

THE PUNJAB PROVINCIAL COOPERATIVE BANK LTD.
STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2012

	Note	September 30, 2012 Rupees in '000 (Un-audited)	June 30, 2012 (Audited)
ASSETS			
Cash and balances with treasury banks		298,329	533,867
Balances with other banks		1,050,458	923,473
Investments	4	826,475	1,108,617
Advances	5	7,929,792	7,810,420
Other assets		766,622	730,999
Operating fixed assets		3,447,885	3,445,150
		14,319,561	14,552,526
LIABILITIES			
Bills payable		34,146	30,845
Borrowings from financial institutions		-	-
Deposits and other accounts		2,161,938	2,409,075
Other liabilities		246,288	303,843
		2,442,372	2,743,763
NET ASSETS		11,877,189	11,808,763
REPRESENTED BY			
Share capital		436,217	436,148
Reserves		7,941,498	7,941,588
Unappropriated (Loss)/Profit		122,370	77,033
		8,500,085	8,454,769
Fair value reserve - investments		149,547	126,437
Surplus on revaluation of assets		3,227,557	3,227,557
		11,877,189	11,808,763

CONTINGENCIES AND COMMITMENTS

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

MEHBOOB HUSSAIN
CHIEF FINANCIAL OFFICER

LIAQAT DURRANI
PRESIDENT/ CEO

THE PUNJAB PROVINCIAL COOPERATIVE BANK LTD.
PROFIT AND LOSS ACCOUNT FOR THE QUARTER ENDED SEPTEMBER 30, 2012
UN-AUDITED

	For the quarter ended	
	September 30, 2012	September 30, 2011
	Rupees in '000	
Mark-up/Return/Interest Earned	266,666	336,129
Mark-up/Return/Interest Expensed	13,948	46,329
Net Mark-up/ Interest Income	252,718	289,800
Less: provisions		
Against non-performing loans and advances	-	-
For diminution in the value of investments	-	-
Net Mark-up/ Interest Income after provisions	252,718	289,800
NON MARK-UP/INTEREST INCOME		
Fee, Commission and Brokerage Income	5,134	5,981
Dividend Income	17,726	14,780
Other Income	10,271	8,534
Total Non Mark-up/Interest Income	33,131	29,295
	285,849	319,095
NON MARK-UP/INTEREST EXPENSES		
Administrative expenses	240,298	217,080
Other provisions / write offs	214	
Other charges	-	-
Total Non Mark-up/Interest Expenses	240,512	217,080
PROFIT BEFORE TAXATION	45,337	102,015
Taxation	-	-
PROFIT AFTER TAXATION	45,337	102,015
Unappropriated/unremitted profit/(loss) brought forward	77,033	(448,866)
Unappropriated/Unremitted profit carried forward	122,370	(346,851)
Basic/Diluted Earnings per share (Rupees)	10	23

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

MEHBOOB HUSSAIN
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THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2012
UN-AUDITED

	<u>Note</u>	September 30, 2012	September 30, 2011
		<u>Rupees in '000'</u>	
Profit after taxation		45,337	102,015
Other comprehensive income		-	-
Comprehensive income transferred to equity		<u>45,337</u>	<u>102,015</u>
Components of comprehensive income not reflected in equity			
Surplus / (Defocot) on revaluation of investments		<u>23,110</u>	<u>(20,643)</u>

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THE PUNJAB PROVINCIAL COOPERATIVE BANK LTD.
STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2012
UN-AUDITED

	Share capital	Statutory reserve	Common Good Fund	Other Reserve	Unappropriated Profit / (Loss)	Total
	Rupees in '000					
Balance as on June 30, 2011	435,584	394,278	3,202	5,705,557	(448,866)	6,089,755
Profit for the period	-	-	-	-	102,012	102,012
Transfer to statutory reserve	-	-	-	-	-	-
Transfer of surplus on revaluation of assets realised on disposal					-	-
Transfer to other reserve - Funds from the Govt of Punjab				833,335		833,335
Issue of share capital	116	-	-	-	-	116
Medical aid to staff	-	-	(70)	-	-	(70)
Balance as on September 30, 2011	435,700	394,278	3,132	6,538,892	(346,854)	7,025,148
Profit for the period	-	-	-	-	281,318	281,318
Transfer to statutory reserve	-	95,833	-	-	(95,833)	-
Transfer of surplus on revaluation of assets realised on disposal					238,402	238,402
Transfer to other reserve - Funds from the Govt of Punjab		-	-	909,681	-	909,681
Issue of share capital	448	-	-	-	-	448
Medical aid to staff	-	-	(228)	-	-	(228)
Balance as on June 30, 2012	436,148	490,111	2,904	7,448,573	77,033	8,454,769
Profit for the period	-	-	-	-	45,337	45,337
Transfer to statutory reserve	-	-	-	-	-	-
Transfer to reserve to consumer finance					-	-
Transfer to other reserve - Funds from the Govt of Punjab		-	-	-	-	-
Issue of share capital	69	-	-	-	-	69
Medical aid to staff	-	-	(90)	-	-	(90)
Balance as on September 30, 2012	436,217	490,111	2,814	7,448,573	122,370	8,500,085

MEHBOOB HUSSAIN
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THE PUNJAB PROVINCIAL COOPERATIVE BANK LTD.
CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2012.
UN-AUDITED

	September 30, 2012	September 30, 2012
	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	45,337	102,015
Less: Dividend income	(17,726)	(14,780)
	<u>27,611</u>	<u>87,235</u>
Adjustments for non-cash charges:		
Depreciation	1,914	2,140
Provision Against Non-performing Advances	-	-
Provision for Diminution in the value of investments/ other assets	-	-
Gain on sale of fixed assets net of adjustments	2,395	-
	<u>4,309</u>	<u>2,140</u>
	<u>31,920</u>	<u>89,375</u>
(Increase)/ Decrease in operating assets		
Advances	(119,372)	(648,398)
Others assets (excluding advance taxation)	(35,623)	(100,675)
	<u>(154,995)</u>	<u>(749,073)</u>
	<u>(123,075)</u>	<u>(659,698)</u>
Increase/ (Decrease) in operating liabilities		
Bills Payable	3,301	469
Borrowings from financial institutions	-	(833,335)
Deposits	(247,137)	(411,721)
Other liabilities (excluding current taxation)	(57,555)	(7,419)
	<u>(301,391)</u>	<u>(1,252,006)</u>
	<u>(424,466)</u>	<u>(1,911,704)</u>
Income tax paid	(621)	(682)
Net cash flow from operating activities	<u>(425,087)</u>	<u>(1,912,386)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Dividend income	17,726	14,780
Investments in operating fixed assets	(4,627)	(41,816)
Net Investments in Government/NBFIs/T.Bills	302,163	(58,554)
Net change in capital work in progress	-	1,182
Sale proceeds of property and equipment disposed-off	1,293	-
Net cash flow from investing activities	<u>316,555</u>	<u>(84,408)</u>
	<u>(108,532)</u>	<u>(1,996,794)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of share capital	69	116
Funds from the Government of Punjab	-	833,335
Medical aid to employees from Common Good Fund.	(90)	(70)
Net cash flow from financing activities	<u>(21)</u>	<u>833,381</u>
Increase/(Decrease) in cash and cash equivalents	<u>(108,553)</u>	<u>(1,163,413)</u>
Cash and cash equivalents at beginning of the period	<u>1,457,340</u>	<u>2,592,725</u>
Cash and cash equivalents at end of the period	<u>1,348,787</u>	<u>1,429,312</u>

MEHBOOB HUSSAIN
CHIEF FINANCIAL OFFICER

LIAQAT DURRANI
PRESIDENT/ CEO

THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED
NOTES TO THE ACCOUNTS FOR THE QUARTER ENDED SEPTEMBER 30, 2012
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 151 branches in Punjab. Its Head Office is located at Bank Square, The Mall,

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, 2012.

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, 2012.

4 INVESTMENTS

	30-09-2012			30.06.2012		
	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	-	-	-	-	-	-
Treasury Bills	669,905	-	669,905	975,157	-	975,157
Provincial Government Securities	-	-	-	-	-	-
Investment with NBFIs	88,059	-	88,059	88,059	-	88,059
	768,538	-	768,538	1,073,790	-	1,073,790
Less: Provision for diminution in value of Investment	(91,610)	-	(91,610)	(91,610)	-	(91,610)
Add: Surplus on revaluation	149,547	-	149,547	126,437	-	126,437
	826,475	-	826,475	1,108,617	-	1,108,617

5 ADVANCES

	30.09.2012	30.06.2012
Rupees in '000		
Loans, cash credits, running finances, etc. In Pakistan	9,535,501	9,416,129
Bills discounted and purchased (excluding treasury bills) Payable in Pakistan	184	184
	9,535,685	9,416,313
Provision for non-performing advances	(1,605,893)	(1,605,893)
	7,929,792	7,810,420

5.1 Advances include Rs. 2,653,009 (in thousand) as of 30.09.2012 (30.06.2012 : 2,189,476 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 PRs on Agricultural Loans & Advances in terms of approval of Administrator/BOD

Category of Classification	Domestic	Overseas	Total	Provision Required	Provision Held
Rupees in '000					
Other Assets Especially Mentioned	577,785	-	577,785	-	-
Substandard	202,122	-	202,122	142,367	142,367
Doubtful	36,387	-	36,387	12,700	12,700
Loss	1,836,715	-	1,836,715	938,737	1,450,826
	<u>2,653,009</u>	<u>-</u>	<u>2,653,009</u>	<u>1,093,804</u>	<u>1,605,893</u>
				<u>30.09.2012</u>	<u>30-06-2011</u>

6 CONTINGENCIES AND COMMITMENTS

Guarantee Acceptances.

Show cause notices by sales tax-under appeal

Bank Alfalah Town Ship Fraud

		-	445
6.1	5,041		5,041
6.2	101,413		101,413
	<u>106,454</u>		<u>106,899</u>

6.1 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 has been remanded to Sales Tax Department by the Lahore High Court on 18.06.2010, pending adjudication before the Department.

6.2 During November 2003, the bank opened a Royal Profit Account in Bank Alfalah Limited, Town Ship Branch. In July 2010, it revealed 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 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, which matter is under its investigation at the terminal date. A petition in this regard was filled with the Banking Mohtasib, which was fixed on 29th September 2010 but Bank Alfalah Limited filed a civil suit against the bank due to which Banking Mohtasib returned the case on March 03, 2011. Aggrieved upon, the bank filed a writ petition No.7170/11 in the Lahore High Court, titled PPCBL v/s Banking Mohtasib which has been disposed off on 22.06.2012 with the direction to Governor State Bank of Pakistan to decide the matter within 6 weeks.

7 DATE OF AUTHORIZATION

These financial statements were authorised for issue on October 25, 2012 by the Administrator of the Bank.

8 GENERAL

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

MEHBOOB HUSSAIN
CHIEF FINANCIAL OFFICER

LIAQAT DURRANI
PRESIDENT/ CEO