

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2011

	<u>Note</u>	<u>Un-audited</u> <u>Mar. 31, 2011</u>	<u>Audited</u> <u>June 30, 2010</u>
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		261,180	814,147
Balances with other banks		1,870,491	1,709,436
Lending to financial institutions		-	-
Investments	4	1,352,519	799,673
Advances	5	5,898,006	5,779,753
Operating fixed assets		3,663,466	3,700,872
Other assets		502,639	2,441,992
Deferred tax assets		-	-
		13,548,301	15,245,873
LIABILITIES			
Bills payable		10,496	21,777
Borrowings from financial institutions		2,777,776	5,250,000
Deposits and other accounts		1,938,677	3,820,343
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		196,435	263,270
		4,923,384	9,355,390
NET ASSETS		8,624,917	5,890,483
REPRESENTED BY :			
Share capital		435,464	435,060
Reserves		5,068,347	2,797,793
Accumulated loss		(426,844)	(928,639)
		5,076,967	2,304,214
Fair value reserve - investments		111,198	121,868
Surplus on revaluation of assets		3,436,752	3,464,401
		8,624,917	5,890,483

CONTINGENCIES AND COMMITMENTS

6

The annexed notes 1 to 8 form an integral part of these financial statements.

SAMUEL JAMES
CHIEF FINANCIAL OFFICER

LIAQAT DURRANI
PRESIDENT/ CEO

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS ENDED MARCH 31, 2011

UN-AUDITED

	<u>Quarter ended</u>		<u>Nine months ended</u>	
	<u>March</u> <u>2011</u>	March <u>2010</u>	<u>July to March</u> <u>2011</u>	July to March <u>2010</u>
	Rupees in '000			
Mark-up / return / interest earned	394,383	285,793	1,110,764	858,054
Mark-up / return / interest expensed	68,229	5,149	298,750	683,274
Net Mark-up / interest income	326,154	280,644	812,014	174,780
Less: provisions:				
Against non-performing loans and advances	-	-	(60,855)	-
For diminution in the value of investments	-	-	-	-
Bad debts written off	-	-	-	-
	-	-	(60,855)	-
Net Mark-up / interest income after provisions	326,154	280,644	872,869	174,780
Non mark-up / interest income				
Fee, commission and brokerage income	6,120	7,539	18,554	23,929
Dividend income	-	-	14,772	14,772
Income from dealing in foreign currency	-	-	-	-
Gain / (loss) on sale of securities	-	-	-	-
Gain / (loss) on sale of operating fixed assets	88	-	186,903	-
Other income	7,413	7,330	23,301	19,590
	13,621	14,869	243,530	58,291
	339,775	295,513	1,116,399	233,071
Non mark-up / interest expenses				
Administrative expenses	190,809	155,977	596,476	510,658
Other provisions / write - offs	(55,855)	-	-	-
Other charges	128	524	128	582
	135,082	156,501	596,604	511,240
Extra ordinary / unusual items	-	-	-	-
Profit / (Loss) before taxation	204,693	139,012	519,795	(278,169)
Taxation				
Current	-	-	10,000	-
Prior years	-	-	8,000	-
Deferred	-	-	-	-
	-	-	18,000	-
Profit / (Loss) after taxation	204,693	139,012	501,795	(278,169)
Unappropriated / unremitted profit / (loss) brought forward	(631,537)	(1,166,194)	(928,639)	(749,013)
(Loss) /profit available for appropriation	(426,844)	(1,027,182)	(426,844)	(1,027,182)
Basic / Diluted Earnings/(Loss) per share - Rupees	47.2	32.0	115.6	(64.1)

The annexed notes 1 to 8 form an integral part of these financial statements.

SAMUEL JAMES
CHIEF FINANCIAL OFFICER

LIAQAT DURRANI
PRESIDENT/ CEO

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS ENDED MARCH 31, 2011

	<u>Note</u>	Un-audited Mar. 2010	Audited June, 2010
		<u>Rupees in '000'</u>	
Profit / (Loss) after taxation		501,795	(179,626)
Other comprehensive income		-	-
Comprehensive income transferred to equity		<u>501,795</u>	<u>(179,626)</u>
Components of comprehensive income not reflected in equity			
Surplus / (Deficit) on revaluation of investments		(10,670)	(22,122)
		<u>491,125</u>	<u>(201,748)</u>

The annexed notes from 1 to 8 form an integral part of these financial statements.

SAMUEL JAMES
CHIEF FINANCIAL OFFICER

LIAQAT DURRANI
PRESIDENT/ CEO

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED MARCH 31, 2011
UN-AUDITED

	Share capital	Statutory reserve	General Reserve against Consumer Finance	Common Good Fund	Other Fund	Unappropriated Profit / Accumulated (Loss)	Total
	Rupees in 000						
Balance as on June 30, 2009	434,647	394,278	3,528	3,921	-	(749,013)	87,361
Profit for the 1st half year	-	-	-	-	-	(417,181)	(417,181)
Transfer to statutory reserve	-	-	-	-	-	-	-
Issue of share capital	184	-	-	-	-	-	184
Other fund from the Government of Punjab	-	-	-	-	1,000,000	-	1,000,000
Medical aid to staff	-	-	-	(296)	-	-	(296)
Balance as on December 31, 2009	434,831	394,278	3,528	3,625	1,000,000	(1,166,194)	670,068
Profit for the next half year	-	-	-	-	-	237,555	237,555
Transfer to bad and doubtful advances	-	-	(3,528)	-	-	-	(3,528)
Issue of share capital	229	-	-	-	-	-	229
Other fund from the Government of Punjab	-	-	-	-	1,400,000	-	1,400,000
Medical aid to staff	-	-	-	(110)	-	-	(110)
Balance as on June 30, 2010	435,060	394,278	-	3,515	2,400,000	(928,639)	2,304,214
Profit for the six months period	-	-	-	-	-	501,795	501,795
Transfer to statutory reserve	-	-	-	-	-	-	-
Transfer to other reserve	-	-	-	-	-	-	-
Issue of share capital	404	-	-	-	-	-	404
Other fund from the Government of Punjab	-	-	-	-	2,270,797	-	2,270,797
Medical aid to staff	-	-	-	(243)	-	-	(243)
Balance as on March 31, 2011	435,464	394,278	-	3,272	4,670,797	(426,844)	5,076,967

The annexed notes 1 to 8 form an integral part of these financial statements.

SAMUEL JAMES
CHIEF FINANCIAL OFFICER

LIAQAT DURRANI
PRESIDENT/ CEO

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED MARCH 31, 2011

UN-AUDITED

	<u>Mar. 31, 2011</u>	<u>Mar. 31, 2010</u>
	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	519,795	(278,169)
Less: Dividend income	<u>(14,772)</u>	<u>(14,772)</u>
	505,023	(292,941)
Adjustments for non-cash charges:		
Depreciation	7,582	8,162
Amortization	-	-
Provision Against Non-performing Advances	(60,855)	-
Provision for Diminution in the value of investments/ other assets	-	-
Gain on sale of operating fixed assets	<u>(186,903)</u>	<u>-</u>
	<u>(240,176)</u>	<u>8,162</u>
	264,847	(284,779)
(Increase)/ decrease in operating assets		
Advances	<u>(57,397)</u>	568,580
Others assets (excluding advance taxation)	<u>1,919,354</u>	<u>10,820</u>
	<u>1,861,957</u>	<u>579,400</u>
	2,126,804	294,621
Increase/ (decrease) in operating liabilities		
Bills payable	<u>(11,281)</u>	(12,001)
Borrowings from financial institutions	<u>(2,472,224)</u>	(2,000,000)
Deposits	<u>(1,881,666)</u>	(148,175)
Other liabilities (excluding current taxation)	<u>(66,835)</u>	<u>(31,326)</u>
	<u>(4,432,006)</u>	<u>(2,191,502)</u>
	<u>(2,305,202)</u>	<u>(1,896,881)</u>
	<u>(4,683)</u>	<u>(3,600)</u>
Income tax paid	<u>(4,683)</u>	<u>(3,600)</u>
Net cash outflow from operating activities	(2,309,885)	(1,900,481)
CASH FLOW FROM INVESTING ACTIVITIES		
Dividend income	14,772	14,772
Investment in operating fixed assets	(5,316)	(678)
Capital work in progress	(1,027)	-
Investment in Government Securities (Net)	(700,000)	-
Proceeds from encashment of certificates	136,484	-
Investment in term deposits acquired during the year	-	-
Sale proceeds of operating fixed assets disposed-off	202,102	-
Net cash inflow / outflow from investing activities	(352,985)	14,094
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of share capital	404	403
Other fund from the Government of Punjab	2,270,797	1,750,000
Medical aid to employees from Common Good Fund	<u>(243)</u>	<u>(356)</u>
Net cash outflow from financing activities	2,270,958	1,750,047
(Decrease)/Increase in cash and cash equivalents	(391,912)	(136,340)
Cash and cash equivalents at beginning of the period	2,523,583	2,619,872
Cash and cash equivalents at end of the period	2,131,671	2,483,532
Cash and cash equivalents are comprised of:		
Cash and balances with treasury banks	261,180	356,534
Balances with other banks	<u>1,870,491</u>	<u>2,126,998</u>
	<u>2,131,671</u>	<u>2,483,532</u>

The annexed notes 1 to 8 form an integral part of these financial statements.

SAMUEL JAMES
CHIEF FINANCIAL OFFICER

LIAQAT DURRANI
PRESIDENT/ CEO

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED MARCH 31, 2011
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 the year 1924. It was given the 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 additional borrowing. However, the State Bank of Pakistan has exempted the Bank from meeting Minimum Capital Requirement (MCR) vide their letter no. BPRD(RU-43)512-09(B)/X/15161/98 dated 08-09-1998 and No. BSD(RU-43)512-09(B)/X/1138/2001 dated 25-01-2001. Moreover the competent authority has approved to restructure / revamp the Bank. As advised by the SBP, restructuring plan has been submitted vide letter no. MD/COO/025-27 dated 31-12-2009. Accordingly the financial information has been prepared by using the going concern assumption.

2. STATEMENT OF COMPLIANCE

The condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Cooperative Societies Act, 1925, Cooperative Societies Rules, 1927 and State Bank of Pakistan. 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 information have, however, been limited based on the format prescribed by the State Bank of Pakistan for condensed interim financial information vide BSD Circular Letter No.2 dated May 12, 2004 and International Accounting Standard 34, "Interim Financial Reporting" and should be read in conjunction with the annual financial statements of the Bank for the year ended June 30, 2010.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for preparation of the condensed interim financial information are the same as those applied in preparation of the annual financial statements of the Bank for the year ended June 30, 2010.

4. INVESTMENTS

	March 31, 2011			June 30, 2010		
	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	7,023	-	7,023
Shares of Cooperative Institutions	3,551	-	3,551	3,551	-	3,551
Held to maturity securities						
Pakistan Investment Bonds	-	-	-	300,000	-	300,000
Treasury Bills	1,000,000	-	1,000,000	-	-	-
Provincial Government Securities	-	-	-	-	-	-
Investment with NBFIs	234,298	-	234,298	370,782	-	370,782
	1,244,872	-	1,244,872	681,356	-	681,356
Less: Provision for diminution in value of shares of Cooperative Institutions	(3,551)	-	(3,551)	(3,551)	-	(3,551)
Add: Surplus on revaluation of Securities	111,198	-	111,198	121,868	-	121,868
	1,352,519	-	1,352,519	799,673	-	799,673

Mar. 31, 2011 **June 30, 2010**
Rupees in '000

5. ADVANCES

Loans, cash credits, running finances, etc. In Pakistan	7,442,860	7,385,463
Bills discounted and purchased (excluding treasury bills) Payable in Pakistan	184	184
	7,443,044	7,385,647
Provision for non-performing advances		
Specific	(994,648)	-
General	(550,390)	(1,605,894)
	(1,545,038)	(1,605,894)
	5,898,006	5,779,753

5.1 Advances include Rs. 2,897,755 (in thousand) as of 31.03.2011 (30.06.2010 : 3,430,614 thousand) 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 Prudential Regulations on Agricultural Loans & Advances in terms of approval of Administrator/Board of director.

<u>Category of Classification</u>	<u>Domestic</u>	<u>Overseas</u>	<u>Total</u>	<u>Provision Required</u>	<u>Provision Held</u>
	Rupees in '000				
Other Assets Especially Mentioned	133,018	-	133,018	-	-
Substandard	57,910	-	57,910	11,642	11,642
Doubtful	59,584	-	59,584	5,656	5,656
Loss	2,647,243	-	2,647,243	977,350	1,527,740
	2,897,755	-	2,897,755	994,648	1,545,038

6 CONTINGENT AND COMMITMENTS

Bank Alfalah Limited, Township Branch, Lahore - Fraud case	6.1	101,413	101,413
Guarantee Acceptances.		445	445
Show cause notices by sales tax-under appeal		5,041	5,041
		106,899	106,899

6.1 During November 2003, the Bank opened a Royal Profit Account in Bank Alfalah Limited, Township Branch. In July 2010, it was revealed during the year under audit that some cheques were forged by the staff members of Bank Alfalah Limited who had routed the proceeds of these cheques through their associates and family members' accounts. The total misappropriated amount in this case comes to Rs. 101.413 million (i.e. Principal Rs. 97.250 million and mark up Rs.4.163 million) as reported by the Bank to the FIA. This matter is under its investigation with FIA and NAB Punjab. The Bank filed a petition against Bank Alfalah Limited before the Banking Mohtasib, Pakistan. To defeat the proceedings of Banking Mohtasib, Bank Alfalah Limited filed a Civil Suit against the Bank. Thus the Banking Mohtasib dropped the proceedings. Aggrieved upon this, the Bank filed a Writ Petition in the Lahore High Court which is expected to be fixed for hearing in May, 2011. Moreover, an appeal is also being filed with Governor, State Bank of Pakistan against the decision of the Banking Mohtasib. The Management of the Bank is hopeful that the matter will be resolved in its favour and the whole amount shall be fully recovered.

6.2 The remaining contingencies and commitments are the same as were disclosed in the preceding audited annual financial statements of the Bank.

7 DATE OF AUTHORIZATION

The un-audited condensed interim financial information is authorised for issue on 26.04.2011 by the Administrator of the Bank.

8 GENERAL

Figures in the condensed interim financial information have been rounded off to the nearest thousand rupees.

SAMUEL JAMES
CHIEF FINANCIAL OFFICER

LIAQAT DURRANI
PRESIDENT/ CEO