

Hoda Vasi Chowdhury & Co

Chartered Accountants

Independent Correspondent Firm to Deloitte Touche Tohmatsu

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 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 amount 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 we 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 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

Sd/-

Chartered Accountants

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Fidelity Assets & Securities Company Limited

Balance Sheet

As on December 31, 2007

SOURCE OF FUNDS	Notes	TAKA	TAKA
		31-12-2007	31-12-2006
Authorized Capital:			
5,000,000 Shares @Tk.100.00 each		500,000,000	500,000,000
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		852,920,824	495,185,832
APPLICATION OF FUNDS:			
Fixed Assets - At Cost Less Depreciation	Annexure-A	16,021,527	8,224,889
Net Receivable against Finance Lease	12	309,889,046	348,093,065
Advance against Fixed Assets	13	63,000,000	200,000
Security Deposit	14	494,300	20,300
Term Finance	15	103,021,011	2,999,613
House Finance	16	133,685,068	96,400,593
Provision for doubtful debts	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:		236,499,073	46,133,403
NET ASSETS		852,920,824	495,185,832

Sd/-

Director

Sd/-

Managing Director

Sd/-

Company Secretary

Sd/-

Chartered Accountants
Hoda Vasi chowdhury & Co.

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
		<u>128,192,595</u>	<u>50,756,330</u>
<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
		<u>42,659,822</u>	<u>24,935,522</u>
Taxable & Tax Free Total Income		<u>85,532,773</u>	<u>25,820,808</u>
Tax Provision		31,812,349	11,081,793
Income After Tax		<u>53,720,424</u>	<u>14,739,015</u>
Add: Retained Earnings - Brought Forward		14,881,167	3,691,229
Income Available for Appropriation		<u>68,601,591</u>	<u>18,430,244</u>
Less: Appropriation		<u>10,744,085</u>	<u>5,164,162</u>
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		<u>57,857,506</u>	<u>14,881,167</u>
Earnings per share	41.1	<u>13.75</u>	<u>9.82</u>

Sd/-
Director

Sd/-
Managing Director

Sd/-
Company Secretary

Sd/-
Chartered Accountants
Hoda Vasi chowdhury & Co.

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><u>14,348,283</u></u>	<u><u>1,991,084</u></u>

Sd/-
Director

Sd/-
Managing Director

Sd/-
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

Sd/-
Director

Sd/-
Managing Director

Sd/-
Company Secretary

FIDELITY ASSETS & SECURITIES COMPANY LIMITED
SCHEDULE OF FIXED ASSETS
AS AT 31 DECEMBER-2007

Annexure-A

PARTICULARS OF ASSETS	COST				Rate of Dep.	Depreciation				Written Down Value as on 31.12.2007
	Balance as on 01.01.2007	Addition during the Year	Adjustment during the period	Balance as on 31.12.2007		Balance as on 01.01.2007	Charged as on 31.12.2007	Adjustment during the period	Balance as on 31.12.2007	
Office Building	0	3,762,495		3,762,495	10%		-		-	3,762,495.00
Furniture & Fixture	1,204,210	798,386		2,002,596	10%	90,124	111,409		201,532.60	1,801,063.40
Office Decoration	3,392,045	705,770		4,097,815	10%	652,395	273,965		926,360.00	3,171,455.00
Office Equipment	577,765	808,390		1,386,155	15%	184,303	59,019		243,322.30	1,142,832.70
Motor Vehicles	5,015,000	2,351,960	450,000	6,916,960	20%	1,888,292	535,342	302,544	2,121,089.60	4,795,870.40
Electrical Goods	418,300		-	418,300	15%	323,544	14,213		337,757.40	80,542.60
Computer	1,106,730	624,475		1,731,205	15%	379,939	109,019		488,957.65	1,242,247.35
Iron Safe	130,000			130,000	15%	100,564	4,415		104,979.40	25,020.60
TOTAL TAKA :2007	11,844,050	9,051,476	450,000	20,445,526		3,619,161	1,107,382	302,544	4,423,999	16,021,527
TOTAL TAKA :2006	6,589,844	5,254,206	-	11,844,050		3,030,227	588,934	-	3,619,161	8,224,889

Fidelity Assets & Securities Company Ltd.
Notes to the Financial Statements
For the year ended 31December , 2007.

GENERAL:

1.1 Legal Status:

Fidelity Assets and Securities Company Limited is a Non-Banking Financial Institution formed under the Financial Institutions Act, 1993. The Company was incorporated as a Private Limited Company on March 4, 1997 under the Companies Act, 1994. It was converted into Public Limited Company on August 18, 2001. It started lease financing operation after obtaining license from Bangladesh Bank on September 17, 2001. The Company was also registered as a merchant bank with the Securities and Exchange Commission on January 22, 1998. The Company was listed with both Dhaka and Chittagong stock exchange on January 09, 2008 and started trading of its share on January 16, 2008.

1.2 Nature of Business Activities:

The Company extends lease financing as its core business for all types of machinery and equipment including vehicles for industrial, commercial and private purposes. It has also expanded its activities into short term finance, term finance, housing finance and merchant banking operation.

SIGNIFICANT ACCOUNTING POLICIES:

1.3 Basis of Accounting:

The Financial Statements have been prepared on the basis of going concern concept under historical cost convention in accordance with Generally Accepted Accounting Principles (GAAP) and after due compliance with International Financial Reporting Standards (IFRS) so far adopted in Bangladesh as Bangladesh Accounting Standards (BAS), Financial Institution Act 1993, the Companies Act 1994, Securities and Exchange Commission Rules 1987 and other applicable laws and regulations.

1.4 Revenue Recognition:

a. Accounting for Leases:

Leased equipments under the possession of the lessees are accounted for as receivable of the company. The interest portion accrued is recognized as revenue. BAS 17, as adopted for Leasing Companies, has been given effect in the financial statements.

b. Accounting for Term Finance

Term finance operation consists of long term, short term and working capital finance, for which books of account are maintained based on the accrual method of accounting. Interest earnings from term finance are recognized as operational revenue periodically.

c. Accounting for House Finance:

Income from House finance is recognized as and when received

d. Accounting for Merchant Banking Operations:

Incomes from Merchant Banking operations are recognized on accrual basis.

e. Other Operational Income:

Other operational income is recognized as and when received. Such income comprises of the following:

- i. Appraisal and documentation fee
- ii. Service charge
- iii. Late payment charge
- iv. Processing fees
- v. Early settlement Charge
- vi. Miscellaneous receipts.

1.5 Depreciation on Fixed Assets:

Depreciation on Fixed Assets for Company's own use is charged for full year on diminishing balance method at rates varying from 10% to 20% per annum throughout the estimated useful life of the assets including the fixed assets purchased during the year and depreciation has been charged on assets disposed off during the year.

1.6 Provision for bad debts and doubtful Lease etc.:

Provision has been made at an estimated rate on outstanding exposures based on lease receivables and other finances against aging of receivables as per FID Circular # 08, dated 03-08-2002 and revised circular no FID-03 dated 03-05-2006 of Bangladesh Bank. The provision is considered adequate to meet probable losses. These have been shown under other liabilities in balance sheet with corresponding effect given in the revenue account over the years. As per FID circular:

- i) Leases and term finances running overdue for 6 months and above have been treated as substandard/doubtful/ bad & loss depending on non-payment status of rentals/Installments.
- ii) Investments and interests which include overdue rentals/installments have not been taken into income and shall remain suspended till recovery.
- iii) Basis of classification and % of provision thereon:

<u>Limit of Overdue rentals/Installments:</u>	<u>Classification</u>	<u>% of Provision</u>
1-2 rentals/installments (up to 2 months)	Standard	1
3-5 rentals/installments (up to 5 months)	SMA	5
6-11 rentals/installments (6 to 11 months)	Substandard	20
12-17 rentals/Installments (12 months to 17 months)	Doubtful	50
18 and above rentals/installments (18 months and above)	Bad & loss	100

1.7 Provision for Diminution in Value of Investment in Shares:

Provision has been made at an estimate on value of shares due to fluctuation of market value. Lower of cost or market value has been considered to make provision and adjustment of book value of shares.

1.8 Taxation:

Tax provision has been made at 45% on taxable income for the period in terms of the Income Tax ordinance 1984 and Finance Ordinance as amended upto June 2007 without considering probable disallowances and add backs. Assessments have been done upto the assessment years 2005-2006 but reference Application before high court are pending for the assessment years (a) 2001-2002, (b) 2002-2003, appeals are pending for assesment year (c) 2003-2004 & (d) 2004-2005, (e) 2005-2006 (f) Return submitted but assesment order has not yet been received 2006-2007.

1.9 Statutory Reserve:

This represents 20% of Profit after tax set aside in compliance with Clause 6 of the Financial Institution Regulation, 1994.

1.10 Use of Estimates:

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

1.11 Current Maturity:

Current Maturity of Long term Debts, Lease receivables, Term Finance & House Finance have been shown in the statement of Accounts.

1.12 Reporting Period:

The financial Year of the Company covers from January 01, 2007 to December 31, 2007.

1.13 Liabilities and Provisions:

All material liabilities and provisions have been included in the financial statements.

- a) when the company has a present obligation, legal or constructive result of a past event.
- b) when it is probable that an outflow of resources embodying economic benefits will be required to settle that obligation; and
- c) when a reliable estimate can be made of the amount of the obligation.

1.14 Integral Components of Financial Statements:

The Financial Statements of the Company include the following:

- i. Balance Sheet as at 31 December 2007
- ii. Profit and Loss Statement for the year ended 31 December 2007
- iii. Cash Flow Statement for the year ended 31 December 2007
- iv. Statement of changes in equity for the year ended 31 December 2007
- v. Notes to the financial statement.

2 Share Capital:	TAKA	TAKA
	31-12-2007	31-12-2006
Authorized Share Capital:		
2.1 5,000,000 Ordinary Shares of Tk. 100 each	500,000,000	500,000,000
2.2 Issued, Subscribed and Paid-up Capital:		
39,06,570 Ordinary Shares of Tk. 100 each	390,657,000	150,020,000
2.3 The year end composition of Shareholding is as follows:		
	%	%
I) Sponsor-Foreign	-	-
Domestic	64	100
ii) Financial Institution & Companies-Foreign		
Domestic	-	-
iii) General Public-Domestic	36	-
	100	100

TAKA
31-12-2007

TAKA
31-12-2006

2.4 Classification of Share holders by holding as at 31 December, 2007 as required by Regulation 37 and Listing of the Regulation of Dhaka Stock Exchange Limited & Chittagong Stock Exchange Limited.

Holding	Number of Shareholders	Number of Shares	Value of Share in Taka	% of Holding
Less than 500 Shares	28,113	1,374,850	137,485,000.00	35.19
500 to 5,000 Shares	13	26,000	2,600,000.00	0.66
5001 to 10,000 Shares	2	13,464	1,346,400.00	0.35
10001 to 20,000 Shares	5	73,392	7,339,200.00	1.88
20001 to 30,000 Shares	-	-	-	-
30001 to 40,000 Shares	-	-	-	-
40001 to 50,000 Shares	-	-	-	-
50001 to 100,000 Shares	1	97,752	9,775,200	2.50
100001 to 500,000 Shares	9	2,321,112	232,111,200	59.42
Total:	28,143	3,906,570	390,657,000	100.00

The shares of the Company were listed in Dhaka Stock Exchange Limited & Chittagong Stock Exchange Limited on January 16, 2008.

3 Share Money Deposit:

Opening Balance	85,000,000	-
Add: Addition during the year	-	85,000,000
	<u>85,000,000</u>	<u>85,000,000</u>
Less: Transferred to Paid-up Capital	(85,000,000)	-
	<u>-</u>	<u>85,000,000</u>

4 Statutory Reserve:

Opening Balance	13,315,143	8,150,981
Add: Reserve for the Year	10,744,085	5,164,162
	<u>24,059,228</u>	<u>13,315,143</u>

Additional reserve was created during the year @ 20% on profit after tax amounting to Tk. 53,720,424 as per require of regulation no. 6 of the Financial Institution Regulation, 1994 issued by the Bangladesh Bank.

5 Proposed Stock Dividend:

Opening Balance	15,002,000	-
Add: Addition during the year	-	15,002,000
Less: Transferred to Paid-up Capital	(15,002,000)	-
	<u>-</u>	<u>15,002,000</u>

	TAKA 31-12-2007	TAKA 31-12-2006
6 SME Refinance Loan:		
This balance represents loan taken from Bangladesh Bank under "SME refinancing Scheme" and the loan amount was approved based on "Participation Agreement" with Bangladesh Bank dated August 25, 2004 for 3 (three) years & December 06, 2006 for 1(one) years to 5(five) years at prevailing Bangladesh Bank Rate which may range over 5%.		
Opening Balance	124,290,000	2,100,000
Add: Addition during the year	98,791,000	122,730,000
	<u>223,081,000</u>	<u>124,830,000</u>
Less: Repayment during the year	(23,118,556)	(540,000)
	<u>199,962,444</u>	<u>124,290,000</u>
Less: Current Maturity	(48,258,891)	(25,531,270)
	<u>151,703,553</u>	<u>98,758,730</u>

7 Term Loan:

This balance represents loan taken from i) Pubali Bank Limited, Mohakhali Branch, Dhaka ii) Bank Asia Ltd., Scotia Branch, Dhaka iii) Southeast Bank Ltd. Gulshan Branch, Dhaka iv) EXIM Bank Ltd. Gulshan Branch, Dhaka v) Mutual Trust Bank Ltd. Gulshan, Dhaka were secured by first charge on equitable mortgage of all present and future immovable properties. It is made up as follows:

Opening Balance	154,263,297	44,870,719
Add: Addition during the year	185,000,000	167,535,529
Add: Interest & Charge Capitalized during the year	4,778,203	-
	<u>344,041,500</u>	<u>212,406,248</u>
Less: Repayment during the year	(56,083,493)	(58,142,951)
	<u>287,958,007</u>	<u>154,263,297</u>
Less: Current maturity	(77,933,227)	(39,585,517)
	<u>210,024,780</u>	<u>114,677,780</u>

8 Deposit Account:

Term Deposit	8.1	300,000	-
Magic Return Deposit	8.2	3,569,391	2,236,575
		<u>3,869,391</u>	<u>2,236,575</u>

8.1 Term Deposit:

Opening Balance	-	-
Add: Addition during the year	300,000	-
	<u>300,000</u>	<u>-</u>
Less: Repayment during the year on maturity	-	-
	<u>300,000</u>	<u>-</u>

8.2 Magic Return Deposit:

Opening Balance	2,236,575	1,420,000
Add: Addition during the year	1,125,000	600,000
Add: Interest Capitalized during the year	320,769	216,575
	<u>3,682,344</u>	<u>2,236,575</u>
Less: Repayment during the year on maturity	112,953	-
	<u>3,569,391</u>	<u>2,236,575</u>

Magic Return Deposit is one kind of term deposit scheme where the money becomes double after 5 years 9 months.

	TAKA 31-12-2007	TAKA 31-12-2006
9 Lease Advance:		
Opening Balance	406,496	228,550
Add: Addition during the year	677,340	177,946
	1,083,836	406,496
Less: Adjustment during the year	39,970	-
	1,043,866	406,496
10 Advance lease Instalment:		
Opening Balance	20,930	-
Add: Addition during the year	-	49,850
	20,930	49,850
Less: Adjustment during the year	20,930	28,920
	-	20,930
11 Sundry Deposit:		
Opening Balance	552,011	186,503
Add: Addition during the year	166,269,236	6,575,252
	166,821,247	6,761,755
Less: Adjusted during the year	(153,435,747)	(6,209,744)
	13,385,500	552,011
Before disbursement of loans & leases client's initial deposit known as sundry deposit. After disbursement it will be adjusted with other operational income.		
12 Net Receivable against Finance Lease':		
A Gross Lease Rental Receivable: (Principal + Interest)		
Opening Balance	595,541,748	168,423,636
Investment in Lease Finance during the year (P+I)	195,289,821	588,666,114
Adjustment for Reschedule	-	(862,570)
Disposal of Lease Finance	(42,478,955)	-
Total Gross Lease Rental Receivable	748,352,614	756,227,180
Realized during the year	(199,973,468)	(160,685,432)
Gross Lease Receivable Balance	548,379,146	595,541,748
B Unearned Lease Income (Interest)		
Opening Balance	169,195,426	40,241,974
Investment in Lease	85,431,534	186,659,064
Adjustment for Reschedule	-	(862,570)
Disposal of Lease Finance	(42,478,955)	(19,646,915)
	212,148,005	206,391,553
Interest Earned during the year	(74,389,215)	(37,196,127)
Unearned Lease Income Balance	137,758,790	169,195,426
C Net Receivable against Finance Lease-(Principal) (A-B)	410,620,356	426,346,322
Less: Current Maturity	(100,731,310)	(78,253,257)
	309,889,046	348,093,065

	TAKA 31-12-2007	TAKA 31-12-2006
13 Advance against Fixed Assets:		
Opening balance	200,000	200,000
Add: Addition during thr year	63,000,000	-
Less : Adjustment during the year	(200,000)	-
	63,000,000	200,000
14 Security Deposit:		
Opening Balance	20,300	20,300
Add: Addition during the year	474,000	-
	494,300	20,300
Less: Adjustment during the year	-	-
	494,300	20,300
15 Term Finance:		
Term Finance-Head Office-15.1	98,577,584	2,999,613
Term Finance-Chittagong Branch-15.2	3,983,106	-
Term Finance-Narshingdi Branch-15.3	460,321	-
	103,021,011	2,999,613
15.1 Term Finance-Head Office:		
Opening Balance	8,652,735	8,731,043
Add: Investment during the year	157,430,699	4,310,000
Add: Addition for Reschedule	16,260	-
	166,099,694	13,041,043
Less: Received during the year	12,955,799	(4,388,308)
	153,143,895	8,652,735
Less: Current Maturity	(54,566,311)	(5,653,122)
	98,577,584	2,999,613
15.2 Term Finance-Chittagong Branch:		
Opening Balance	-	-
Add: Investment during the year	5,000,000	-
	5,000,000	-
Less: Received during the year	144,400	-
	4,855,600	-
Less: Current Maturity	(872,494)	-
	3,983,106	-
15.3 Term Finance-Narshingdi Branch:		
Opening Balance	-	-
Add: Investment during the year	1,227,431	-
	1,227,431	-
Less: Received during the year	88,576	-
	1,138,855	-
Less: Current Maturity	(678,534)	-
	460,321	-

	TAKA 31-12-2007	TAKA 31-12-2006
16 House Finance:		
House Finance-Head Office-16.1	131,862,759	96,400,593
House Finance-Chittagong Branch-16.2	1,822,309	-
	133,685,068	96,400,593
16.1 House Finance-Head Office:		
Opening Balance	103,892,084	317,359
Add: Investment during the year	57,292,272	106,624,530
	161,184,356	106,941,889
Less: Received during the year	(17,133,692)	(3,049,805)
	144,050,664	103,892,084
Less: Current Maturity	(12,187,905)	(7,491,491)
	131,862,759	96,400,593
16.2 House Finance-Chittagong Branch:		
Opening Balance	-	-
Add: Investment during the year	2,000,000	-
	2,000,000	-
Less: Received during the year	16,408	-
	1,983,592	-
Less: Current Maturity	(161,283)	-
	1,822,309	-
17 Provision for Doubtful Debts:		
Provision for Share Investment	385,285	385,049
Provision for Lease Finance	4,589,758	4,360,038
Provision for Term Finance	3,244,686	1,125,333
Provision for House Finance	1,469,472	1,015,611
	9,689,201	6,886,031
18 Advance, Deposit and Prepayment:		
Advance Income Tax on Bank Interest	4,762,060	2,191,331
Advance Income Tax on Dividend	535,545	431,401
Advance Income Tax (LTU)	15,890,166	4,090,166
Advance & Prepayment-18.1	1,378,881	1,378,424
	22,566,652	8,091,322
18.1 Advance & Prepayment:		
Galaxy Corporation	200,000	-
Khaja Ghulam Rasul & Co.	28,916	572,738
Advance Office Rent-Chittagong Branch	360,000	-
Group-4 Security Service Bangladesh (P) Ltd.	10,837	-
BLI Securities	408	161,686
Technohaven Co. Ltd	500,000	500,000
Advance against staff salary and others	278,720	144,000
	1,378,881	1,378,424

	TAKA 31-12-2007	TAKA 31-12-2006
19 Accounts Receivable:		
Interest on FDR Receivable	738,442	39,713
Interest on Term Finance Receivable	1,665,929	519,419
Interest on House Finance	1,024,845	71,247
Late payment Charge Receivable	1,632,214	796,169
Underwriting Commission	-	945,000
Other Receivable	2,000	2,000
	5,063,430	2,373,548
20 Advance against House Finance:		
Opening Balance	-	-
Add: Addition during the year	3,400,000	-
	3,400,000	-
Less: Adjustment during the year	3,000,000	-
	400,000	-
21 Advance against Lease Finance:		
Opening Balance	-	-
Add: Addition during the year	4,022,116	-
	4,022,116	-
Less: Adjustment during the year	-	-
	4,022,116	-
22 Advance against Term Finance:		
Opening Balance	-	-
Add: Addition during the year	130,142,429	-
	130,142,429	-
Less: Adjustment during the year	125,642,429	-
	4,500,000	-
23 Finance Lease Receivable:		
The above balance represents the outstanding lease installment	1,546,567	368,082

24 Investment in Shares:

Company wise break up of investment in shares and provision thereof are as follows:

Name of the Company	No. of Shares	Cost Price per Share	Total Cost	Total Market Price
Bank Asia Ltd.	291.00	78.1100	22,730	151,829
CMC Kamal Textile Ltd.	33.00	99.9091	3,297	1,980
Exim Bank Ltd.	32,282.75	136.2942	4,399,951	12,622,555
Gachihata Aqua Ltd.	50.00	24.8400	1,242	788
Mutual Trust Bank Ltd.	2,936.00	440.9404	1,294,601	1,751,324
Mercantile Bank Ltd.	2,250.00	381.6814	858,783	942,750
Niloy Cement Ltd.	17,200.00	129.0848	2,220,259	2,687,500
Nitol Insurance Co. Ltd.	24,500.00	72.3529	1,772,645	4,471,250
National Credit & Commerce Bank	250.00	261.1320	65,283	110,375
One Bank Ltd.	4,605.64	378.5349	1,743,395	2,636,729
Padma Textile Ltd.	16.00	19.0625	305	402
Paragon Leather Ltd.	50.00	17.8000	890	800
Standard Bank Ltd.	15,366.00	237.7751	3,653,653	5,189,867
South East Bank Ltd.	32,425.00	238.4318	7,731,150	18,587,631
			23,768,184	49,155,779

Adequate provision has been made on investment in those shares, the market price of which was found to be less than the cost price and in accordance with Bangladesh Bank FID Circular No. 08 dated August 03, 2002.

	TAKA 31-12-2007	TAKA 31-12-2006
25 Short Term Finance:		
Opening Balance	315,701	712,681
Add: Investment during the year	-	333,982
	<u>315,701</u>	<u>1,046,663</u>
Less: Received during the year	-	730,962
	<u>315,701</u>	<u>315,701</u>
26 Fixed Deposit Receipts (FDR):		
Export Import Bank of Bangladesh Ltd.	558,500	500,000
First Security Bank Limited	130,000,000	-
	<u>130,558,500</u>	<u>500,000</u>
27 Cash and Cash Equivalents:		
Stamp in Hand-27.1	113,763	97,472
Cash in Hand-27.2	1,072	9,769
Cash at Banks	59,605,229	9,497,740
	<u>59,720,064</u>	<u>9,604,981</u>

27.1 Stamp in Hand:

The closing balance of stamp in hand stands at Tk. **113,763** which has been physically verified by the auditors & certified by the management.

27.2 Cash in Hand:

At the end of the year cash in hand balance stands at Tk. **1,072** which has been physically verified by the auditors & certified by the management.

27.3 Cash at Bank:

Name of the Bank	Account No.		
Bank Asia Ltd.	STD-00736000673	213,901	199,560
Bank Asia Ltd.	CD-00733002967	12,847	13,967
Bangladesh Bank		438,987	610,502
EXIM Bank Ltd.	STD-0007-13100000399	3,171,085	253,600
EXIM Bank Ltd.	CD-0007-11100003757	1,433	3,981
First Security Bank Ltd.	STD-1512	16,261,218	
HSBC	STD-001212992-067	142,725	363,904
Islami Bank Bangladesh Ltd.	AWCA-20501090100819116	99,780	
Jamuna Bank Ltd.	STD-0320000467	12,974,044	890,612
Jamuna Bank Ltd.	CD-0001-0210002904	24,466	25,386
Janata Bank	CD-001018416	10,000	10,000
Mercantile Bank Ltd.	STD-13100000420	178,596	
Mutual Trust Bank Ltd.	STD-0320000131	21,957,281	6,079,063
Mutual Trust Bank Ltd.	STD-0009-0320000889	135,923	
Pubali Bank Ltd.	CD-001591	9,500	16,110
Pubali Bank Ltd.	722-102-518	139,356	
Prime Bank Ltd.	STD-31001453	2,782,069	920,701
Southeast Bank-EURO	163-00000-019	140,031	
Southeast Bank-Pound	162-00000-028	125,073	
Southeast Bank-Dollar	151-00000-689	469,896	
Southeast Bank Ltd.	CD-001011100012031	56,493	594
Social Investment Bank Ltd.	13300035421	9,600	9,800
Trust Bank Ltd.	STD-0002-0320000779	145,742	99,860
Trust Bank Ltd	CD-0002-0210079813	-	100
Uttara Bank Ltd.	STD-41-132	100,182	
Uttara Bank Ltd.	CD-21-2029	5,000	
		<u>59,605,229</u>	<u>9,497,740</u>

The balances are as per book and have been reconciled with balances as per bank statements wherever necessary.

	TAKA 31-12-2007	TAKA 31-12-2006
28 Payable and Accrued Expenses:		
Payable & Accrued Expenses-Head Office-28.1	4,246,074	5,697,647
Payable & Accrued Expenses-Chittagong Branch-28.2	144,236	-
Payable & Accrued Expenses-Narshingdi Branch-28.3	68,225	-
	4,458,535	5,697,647
28.1 Payable and Accrued Expenses-Head Office:		
Audit Fee	45,000	25,000
Office Rent	230,000	70,000
House Maintenance	-	44,350
Office Maintenance	7,000	9,625
Salaries and Leave Fare	559,104	28,613
Telephone, Mobile & Fax	46,358	11,956
Books, Newspaper & Periodicals	470	450
Printing & Stationeries	-	107
Interest on Bank Loan	344,064	2,631,216
Internet Bill	34,500	-
IPO Exp.	97,850	-
Interest on TDR	35,259	-
Interest on SME Refinance	1,553,349	2,637,035
VAT Payable	61,050	15,225
Source Tax	54,239	5,310
Publicity & Advertisement	10,000	-
Business Promotion	513,536	143,536
Professional & Legal Fees	-	135
Postage & Courier	174	-
Salary & Allowance Taxes	300	7,750
Utility Expenses	590,821	5,714
Director Fees	60,000	61,625
Software Maintenance	3,000	-
	4,246,074	5,697,647
28.2 Payable and Accrued Expenses-Chittagong Branch:		
Telephone, Mobile & Fax	5,336	-
Internet Bill	6,900	-
Salaries and Allowances	132,000	-
	144,236	-
28.3 Payable and Accrued Expenses-Narshingdi Branch:		
Telephone, Mobile & Fax	6,225	-
Salaries and Allowances	62,000	-
	68,225	-
29 Interest Suspense Account:		
Interest Suspense on House Finance	54,444	10,411
Interest Suspense on Lease Finance	348,429	426,125
Interest Suspense on Term Finance	963,047	541,628
	1,365,920	978,164

Interest accrued on classified Lease/ loans shall be credited to interest suspense Account - as per Bangladesh Bank, BRPD Circular No. 16 dated February 22,2005.

	TAKA 31-12-2007	TAKA 31-12-2006
30 Investor Account:		
Mozammel Hossain Minto	33,210	-
S. A Quashem	38,482	-
	71,692	
31 Provision for Taxation:		
Opening Balance	16,913,475	5,831,682
Add: Provision for tax during the period @ 45% on taxable profit for the year	31,812,349	11,081,793
	48,725,824	16,913,475
Less: Adjusted during the year	-	-
	48,725,824	16,913,475
32 Interest Income on Lease Finance:		
These represent the amount recognized as revenue earned during the year	74,389,215	37,196,127
33 Interest on Term Finance :		
Interest on Term Finance-Head Office	9,852,888	1,068,867
Interest on Term Finance-Chittagong Branch	177,125	-
Interest on Term Finance-Narshingdi Branch	59,575	-
	10,089,588	1,068,867
34 Interest on House Finance :		
Interest on House Finance-Head Office	22,269,730	7,628,247
Interest on House Finance-Chittagong Branch	98,822	-
	22,368,552	7,628,247
35 Other Income:		
Other Income-Head Office-36.1	6,623,557	2,872,005
Other Income-Chittagong Branch-36.2	299,000	-
Other Income-Narshingdi Branch-36.3	74,400	-
	6,996,957	2,872,005
35.1 Other Income-Head Office:		
Application Fees	996,600	257,876
Appraisal Fees	266,250	60,000
Service Charge	944,650	238,354
Late Payment Charge	3,108,295	1,708,631
Transfer Price	611,001	358,016
Disposal of Lease Finance	-	-
Re-Schedule Income	-	57,050
Legal Fees	447,375	-
Documentation Charge	196,106	179,778
Processing Fees	1,000	-
Sale of Application form	20,215	12,300
Early Settlement Charge	5,000	-
Foreign Currency gain/(Loss)	(38,561)	-
L/C Commission	50,626	-
Misc. Income	15,000	-
	6,623,557	2,872,005

	TAKA 31-12-2007	TAKA 31-12-2006
35.2 Other Income-Chittagong Branch:		
Service Charge	95,000	-
Legal Fees	52,500	-
Application Fees	95,000	-
Appraisal Fees	52,500	-
Sale of Application form	4,000	-
	299,000	-
35.3 Other Income-Narshingdi Branch:		
Service Charge	10,000	-
Legal Fees	26,000	-
Application Fees	10,000	-
Appraisal Fees	26,000	-
Sale of Application form	2,400	-
	74,400	-
36 Financial Expenses:		
Interest on TDR	35,259	-
Interest on OD Account	188	487,357
Interest on SME Refinance Loan	6,694,996	2,719,662
Interest on Call Loan	-	-
Interest on Magic Return Deposit (MRD)	319,817	205,421
Bank Charge & Commission	310,979	102,475
Interest on Bank Loan	31,072,230	11,955,957
CIB Clearing Charge	2,350	5,500
Sub Total A	38,435,819	15,476,372
Less: Interest Income on Bank Deposit		
Interest on Bank Balance	25,642,296	913,380
Interest on FDR	763,729	2,143,953
Interest on Call Loan	-	1,822,568
Sub Total B	26,406,025	4,879,901
(A - B)	12,029,794	10,596,471
37 General & Administrative Expenses:		
General & Administrative Expenses-Head Office-38.01	26,127,960	10,065,317
General & Administrative Expenses-Chittagong Branch-38.2	1,186,466	-
General & Administrative Expenses-Narshingdi Branch-38.3	329,865	-
	27,644,290	10,065,317
Merchant Banking Expenses	924,814	472,293
Other than Merchant Banking Expenses	26,719,476	9,593,024
	27,644,290	10,065,317

	TAKA	TAKA
	31-12-2007	31-12-2006
37.1 General & Administrative Expenses-Head Office:		
Audit Fees	45,000	25,000
Appraisal Fees	113,000	-
Books, News Paper & Periodicals	6,430	9,452
Business Promotion	581,350	1,187,184
Car Repair, Maintenance & Fuel	377,698	378,961
CDBL Custody Charge	2,983	-
Commission	7,354	29,360
Directors Fee	167,500	77,500
Documentation Charge	107,400	-
Entertainment	155,543	76,721
Fees , Subscription & Donation	208,992	60,500
Insurance Premium & VAT Expenses	56,773	59,340
IPO Expenses	11,339,388	-
Meeting & Miscellaneous Expenses	124,409	33,189
Office Rent	2,781,600	840,000
Medical Exp.	358	-
Office & House Maintenance	1,087,940	885,449
Publicity & Advertisement	126,820	163,791
Printing & Stationery & Cookeries	692,725	373,985
Postage, Stamp & Court Fee	119,668	284,818
Professional & Legal Fees	11,865	31,955
Registration & Renewal	73,655	102,835
Salary & Allowance	4,661,017	4,318,732
Staff Bonus, Leave Fare & Uniform	990,282	724,093
Staff welfare, Training & Education	7,577	14,666
Software & Internet Expenses	160,434	10,289
TA & DA	684,849	85,336
Telephone, Mobile & Fax	280,314	146,360
Utilities Expenses	1,155,036	145,801
	26,127,960	10,065,317
Merchant Banking Expenses	924,814	472,293
Other than Merchant Banking Expenses	25,203,146	9,593,024
	26,127,960	10,065,317
37.2 General & Administrative Expenses-Chittagong Branch Office:		
Books, News Paper & Periodicals	1,836	-
Business Promotion	162,839	-
Car Repair, Maintenance & Fuel	2,772	-
Entertainment	4,414	-
Office Rent	115,200	-
Office Maintenance	42,889	-
Publicity & Advertisement	16,800	-
Printing & Stationery	7,307	-
Postage & Courier	565	-
Salary & Allowance	529,987	-
Staff Bonus, Leave Fare & Uniform	163,770	-
Software & Internet Expenses	21,275	-
TA & DA	30,491	-
Telephone, Mobile & Fax	23,333	-
Utilities Expenses	38,916	-
Branch Visit	24,072	-
	1,186,466	-

	TAKA 31-12-2007	TAKA 31-12-2006
37.3 General & Administrative Expenses-Narshindi Branch Office:		
Car Repair, Maintenance & Fuel	6,615	-
Entertainment	2,822	-
Office Maintenance	6,142	-
Publicity & Advertisement	26,000	-
Printing & Stationery	2,520	-
Salary & Allowance	144,777	-
Staff Bonus	71,890	-
Internet Expenses	2,750	-
TA & DA	6,439	-
Telephone, Mobile & Fax	30,734	-
Insurance premium	29,176	-
	329,865	-

37.1a Director fees has been paid @2,500 per director for attending each board meeting during the year. No remuneration has been paid to any director for any special service rendered.

38 Provision for bad debt and Doubtful Leases, Loan & Share Investment .

Provision for Share Investment	236	-
Provision for Lease Finance	229,720	2,895,239
Provision for Term Finance	2,119,353	250,060
Provision for House Finance	453,861	1,011,794
	2,803,170	4,157,093

39 Dividends on Shares:

Aramit Ltd.	3,700	3,700
Bank Asia Ltd.	544	1,950
Eastern Cables Ltd.	2,100	3,300
EXIM Bank Limited	286	-
Mutual Trust Bank Ltd.	18,101	24,080
Nitol Insurance Co Ltd.	494,300	707,500
Niloy Cement Ind. Ltd.	-	206,750
National Credit & Commerce Bank	20,000	-
One Bank Ltd.	48,115	17,759
South East Bank Ltd.	526,631	288
	1,113,777	965,327

40 Income from Investor Account

Documentation Charge	4,072	-
Portfolio Management Fees	1,970	-
Service Charge	2,132	-
	8,174	-

	TAKA 31-12-2007	TAKA 31-12-2006
41 Others:		
41.1 Earning Per Share:		
Net Profit after Tax	53,720,424	14,739,015
Number of Ordinary Share	3,906,570	1,500,200
Face Value (as at 31-12-2007) per share	100	100
Basic Earning per Share (Annualized)	13.75	9.82

41.2 Related Party Transaction:

The company has entered into transactions with other entities in normal course of business that fall within the definition of related party as per Bangladesh Accounting Standard (BAS) -24. The terms of related party transactions are not significantly different from those that could have been obtained from third parties. The significant related party transactions are as follows:

Name of the related Party	Particulars	Balance as on 31.12.2007 Receivable /(Payable)
Nitol Pulp & Paper mills	House Finance	2,788,868
Central Properties Ltd.L.R Villa	House Finance-019/HL/06	38,974,279
Central Properties Ltd.	House Finance-007/HL/06	15,690,723
Central Properties Ltd.	Office Rent	230,000

41.3 EXPENDITURE INCURRED ON EMPLOYEES

	2007 Taka Number
Employment through out the year in receipt of remuneration aggregating Tk. 36,000 or more per annum	34
Employment through out the year in receipt of remuneration aggregating less than Tk. 36,000 per annum	0
	34

41.4 GENERAL :

- a There exists no commitments except those already entered into agreement and are in the process of execution.
- b There was no contingent liability as on 31.12.2007.
- c There was no claim against the company as debt as on 31.12.2007.
- d Figures of the previous years have been re-arranged, where necessary, to conform to current year presentation.
- e The accounts are expressed in taka currency and rounded off the nearest taka.

Sd/-
Director

Sd/-
Managing Director

Sd/-
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 Deposite	Statutory Reserve	Share application	Provision for Share Investment	Capital Reserve	Retained Earings	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
Transfeered to Paid - up capital	85,000,000		(85,000,000)					-	-
Transfeered to retained Earnings						(1,615,085)		1,615,085	-
Transfeered to Paid - up capital	15,002,000	(15,002,000)							-
Transfeered to Statutory reserve				10,744,085				(10,744,085)	-
Additional Share Capital	140,635,000								140,635,000
Share application money					5,000				5,000
Total	390,657,000	-	-	24,059,228	5,000	-	315,000	57,857,506	472,893,734

Sd/-
Director

Sd/-
Managing Director

Sd/-
Company Secretary