

**Hoda Vasi
Chowdhury & Co.**

Independent Correspondent Firm to **Deloitte Touche Tohmatsu**

**Audited Financial Statements
Of
The Fidelity Assets & Securities
Company Limited**

For the year ended 31 December 2007

**Audited Financial Statements
Of
The Fidelity Assets & Securities
Company Limited**

For the year ended 31 December 2007

Hoda Vasi Chowdhury & Co

Chartered Accountants

Independent Correspondent Firm to Deloitte Touche Tohmatsu

AUDITORS' 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 31 December 2007 and the related Profit and Loss Account and Cash flow Statement for the year then ended. The preparations of these financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Bangladesh Standards on auditing. 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 give a true and fair view of state of affairs of Fidelity Assets & Securities Company Ltd. as of 31 December 2007 and of the results of its operations and its cash flows for the year then ended in accordance with the Companies Act 1994 and other applicable laws and regulations.

We also report that:

- i. we have obtained all the 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;
- ii. adequate provisions have been made for leases and other assets which are doubtful of recovery;
- iii. the financial statements have been prepared in accordance with Generally Accepted Accounting Principles and Applicable International Accounting standards;
- iv. in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- v. the Balance Sheet and Profit and Loss Account along with the annexed notes 1 to 41 dealt with by the report are in agreement with the books of account.
- vi. the financial statements have been drawn up in conformity with the rules and regulations issued by the Bangladesh Bank to the extent applicable to the company;
- vii. the expenditure incurred and payments made were for the purposes of the company's business; and
- viii. The information and explanations required by us have been received and found satisfactory.

Dhaka, *May 06, 2008*

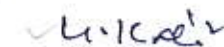

Chartered Accountants

Fidelity Assets & Securities Company Limited
Balance Sheet
As on December 31, 2007

Hoda Vasi
Chowdhury & Co

SOURCE OF FUNDS	Notes	TAKA	TAKA
		31-12-2007	31-12-2006
Authorized Capital: 5,000,000 Shares @ Tk. 100.00 each		<u>500,000,000</u>	<u>500,000,000</u>
Shareholders' Equity		472,893,734	278,533,310
Paid-up Capital	2	390,657,000	150,020,000
Share Money Deposit	3	-	85,000,000
Statutory Reserve	4	24,059,228	13,315,143
Proposed Stock Dividend	5	-	15,002,000
Capital Reserve		315,000	315,000
Share Application		5,000	-
Retained Earnings		57,857,506	14,881,167
Long Term Liabilities:		380,027,090	216,652,522
SME Refinance Loan	6	151,703,553	98,758,730
Term Loan	7	210,024,780	114,677,780
Deposit Account	8	3,869,391	2,236,575
Lease Advance	9	1,043,866	406,496
Advance Lease Installment	10	-	20,930
Sundry Deposit	11	13,385,500	552,011
CAPITAL EMPLOYED		<u>852,920,824</u>	<u>495,185,832</u>
APPLICATION OF FUNDS:			
Fixed Assets - At Cost Less Depreciation			
Net Receivable against Finance Lease	Annexure-A	16,021,527	8,224,889
Advance against Fixed Assets	12	309,889,046	348,093,065
Security Deposit	13	63,000,000	200,000
Term Finance	14	494,300	20,300
House Finance	15	103,021,011	2,999,613
Provision for doubtful debts	16	133,685,068	96,400,593
	17	(9,689,201)	(6,886,031)
Current Assets:		421,659,051	136,626,960
Advance, Deposit & Prepayment	18	22,566,652	8,091,322
Accounts Receivable	19	5,063,430	2,373,548
Advance against House Finance	20	400,000	-
Advance against Lease Finance	21	4,022,116	-
Advance against Term Finance	22	4,500,000	-
Finance Lease Receivable	23	1,546,567	368,082
Investment in Shares	24	23,768,184	23,975,456
Short Term Finance	25	315,701	315,701
Fixed Deposit Receipts (FDR)	26	130,558,500	500,000
Cash and Cash Equivalents	27	59,720,064	9,604,981
Current Maturity on Net Receivable against Finance Lease	12	100,731,310	78,253,257
Current Maturity on Term Finance	15	56,117,339	5,653,122
Current Maturity on House Finance	16	12,349,188	7,491,491
Less: Current Liabilities		185,159,978	90,493,557
Payable and Accrued Expenses	28	4,458,535	5,697,647
Current Maturity on SME Refinance Loan	6	48,258,891	25,531,270
Current Maturity on Term Loan	7	77,933,227	39,585,517
Sundry Creditors		4,345,889	1,787,484
Interest Suspense Account	29	1,365,920	978,164
Investor Account-MBD	30	71,692	-
Provision for taxation	31	48,725,824	16,913,475
Net Current Assets:		<u>236,499,073</u>	<u>46,133,403</u>
NET ASSETS		<u><u>852,920,824</u></u>	<u><u>495,185,832</u></u>


Director



Managing Director

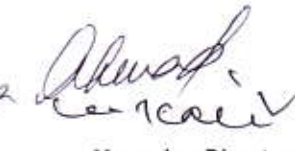

Company Secretary


Chartered Accountants

**Fidelity Assets & Securities Company Limited
Profit and Loss Statement
For The Year Ended on December 31, 2007**

	Notes	TAKA 31-12-2007	TAKA 31-12-2006
<u>A. OPERATIONAL REVENUE</u>			
Interest Income on Lease Finance	32	74,389,215	37,196,127
Interest Income on Term Finance	33	10,089,588	1,068,867
Interest Income on House Finance	34	22,368,552	7,628,247
Profit on Merchant Banking		14,348,283	1,991,084
Other Operational Income	35	6,996,957	2,872,005
		128,192,595	50,756,330
<u>B. OPERATIONAL EXPENSES</u>			
Financial Expenses	36	12,029,794	10,596,471
General and Administrative Expenses	37	26,719,476	9,593,024
Provision for Doubtful Leases, Loan, Diminution in Value of Investment	38	2,803,170	4,157,093
Depreciation	Annexure-A	1,107,382	588,934
		42,659,822	24,935,522
Taxable & Tax Free Total Income		85,532,773	25,820,808
Tax Provision		31,812,349	11,081,793
Income After Tax		53,720,424	14,739,015
Add: Retained Earnings - Brought Forward		14,881,167	3,691,229
Income Available for Appropriation		68,601,591	18,430,244
Less: Appropriation		10,744,085	5,164,162
Statutory Reserve	4	10,744,085	5,164,162
Adjustment of Excess Provision for Investment Loss		-	1,615,085
Retained Earning transferred to Balance Sheet		57,857,506	14,881,167
Earnings per share	41.1	13.75	9.82


Director


Managing Director


Company Secretary

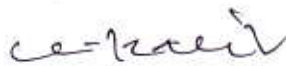

Chartered Accountants

Fidelity Assets & Securities Company Limited
Profit and Loss Statement
Merchant Banking Operations
For The Year Ended on December 31, 2007

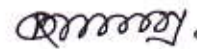
	<u>Notes</u>	<u>TAKA</u> <u>31-12-2007</u>	<u>TAKA</u> <u>31-12-2006</u>
<u>A. OPERATIONAL REVENUE</u>			
Gain on Sale of Investment in Shares		14,096,146	551,050
Dividends on Shares	39	1,113,777	965,327
Underwriting Commission		55,000	945,000
Income from Investor Account	40	8,174	-
Counseling Fee		-	2,000
		<u>15,273,097</u>	<u>2,463,377</u>
<u>B. OPERATIONAL EXPENSES</u>			
General and Administrative Expenses		924,814	472,293
		<u>924,814</u>	<u>472,293</u>
Net Profit from Operations Transferred to Profit & Loss A/C		<u>14,348,283</u>	<u>1,991,084</u>



Director



Managing Director



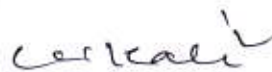
Company Secretary

**Fidelity Assets & Securities Company Limited
Cash Flow Statement
As on December 31, 2007**

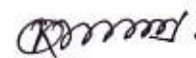
	TAKA 31-12-2007	TAKA 31-12-2006
A. Cash flow from Operating Activities:		
Collection from Turnover & Other Revenue	129,117,409	60,410,369
Payment for Cost & Expenses	(39,674,084)	(14,169,863)
Income Tax paid	(14,474,873)	(4,726,742)
Realised from Receivable	(76,064,941)	-
Received against Payables, Provision & Accrued Expenses	14,612,230	-
Net Cash from Operating Activities	13,515,742	41,513,764
B. Cash flow from Investing Activities:		
Investment in Term Finance	(150,485,615)	78,308
Investment in Lease Finance	15,725,966	(298,164,660)
Investment in House Finance	(42,142,172)	(103,574,725)
Purchase of Fixed Assets	(9,051,476)	(5,254,206)
Disposal of Fixed Assets	147,456	-
Decrease Investment in Shares	207,272	(17,789,590)
Investment in FDR	(130,058,500)	52,996,971
Investment in Short term finance	-	396,980
Net Cash from Investing Activities	(315,657,069)	(371,310,922)
C. Cash flow from Financing Activities:		
Receipts from Share Capital	140,635,000	-
Term Loan	133,694,710	109,392,578
Lease Advance	616,440	198,876
Increase in Deposit Account	1,632,816	816,575
Share Money Deposit	-	85,000,000
SME Refinance Loan	75,672,444	122,190,000
Share Application Money received	5,000	-
Net Cash from Financing Activities	352,256,410	317,598,029
Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	50,115,083	(12,199,129)
Opening Cash & Cash Equivalents	9,604,981	21,804,110
Closing Cash & Cash Equivalents	59,720,064	9,604,981



Director



Managing Director



Company Secretary

Fidelity Assets & Securities Company Limited
Statement of Changes in Shareholders Equity
As at 31 December 2007

Particulars	Share Capital	Proposed Stock Dividend	Share Money Deposit	Statutory Reserve	Share application	Provision for Share Investment	Capital Reserve	Retained Earnings	Total
Balance as on 01.01.07	150,020,000	15,002,000	85,000,000	13,315,143		1,615,085	315,000	13,266,082	278,533,310
Net Profit After Tax								53,720,424	53,720,424
Transferred to Paid - up capital	85,000,000		(85,000,000)					-	-
Transferred to retained Earnings								1,615,085	-
Transferred to Paid - up capital	15,002,000	(15,002,000)						-	-
Transferred to Statutory reserve				10,744,085				(10,744,085)	-
Additional Share Capital	140,635,000				5,000				140,635,000
Share application money									5,000
Total	390,657,000	-	-	24,059,228	5,000	-	315,000	57,857,506	472,893,734

Selma Akbar

Director

ce. r. va. i.

Managing Director

mm.

Company Secretary