Rules. The Bank operates through its 159 branches in Punjab. Its Head Office is located at Bank Square, The Mall, Lahore.

The State Bank of Pakistan discontinued funding and did not sanction the financing limit for the year 2007-2008 to the Bank. Currently the Bank has no alternative arrangement for borrowing. Further the bank did not meet the regulatory requirement of State Bank of Pakistan with respect to MCR. The PPCBL has, however, taken up the matter with the Government of the Punjab. However, in order to cater with its financing and MCR needs the PPCBL is going to be merged with Bank of Punjab and accordingly A.F.Ferguson & Company has been appointed as consultants on the financial, legal and other aspects of the scheme. The merger shall take place under section 15-A of Co-operative Societies Act 1925 only after written consent of creditors, approval of 2/3 majority of members and final approval of Government of Pakistan and State Bank of Pakistan.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Cooperative Societies Act 1925 and Cooperative Societies Rules 1927. Wherever the requirements of the directives issued by the State Bank of Pakistan differ with the requirements of these standards, the requirements of the said directives take precedence. The disclosures made in these financial statements have, however, been limited based on the format prescribed by the State Bank of Pakistan for interim financial statements vide BSD Circular Letter No.2 dated May 12, 2004, International Accounting Standard 34-Interim Financial Reporting and should be read in conjunction with the annual statements of the Bank for the year ended June 30, 2007.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for preparation of these financial statements are the same as those applied in preparation of the annual financial statements of the Bank for the year ended June 30, 2008.

4. INVESTMENTS

	30-09-2009			30.06.2009		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
Rupees in '000						
4.1 INVESTMENTS BY TYPES:						
Available-for-sale securities						
Shares of Listed Companies	7,023	-	7,023	7,022	-	7,022
Shares of Cooperative Institutions	3,551	-	3,551	3,551	-	3,551
Held-to-maturity securities						
Pakistan Investment Bonds	300,000	-	300,000	300,000	-	300,000
Pakistan Loan	-	-	-	-	-	-
Provincial Government Securities	-	-	-	-	-	-
	310,574	-	310,574	310,573	-	310,573
Less: Provision for diminution in value of Inves	(3,551)	-	(3,551)	(3,551)	-	(3,551)
Add: Surplus on revaluation	141,215	-	141,215	143,990	-	143,990
	<u>448,238</u>	<u>-</u>	<u>448,238</u>	<u>451,012</u>	<u>-</u>	<u>451,012</u>

5. ADVANCES

	30.09.2009	30.06.2009
Rupees in '000		
Loans, cash credits, running finances, etc. In Pakistan	7,897,018	8,983,036
Bills discounted and purchased (excluding treasury bills) Payable in Pakistan	184	184
	7,897,202	8,983,220
Provision for non-performing advances	1,443,914	1,443,914
	<u>6,453,288</u>	<u>7,539,306</u>

5.1 Advances include Rs. 4,109,110 (in thousand) as of 30.09.2009 which have been placed under non-performing status, however, the provision required has been calculated after taking benefit of collateral in agricultural loans only as per PRs on Agricultural Loans & Advances in terms of

Category of Classification	Domestic	Overseas	Total	Provision Required	Provision Held
Rupees in '000					
Other Assets Especially Mentioned	326,357	-	326,357	-	-
Substandard	305,704	-	305,704	60,480	117,446
Doubtful	666,698	-	666,698	145,855	271,553
Loss	2,810,351	-	2,810,351	1,747,971	1,054,915
	<u>4,109,110</u>	<u>-</u>	<u>4,109,110</u>	<u>1,954,306</u>	<u>1,443,914</u>

6 CONTINGENT AND COMMITMENTS

		<u>30.09.2009</u>	<u>30-06-2009</u>
Guarantee Acceptances.	6.1	445	445
Show cause notices by sales tax-under appeal	6.2	5,041	5,041
		<u>5,486</u>	<u>5,486</u>

- 6.1** Mr. Fazal-ur-Rehman deposited Rs.100,000/- & Rs.200,000/- (Total Rs.300,000/-) on 12.07.1990 & 14.07.1990 through DDs at Head Office as bid money in auction of land measuring 187(A) - 02(K)-17(M) situated at Muza Nadha Teh. & Distt. Gujranwala. Mr. Fazal-ur-Rehman did not fulfil the conditions of Landed Committee, resultantly Bank confiscated Bid Money. He filed Civil Suit No.156/1 in 1993 titled as Fazal-ur-Rehman v/s PPCBL at Gujranwala, which was decreed in favour of plaintiff. Bank filed an appeal No.RFA 243/95 in Lahore High Court, which has also decided against Bank and Lahore High Court directed Bank to furnish a guarantee No.2096/92 dated 15.09.1995 amounting to Rs.444,939/- through Main Branch from NBP for the satisfaction of the Court. Now the case is pending adjudication in the Court of Civil Judge, Lahore.
- 6.2** The sales tax department has issued a show cause notice dated 14.07.2003 to the bank as to why the sales tax amounting to Rs. 5.041 millions has not been paid to the Government in regard to sale of machinery valuing Rs. 33.600 million of Rahwali Sugar Mills to Messers Ali Industrial and Engineering Works, Karachi without charging and depositing sales tax leviable thereon. Further the sales tax department reported that Messers Ali Industrial and Engineering Works filed written statement before Deputy Collector Audit-I, that they had paid sales tax on purchase of such machinery. The bank filed petition against the above show cause notice on the ground that bank has sold debris, scrap and non-operative machinery which were not sales tax leviable items on which Lahore High Court has suspended the Show Cause Notice vide order dated 06.08.2003. The case is still pending in Lahore High Court.

7 DATE OF AUTHORIZATION

These financial statements were authorised for issue on 31.10.2009 by the Administrator of the Bank.

8 GENERAL

Figures in these statements have been rounded off to the nearest thousand rupees.

RAJA ABDUL JABBAR
SENIOR MANAGER, ACCOUNTS

TAHIR IQBAL BUTT
CHIEF MANAGER FINANCE

(PERVEZ TARIQ DAR)
A.GENERAL MANAGER.