

ENGLISH LEASING LIMITED

ANNUAL REPORT 1997

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Company Secretary

Mr. Azhar Hussain

Bankers

Allied Bank of Pakistan Limited
Muslim Commercial Bank Limited
The Bank of Khyber
Prudential Commercial Bank Ltd.

Auditors

Rahim Iqbal Rafiq & Co.
Chartered Accountants

Legal Advisor

Mr. Haq Nawaz Chattha
International Legal Services

Registrars & Share Transfer Office

C & K Management Associates (Pvt.) Limited
4th Floor, Trade Tower,
Abdullah Haroon Road,
Near Metropole Hotel, Karachi - 75530

Registered Office

801, 8th Floor Fortune Centre
45-A, Block '6', P.E.C.H.S.,
Shahrah-e-Faisal,
Karachi
Tel: 4529061 - 64 (4 Lines)
Fax: 4529065

Principal Office

M. K. Arcade
32 - Davis Road,
Lahore.
Tel: 6303855 - 58, 6302803 - 4

Fax: 9242 - 6304251

BOARD OF DIRECTORS

Sheikh Javaid Mahmood	Chairman
Sheikh Manzoor Elahi	Chief Executive
Sheikh Irshad Ahmed	Director Marketing
Mr. Muhammad Saad Maniar	Director
Mr. Muhammad Rashid Zahir	Nominee of SAPICO

Mr. Shahid Ghaffar Nominee of NIT
Mrs. Taskeen Javaid Director

CHAIRMANS' REVIEWS

The period from July, 1996 to June, 1997 has been an era of turmoil, hopes and despairs. Contrary to expectations, all sectors of business, trade and industry having sparked for a while, on the induction of New Government of Pakistan Muslim League sunk into the gloom, which started with wheat crises followed by sectarian killings and unending chain of unfortunate events culminating into macro economic imbalances, galloping inflation, eroding purchasing power and mass unemployment. Incentive package offered by the Government for the revival and promotion of trade and industry failed to change the business or industrial climate. The Government could not achieve its targets. The GDP growth rate of 3.1% was hardly higher than the population growth rate and less than half of the targetted 6.3% hence there was virtually no increase in the per capita income. In some cases there was negative growth as well. Large scale manufacturing registered a decline of 1.4% while the value added sector grew at less than 1% Major agricultural crops had shown a drop in output of about 4.5% Both investment and national savings declined as a percentage Of the G.D.P. Exports fell by 2.7% and despite 5% contraction in imports, the current Account deficit, excluding official transfers was 6.5% of the G.D.P The tax GDP ratio declined while total debt as a percentage of GDP went up quite contrary to what had been envisaged. Bank borrowings for budgetary support stood at more than three times of the original target. The high level of credit expansion pushed up the inflationary gap which was recorded at 13% as measured by the consumer price index. Despite adverse circumstances your company had been able to maintain the pace of its progress Over the period from 1st July 96 to 30th June 1997. Gross lease disbursements of Rs. 61.985 million were made raising the total disbursements to Rs, 469.330 million registering an increase of 15.22% over the Previous year figure of Rs. 407. 345 million.

On revenue side Company generated income from lease operations Rs. 43.186 million, gain on sale of securities Rs. 0.845 million and other income Rs, 1.215 million, total Rs. 45.246 million as against Rs. 36.928 million of the previous year, thus reflecting improvement of 23%. In spite of high inflation the expenditure remained under control restricting it to Rs. 30.245 million as against Rs. 22.246 Million of last year, inspite of 54% increase in the financial & bank charges which increased from Rs. 11.811 million of 1996 to Rs. 18.166 million in 1997 and earned pretax profit of Rs. 15.001 million. Stock market remained bullish and whatever improvement has been witnessed it was selective and confined to a few chips only. Our short term investment improved from Rs. 0.884 million to Rs. 1.118 million while the long term investment depleted from Rs. 4.337 million to Rs. 3.658 million, but we are still of the view that our investments possess adequate potential of improvement and happier position shall emerge as soon as our economy revives and stability in the county is restored. Special care has been taken to maintaining a well balanced diversified lease portfolio picking up only reputed, well established and financially sound clients. Lease portfolio comprise major of Machinery 82.38%, Vehicles Private & Commercial 16.02%, and equipment 1.60% Sector-wise position reflect our investment in Textile processing 13.68%, Textile Weaving 5.46%, Textile Spinning 2.67%, Pharmaceutical and Pesticides 11.46%, Engineering 1.88%, Sugar 22.18%, Electronics 4.15% Plastic 3.01%, Food and Allied 5.03%, Paper & Board 1.86%,

Synthetic and Fibres 7.43%, Knitting
Garments 7.40%. Miscellaneous 13.79%.

Recoveries:

Adverse market conditions have caused cash flow problems to almost every business and industry. The menace of stuck up advances with Banks and DFIs assumed so high proportions that the State Bank of Pakistan had to bring special loan incentive scheme to ensure recoveries from the defaulters. In spite of difficulties our recovery rate was 81.84% as on 30-06-1997, Since improved to 89.19%.

Resource Mobilization and Future out look:

On account of acute liquidity crunch, availability of credit from local Banks and Financial institutions remained a serious constraint. However, fresh one Long Term Credit Line of Rs. 30.000 million for three years and one short term finance of Rs. 5.000 million could be successfully negotiated during the period. Funds procurement drive has been continuing and one long term line of Rs. 5.000 million for 3 years and two short term facilities for Rs. 15.000 million have been further procured.

First Allied B .~

Allied Bank of Pakistan Limited too have been approached for a credit line of equal amount for three years and are hopeful of positive response from them. Our proposals for long term facilities are also under consideration of other banks and financial institutions.

~p,~

A.D.B Financial Sector Intermediation Loan (FSIL)

One proposal for Rs. 35.000 million stand approved for US\$ 873.255 by Asian Development Bank, Manila. Application for disbursement of funds has also been accepted by Asian Development Bank and funds are expected shortly. These funds will be for 12 year with 3 year grace period. Successful materialization of this transaction shall pave the way for securing further funds from them under this loan.

Certificates of Investment (COLs):

Public response has been slow although the profit offered by the company on various products is the highest. In fact public confidence after the failure of Finance Companies, Investment Companies, Cooperatives and renowned Taj Company has not been rehabilitated. Common man is scare of placing funds with institutions other than well known Commercial Banks and Government/Semi. Government Bodies like National Saving Centres who offer quite attractive return as well but inspite of difficulties Long Term Deposits aggregating Rs. 19.226 million and Short Term upto 11.500 million total Rs. 30.726 million have been mobilized. We are quite hopeful that with persistent efforts better results will be achieved.

Acknowledgment:

I thank the Ministry of Finance, State Bank of Pakistan, Corporate Law Authority, Financial Institutions and our valuable customers, as well as Shareholders for the guidance and continued support extended to us by them. I also convey my appreciations to the staff members for the dedication and hard work put in by them for the promotion and progress of the Company

DIRECTORS' REPORT

Your Directors endorse the accompanying Chairman's Review on the activities of the Company and feel pleasure in presenting the Sixth Annual Report together with the Audited Accounts of the Company for the period ended June, 30, 1997.

Financial highlights of the Company are as follows:

Financial Highlights	Rupees
Profit after tax	11,345,421
Unappropriated profit brought forward	290,292
Profit available for appropriation	11,635,713
Appropriation	

Transfer to Statutory Reserve	2,269,084
Transfer to General Reserve	9,000,000
Transfer to Contingencies Reserve	-
Dividend	-

	11,269,084

Unappropriated profit Carried forward	366,629
	=====

Auditors

The present auditors, Messrs Rahim Iqbal, Rafiq & Company, Chartered Accountants, retire and being eligible offer themselves for reappointment.

Pattern of Shareholding

The pattern of shareholding is annexed

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of English Leasing Limited as at June 30, 1997 and the related Profit and Loss Account and Statement of Changes in Financial Position together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and, after due verification thereof, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies ordinance, 1984;

(b) in our opinion:

(i) the balance Sheet and Profit and Loss Account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;

(ii) the expenditure incurred during the year was for the purpose of the company's business; and

(iii) the business conducted, investments made and expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account and the Statement of Changes in Financial Position, together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 1997; and of the profit and the changes in Financial Position for the year then ended; and

(d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that ordinance.

BALANCE SHEET AS AT JUNE 30, 1997

Note	1997 Rupees	1996 Rupees
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Share Capital And Reserves

Authorised			
50,000,000 Ordinary shares of Rs. 10 each		500,000,000	500,000,000
		=====	=====
Issued, subscribed and paid-up			
8,000,000 Ordinary shares of			
Rs. 10 each fully paid in cash		80,000,000	80,000,000
Capital Reserves	3	13,870,517	11,601,433
Revenue reserves	4	26,883,737	17,883,737
Unappropriated profit		366,629	290,292
		-----	-----
		121,120,888	109,775,462
LONG TERM LOANS	5	19,036,259	109,775,462
OBLIGATIONS UNDER FINANCE LEASE		889,495	-
LONG TERM DEPOSITS		23,893,508	27,086,309
LONG TERM CERTIFICATES OF INVESTMENT	8	19,226,702	12,666,305
DEFERRED LIABILITIES			
Gratuity		109,800	-
CURRENT LIABILITIES			
Current portion of obligations		-----	-----
under assets subject to lease finance		246,707	-
Current maturity of long term liabilities		40,780,582	32,806,741
Short term finances	9	4,217,693	15,554,839
Short term certificates of investment	8	11,500,000	30,300,000
Creditors, accrued and other liabilities	10	7,840,465	4,573,681
Taxation		642,307	480,407
Unclaimed dividend		263,339	137,129
Proposed dividend			14,000,000
		-----	-----
		65,491,093	97,852,797
CONTINGENCIES AND COMMITMENTS	11	-	-
		-----	-----
		249,767,740	267,309,862
		=====	=====

The annexed notes from an integral part of these accounts.

TANGIBLE FIXED ASSETS	12	7,488,941	4,567,012
ADVANCE FOR CAPITAL EXPENDITURE		-	1,857,000
NET INVESTMENT IN LEASES	13	109,393,223	148,433,054
LONG TERM INVESTMENTS	14	18,310,875	17,310,875
LONG TERM DEPOSITS AND DEFERRED COST	15	248,910	504,603
CURRENT ASSETS		-----	-----
Current portion of net investment in leases		82,013,071	70,753,779
Investment in quoted shares against			
sale purchase contract		5,239,931	2,805,149
Short term investments	16	884,250	884,250
Loans, advances, prepayments and			
other receivables	17	24,539,266	14,328,655
Cash at bank Balances	18	1,649,273	5,865,485
		-----	-----
		114,325,791	94,637,318
		-----	-----

249,767,740 267,309,862
 ===== =====

PROFIT AND LOSS ACCOUNT**For the year ended June 30, 1997**

	Note	1997 Rupees	1996 Rupees
Revenue			
Income from lease operations	19	43,186,416	35,335,009
Gain on sale of securities		844,782	514,181
Other income	20	1,215,679	1,079,486
		-----	-----
		45,246,877	36,928,676
Expenditure			
Financial and bank charges	21	18,166,751	11,811,398
Administrative and operating expenses	22	9,436,594	8,713,102
Provision for doubtful debts		2,641,745	1,239,998
Provision for diminution in investment		-	482,000
		-----	-----
		30,245,090	22,246,498
		-----	-----
Profit Before Taxation		15,001,787	14,682,178
Taxation			
Current year	23.1	581,993	515,225
Prior year		3,074,373	1,564,499
		-----	-----
		3,656,366	2,079,724
		-----	-----
PROFIT AVAILABLE FOR APPROPRIATION		11,635,713	16,763,415
APPROPRIATIONS			
Transfer to statutory reserve		2,269,084	2,520,491
Transfer to general reserve		9,000,000	(1,000,000)
Transfer to contingencies reserve		-	952,632
Proposed dividend		-	14,000,000
		-----	-----
		11,269,084	16,473,123
		-----	-----
UNAPPROPRIATED PROFIT CARRIED FORWARD		366,629	290,292
The annexed notes form an integral part of these accounts.		=====	=====

STATEMENT OF CHANGES IN FINANCIAL POSITION**For the Year Ended June 30, 1997**

	1997 Rupees	1996 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the year/period	15,001,787	14,682,178
Add: Adjustment to reconcile profit to net cash provided by operating activities	-----	-----
Depreciation and amortization	1,469,562	1,631,809
Provision for doubtful debts	2,641,745	1,239,998
Provision for diminution of investment	-	482,000
Provision for Gratuity	109,800	-
	-----	-----
Operating profit before working capital changes	19,222,894	18,035,985
	-----	-----
Decrease/(Increase) in current assets	(12,645,393)	(5,589,633)

(Decrease)/Increase in current liabilities	26,870,362	30,607,487
	-----	-----
Net cash from operating activities		
before income tax	(20,292,861)	43,053,839
Income tax paid	(3,494,466)	(2,368,291)
	-----	-----
Net cash inflow/(outflow) from operating activities	(23,787,327)	40,685,548
Cash flows from investing activities	-----	-----
Investment in leases - net	25,138,794	{48,871,579}
Long term investment	(1,000,000)	-
Capital expenditure	(4,017,243)	(59,835)
Advance for Capital Expenditure	1,857,000	(200,000)
	-----	-----
Net cash used in investing activities	21,978,551	(49,131,414)
Cash flows from financing activities	-----	-----
Long term loans	30,000,000	12,500,000
Proceeds from lease obligations	1,136,202	-
Certificates of Investment	6,560,397	12,566,305
Deposits from lessees	(1,812,209)	8,586,087
Repayment of long term loans	(24,299,481)	(19,827,478)
Long term deposits and deferred cost	(118,555)	(8,000)
Payment of dividend	(13,873,790)	(2,648)
	-----	-----
Net cash (used) /generated from financing activities	(2,407,436)	13,814,266
Net increase/(decrease) in cash	(4,216,212)	5,368,400
Cash and bank balances at beginning of the year	5,865,485	497,085
	-----	-----
Cash and bank balances at the end of the year	1,649,273	5,865,485
	=====	=====

NOTES TO THE ACCOUNTS

For the Year Ended June 30, 1997

1. The Company and its activities

English Leasing Limited is a Public Limited Company incorporated in Pakistan and its shares are quoted on the Stock Exchanges of Pakistan. The Company is mainly engaged in the business of Leasing.

2. Summary of significant accounting policies

2.1 Accounting convention

These accounts have been prepared under the historical cost convention.

2.2 Employee's provident fund and gratuity

The Company is in the process of establishing a provident fund scheme covering all its permanent employees and working directors. Equal monthly contributions are made both by the company and employees @ 10% of the basic salaries to the fund.

The Company operates an unfunded gratuity covering all its employees. Provision is made annually to cover the liability under the scheme.

2.3 Tangible operating fixed assets and depreciation

Tangible operating fixed assets are stated at cost less accumulated depreciation. Cost of these assets consist of historical cost and directly attributable cost of bringing the assets to working conditions.

Depreciation is charged to income applying the reducing balance method

to write off the cost over their expected remaining useful life. Full year's depreciation is charged on additions, while no depreciation is charged on deletion during the year.

Repairs and maintenance costs are expensed out as and when incurred, however, major betterment's are capitalized.

Gains and losses on disposal of assets, if any, are included in income currently.

2.4 Investments

Long term investments are stated at cost, provision for diminution in value of investment is made, if considered permanent.

Short term investment are stated at lower of cost and market value.

2.5 Deferred cost

Deferred cost is amortized over a period of 5 (Five) years from the year of ~ incurrence.

2.6 Taxation

The charge for the current taxation is based on taxable income at the current tax rates after taking into account the tax credits and tax rebates available, if any. Deferred tax is accounte . on all major timing differences excluding tax effect on those timing differences which are not likely to reverse in the foreseeable future. As a measure of prudence, deferred tax debits are not accounted for

2.7 Revenue Recognition

The company follows the "Finance Method" to recognize the income on lease i.e. the excess of aggregate lease rentals and the residual value over the cost of leased assets is deferred and then amortized to income over the lease term by applying the annuity method to produce a constant rate of return on the net investment in the lease.

Income on bank accounts, loans and advances is recognized on a time proportion basis taking into account the principal/net investment outstanding and applicable rate of markup/profit thereon.

Income from fees, commission, commitment charges, term deposits and investment etc.; is recognized as and when received.

2.8 Provision for Doubtful Debts

Provision for doubtful debt is made/adjusted at the year end after review of outstanding lease and advances portfolio on the basis of State Bank of Pakistan prudential regulations as applies to leasing companies.

3. Capital Reserves	1997 Rupees	1996 Rupees
Statutory reserve		
Opening balance	11,601,433	9,080,942
- Add Appropriated from profit	2,269,084	2,520,491
	-----	-----
Closing balance	13,870,517	11,601,433
	=====	=====

3.1 Statutory reserve has been created in pursuance of NBFIs regulations, whereby every NBFIs is required to create reserve fund with an amount not less than 20% of its after tax profit till such time the reserve equals the amount of paid up capital, thereafter, 5% of Profit after Tax will be credited to this reserve.

This reserve is not considered as free reserve for distribution of dividend.

4. Revenue Reserves	-----		-----	
	General	Contingencies	Total 1997	Total 1996
Opening Balance	13,500,000	4,383,737	17,883,737	17,931,105
- Add Appropriated from profit	9,000,000	-	9,000,000	(47,368)
Closing Balance	22,500,000	4,383,737	26,883,737	17,883,737
	=====	=====	=====	=====

4.1 Contingency reserve has been created to meet any potential lease losses on lease portfolio that can be reasonably anticipated.

5. Long Term Loan	Note	1997 Rupees	1996 Rupees
Muslim Commercial Bank Ltd.	(5.2)	9,900,000	9,900,000
Saudi Pak Industrial & Agricultural Investment Company (Pvt) Ltd.	(5.3)	3,264,250	5,213,718
First Allied Bank Modaraba	(5.4)	28,333,335	14,166,671
Allied Bank of Pakistan Limited	(5.5)	1,731,404	5,748,081
Prudential Commercial Bank Ltd.	(5.6)	5,000,000	7,500,000
		-----	-----
		48,228,989	42,528,470
Less: Current Maturity		29,192,730	22,599,481
		-----	-----
		19,036,259	19,928,989
		=====	=====

5.1 All the above loans have been obtained for financing lease operations of the Company and are secured by pari passu floating charge on the present and future leased assets, hypothecation of movable assets, demand promissory notes and personal guarantees of the directors. Muslim Commercial Bank Limited loan is secured by assignment of lease agreement/rentals.

5.2 Muslim Commercial Bank Ltd., loan carries markup rate of 17.5% p.a. on reducing balances and is repayable in 10 equal half yearly installments commencing from June 27, 1993 while markup is payable quarterly.

5.3 Loan from Saudi Pak Industrial and Agricultural Investment Co. (Pvt) Ltd., carries markup rate of 20% p.a. on reducing balances and is repayable in 12 quarterly installments (Principal and Markup) commencing from June 20, 1996.

5.4 Loan from First Allied Bank Modaraba carries markup rate of 20% and 23% p.a. on reducing balances and is repayable in 12 equal half yearly installments commencing from September 15, 1994 and November 18, 1996, whereas markup is payable on quarterly basis.

5.5 Loan from Allied Bank of Pakistan Ltd., carries markup rate 18.50% p.a. on reducing balances, the principal and markup is repayable in 14 installments commencing from September 30, 1994 on quarterly basis.

5.6 Loan from Prudential Commercial Bank Limited is secured against first floating charge on companies lease assets, receivables and personal guarantees of directors ranking pari passu with other creditors. This facility carries markup rate of 20% p.a. on reducing balances and is repayable in 12 quarterly i 15, 1996.

6. Obligations under Finance Lease	1997 Rupees	1996 Rupees
Balance of obligation under finance lease	1,136,202	-
Less: Current portion shown under current liabilities	246,707	-
	-----	-----
	889,495	-
	=====	=====

The obligations under finance lease are reported at aggregate of minimum lease payments, implicitly discounted by using the rate of 22%. The future payments due are as follows:

Years ended June 30		
1997	246,707	-
1998	307,219	-
1999	326,581	-
2000	120,152	-
2001	135,543	-
	-----	-----
	1,136,202	-
	=====	=====

7. Long Term Deposits

Security deposit on leases	35,481,360	37,293,569
Less: Repayable/adjustable within 12 months	11,587,852	10,207,260
	-----	-----
	23,893,508	27,086,309
	=====	=====

These represent interest free security deposits (Lease key money) received on lease contracts and are repayable/adjustable at the expiry of respective lease periods.

8. Certificates of Investment

These represent Registered Certificates of Investment (COI's) issued according to the permission granted by the Government of Pakistan for raising funds directly from the local resources. These COI's have been issued for maturity period ranging from three months to five years. The return on COI's is payable on uniform basis ranging from 15% to 19.5% p.a.

9. Short Term Finances - Secured

	1997 Rupees	1996 Rupees
The Bank of Khyber (9.1)	-	2,500,000
Allied Bank of Pakistan Limited (9.2)	4,217,693	5,054,840
Al-Faysal Investment Bank Ltd. (9.3)	-	7,999,999
	-----	-----
	4,217,693	15,554,839
	=====	=====

9.1 It is secured against floating charge on the undertaking or property of the Company including stock-in-trade and book debts, carrying markup @ 19% and 19.5% p.a. respectively. The facility is obtained against a sanctioned limit of Rs. 10 Million.

9.2 It is secured against pari passu charge over the leased assets and personal guarantees of directors. The rate of markup is 18.5% p.a. and is repayable periodically. The facility is obtained against a sanctioned limit of Rs. 5 million.

9.3 It is secured against pari passu hypothecation charge over leased assets,

receivables/lease rentals. The facility is obtained against a sanctioned limit of Rs. 15 Million and carry markup at the rate of 19.5% p.a.

10. Creditors, Accrued and Other Liabilities

	1997 Rupees	1996 Rupees
Creditors	1,154,193	252,856
Accrued markup on long term loans	5,013,296	3,345,052
Profit payable on COI's	900,237	362,589
Accrued charges	400,903	489,298
Provident fund	211,969	116,316
Advance lease rentals	159,867	7,570
	-----	-----
	7,840,465	4,573,681
	=====	=====

11. Contingencies and Commitments

Contingencies	-	-
Commitment	-	-
	-----	-----
	-	-
	=====	=====

12. Tangible Fixed Assets

Particulars	COST		DEPRECIATION		As at 30-6-1997	As at 30-6-1996	As at 30-6-1997	Depreciable Value	Rate %	Depre- ciation As at 30-6-1997	Book Value As at 30-6-1997
	As at 1-07-96	Additions (Deletions)	As at 30-06-97	As at 30-06-96							
Owned Building	0	2,794,681	2,794,681	0	0	0	2,794,681	5	139,734	2,654,947	
Furniture & Fixture	971,144	79,687	1,050,831	359,205	0	359,205	691,626	10	69,163	622,463	
Vehicles	4,567,361	(300,000)	4,267,361	2,083,411 (127,200)	0	1,956,211	2,311,150	20	462,230	1,848,920	
Office Equipment	942,930	82,950	1,025,880	273,722	0	273,722	752,158	10	75,216	676,942	
Air Conditioners	589,160	0	589,160	219,015	0	219,015	370,145	10	37,014	333,131	
Electric Installations	193,574	0	193,574	65,564	0	65,564	128,010	10	12,801	115,209	
Leasehold Improvement	603,184	0	603,184	380,826	0	380,826	222,358	20	44,471	177,887	
Electrical Equipment	95,300	0	95,300	13,898	0	13,898	81,402	10	8,140	73,262	
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	
	7,962,653	2,657,318	10,619,971	3,395,641 (127,200)	0	3,268,441	7,351,530	-----	848,769	6,502,761	
UNDER LEASE											
Vehicles	0	1,232,725	1,232,725	0	0	0	1,232,725	20	246,545	986,180	
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	
	7,962,653	3,890,043	11,852,696	3,395,641 (127,200)	0	3,268,441	8,584,255	-----	1,095,314	7,488,941	
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	
	7,902,818	59,835	7,962,653	2,512,320	0	2,512,320	5,450,033	-----	883,321	4,567,012	
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	

12.1 Disposal of Vehicles

Description	Cost Rs.	Accumulated Depreciation	Book Value Rs.	Sale Proceeds	Profit/'(Loss) on Disposal	Mode of Disposal	Sold To
Nissan Sunny LOU-923	300,000	127,200.00	172,800	290,000	117,200	Negotiation	EFU General Insurance Co. Karachi

Additions to building include cost of non Government judicial stamp duty and legal charges.

13. Net Investment in Leases

1996
Rupees

1997
Rupees

Minimum lease payments receivables	256,809,768	223,132,484
Add: Residual value of leased assets	37,293,569	35,481,360
	-----	-----
Lease contract receivables	258,613,844	294,103,337
Less: Unearned finance income	63,235,505	73,586,204
	-----	-----
Net investment in leases	195,378,339	220,517,133
	-----	-----
Less: - Current portion	82,013,071	70,753,779
- Provision for doubtful debts	3,972,045	1,330,300
	-----	-----
	85,985,116	72,084,079
	-----	-----
	109,393,223	148,433,054
	=====	=====

14. Long Term Investments

Quoted:

Dewan Salman Fibers Ltd.	-----	-----
(68,586 Ordinary shares of Rs. 10 each)	88,450,001	8,845,000
Pakistan Synthetics Ltd.		
(125,000 Ordinary shares of Rs. 10 each)	7,865,875	7,865,875
	-----	-----
	16,710,875	16,710,875
Federal Investment Bonds	1,600,000	600,000
	-----	-----
	18,310,875	17,310,875
	-----	-----
Aggregate Market Value of investment	3,657,755	4,337,190
	=====	=====

14.1 The company's holding does not exceed 10 percent of equity of any investee company.

14.2 No provision has been made for diminution in value as it is considered temporary in the context of the Company's intentions to hold these investments on long term basis.

15. Long Term Deposits and Deferred Cost

	1997	1996
	Rupees	Rupees
Security deposits	248,910	130,355
Deferred cost (Note: 15.1)	-	374,248
	-----	-----
	248,910	504,603
	=====	=====
<i>15.1 Deferred Cost</i>		
	-----	-----
Preliminary expenses	172,945	172,945
Share issue expenses	1,638,389	1,638,389
Pre-operating expenses	1,931,118	1,931,118
	-----	-----
	3,742,452	3,742,452
Less: Amortized to date	3,742,452	3,368,204
	-----	-----
	-	374,248
	=====	=====

16. Short Term Investments

	1997	1996
	Rupees	Rupees
Quoted:		
Fidelity Investment Bank Ltd.	-----	-----
(57,500 Ordinary shares of Rs. 10 each)	2,871,500	2,871,500
The Bank of Punjab		

(29,900 Ordinary shares of Rs. 10 each)	1,688,250	1,688,250
	-----	-----
	4,559,750	4,559,750
Less: Diminution in value of investments	3,675,500	3,675,500
	-----	-----
	884,250	884,250
	=====	=====
Aggregate Market Value of investments	1,118,490	884,250
	=====	=====

The company's holding does not exceed 10 percent of equity of any investee company.

17. Loans, Advances Prepayments and other Receivables

Lease rentals due from lessees	23,112, 113	12,237,401
Advances:		
Employees	216,500	45,400
Income Tax	118,069	1,384,004
Telephone	15,294	17,785
Purchase of assets	283,000	-
Prepayments	394,297	432,433
Profit on bank deposits	65,865	174,693
Mark up on short term advances	284,796	-
Other receivables	41,633	30,996
Stamps in Hand	7,699	5,943
	-----	-----
	24,539,266	14,328,655
	=====	=====

18. Cash and Bank Balances

Cash in hand	137,351	541,470
Cash with banks		
- Current account	811,922	4,624,015
- Deposit account	700,000	700,000
	-----	-----
	1,649,273	5,865,485
	=====	=====

19. Income from Lease Operations

Lease income	42,534,036	35,061,999
Front end Fees	509,401	238,295
Documentation & other fees	142,979	34,715
	-----	-----
	43,186,416	35,335,009
	=====	=====

20. Other Income

Income from bank deposits	452,947	446,261
Profit/Mark up on short term advances	358,196	266,715
Dividend income	287,336	238,560
Miscellaneous income	117,200	127,950
	-----	-----
	1,215,679	1,079,486
	=====	=====

21. Financial and Bank Charges

	1997	1996
	Rupees	Rupees
Markup on long/short term finance	11,466,698	11,087,672
Bank charges	96, 112	11,800

Loan processing fee	539,085	197,500
Excise Duty on loans	357,241	94,167
Financial charges on lease liability	85,683	-
Markup on COIs	5,621,932	420,259
	-----	-----
	18,166,751	11,811,398
	=====	=====

22. Administrative & Operating Expenses

Directors' remuneration	2,319,523	1,910,241
Staff salaries and other benefits	1,386,408	1,443,295
Gratuity	109,800	-
Legal and professional	501,771	107,269
Registrar' services	158,000	126,000
Rent	556,020	535,220
Traveling and conveyance	398,734	562,632
Postage, telephone and telex	378,873	293,515
Electricity	208,637	171,899
Stationery and other supplies	214,018	133,103
Vehicles running	474,756	423,908
Auditors' remuneration (Note 22.1)	128,500	80,000
News papers & periodicals	7,421	4,699
Insurance	431,774	342,679
Entertainment	72,483	74,779
Office Repairs & maintenance	160,669	109,874
Fees & subscriptions	423,760	674,500
Depreciation	1,095,314	883,321
Amortization of deferred cost	374,248	748,488
Advertisement	35,885	77,880
Penalty-SBP	-	9,800
	-----	-----
	9,436,594	8,713,102
	=====	=====

22.1 Auditors' Remuneration

Audit fee	40,000	30,000
Tax consultancy	50,000	25,000
Special audit fee	38,500	25,000
	-----	-----
	128,500	80,000
	=====	=====

23. Taxation

23.1 Current year	581,993	515,225
	=====	=====

This represents the minimum tax due under section 80 (d) of the Income Tax Ordinance, 1979.

23.2 Deferred

Deferred taxation arising due to timing differences between book and income tax revenue or charges is estimated at Rs. 0.732 million (1996: Rs. 10.050 million). The liability for deferred tax is not likely to reverse in the foreseeable future and therefore, no provision for deferred tax has been made in these accounts.

24. Remuneration of Chief Executive, Directors and Executives

	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES	
	1997	1996	1997	1996	1997	1996
	-----	-----	-----	-----	-----	-----
Managerial Remuneration	318,000	276,000	558,600	469,200	281,465	241,000

Bonus	46,000	23,000	78,200	39,100	32,500	13,000
House rent and utilities	198,188	162,982	372,927	300,180	133,506	105,890
Personal staff	193,200	168,000	386,400	336,000	-	-
Reimbursement of medical expenses	2,715	1,072	77,633	60,187	11,352	17,546
Provident fund	31,800	27,600	55,860	46,920	23,400	18,100
	-----	-----	-----	-----	-----	-----
	789,903	658,654	1,529,620	1,251,587	482,223	395,536
	-----	-----	-----	-----	-----	-----
No. of person	1	1	2	2	3	2

In addition, the Chief Executive, two Directors and three Executives are provided with free use of company maintained cars, while Chief Executive and Directors are also provided with reimbursement of residential telephone bills.

Directors fee totalling Rs. 1,000 (1996: Rs. 2,000/-) was paid to two Directors for attending two Board meetings (1995: 2 Meetings) held during the year.

25. General

25.1 Figures have been rearranged wherever necessary for comparison purposes.

25.2 Figures have been rounded off to the nearest rupee.

NOTICE OF ANNUAL MEETING

Notice is hereby given that the Sixth Annual General Meeting of the shareholders of English Leasing Limited will be held at Marriott Hotel, Karachi on Tuesday, December 30, 1997 at 9.30 a.m. to transact the following business:

1. To confirm the minutes of the Fifth Annual General Meeting held on December 28, 1996.
2. To receive consider and adopt the audited accounts of the Company for the period ended June 30, 1997 together with the Directors' and Auditors' reports thereon.
3. To appoint auditors for the year 1997-98 and fix their remuneration. The present Auditors M/s Rahim Iqbal Rafiq & Co. chartered Accountants, retire and being eligible, offer themselves for reappointment.
4. To transact any other business which may be placed before the Meeting with the permission of the chair.

Notes:

1. The share Transfer Books of the Company will remain closed from December 22, 1997 to December 30, 1997 (both days inclusive).
2. A member entitled to attend and vote at this Meeting is entitled to appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.
3. Members are required to notify the change of address, if any, immediately.
4. No gifts to be given to the shareholders as per rules.

PATTERN OF SHAREHOLDING

As At June 30, 1997

No. of
Share Holdings

Total

Share Holders	From	To	Shares Held	
76	1	-	100	7,600
752	101	-	500	354,300
177	501	-	1,000	172,600
188	1,001	-	5,000	484,900
34	5,001	-	10,000	297,600
10	10,001	-	15,000	124,400
5	15,001	-	20,000	97,000
1	20,001	-	25,000	20,500
10	25,001	-	30,000	289,500
1	30,001	-	35,000	32,200
5	35,001	-	40,000	180,700
8	45,001	-	50,000	399,500
3	50,001	-	55,000	157,600
1	60,001	-	65,000	63,700
2	70,001	-	75,000	143,400
2	95,001	-	100,000	200,000
2	145,001	-	150,000	300,000
1	170,000	-	175,000	174,500
1	245,001	-	250,000	250,000
1	285,001	-	290,000	289,000
1	345,001	-	350,000	350,000
1	445,001	-	450,000	450,000
1	480,001	-	485,000	480,500
1	595,011	-	600,000	600,000
1	825,001	-	830,000	828,700
1	1,250,001	-	1,255,000	1,251,800
-----	-----	-----	-----	-----
1,286				8,000,000
-----	-----	-----	-----	-----

Sr. Categories of No. Shareholders	Number of Shareholders	Total Shares Held	Percentage of Issued Capital
1 Individuals	1,267	4,691,800	58.65
2 Investment Companies	10	1,340,900	16.75
3 Insurance Companies	1	480,500	6.01
4 Joint Stock Companies	2	9,300	0.12
5 Financial Institutions	5	1,476,500	18.46
6 Modaraba Companies	1	1,000	0.01
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	1,286	8,000,000	100.00
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