

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2009

	<u>Note</u>	<u>Un-audited</u> <u>Dec. 31, 2009</u>	<u>Audited</u> <u>June 30, 2009</u>
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		588,104	601,882
Balances with other banks		1,623,947	2,017,990
Lending to financial institutions		-	-
Investments	4	1,283,380	451,012
Advances	5	6,296,530	6,733,775
Operating fixed assets		3,703,473	3,705,253
Deferred tax assets		-	-
Other assets		246,445	202,010
		13,741,879	13,711,922
LIABILITIES			
Bills payable		45,615	44,305
Borrowings from financial institutions		6,750,000	8,000,000
Deposits and other accounts		2,411,667	1,837,175
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		259,515	134,690
		9,466,797	10,016,170
NET ASSETS		4,275,082	3,695,752
REPRESENTED BY :			
Share capital		434,831	434,647
Reserves	6	1,401,431	401,727
Accumulated loss		(1,166,194)	(749,013)
		670,068	87,361
Surplus on revaluation of assets		3,605,014	3,608,391
		4,275,082	3,695,752
CONTINGENCIES AND COMMITMENTS	7		

The annexed notes 1 to 9 form an integral part of these financial statements.

MUHAMMAD AQEEL SHAHID
'DEPUTY HEAD ACCOUNTS

TAHIR IQBAL BUTT
CHIEF FINANCIAL OFFICER

(LIAQAT DURRANI)
MANAGING DIRECTOR

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED DECEMBER 31, 2009

UN-AUDITED

	Half Year ended		Quarter ended	
	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2008
	Rupees in '000			
Mark-up / return / interest earned	572,261	487,973	386,328	312,708
Mark-up / return / interest expensed	678,125	35,117	187,557	27,860
Net Mark-up / interest income	<u>(105,864)</u>	<u>452,856</u>	<u>198,771</u>	<u>284,848</u>
Less: provisions:				
Against non-performing loans and advances	-	-	-	-
For diminution in the value of investments	-	-	-	-
Bad debts written off	-	-	-	-
	-	-	-	-
Net Mark-up / interest income after provisions	<u>(105,864)</u>	<u>452,856</u>	<u>198,771</u>	<u>284,848</u>
Non mark-up / interest income				
Fee, commission and brokerage income	16,390	15,897	8,321	7,811
Dividend income	14,772	7,386	-	7,386
Income from dealing in foreign currency	-	-	-	-
Gain / (loss) on sale of securities	-	-	-	-
Other income	12,260	18,612	6,776	9,987
	<u>43,422</u>	<u>41,895</u>	<u>15,097</u>	<u>25,184</u>
	<u>(62,442)</u>	<u>494,751</u>	<u>213,868</u>	<u>310,032</u>
Non mark-up / interest expenses				
Administrative expenses	354,681	359,043	177,557	177,158
Other provisions / write - offs	-	-	-	-
Other charges	58	-	58	-
	<u>354,739</u>	<u>359,043</u>	<u>177,615</u>	<u>177,158</u>
Extra ordinary / unusual items	-	-	-	-
(Loss) / profit before taxation	<u>(417,181)</u>	<u>135,708</u>	<u>36,253</u>	<u>132,874</u>
Taxation				
Current	-	-	-	-
Prior years	-	-	-	-
Deferred	-	-	-	-
	-	-	-	-
(Loss) / profit after taxation	<u>(417,181)</u>	<u>135,708</u>	<u>36,253</u>	<u>132,874</u>
Unappropriated / unremitted profit / (loss) brought forward	<u>(749,013)</u>	<u>221,040</u>	<u>(1,202,447)</u>	<u>223,874</u>
(Loss) / profit available for appropriation	<u>(1,166,194)</u>	<u>356,748</u>	<u>(1,166,194)</u>	<u>356,748</u>
Basic / Diluted Earnings/(Loss) per share - Rupees	<u>(95.94)</u>	<u>31.30</u>	<u>8.34</u>	<u>30.70</u>

The annexed notes 1 to 9 form an integral part of these financial statements.

MUHAMMAD AQEEL SHAHID
DEPUTY HEAD ACCOUNTS

TAHIR IQBAL BUTT
CHIEF FINANCIAL OFFICER

(LIAQAT DURRANI)
MANAGING DIRECTOR

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED DECEMBER 31, 2009

UN-AUDITED

	Share capital	Statutory reserve	General Reserve against Consumer Finance	Common Good Fund Rupees in 000	Other Fund	Unappropriated Profit / Accumulated (Loss)	Total
Balance as on June 30, 2008	434,155	394,278	3,528	4,493	-	230,058	1,066,512
Profit for the 1st half year	-	-	-	-	-	2,834	2,834
Issue of share capital	57	-	-	-	-	-	57
Medical aid to staff	-	-	-	(373)	-	-	(373)
Balance as on December 31, 2008	434,212	394,278	3,528	4,120	-	232,892	1,069,030
Loss for the next half year	-	-	-	-	-	(981,905)	(981,905)
Issue of share capital	435	-	-	-	-	-	435
Medical aid to staff	-	-	-	(199)	-	-	(199)
Balance as on June 30, 2009	434,647	394,278	3,528	3,921	-	(749,013)	87,361
Loss for the six months period	-	-	-	-	-	(417,181)	(417,181)
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

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MUHAMMAD AQEEL SHAHID
DEPUTY HEAD ACCOUNTS

TAHIR IQBAL BUTT
CHIEF FINANCIAL OFFICER

LIAQAT DURRANI
MANAGING DIRECTOR

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT FOR THE HALF YEAR ENDED DECEMBER 31, 2009

UN-AUDITED

Dec. 31, 2009 **Dec. 31, 2008**
Rupees in '000

CASH FLOW FROM OPERATING ACTIVITIES

(Loss) / profit before taxation	(417,181)	135,708
Less: Dividend income	<u>(14,772)</u>	<u>(7,386)</u>
	(431,953)	128,322
Adjustments for non-cash charges:		
Depreciation	5,441	5,487
Gain on sale of fixed assets net of adjustments	-	(22)
	<u>5,441</u>	<u>5,465</u>
	(426,512)	133,787
(Increase)/ decrease in operating assets		
Advances	437,245	292,190
Others assets (excluding advance taxation)	<u>(41,119)</u>	<u>(42,835)</u>
	396,126	249,355
	<u>(30,386)</u>	<u>383,142</u>
Increase/ (decrease) in operating liabilities		
Bills payable	1,310	(33,136)
Borrowings from financial institutions	(1,250,000)	-
Deposits	574,492	(28,981)
Other liabilities (excluding current taxation)	<u>124,825</u>	<u>(6,539)</u>
	(549,373)	(68,656)
	<u>(579,759)</u>	<u>314,486</u>
Income tax paid	<u>(3,316)</u>	<u>(3,575)</u>
Net cash inflow from operating activities	(583,075)	310,911

CASH FLOW FROM INVESTING ACTIVITIES

Dividend income	14,772	7,386
Investment in operating fixed assets	(3,251)	(879)
Capital work in progress	(410)	-
Investment in term deposits acquired during the year	(835,745)	12,051
Sale proceeds of operating fixed assets disposed-off	-	145
Net cash (outflow) / inflow from investing activities	(824,634)	18,703
	<u>(1,407,709)</u>	<u>329,614</u>

CASH FLOW FROM FINANCING ACTIVITIES

Issue of share capital	184	57
Other fund from the Government of Punjab	1,000,000	-
Medical aid to employees from Common Good Fund	(296)	(418)
Net cash outflow from financing activities	999,888	(361)
(Decrease) / Increase in cash and cash equivalents	(407,821)	329,253
Cash and cash equivalents at beginning of the period	2,619,872	2,925,425
Cash and cash equivalents at end of the period	2,212,051	3,254,678

Cash and cash equivalents are comprised of:

Cash and balances with treasury banks	588,104	576,905
Balances with other banks	1,623,947	2,677,773
	<u>2,212,051</u>	<u>3,254,678</u>

The annexed notes 1 to 9 form an integral part of these financial statements.

MUHAMMAD AQEEL SHAHID
DEPUTY MANAGER ACCOUNTS

TAHIR IQBAL BUTT
CHIEF FINANCIAL OFFICER

LIAQAT DURRANI
MANAGING DIRECTOR

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED DECEMBER 31, 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 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 / revempt 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 statements of the Bank for the year ended June 30, 2009.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for preparation of the condensed interim financial information is the same as those applied in preparation of the annual financial statements of the Bank for the year ended June 30, 2009.

4. INVESTMENTS

	December 31, 2009			June 30, 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	7,022	-	7,022	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	-	-	-	-	-	-
Investment with other banks	835,745	-	835,745	-	-	-
	1,146,318	-	1,146,318	310,573	-	310,573
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	140,613	-	140,613	143,990	-	143,990
	1,283,380	-	1,283,380	451,012	-	451,012

Dec. 31, 2009 **June 30, 2009**
Rupees in '000

5. ADVANCES

Loans, cash credits, running finances, etc. In Pakistan	7,740,260	8,177,505
Bills discounted and purchased (excluding treasury bills) Payable in Pakistan	184	184
	<u>7,740,444</u>	<u>8,177,689</u>
Less: Provision for non-performing advances	1,443,914	1,443,914
	<u><u>6,296,530</u></u>	<u><u>6,733,775</u></u>

5.1 Advances include Rs. 3,870,838 (in thousand) as of 31.12.2009, 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 approval of Administrator / BOD, detailed as under:

<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	247,624	-	247,624	-	-
Substandard	204,953	-	204,953	41,708	41,708
Doubtful	481,438	-	481,438	50,883	50,883
Loss	2,936,823	-	2,936,823	1,694,598	1,351,323
	<u>3,870,838</u>	<u>-</u>	<u>3,870,838</u>	<u>1,787,189</u>	<u>1,443,914</u>

6 RESERVES

Included under this head is "Other Fund" in the sum of Rs. 1,000 million, being the funds received from the Government of Punjab. These funds are being received by way of monthly installments of Rs. 250.000 million w.e.f. August 2009, to repay the borrowings from SBP.

The management of the Bank has taken up the matter with the Finance Division of Government of the Punjab to convert such funds into a reserve fund or equity of the Bank, rather than the "Borrowing from Government of Punjab", and expects a favourable decision. Accordingly, these funds have been shown under the head "Reserves - Other Fund".

Dec. 31, 2009 **June 30, 2009**
Note **Rupees in '000**

7 CONTINGENT AND COMMITMENTS

Guarantee acceptances	7.1	445	445
Show cause notices by Sales Tax Department	7.2	5,041	5,041
		<u>5,486</u>	<u>5,486</u>

7.1 Mr. Fazal-ur-Rehman deposited Rs.100,000 and Rs.200,000 (Total Rs. 300,000) on 12.07.1990 and 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. and Distt. Gujranwala. Mr. Fazal-ur-Rehman did not fulfill the conditions of Land Committee, resultantly Bank confiscated the Bid Money. He filed Civil Suit No.156/1 in 1993 titled as Fazal-ur-Rehman v/s the Bank at Gujranwala, which was decreed in favour of plaintiff. The 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.

7.2 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 million had not been paid to the Government in regard to sale of machinery valuing Rs. 33.600 million of Rahwali Sugar Mills to Messrs Ali Industrial and Engineering Works, Karachi without charging and depositing sales tax leviable thereon. Further the Sales Tax Department reported that Messrs 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.

8 DATE OF AUTHORIZATION

The un-audited condensed interim financial information was authorised for issue on 26.02.2010 by the President of the Bank.

9 GENERAL

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

MUHAMMAD AQEEL SHAHID
DEPUTY MANAGER ACCOUNTS

TAHIR IQBAL BUTT
CHIEF FINANCIAL OFFICER

LIAQAT DURRANI
MANAGING DIRECTOR