

FIDELITY ASSETS & SECURITIES COMPANY LTD.

AUDIT REPORT AND STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2004

A. WAHAB & CO.
CHARTERED ACCOUNTANTS



FIDELITY ASSETS & SECURITIES COMPANY LTD.

AUDIT REPORT AND STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2004

A. WAHAB & CO.
Chartered Accountants

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**AUDITOR'S REPORT TO THE SHAREHOLDERS OF
FIDELITY ASSETS & SECURITIES COMPANY LTD.**

We have audited the accompanying Balance Sheet of Fidelity Assets & Securities Company Ltd. as of December 31, 2004 and the related Profit and Loss Account and Statement of Cash Flow for the year then ended. The preparation of these financial statements is the responsibility of the Company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

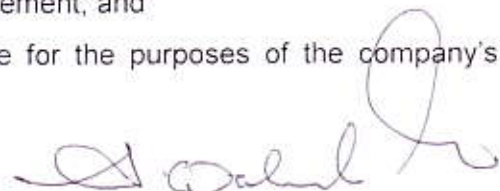
We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards (BAS), give a true and fair view of the state of the Company's affairs as of December 31, 2004 and of the results of its operations and its Cash Flow for the year then ended and comply with the Companies Act, 1994 and other applicable laws and regulations.

Subject to the attached notes on accounts and disclosures therein we also report that:

- i) We have obtained information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof as per BSA;
- ii) In our opinion, proper books of account as required by BAS and other applicable law have been kept by the company so far as it appeared from our examination of those books;
- iii) The Company's Balance Sheet and Profit and Loss Account and its Cash Flow dealt with by the report are in agreement with the books of account, returns and supplementary information provided by the management; and
- iv) The expenditures incurred by the company were for the purposes of the company's business.

Dated Dhaka, April 28, 2005



(A. WAHAB & CO.)
CHARTERED ACCOUNTANTS



FIDELITY ASSETS & SECURITIES COMPANY LIMITED
Balance Sheet as at December 31, 2004

SOURCE OF FUNDS	Notes	(Amount in Taka)	
		31.12.2004	31.12.2003
Authorized Capital:			
5,000,000 Shares @Tk. 100.00 each		500,000,000	500,000,000
Shareholders' Equity		165,106,524	56,820,210
Paid-up Capital 536200 Shares @Tk. 100.00 each	2	53,620,000	53,620,000
Share Money Deposit	3	96,400,000	-
Reserve & Surplus:		15,086,524	3,200,210
Statutory Reserve	4	4,789,532	1,435,987
Capital Reserve		315,000	315,000
Retained Earnings		9,981,992	1,449,223
Long Term Liabilities:		10,513,680	24,514,423
Term Loan	5	139,130	1,839,130
Term Deposit	6	10,100,000	20,050,000
Lease Advance	7	228,550	30,210
Advance lease Finance	8	-	237,330
Sundry Deposit	9	46,000	42,000
Interest payable against long term deposit	10	-	2,315,753
CAPITAL EMPLOYED		175,620,204	81,334,633
APPLICATION OF FUNDS:			
Fixed Assets - At Cost Less Depreciation	Sch-A/1	1,424,420	1,621,446
Preliminary Expense		-	179,736
Security Deposit		20,300	20,300
Receivable against Finance Lease	11	82,120,492	43,123,734
Term Finance	12	5,881,997	3,075,059
House Finance	13	115,101	174,523
Current Assets:		393,952,807	36,728,139
Advance, Deposit & Prepayment	14	1,069,655	702,130
Accounts Receivable	15	1,462,633	789,687
Investment in Shares	16	4,207,459	9,856,451
Short Term Finance	17	515,097	3,089,437
Fixed Deposit Receipts (FDR)	18	316,710,501	9,041,557
Cash and Cash Equivalents	19	69,987,462	13,248,877
Less: Current Liabilities		307,894,913	3,588,304
Call Loan		300,000,000	-
Payable and Accrued Expenses	20	1,117,966	929,086
Other Liability	21	1,620,438	1,033,754
Provision for taxation	22	3,905,215	1,625,464
Provision for Deferred taxation		1,251,294	-
Net Current Assets:		86,057,894	33,139,835
NET ASSETS		175,620,204	81,334,633

SHAMSUDDOHA MAHMUD
Managing Director

SELIMA AHMAD
Director

KAZI FAZLUR RAHMAN
Chairman

Subject to our separate report of even date

(A. WAHAB & CO.)
CHARTERED ACCOUNTANTS

Dated Dhaka, April 28, 2005



FIDELITY ASSETS & SECURITIES COMPANY LIMITED

Profit and Loss Statement


For the year ended December 31, 2004

PARTICULARS	Notes	(Amount in Taka)	
		31-12-2004	31-12-2003
A. OPERATIONAL REVENUE			
Lease Finance	Principal Amount (Contra)	-	Restated 24,104,581
Income from Interest	23	8,538,485	8,188,096
Interest on Term & House Finance	24	1,056,009	993,864
Interest on Bank Deposit/ Loan	26	1,252,388	(2,129,075)
Loss on Merchant Banking	Annex-1	(285,896)	(259,067)
Misc. Income	26A	165,121	151,155
	Sub Total A	10,726,107	31,049,554
B. OPERATIONAL EXPENSES			
Principal Amount Included in Lease Finance Income (Contra)		-	24,104,581
General and Administrative Expenses	27	2,929,379	3,003,461
Financial Expenses	28	8,900	9,830
Depreciation on Fixed Assets		245,326	283,786
Provision for Doubtful Leases, Diminution in Value of Investment	28 A	586,684	290,680
	Sub Total B	3,770,289	27,692,338
Taxable Business Income	(A - B) = C	6,955,818	3,357,216
Tax Free Income			
Dividend Income	25	684,000	333,300
Gain on Sale of Investment in Share of Publicly Traded Co.		9,127,908	
	Sub Total D	9,811,908	333,300
Taxable & Tax Free Total Income	E = (C + D)	16,767,726	3,690,516
Tax Provision	F	(3,630,118)	(1,403,400)
Deferred Tax	G	(1,251,294)	-
Income after Tax	H = (E-F-G)	11,886,314	2,287,116
Add : Retained Earning B/F		1,449,223	(99,790)
Income Available for Appropriation		13,335,537	2,187,326
Less : Statutory Reserve (20% of E)		(3,353,545)	(738,103)
Retained Earning transferred to Balance Sheet		9,981,992	1,449,223


SHAMSUDDOHA MAHMUD
Managing Director


SELIMA AHMAD
Director


KAZI FAZLUR RAHMAN
Chairman


(A. WAHAB & CO.)
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Dated: Dhaka, April 28, 2005




FIDELITY ASSETS & SECURITIES COMPANY LIMITED
Profit and Loss Statement
Merchant Banking Operations
For the year ended December 31, 2004

Annexure-1

(Amount in Taka)


Particulars	31.12.2004	31.12.2003
Operational Revenue:		
Underwriting Commission	34,125	-
Operational Expenses		
Administrative Expenses (Note 28)	320,021	259,067
Profit from Operations Transferred to Profit & Loss A/C	<u>(285,896)</u>	<u>(259,067)</u>


SHAMSUDDOHA MAHMUD
Managing Director


SELIMA AHMAD
Director


KAZI FAZLUR RAHMAN
Chairman

Dated: Dhaka, April 28, 2005


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FIDELITY ASSETS & SECURITIES COMPANY LIMITED**Cash Flow Statement****For the year ended December 31, 2004****(Amount in Taka)**

	2004	2003
A. Cash From Operating Activities		
Profit before Tax	16,767,726	3,690,516
Add: Adjustment of profit to net cash flow from operating activities:		
Principal amount Realized against Leased Finance	29,897,827	24,140,581
Depreciation of Fixed Assets	245,326	283,786
Amortization of preliminary expenses	179,737	179,737
Other Liabilities (Provision for Doubtful Leases, Delimitation in Value of Investment in Shares & Term Finance)	586,684	
	47,677,300	28,294,620
<u>Cash generated from operational changes in working capital components:</u>		
Advance and Prepayment	(367,525)	278,486
Accounts Receivable & Advances	(672,946)	(605,508)
Income Tax	(1,350,367)	-
Call Loan	300,000,000	-
Other Liability	-	290,680
Accrued Expenses and payable	188,880	(971,756)
	297,798,042	(1,008,098)
Net Cash from Operating Activities	345,475,342	27,286,522
B. Cash From Investing Activities		
Direct/ Term Finance	(2,806,938)	(2,325,862)
Lease Finance (Principal)	(80,854,244)	(6,833,000)
Adjustment of Lease Finance	11,959,659	9,507,024
Purchase of Fixed Assets	(48,300)	(70,249)
House Finance	59,422	(174,523)
Short Term Finance (Net)	2,574,340	561,746
Investment in Shares	5,648,992	(3,972,829)
Investment in FDR	(314,710,501)	-
Net Cash used in Investment Activities	(378,177,570)	(3,307,693)
C. Cash From Financing Activities		
Paid-up capital		
Long Term Loan	(1,700,000)	(3,160,870)
Term Deposit	(9,950,000)	(4,950,000)
Capital Reserve	-	165,000
Lease Advance	198,340	30,210
Advance Lease Finance	(237,330)	237,330
Sundry Deposit (Net)	4,000	42,000
Liability for payable interest against long term deposit	(2,315,753)	1,150,000
Share Money Deposit	96,400,000	-
Short Term Loan	-	-
Net Cash Provided by Financing Activities	82,399,256	(6,486,330)
Net increase/(decrease) in cash & bank balance	49,697,028	17,492,499
Opening Cash and Bank Balance (Excluding FDR)	20,290,434	4,833,935
Cash & Bank Closing Balance	69,987,462	22,326,434


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Dated: Dhaka, April 28, 2004